

COUNTY COUNCIL QUARTERLY MEETING

18 February 2015

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EXECUTIVE REPORT - APPENDIX 3

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

3 February 2015

CAPITAL PLAN

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1 To approve an updated (Quarter 3 2014/15 to 31 December 2014) Capital Plan and recommend its adoption to County Council on 18 February 2015.

2.0 BACKGROUND

- 2.1 An updated Capital Plan is being submitted to Executive along with the other 2015/16 budget related reports in order to obtain an approved Capital Plan for 2015/16 by the County Council before the start of the financial year.
- 2.2 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 Q reports or ad hoc reports if urgent changes are needed in between Q reports. The Executive's modification powers however imply that a Capital Plan must be approved by County Council before the start of the financial year.
- 2.3 Thus an updated Capital Plan (Quarter 3 2014/15 to 31 December 2014) has therefore been produced at an earlier stage (was scheduled for submission to Executive on 24 February 2015 as part of the 2014/15 Q3 report) for
- (a) approval by Executive at this meeting and
 - (b) recommend this Q3 Capital Plan for adoption by the County Council on 18 February 2015 before the start of the financial year
- 2.4 This 2014/15 Q3 Capital Plan will therefore form the base Capital Plan for subsequent modifications approved by Executive throughout 2015/16.
- 2.5 This latest Capital Plan does impact on both the revenue Budget 2015/16 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 2015/16 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 and need to be reported to the County Council as part of the “Budget set”.

3.0 **UPDATED Q3 CAPITAL PLAN TO 31 DECEMBER 2014**

3.1 Details of the updated Capital Plan at individual scheme/project level are not attached to this report but are available on request. However summaries for each Directorate analysed into the main areas of capital spending are attached as **Appendices A to D**, with an overall summary being shown in **Appendix E**.

3.2 The updated Capital Plan for Q3 2014/15 is based on the last version (Q2 2014/15) approved by Executive on 18 November 2014 updated to include the following:-

- capital approvals announced to date as part of the Local Government Finance Settlement
- additions or variations to schemes that are self funded (ie through grants contributions, revenue contributions and earmarked capital receipts)
- re-phasing of expenditure between years
- virements between schemes resulting from variations in scheme costs (eg arising from a tender process) and ongoing reassessments between priorities within a Directorate’s finite control total
- additional schemes and provision approved by Executive
- various other miscellaneous refinements

3.3 A summary of the changes compared with the last version (Q2 2014/15) approved by Executive on 18 November 2014 is attached as part of **Appendix E**.

Latest Position

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

Directorate/Component	Appendix	2014/15	2015/16	2016/17	2017/18	Later years
		£m	£m	£m	£m	£m
Health and Adult Services	A	0.6	1.2	2.6	2.7	11.3
Business and Environmental Service	B	69.5	88.0	58.0	36.8	58.3
Children’s and Young People’s Service	C	31.2	23.3	30.6	31.1	37.6
Central Services	D	5.3	5.3	2.3	1.4	0
Overall County Total	E	106.6	117.8	93.5	72.0	107.2

3.5 The table above indicates planned gross capital spend of £106.6m in 2014/15, £117.8m in 2015/16, £93.5m in 2016/17 and £72m in 2018/19 but as previously reported these totals do include a limited number of significant individual schemes and provisions as follows:

Directorate / Scheme	2014/15	2015/16	2016/17	2017/18
	£m	£m	£m	£m
Health and Adult Services				
“Draft Care and Support Where I live Strategy” – Extra Care Scheme	0	0.6	1.0	1.0
“Draft Care and Support Where I live Strategy” – Older Peoples Resource Centre	0	0	1.0	1.0
Business & Environmental Services				
New and replacement road lighting columns	2.1	1.0	0	0
Waste procurement project	0.2	3.9	0.9	0
Integrated transport	1.0	1.2	3.0	3.0
Maintenance of roads and bridges	40.7	47.5	30.0	28.4
Winter maintenance of roads	2.1	0	0	0
Regional funding allocation	0.5	1.0	0.2	0
Bedale-Aiskew-Leeming Bar major scheme	9.3	0	2.3	0.4
Growing places	5.7	3.7	0	0
Local growth deal	0	30.3	20.8	5.0
Local sustainable transfer fund	3.7	0.3	0	0
Regional growth fund	3.8	0	0	0
Children & Young People’s Service				
Major capital schemes at schools	4.0	0	0	0
Suitable for purpose	4.3	0.6	3.2	3.1
Other capital funding schemes 2008-11	0.9	4.0	1.1	0.5
Public needs	8.0	4.8	16.3	16.9
Capital maintenance grant funded schemes	2.1	0.5	1.0	1.0
Capitalised repairs and maintenance	4.7	6.7	3.7	4.3
Schools invest to save scheme	1.0	0	0	0
Devolved capital (school schemes)	1.7	2.6	2.5	2.4
Self help schemes (school schemes)	1.9	1.8	0.9	0.9
Central Services				
Bright office schemes	0	2.3	0	0
ICT infrastructure	0.4	1.5	0.7	0.8
SDT refresh	1.2	0	0	0
Oracle upgrade	1.5	0	0	0
	100.8	114.3	88.6	68.7
All other schemes and provisions	5.8	3.5	4.9	3.3
Total	106.6	117.8	93.5	72.0

It is clear from this analysis that a relatively few individual schemes and provisions make up about 90% of the total planned capital spend in each year; any slippage or delays in these individual schemes will therefore have a significant consequential impact on overall Plan delivery, consequential financing requirements etc.

3.6 Following the table in **paragraph 3.5** above, a summary of the changes reflected in the latest Capital Plan compared with that approved on 18 November 2014 is as follows:-

Item	2014/15	2015/16	2016/17	2017/18	Later years
	£m	£m	£m	£m	£m
Capital Plan approved on 18 November 2014	110.7	113.9	95.2	72.1	109.2
Schemes funded from Prudential Borrowing	0.1				
Variations in Self funded schemes	-1.4	0.5	-1.1	-2.0	-0.1
Re-phasing between years (para 3.7)					
Self funded from grants etc.	0.2	2.5	-0.6	4.9	-7.0
Funded from borrowing and capital receipts	-3.0	0.9	0	-3.0	5.1
= updated Capital Plan at Q3 2014/15	106.6	117.8	93.5	72.0	107.2
Variation since Q2 2014/15	-4.1	-3.9	-1.7	-0.1	-2.0

Appendix E provides a breakdown of the figures in the above table into individual Directorates.

- 3.7 The table in **paragraph 3.6** above indicates that for the Q3 Capital Plan update there has been an overall £2.8m of expenditure re-phasing from 2014/15 to later years since the last Q2 update. This £2.8m re-phasing consists of £0.2m 'backwards re-phasing' from later years into 2014/15 which is self funded from grants and contributions and £3.0m slippage from 2014/15 to later years funded from a combination of capital receipts and borrowing.

The main areas of this £2.8m net re-phasing from 2014/15 to later years between Q2 and Q3 2014/15 are listed below with explanations provided in **Section 4** below where appropriate.

Scheme	Self funded	From borrowing/ capital receipts
	£m	£m
BES		
Growing places	0.4	
Structural maintenance of roads		-1.0
CYPS		
Basic needs schemes	0.6	
Health and Safety and other General Provisions		-1.2
Everything Else (Net)	-0.8	-0.8
Total gross re-phasing from 2014/15 to later years between as reported at Q2 and Q3 2014/15	+0.2	-3.0

- 3.8 The capital financing costs (principal and interest) require **-£2.8m** this updated Capital Plan have been fully reflected in the 2015/16 Revenue Budget within Corporate Miscellaneous as have the costs for the 2016/17 to 2019/20 MTFs.

- 3.9 Members will be aware that the way in which the borrowing requirements for the Capital Plan of the County Council are managed and financed is directly linked to

- the Prudential Indicators and

- the Treasury Management arrangements

Because of these close links, reports on both the above are also included on this Agenda and need to be recommended to the County Council as part of the 'Budget Set'

- 3.10 Because of the direct links between the size of the Capital Plan and the impact of consequential financing costs on the Revenue Budget / MTFS, the Treasury Management report referred to in **paragraph 3.9** above reflects the principle, agreed several years ago, to cap the level of capital financing costs as a proportion of the annual Net Revenue Budget. The current level of 10% (previously 11%) is being recommended for continuation in the 2015/16 Revenue Budget/MTFS period and will accommodate the impact of the Capital Plan but will place a constraint, unless Members consciously reset this limit on the use of locally determined Prudential Borrowing. As indicated in the separate Treasury Management report, the level will automatically be reviewed annually as part of the Budget / MTFS process.

4.0 **Comments on significant projects and variations reflected in the updated Capital Plan**

4.1 **Health and Adult Services**

The major changes to the HAS capital plan since the Q2 report include:-

Maintaining Fabric/Facilities

In the current year the budget has been reduced by a net £64k to incorporate changes to programmes and costings, in particular around energy management controls and fire precautions. The provision for later years has been redistributed to even out peaks in funding to more closely match anticipated patterns of spend.

Resource Centres

The capital provision for Carentan House resource centre, originally in 2015/16 and 2016/17, has been moved back one year to reflect more realistic timescales for any planned works at this site.

Extra Care programme

The scheme provider of the Settle extra care facility was successful in their bid for HCA grant and so the second stage payment from HAS (£540k) is not now required and will be returned to the general provision for extra care schemes.

ICT investment

£77k has been slipped from the current year to 2015/16 to match current commitments. A matching net adjustment has also been made on the ICT capital grant figure.

Autism Grant

The government recently announced that each local authority with social services responsibility would receive a small capital grant (£19k) towards services for people with autism. This has now been reflected in the capital plan. The grant will be used to purchase hardware and autism-specific software for those provider functions undertaking the National Autistic Society's accreditation programme.

4.2 Business and Environmental Services

New and Replacement Road Lighting

Additional spend in 2014/15 (£435k) on LED improvement scheme to be funded from directorate revenue funding.

Bedale-Aiskew-Leeming Bar Major Project (BALB)

The project forecasts have been reviewed, with the overall capital costs now expected to be £30.6m compared to £32.9m at Q2, a reduction of £2.3m as a result of changes in construction and design, saving £1.1m together with other cost reductions following a review of the original estimates for fees and land costs (£1.2m)

The scheme costs have also been re-profiled across financial years. The £2.3m reduced funding requirement is mainly made up reductions in of Section 31 and Local Growth Deal Government Grants.

Government Grant Funding

The Department of Transport (DfT) have reviewed the methodology for allocating Local Highways Maintenance Capital funding. From 2015/16 there will be 3 elements of funding available:

- Needs related element – based primarily on the highways estate
- Incentive element – to take into account levels of efficiency and asset management
- Challenge Fund – for major maintenance schemes

The DfT announced the needs related allocations in December, and these have been reflected in the Capital Plan. The allocations are shown in the table below which compares these to our previous planning assumptions (for overall main LTP allocations). The allocations for the other elements are not yet available. The criteria for the incentive related element are still to be finalised by DfT, and the amount of funding allocated in this way increases each year up to 2018/19 (with the needs based allocation reducing). The Challenge Fund element is to be allocated via bids, and the Council is preparing bids for submission in early February.

Year	Allocation (£000)	Previous Planning assumption (£000)	Change (£000)
2015/16	29,650	28,400	+1,250
2016/17	27,182	28,400	-1,218
2017/18	26,359	28,400	-2,041
Total for these years	83,191	85,200	-2,009
Later Years: 2018/19 (indicative)	23,858	No assumption previously included	+23,858

Although there is a reduction in funding (£2m over the period of the Capital Plan) compared to previous planning figures, there are still the Incentive and Challenge Fund elements to take into account when further information is available.

Local Transport Plan (LTP)

There is net slippage of general capital maintenance schemes of £950k from 2014/15 into 2015/16, together with additional revenue funding allocated to flooding improvements of £1,020k (profiled £70k in 2014/15 and £950k in 2015/16). The flooding schemes are funded by revenue contributions (£500k corporate, £520k BES).

There is slippage from 2014/15 to 2015/16 on other LTP schemes of £475k: Integrated Transport (£80k) relating to parking management; Local Sustainable Transport Fund (£291k) relating to access to bus route information, and; Regional Funding Allocation (RFA) (£104k) relating to Traffic Signals. There is £227k RFA slippage from 2015/16 to 2016/17 relating to the Malton/Norton improvement schemes.

Growing Places

The Growing Places scheme is considered as part of the Capital Plan as the County Council is the accountable body. However, the LEP are responsible for which projects are to be awarded loan funding. Successful projects are awarded loans which are repaid over varying periods and a long term cash flow mechanism is in place to ensure that available funds are not over committed. The scheme profile has been updated as per the latest loan investment and repayment profiles.

4.3 Children and Young People's Service

Suitability Schemes

Savings have been identified on a number of schemes relating to the 2012-14 suitability programme which are expected to yield savings of £194k. These sums have been rephased from 2014/15 to 2015/16.

Basic Need Programme

The profile of expenditure on the Basic Need programme has been updated to reflect the approved three year programme for additional places needed up to September 2017 and the progress to date on individual schemes, including the proposed new school to serve the Staynor Hall development. This has resulted in the rephasing of expenditure from 2016/17 (£1,692k) to 2014/15 ((£442k), 2015/16 (£504k), as well as 2017/18 (£552k) and Later Years (£194k).

Capital Planned Maintenance

Schemes at Fountains Earth, Lofthouse CE Endowed Primary School (£106k) and Melsonby Methodist Primary School (£41k) have been deferred from 2014/15 to 2015/16, while the majority of schemes commissioned from January to March 2015 are not expected to start on site until April 2015. This has resulted in rephasing of £504k from 2014/15 to 2015/16.

Health and Safety and Other General Provisions

Reprofiling of expenditure on several smaller schemes including Infrastructure Support, PCU Replacements and Removals and other general provisions has resulted in rephasing of £492k from 2014/15 to 2015/16. Grant funding has also been brought forward on several schemes to ensure the utilisation of grant funding as a priority.

Government Grant Funding

Central Government have not yet made an announcement regarding future capital grant allocations for the Capital Planned Maintenance, Basic Need and Devolved Capital Grants. As a result, the Q3 Capital Plan includes forecast allocations, based on broad estimates, for these grants. An announcement on the actual allocations is expected in February 2015.

4.4 Central Services

Material Damage

The Material Damage general provision has been reduced from £500k to £400k. This is a result of the slightly lower than expected number of insurable damage incidents incurred by the County Council at this stage.

Purchase of Vehicles, Plant and Equipment

Further vehicle purchases (£250k) are anticipated in 2014/15 based on current Fleet Management expenditure profiles.

ICT Infrastructure

Timing of the implementation of projects has resulted in £1,016k of slippage from 2014/15 into 2015/16 (£776k) and 2016/17 (£240k). Anticipated expenditure on the ICT Strategy has also reduced by £158k.

Device Refresh

The spending profile has been updated to reflect the PC refresh that is currently required to support the efficient operation of the Council, together with a number of directorate refresh requirements. This refresh has resulted in a reduced Capital Plan provision of £1.6m compared with Q2 over the years 2014/15 to 2016/17. The Capital Plan provision is funded directly from revenue.

Super Fast Broadband

The original purpose of this scheme was to promote community based schemes. However, as the fibre rollout scheme has achieved a greater coverage of superfast provision, Super Fast North Yorkshire are currently drafting a number of options for the use of the Superfast Broadband funding to support the fibre rollout scheme. This has resulted in a reprofiling of £353k of expenditure to 2016/17 from 2014/15 (£270k) and 2015/16 (£83k).

5.0 IMPACT OF CHANGES ON THE FINANCING OF THE CAPITAL PLAN AND AVAILABILITY OF CAPITAL RESOURCES

- 5.1 The financing of the updated Capital Plan is set out in **Appendix F** with a summary being as follows:-

Source	2014/15	2015/16	2016/17	2017/18	Later years
	£m	£m	£m	£m	
Forecast sources of finance					
Borrowing	15.6	9.9	1.7	2.5	9.9
Grants and contributions	75.4	88.3	81.0	62.7	80.4
Schemes financed from revenue	15.2	13.0	7.1	5.4	5.6
Capital receipts	7.2	9.7	4.9	1.4	12.3
= total forecast capital funding	113.4	120.9	94.7	72.0	108.2
- Updated Capital Plan (paragraph 3.4)	106.6	117.8	93.5	72.0	107.2
= potential unallocated capital resources	6.8	3.1	1.2	0	1.0
Total potentially available over full Capital Plan period	£12.1m				

- 5.2 The above table indicates that there is potentially £12.1m of unallocated capital funding that might (depending upon the realisation of forecast capital receipts) become available over the Capital Plan period.
- 5.3 This sum which arises principally from capital receipts identified is higher than the £11.4m reported at Q2 principally because additional land and properties being identified for sale together with updated higher than expected values in relation to some properties.
- 5.4 For all capital receipts from the sale of surplus land and property there is a continuing impact on the level and timing of those receipts due to the depressed state of the property market. Thus the forecast value of these receipts continues to vary and be delayed (slippage) which results in additional Prudential Borrowing being required to finance the Capital Plan until the receipts are ultimately realised.
- 5.5 Some of the forecast receipts making up this 'Corporate Capital Pot' are not expected to be realised for some time yet. Thus, following on from **paragraph 5.4** above, their certainty in terms of both timing and amount, is speculative. Against this background any material spending of the 'pot' combined with significant reductions in the expected value of potential capital receipts in the pipeline could result in the Corporate Capital Pot being 'overdrawn'. This scenario would also result in additional Prudential Borrowing being required to finance the existing Capital Plan.
- 5.6 Assuming the forecasts remain accurate, this £12.1m could be made available for either:
- (a) new capital investment (ie additional schemes), or
 - (b) reducing prudential (unsupported) borrowing and therefore achieving financing cost savings in the Revenue Budget, or

- (c) 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.

5.7 Members have previously agreed to adopt option (c) above and retain any surplus capital funding for the time being. Another factor that influenced this decision was that as mentioned in **paragraphs 5.4 and 5.5**, the forecast funding levels include a capital receipts risk in terms of both forecast receipts slipping into a future year and/or not achieving their assumed estimate.

5.8 **Given the factors mentioned above and the intention to review the schemes in the Capital Plan (paragraph 6.1) particularly as the Council addresses its future requirements as part of the 2020 North Yorkshire Programme, it is proposed that option (c) be reaffirmed at this stage and that the unallocated funding is held in reserve for the time being. Future further investment proposals are likely to include Capital projects and initiatives however and these will be incorporated into a future Q Capital report.**

6.0 LOOKING AHEAD

6.1 As part of the 2020 Yorkshire Programme, officers are reviewing 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. 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. This work therefore remains ongoing.
- (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.

7.0 RECOMMENDATIONS

7.1 The Executive is recommended to:

- (a) approve the updated Capital Plan, summarised at **Appendix E** which incorporates a number of specific refinements reported in **paragraph 4**
- (b) agree that no action be taken at this stage to allocate any additional capital resources (**paragraph 5.8**)
- (c) recommend to the County Council that the Q3 2014/15 Capital Plan, as summarised in **Appendices A to E** be adopted.

GARY FIELDING, CORPORATE DIRECTOR – STRATEGIC RESOURCES

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21 January 2015

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CAPITAL PLAN APPENDICES

Appendix A	Health and Adult Services
Appendix B	Business and Environmental Services
Appendix C	Children and Young People's Service
Appendix D	Central Services
Appendix E	Summary of Capital Plan and changes since last Capital Plan update
Appendix F	Financing of Capital Plan

HEALTH AND ADULT SERVICES

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE							
Maintaining Fabric / Facilities of Properties	1,878	-	141	200	582	655	300
"Draft Care and Support Where I Live Strategy" Extra Care Scheme (Invest to Save)	14,042	453	-	600	1,000	1,000	10,989
"Draft Care and Support Where I Live Strategy" Older People Resource Centre	2,000	3	-	-	1,000	997	-
"Valuing People" Day Service Provision	7,941	7,445	146	350	-	-	-
IT infrastructure	704	284	343	77	-	-	-
TOTAL GROSS SPEND	26,564	8,185	631	1,226	2,582	2,652	11,289
Last Update - Q2 2014/15	26,546	8,185	1,284	2,660	2,578	1,390	10,449
CAPITAL GRANTS & CONTRIBUTIONS							
Capital Grants							
- Adult Social Care I.T. Infrastructure	393 CR	179 CR	213 CR	-	-	-	-
- Adult Social Care Investment for Transformation	311 CR	105 CR	130 CR	77 CR	-	-	-
- PSS Capital Grant	1,330 CR	-	269 CR	550 CR	511 CR	-	-
- Autism Dept of Health Grant	19 CR	-	19 CR	-	-	-	-
Revenue Contributions							
- Revenue Contributions - PIP Funding	4,000 CR	-	-	600 CR	1,000 CR	1,000 CR	1,400 CR
TOTAL GRANTS AND CONTRIBUTIONS	6,052 CR	284 CR	631 CR	1,226 CR	1,511 CR	1,000 CR	1,400 CR
Last Update - Q2 2014/15	6,033 CR	284 CR	1,284 CR	1,066 CR	1,000 CR	1,000 CR	1,400 CR
TOTAL NET EXPENDITURE	20,512	7,901	-	-	1,071	1,652	9,889
Last Update - Q2 2014/15	20,512	7,901	-	1,594	1,578	390	9,049

BUSINESS AND ENVIRONMENTAL SERVICES

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE							
New and Replacement Road Lighting Columns	3,077	-	2,077	1,000	-	-	-
Rationalisation of Depots	386	-	386	-	-	-	-
Waste Management Service	895	-	122	2	771	-	-
Waste Procurement Project	5,693	710	232	3,892	860	-	-
Scarborough Integrated Transport System	28	-	-	28	-	-	-
Bedale-Aiskew-Leeming Bar Major Scheme	30,550	1,602	9,326	15,857	3,191	441	134
Local Transport Plan							
- Integrated Transport	8,228	-	972	1,210	3,023	3,023	-
- Maintenance	174,540	-	40,718	47,467	34,996	33,359	18,000
- Additional Local Highways Maintenance Allocation	2,108	-	2,108	-	-	-	-
- Regional Funding Allocation	12,600	11,749	459	165	228	-	-
Regional Growth Fund	3,800	-	3,800	-	-	-	-
Local Growth Deal	64,184	-	-	14,466	14,918	-	34,800
LEP Growing Places Fund (Grant)	8,663	3,900	4,763	-	-	-	-
LEP Growing Places Fund (Grant Reinvested)	9,944	-	890	3,710	-	-	5,344
Local Sustainable Transfer Fund	6,363	2,415	3,657	291	-	-	-
TOTAL GROSS SPEND	331,060	20,377	69,510	88,087	57,986	36,823	58,278
Last Update - Q2 2014/15	333,807	20,377	70,817	84,393	58,149	38,785	61,287

BUSINESS AND ENVIRONMENTAL SERVICES

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS							
Capital Grants							
- BALB	10,330 CR	1,494 CR	8,836 CR	-	-	-	-
- Local Transport Plan Grant	143,168 CR	11,749 CR	36,440 CR	34,351 CR	31,246 CR	29,382 CR	-
-EA Grant	4,693 CR	-	630 CR	4,063 CR	-	-	-
- Waste Capital Grants	461 CR	-	-	-	461 CR	-	-
- LEP Growing Places Fund	8,663 CR	3,900 CR	4,763 CR	-	-	-	-
- DfT Grant	4,734 CR	2,410 CR	2,324 CR	-	-	-	-
- Regional Growth Fund	3,800 CR	-	3,800 CR	-	-	-	-
- Local Growth Deal	104,952 CR	-	-	30,323 CR	20,830 CR	5,000 CR	48,800 CR
Capital Contributions	372 CR	156 CR	216 CR	-	-	-	-
LEP Growing Places Fund Loan Repayments	9,944 CR	-	890 CR	3,710 CR	-	-	5,344 CR
Revenue Contributions							
- Road Lighting Columns	1,095 CR	-	895 CR	200 CR	-	-	-
- BALB (PIP)	2,948 CR	-	494 CR	-	1,879 CR	441 CR	134 CR
- Structural Maintenance of Roads	23,629 CR	-	7,679 CR	7,950 CR	2,000 CR	2,000 CR	4,000 CR
- Structural Maintenance of Bridges	384 CR	-	384 CR	-	-	-	-
- Rationalisation of Highways Depots	234 CR	-	234 CR	-	-	-	-
- Other Revenue Contributions	563 CR	129 CR	122 CR	2 CR	310 CR	-	-
TOTAL GRANTS AND CONTRIBUTIONS	319,968 CR	19,838 CR	67,707 CR	80,598 CR	56,726 CR	36,823 CR	58,278 CR
Last Update - Q2 2014/15	322,716 CR	19,837 CR	67,660 CR	77,858 CR	57,289 CR	38,785 CR	61,287 CR
TOTAL NET EXPENDITURE	11,091	539	1,803	7,489	1,260	-	-
Last Update - Q2 2014/15	11,091	539	3,156	6,535	860	-	-

CHILDREN AND YOUNG PEOPLE'S SERVICE

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE							
NYCC MANAGED SCHEMES							
Major Capital Schemes at Schools	4,019	-	4,004	15	-	-	-
Suitable for Purpose	13,476	-	4,269	558	3,177	3,103	2,368
School Reorganisation	2,129	-	367	321	500	500	441
Modernisation Programme	2,478	-	278	2,200	-	-	-
Special Educational Needs/Behaviour Review	296	-	296	-	-	-	-
Primary Replacement School	1,181	438	723	20	-	-	-
Health and Safety	1,872	-	392	780	350	125	225
Other Capital Funding Schemes	3,421	830	214	1,508	623	25	221
Capital Maintenance Grant Funded Schemes	5,772	-	2,129	468	1,000	1,025	1,150
Basic Need Grant Funded Schemes	75,640	-	8,026	4,830	16,286	16,926	29,572
Capitalised Repairs and Maintenance	20,364	-	4,700	6,684	3,720	4,260	1,000
Schools Access Initiative	516	-	84	144	188	100	-
Catering Equipment	1,060	-	340	240	240	240	-
ICT Hardware Purchases	300	-	75	75	75	75	-
Woodfield Development and Other Projects	2,008	988	1,020	-	-	-	-
Grant-Funded Provisions:							
- Childrens Centre Capital	1,250	-	277	284	347	342	-
- Aiming High for Disabled Children	2,559	2,216	23	-	-	320	-
- Universal Free School Meals	1,269	-	50	450	400	369	-
- Building Schools for the Future- Richmond School	41	-	41	-	-	-	-
- Integrated Childrens System Grant	906	673	233	-	-	-	-
Other Schemes	1,686	-	45	330	379	405	527
SCHOOLS MANAGED SCHEMES							
Devolved Capital	11,267	-	1,711	2,580	2,479	2,429	2,068
Self Help Schemes	5,468	-	1,885	1,783	900	900	-
TOTAL GROSS SPEND	158,976	5,144	31,182	23,271	30,663	31,144	37,572
Last Update - Q2 2014/15	158,583	5,144	32,155	21,285	32,029	30,592	37,378

CHILDREN AND YOUNG PEOPLE'S SERVICE

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS							
NYCC MANAGED SCHEMES							
Capital Grants							
- Devolved Capital Grant	662 CR	-	387 CR	125 CR	150 CR	-	-
- Capital Maintenance Grant	43,896 CR	-	11,049 CR	11,049 CR	9,856 CR	9,800 CR	2,143 CR
- Basic Need Grant	44,902 CR	622 CR	2,161 CR	2,691 CR	11,042 CR	10,146 CR	18,240 CR
- Other Capital Grants	4,804 CR	2,243 CR	644 CR	462 CR	591 CR	864 CR	-
Capital Contributions							
- Section 106 Income	20,039 CR	-	1,400 CR	1,459 CR	3,494 CR	5,080 CR	8,606 CR
- Other Capital Contributions	712 CR	-	118 CR	62 CR	6 CR	-	527 CR
Revenue Contributions							
- ICT Hardware	300 CR	-	75 CR	75 CR	75 CR	75 CR	-
- Catering Equipment	1,060 CR	-	340 CR	240 CR	240 CR	240 CR	-
- Other Revenue Contributions	906 CR	673 CR	233 CR	-	-	-	-
SCHOOL MANAGED SCHEMES							
Devolved Capital Grant	11,267 CR	-	1,711 CR	2,580 CR	2,479 CR	2,429 CR	2,068 CR
Self Help Capital Contributions	500 CR	-	250 CR	250 CR	-	-	-
School Budgets Revenue Contributions	4,771 CR	-	1,438 CR	1,533 CR	900 CR	900 CR	-
TOTAL GRANTS AND CONTRIBUTIONS	133,885 CR	3,538 CR	19,872 CR	20,526 CR	28,833 CR	29,533 CR	31,584 CR
Last Update - Q2 2014/15	133,492 CR	3,538 CR	19,293 CR	20,032 CR	30,258 CR	24,720 CR	35,652 CR
TOTAL NET EXPENDITURE	25,091	1,606	11,310	2,745	1,831	1,611	5,988
Last Update - Q2 2014/15	25,091	1,606	12,862	1,253	1,771	5,873	1,726

APPENDIX C (Page 2 of 2)

CENTRAL SERVICES

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE							
Material Damage Provision	1,900	-	400	500	500	500	-
Public Access to Buildings for Disabled	1,250	856	-	395	-	-	-
Affordable Housing Fund	5,379	4,818	561	-	-	-	-
Traveller's Sites	1,520	1,417	46	57	-	-	-
Bright Office Strategy Schemes	9,114	6,806	-	2,308	-	-	-
Revenue Funded Capital Schemes							
- ICT Infrastructure (FCS)	3,431	-	414	1,528	689	755	45
- Device Purchases (all Directorates)	1,198	-	1,198	-	-	-	-
Super Fast Broadband Scheme	826	143	30	300	353	-	-
Oracle Upgrade	1,793	270	1,523	-	-	-	-
Loans to Limited Companies (NyNet)	8,530	7,930	-	-	600	-	-
Purchase of Vehicles, Plant & Equipment	1,300	-	1,000	100	100	100	-
Control of Legionella	450	397	-	53	-	-	-
NY Data Observatory	141	111	11	10	10	-	-
Library Schemes	554	422	132	-	-	-	-
TOTAL GROSS SPEND	37,386	23,169	5,314	5,251	2,252	1,355	45
Last Update - Q2 2014/15	39,046	23,169	6,409	5,601	2,468	1,355	45

CENTRAL SERVICES

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

ITEM	Total	Expenditure to 31.3.14	2014/15	2015/16	2016/17	2017/18	Later Years
	£000	£000	£000	£000	£000	£000	£000
CAPITAL GRANTS & CONTRIBUTIONS							
Capital Grants							
- Regional Improvement Grant	141 CR	111 CR	11 CR	10 CR	10 CR	-	-
- Performance Reward Grant	787 CR	118 CR	16 CR	300 CR	353 CR	-	-
Loans to Limited Companies Repayments	8,530 CR	-	1,130 CR	400 CR	-	1,000 CR	6,000 CR
Revenue Contributions							
- from Pending issues Provision for BOS schemes	3,395 CR	2,555 CR	-	840 CR	-	-	-
- Revenue Funded Capital Programme	6,422 CR	270 CR	3,135 CR	1,528 CR	689 CR	755 CR	45 CR
- Other Revenue Contributions	414 CR	400 CR	14 CR	-	-	-	-
- Library Schemes (from PIP)	525 CR	422 CR	103 CR	-	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	22,060 CR	5,721 CR	4,409 CR	3,079 CR	1,052 CR	1,755 CR	6,045 CR
Last Update - Q2 2014/15	23,870 CR	5,721 CR	5,596 CR	3,485 CR	1,238 CR	1,755	6,045 CR
TOTAL NET EXPENDITURE	15,326	17,448	906	2,172	1,200	400 CR	6,000 CR
Last Update - Q2 2014/15	15,176	17,448	813	2,115	1,200	400 CR	6,000 CR

APPENDIX D (Page 2 of 2)

EXECUTIVE SUMMARY

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

SUMMARY CAPITAL PLAN	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Gross Expenditure					
Health & Adult Services	0.6	1.2	2.6	2.7	11.3
Business & Environmental Services	69.5	88.0	58.0	36.8	58.3
Children & Young People's Service	31.2	23.3	30.6	31.1	37.6
Central Services	5.3	5.3	2.3	1.4	-
	106.6	117.8	93.5	72.0	107.2
Grants & Contributions					
Health & Adult Services	0.6 CR	1.2 CR	1.5 CR	1.1 CR	1.4 CR
Business & Environmental Services	67.7 CR	80.5 CR	56.7 CR	36.8 CR	58.3 CR
Children & Young People's Service	19.9 CR	20.6 CR	28.8 CR	29.5 CR	31.6 CR
Central Services	4.4 CR	3.1 CR	1.1 CR	1.8 CR	6.0 CR
	92.6 CR	105.4 CR	88.1 CR	69.2 CR	97.3 CR
Net Expenditure					
Health & Adult Services	-	-	1.1	1.6	9.9
Business & Environmental Services	1.8	7.5	1.3	-	-
Children & Young People's Service	11.3	2.7	1.8	1.6	6.0
Central Services	0.9	2.2	1.2	0.4 CR	6.0 CR
	14.0	12.4	5.4	2.8	9.9

SUMMARY OF CHANGES SINCE THE LAST CAPITAL PLAN UPDATE	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2014	110.7	113.9	95.2	72.1	109.2
Schemes Funded from Prudential Borrowing	0.1	-	-	-	-
Schemes Funded from Earmarked Capital Receipts	-	-	-	-	-
Variations in Schemes Self Funded Schemes	1.4 CR	0.5	1.1 CR	2.0 CR	0.1 CR
Q1 Variations					
- Self Funded	0.2	2.5	0.6 CR	4.9	7.0 CR
- Net Expenditure	3.0 CR	0.9	0.0	3.0 CR	5.1
Total Rephasing Between Years	2.8 CR	3.4	0.6 CR	1.9	1.9 CR
Updated Gross Capital Spend	106.6	117.8	93.5	72.0	107.2
Grants & Contributions	92.6 CR	105.4 CR	88.1 CR	69.2 CR	97.3 CR
Net Expenditure	14.0	12.4	5.4	2.8	9.9
Capital Plan approved by Executive November 2014	16.9	11.5	5.5	5.9	4.7
Change in Net Capital Spend	2.9 CR	0.9	0.1 CR	3.1 CR	5.2

EXECUTIVE SUMMARY

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

SUMMARY OF CHANGES TO THE CAPITAL PLAN AT DIRECTORATE LEVEL

HEALTH & ADULT SERVICES	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2014	1.3	2.6	2.6	1.4	10.4
Q2 Variations					
- Self Funded	0.7 CR	0.2	0.5	-	-
- Net Expenditure	-	1.6 CR	0.5 CR	1.3	0.8
Total Rephasing Between Years	0.7 CR	1.4 CR	-	1.3	0.8
Updated Gross Capital Spend	0.6	1.2	2.6	2.7	11.2
Grants & Contributions	0.6 CR	1.2 CR	1.5 CR	1.1 CR	1.4 CR
Net Expenditure	-	-	1.1	1.6	9.8

BUSINESS & ENVIRONMENTAL SERVICES	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2014	70.8	84.3	58.2	38.7	61.3
Schemes Funded from Earmarked Capital Receipts	-	-	-	-	-
Variations in Schemes Self Funded Schemes	0.3 CR	0.9	1.2 CR	2.0 CR	0.1 CR
Q2 Variations					
- Self Funded	0.4	1.8	0.6	0.1	2.9 CR
- Net Expenditure	1.4 CR	1.0	0.4	-	-
Total Rephasing Between Years	1.0 CR	2.8	1.0	0.1	2.9 CR
Other Funding Approvals	-	-	-	-	-
Updated Gross Capital Spend	69.5	88.0	58.0	36.8	58.3
Grants & Contributions	67.7 CR	80.5 CR	56.7 CR	36.8 CR	58.3 CR
Net Expenditure	1.8	7.5	1.3	-	-

EXECUTIVE SUMMARY

2014/15 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2014

CHILDREN & YOUNG PEOPLE'S SERVICE	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2014	32.2	21.3	31.9	30.6	37.4
Schemes Funded from Earmarked Capital Receipts	-	-	-	-	-
Variations in Schemes Self Funded Schemes	0.1	-	0.3	-	-
Q2 Variations					
- Self Funded	0.5	0.5	1.7 CR	4.8	4.1 CR
- Net Expenditure	1.6 CR	1.5	0.1	4.3 CR	4.3
Total Rephasing Between Years	1.1 CR	2.0	1.6 CR	0.5	0.2
Updated Gross Capital Spend	31.2	23.3	30.6	31.1	37.6
Grants & Contributions	19.9 CR	20.6 CR	28.8 CR	29.5 CR	31.6 CR
Net Expenditure	11.3	2.7	1.8	1.6	6.0

CENTRAL SERVICES	2014/15	2015/16	2016/17	2017/18	Later Years
	£m	£m	£m	£m	£m
Capital Plan approved by Executive November 2014	6.4	5.6	2.5	1.4	-
Schemes Funded from Prudential Borrowing	0.1	-	-	-	-
Variations in Schemes Self Funded Schemes	1.2 CR	0.4 CR	0.2 CR	-	-
Q2 Variations					
- Self Funded	-	-	-	-	-
- Net Expenditure	-	-	-	-	-
Total Rephasing Between Years	-	-	-	-	-
Updated Gross Capital Spend	5.3	5.2	2.3	1.4	-
Grants & Contributions	4.4 CR	3.1 CR	1.1 CR	1.8 CR	6.0 CR
Net Expenditure	0.9	2.1	1.2	0.4 CR	6.0 CR

FINANCING OF CAPITAL PLAN (Updated to January 2015)

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	Later Yrs £000s
A FORECAST FUNDING AVAILABLE					
1 Borrowing					
Prudential (Unsupported) Borrowing	-590	670	-2,110	-10	-6,000
Rephased borrowing (capital expenditure & receipts slippage)	16,168	9,233	3,771	2,473	15,877
	15,578	9,903	1,661	2,463	9,877
2 Capital Grants and Contributions					
Children & Young People's Service					
Capital Maintenance Grant Funded Schemes	11,049	11,049	9,856	9,800	2,143
Devolved funding to schools	2,098	2,705	2,629	2,429	2,068
Basic Need Grant	2,161	2,691	11,042	10,146	18,240
Section 106 Contributions	1,400	1,459	3,494	5,080	8,606
Universal Free School Meals Grant	50	450	400	369	0
School Self Help schemes - private contributions	250	250	0	0	0
Various other grants and contributions	711	74	198	494	527
Business & Environmental Services					
LTP	36,440	34,351	31,246	29,382	0
Local Growth Deal	0	30,323	20,830	5,000	48,800
Bedale Bypass	8,836	0	0	0	0
LEP Growing Places Grant	4,763	0	0	0	0
Environment Agency Grant	630	4,063	0	0	0
Regional Growth Fund	3,800	0	0	0	0
Local Sustainable Transfer Fund DfT Grant	2,324	0	0	0	0
Various other grants and contributions	216	0	461	0	0
Health & Adult Services	631	626	511	0	0
Central Services	27	311	363	0	0
	75,386	88,352	81,030	62,700	80,384
3 Schemes financed from Revenue					
Children & Young People's Service					
Schools Revenue Contributions	1,438	1,533	900	900	0
Other CYP Revenue contributions	715	315	315	315	0
Business & Environmental Services					
LTP	7,679	7,950	2,000	2,000	4,000
Bedale Bypass from Pending Issues Provision	494	0	1,879	441	134
Other BES Revenue Contributions	1,635	201	310	0	0
Central Services					
Capital Programmes (ICT etc) Funded from Revenue	3,135	1,528	688	755	45
Other CS Revenue Contributions	117	840	0	0	0
Health & Adult Services					
"Draft Care and Support Where I Live Strategy" Extra Care	0	600	1,000	1,000	1,400
	15,213	12,967	7,092	5,411	5,579
4 Capital Receipts available to finance Capital Spending					
County Farms receipts	4,027	1,010	1,000		300
Earmarked for Depots rationalisation programme receipts	0	1,200	175		400
Other capital receipts from sale of properties	1,181	3,442	0	400	260
LEP Growing places loan repayment (classed as capital receipts)	890	3,710	0		5,344
Company Loan repayments (treated as capital receipts)	1,130	400	3,700	1,000	6,000
	7,228	9,762	4,875	1,400	12,304
= Total Forecast Funding Available	113,405	120,984	94,658	71,974	108,144
B CAPITAL PLAN Updated gross spend January 2015	-106,637	-117,835	-93,483	-71,974	-107,184
C FUNDING REMAINING January 2015	6,768	3,149	1,175	0	960
D TOTAL FUNDING REMAINING					12,052

EXECUTIVE REPORT - APPENDIX 4

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

3 February 2015

TREASURY MANAGEMENT

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF REPORT

1.1 To recommend to the County Council an updated Annual Treasury Management Strategy for the financial year 2015/16 which incorporates:

- (a) the Annual Investment Strategy;
- (b) a Minimum Revenue Provision Policy;
- (c) a policy to cap Capital Financing costs as a proportion of the annual Net Revenue Budget.

2.0 BACKGROUND

2.1 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”.

2.2 Primarily the County Council is expected to comply with the terms of the **CIPFA Code of Practice on Treasury Management in the Public Services** which was last updated by CIPFA in November 2011 and adopted by the County Council on 15 February 2012.

2.3 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 referred to in **paragraph 2.2** above.

2.4 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.

- 2.5 In addition to the two CIPFA codes referred to in **paragraphs 2.2 and 2.3** above, the Government (Department of Communities and Local Government - CLG) issues statutory guidance on
- (a) Local Government Investments - revised with effect from 1 April 2010, and;
 - (b) Minimum Revenue Provision (for debt repayment) - revised with effect from 1 April 2012
- to which the County Council must have regard.
- 2.6 A separate report on the Prudential Indicators for the three years 2015/16 to 2017/18 is also submitted to this Executive on 3 February 2015. That report should be read in conjunction with this report because of the interaction between the Prudential Indicators and the Treasury Management arrangements.
- 2.7 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 the following:
- (a) an up to date **Treasury Management Policy Statement** - see **Section 3** below;
 - (b) a combined **Annual Treasury Management and Investment Strategy** and **Minimum Revenue Provision Policy** - see **Section 4**.
- 2.8 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.
- 2.9 This report considers the above requirements and then recommends an updated Annual Treasury Management Strategy for the financial year 2015/16 which incorporates the Annual Investment Strategy and required Minimum Revenue Provision Policy.
- 3.0 **TREASURY MANAGEMENT POLICY STATEMENT**
- 3.1 The CIPFA Code of Practice on Treasury Management (as updated in 2011) requires the County Council to approve:
- (a) a **Treasury Management Policy Statement** (TMPS) stating the County Council's policies, objectives and approach to risk management of its Treasury Management activities;
 - (b) a framework of suitable **Treasury Management Practices** (TMPs) setting out the manner in which the County Council will seek to achieve the policies and objectives set out in (a) and prescribing how it will manage and control those activities. The Code recommends 12 TMPs.
- 3.2 The TMPS referred to in **paragraph 3.1 (a)** is attached as **Appendix A** and reflects only very minor changes for 2015/16.

- 3.3 The 12 TMPs recommended by the code referred to in **paragraph 3.1 (b)** which were originally submitted to Members in March 2004 were updated and approved by the Audit Committee on 6 December 2012.
- 4.0 **ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY 2015/16**
- 4.1 One of the key requirements of the CIPFA Code of Practice on Treasury Management continues to be that an Annual Treasury Management Strategy (ATMS), which incorporates a set of Borrowing Limits and Requirements for the year, is considered and approved before the start of each financial year.
- 4.2 The ATMS must also include reference to external debt levels, the Prudential Indicators as well as the Annual Investment Strategy (AIS) requirements.
- 4.3 The proposed **Annual Treasury Management Strategy for 2015/16**, incorporating the Annual Investment Strategy, is therefore attached as **Appendix B** to this report. The key elements of the Strategy are as follows:-
- (a) an authorised limit for external debt of **£398.7m** in 2015/16;
 - (b) an operational boundary for external debt of **£378.7m** in 2015/16;
 - (c) a borrowing limit on fixed interest rate exposure of 60% to 100% of outstanding principal sums and a limit on variable interest rate exposure of 0% to 40% of outstanding principal sums;
 - (d) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time;
 - (e) an investment limit on fixed interest rate exposure of 0% to 30% of outstanding principal sums and a limit on variable interest rate exposure of 70% to 100% of outstanding principal sums;
 - (f) a limit of £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;
 - (g) a 10% cap on Capital Financing costs as a proportion of the annual Net Revenue Budget;
 - (h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to the Revenue Budget in 2015/16 as set out in **Section 11 of Appendix B**;
 - (i) the Corporate Director – Strategic Resources to report to the County Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding not previously approved by the County Council.

Long Term Debt Position

- 4.4 In **Section 10 of Appendix B**, reference is made to the long term debt position of the County Council and the attempts being made to reduce the consequential interest charge impact on the annual Revenue Budget.
- 4.5 As previously reported to Members the long term debt position of the County Council is essentially related to the level of capital expenditure undertaken. The growth of the County Council's long term outstanding debt is demonstrated by the following table:-

@ Year End	Debt Outstanding (A)	Year on Year Variation
	£m	£m
31 March 2001 actual	147.3	
2002 actual	148.9	+ 1.6
2003 actual	180.2	+ 31.3
2004 actual	215.1	+ 34.9
2005 actual	231.7	+ 16.6
2006 actual	274.4	+ 42.7
2007 actual	299.0	+ 24.6
2008 actual	328.2	+ 29.2
2009 actual	329.7	+ 1.5 (B)
2010 actual	323.9	- 5.8 (B)
2011 actual	390.1	+ 77.6 (B)
2012 actual	376.8	- 13.3 (C)
2013 actual	350.0	- 26.8 (C)
2014 actual	344.6	- 5.4 (C)
2015 forecast	352.7	+ 8.1
2016 forecast	345.0	- 7.7
2017 forecast	338.7	- 6.3
2018 forecast	333.8	- 4.9

see paragraphs
4.6 to 4.10

- (A) Excludes other long term liabilities such as PFI contracts and finance leases which are regarded as debt outstanding for Prudential Indicator purposes.
- (B) Reflects the impact of premature repayment of external debt in 2008/09 and 2009/10 and its subsequent refinancing in 2009/10 and 2010/11, together with the capital borrowing requirement for 2009/10 being rolled forward into 2010/11.
- (C) Reflects the current policy of internally financing capital expenditure from cash balances which, at some stage, will have to be reversed.
- 4.6 The debt outstanding forecasts for 31 March 2015 and subsequent years in the table at **paragraph 4.5** above and the Prudential Indicators relating to external debt are based on an assumption that the annual capital borrowing requirements for the years 2014/15 to 2017/18 being taken externally each year. As explained in **paragraphs 6.9 and 8.5 to 8.13 of Appendix B**, consideration will be given however to delaying external borrowing throughout this period and funding annual borrowing requirements from revenue cash balances (i.e. running down

investments). This has the potential for achieving short term revenue savings and also has the benefit of reducing investment exposure to credit risk.

- 4.7 Furthermore a key point in relation to debt levels is a proposal in the Revenue Budget report on today's agenda to set aside £10m in the 2015/16 revenue budget for debt repayment / capital financing purposes. Because of the timing and the preferred approach within the available options is not yet finalised the impact of this is not reflected in any of the debt projections in this report and it's appendices. This also applies to the various Prudential Indicators covered in **Section 3 of Appendix B** and the separate Prudential Indicators report. If implemented in 2015/16 however the expected impact would be to reduce capital debt levels (internal and external) by £10m which would achieve recurring revenue savings in capital financing charges (repayment of principal) in subsequent years.
- 4.8 The above table shows the County Council's external debt increased by 234% between 2001 and 2013. The increase in the years since 2002 to 2011 is particularly noticeable – this is primarily attributable to the increase in the value of annual Highways LTP allocations and the availability of Prudential Borrowing which has been deliberately used by the County Council to boost the size of the Capital Plan and thereby invest in its asset infrastructure. The ratio of borrowing related to government borrowing approvals as opposed to being locally determined under the prudential regime has been approximately 80/20 in the period up to 31 March 2011.
- 4.9 A significant feature of the 2011/12 Local Government Finance Settlement, however, was that all Government capital approvals from 2011/12 were funded from capital grants rather than the previous mix of grants and borrowing approvals. This reduces annual capital borrowing and debt levels by about £33m per annum with a consequential impact on capital financing costs. The impact of this is reflected in the table in **paragraph 4.5** with forecast debt outstanding levels after 31 March 2011 starting to reduce year on year.
- 4.10 The change referred to in **paragraph 4.9** above has had significant implications on the future Treasury Management operations and consequential Prudential Indicators in terms of
- reduced annual borrowing requirement and consequential debt levels from 2011/12 as indicated in the table in **paragraph 4.5**
 - the potential for the annual Minimum Revenue Provision (MRP) for debt repayment exceeding the actual new borrowing requirement in the year resulting in a net debt repayment required with potential early repayment penalties (premiums)
 - reduced capital financing costs (interest + MRP) which were built into the 2011/12 Revenue Budget/MTFS
 - significant impact on many Prudential Indicators
- 4.11 After reflecting the factors referred to in **paragraphs 4.9 and 4.10** above, the revenue cost of servicing the debt which impacts directly on the Revenue Budget / Medium Term Financial Strategy will be about £28.3m in 2015/16; this consists of interest payments of £14.0m and a revenue provision for debt repayment of £14.3m.

4.12 As shown in the table at **paragraph 4.5** and explained subsequently in **paragraphs 4.9** and **4.10**, the debt outstanding levels of the County Council based on the current Capital Plan, start to reduce each year from 2011/12. This assumes that the Government continues to fund future capital approvals through grants rather than the previous mix of grant and supported borrowing approvals. These debt levels could be reduced further by

- (a) curtailing fresh capital investment and removing/reducing Capital Plan provisions that remain funded from external prudential borrowing;
- (b) significantly increasing the Revenue Budget/MTFS provision for debt repayment above the agreed Prudential policy (about 4% of debt) that is currently made;
- (c) removing Capital Plan schemes funded by capital receipts and using those receipts, together with future additional receipts and the current corporate capital pot, for debt repayment, rather than new capital investment;
- (d) funding total annual borrowing requirements from internal cash balances and thus running down investments. This internal capital financing option is referred to in more detail in **paragraph 4.6** above and **paragraphs 6.9 and 8.5 to 8.13 of Appendix B**;
- (e) following (d) above, external debt could also be prematurely repaid from internal cash balances and thus also running down investments.

4.13 As previously reported to Members, this historical growth in debt is not unique to the County Council as the reasons for the growth, referred to in **paragraph 4.8** above, apply to most County and Unitary Councils throughout the country. Based on statistics available, the tables below demonstrate this debt growth of comparable County Councils together with a comparison of capital financing costs as a percentage of Net Revenue Budgets

External Debt Outstanding Levels

Year	Lowest	NYCC	Average	Highest
Actual Levels	£m	£m	£m	£m
31/03/13	244.6	350.0	422.4	1,012.3
31/03/14	247.4	344.6	426.0	1,010.3
growth in debt				
actual 5 year growth from 31/03/09 to 31/03/14	-19%	+8%	+5%	+79%

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

Year	Lowest	NYCC	Average	Highest
	%	%	%	%
2013/14 estimates	4.6	8.2	9.2	13.6
2014/15 estimates	5.0	7.9	9.0	13.3

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

- (a) the County Council's absolute external debt level continues to be below the average of other Shire Counties;
- (b) the County Council's historical debt growth over the 5 year period 31 March 2009 to 31 March 2014 continues to be above the average of other shire counties
- (c) the County Council's capital financing costs (interest and principal) as a percentage of the Net Revenue Budget is below the average of other County Councils;
- (d) the range of debt levels and percentage of capital financing costs relative to the Net Revenue Budget can depend on a number of factors such as:-
 - historical borrowing levels and rates of interest on those borrowings
 - comparative levels of borrowing approvals issued by the Government up to 2010/11
 - comparative levels of Prudential Borrowing
 - relative levels of internally financed capital borrowing
 - debt rescheduling activities which can reduce ongoing interest costs at the expense of accumulated repayment premiums which are written back to revenue over a period of years and result in lost interest earned;
- (e) because of the factors mentioned in (d) above the comparison of debt and financing costs between authorities will be increasingly meaningless as time progresses.

Age profile of the external debt

4.15 The age profile of the County Council's external debt as at 31 March 2014 is as follows:-

Length of Period	£m
up to 1 year	39.8
1 year to 2 years	8.2
2 years to 5 years	31.5
5 years to 10 years	76.6
10 to 25 years	34.7
25 to 40 years	126.3
above 40 years	27.5
Total external debt at 31 March 2014	344.6

4.16 Some points to highlight in relation to the above table are as follows

- (a) there is no predetermined or model age profile and decisions to borrow have been taken each year in the light of current and forecast future interest rates together with the yield curve;
- (b) new borrowing in recent years has focused on longer period fixed term loans due to their historically low interest rates;
- (c) a period spread of the age profile is important to avoid having to refinance loans repaid within relatively short periods;
- (d) the 2015/16 Borrowing Strategy set out in **Section 8 of Appendix B** will mean that the County Council should be able (in current and forecast market conditions) to undertake cost effective borrowing over markedly shorter periods than in previous years and so achieve a more even spread of the debt maturity profile. This is subject, of course, to the potential impact of delaying annual borrowing requirements to later years by utilising cash balances and running down investments. As covered elsewhere in this report, however, future new borrowing levels are significantly lower than in previous years (see **paragraphs 4.9 and 4.10**).

5.0 CREDIT RATING CRITERIA AND APPROVED LENDING LIST

5.1 The criteria for monitoring and assessing organisations (counterparties) to which the County Council may make investments (i.e. lend) are incorporated into the detailed Treasury Management Practices (TMPs) that support the Treasury Management Policy Statement (TMPS). Applying these criteria enables the County Council to produce an Approved Lending List of organisations in which it can make investments, together with specifying the maximum sum that at any time can be placed with each. The Approved Lending List is prepared, taking into account the advice of the County Council's Treasury Management Advisor, Capita Asset Services – Treasury Solutions. **(See paragraph 13 of Appendix B).**

Changes to Credit Methodology

Since the financial crisis, the main rating agencies (Fitch, Moody's and Standard & Poor's) have included an assumption, when assessing credit worthiness, that an institution would obtain support from Government should the institution fail, (i.e. implied levels of sovereign support).

Following the proposed changes to the regulatory regime, the rating agencies have indicated these implied "uplifts" in credit quality will be slowly withdrawn, although the actual timing of these changes is still to be decided .

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. This excludes those ratings (e.g. Viability and Financial Strength ratings) which could

include the implied sovereign support “uplift”. Rating Watch and Outlook information will continue to be assessed and we will continue to utilise CDS (Credit Default Swap) prices as an overlay to ratings.

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Lending criteria for 2015/16

5.2 In order to minimise the risk to investments, the County Council will continue to apply a minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. This approach has reflected the following:-

- (a) a system of scoring each organisation using Capita’s enhanced creditworthiness service. This service, revised during 2014/15 to reflect continuing regulatory changes, uses a sophisticated modelling system that includes:
 - credit ratings published by the three credit rating agencies (Fitch, Moodys and Standard and Poor) which reflect a combination of components (long term and short term,)
 - credit watches and credit outlooks from the rating agencies
 - credit Default Swaps (CDS) spreads to give early warnings of likely changes in credit ratings
 - other information sources, including, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- (b) sole reliance is not placed on the information provided by Capita. In addition the County Council also uses market data and information available from other sources such as the financial press and other agencies and organisations
- (c) in addition to the above, the following measures also continue to be actively taken into consideration:
- institutions will be removed or temporarily suspended from the Approved Lending List if there is significant concern about their financial standing or stability
 - investment exposure will be concentrated with higher rated institutions wherever possible.

5.3 By collating and reviewing on an ongoing basis the above data, the County Council aims to ensure that the most up-to-date information is used to assist in the assessment of credit quality and is seen as a practical response to the continuing money market instability and volatility.

5.4 It is, therefore, proposed that the, as summarised in **paragraph 5.2** above, be utilised for 2015/16. These criteria are set out in full in **paragraph 12.8** of the Annual Treasury Management and Investment Strategy 2015/16 (**Appendix B**) attached and reduce price will enable the County Council to continue to monitor and control its money market risk exposure whilst also ensuring that it can achieve a return that is consistent with market rates.

Debt Management Office Deposit Account

5.5 The Debt Management Office (DMO) Deposit Account is an investment facility introduced several years ago by the Government specifically for public authorities. This facility is AAA rated as it is part of the HM Treasury Operations and can be regarded as lending to the Government. It is, therefore, a 100% safe house lending option with no upper investment limit. Its standard interest rate however of 0.25% is below what could realistically be achieved elsewhere for similar short term investments.

5.6 This investment option is included in the County Council's current approved lending list with a maximum investment limit of £100m. The facility was used for the first time in 2013/14 for a relatively short period as a result of a high level of cash balances and maximum investment limits being reached with the key organisations remaining on the lending list. Following increases in the investment limits to some organisations together with reducing cash balances and other factors, the facility has not been used again since September 2013.

5.7 Up until 2008/09 this facility had not been used by many local authorities because of its low interest rate. Following the turmoil and uncertainty in the financial markets however and the collapse of Icelandic banks in October 2008, many local authorities started to use the facility quite widely. Although its use is now reducing a number of authorities still continue to use the facility to some extent.

5.8 The DMO account will therefore remain on the County Council's approved Lending List as a precaution.

Approved Lending List

- 5.9 The current Approved Lending List is attached to this report as **Schedule C** to the Annual Treasury Management and Investment Strategy 2015/16 (**Appendix B**). The List, however, continues to be monitored on an ongoing basis and changes made as appropriate by the Corporate Director – Strategic Resources to reflect credit rating downgrades/upgrades, mergers or market intelligence and rumours that impact on the credit ‘score’ and colour coding as described in **paragraph 5.10** below.
- 5.10 As mentioned in **paragraph 5.2 (a)** the County Council evaluates an organisation’s credit standing by using Capita’s credit worthiness service. This service uses credit ratings and credit watch/outlook notices from all three principal market agencies overlaid by trends within the Credit Default Swap (CDS) market. All this information is then converted into a weighted credit score for each organisation and only those organisations with an appropriate score will fulfil the County Council’s minimum credit criteria. The score is then converted into the end product of a colour code which is used to determine the maximum investment term for an organisation. Details of this assessment criteria is included in the Annual Treasury Management and Investment Strategy 2015/16 (**paragraphs 12.8 (c) of Appendix B**).
- 5.11 Utilising the assessment of credit quality, the criteria and investment limits for **specified investments** (a maximum of 364 days) are:
- institutions which are partially owned by the UK Government, (Nationalised Banks), being limited to £85m
 - other institutions achieving suitable credit scores and colour banding being limited to a maximum investment limit of between £20m and £75m (actual duration and investment limit dependant on final score/colour)
 - all foreign bank transactions are in sterling and are undertaken with UK based offices
- 5.12 The criteria for **Non Specified Investments** (for periods of more than 364 days) are:
- investments over 1 year to a maximum of 2 years with institutions which have suitable credit score
 - The maximum amount for all non-specified investments is £5m with any one institution
- 5.13 Local Authorities will continue to be included on the Approved Lending List for 2015/16, although suitable investment opportunities with them are limited. Because of the way they are financed and their governance arrangements, Local Authorities are classed as having the highest credit rating.
- 5.14 The information below details all the changes reflected in the latest Approved Lending List (**Schedule C to Appendix B**) compared with that submitted for 2014/15

in February 2014. Please note that the analysis below is between the version provided last year and the proposed list for 2015/16 – it is a snapshot at a point in time. It is therefore possible that there will be in year changes that are not identified in this snapshot.

- (a) organisations included on the 2014/15 Approved Lending List which will NOT be included for 2015/16

Organisation	Reason
Ulster Bank Ltd	Due to fall in Credit Ratings

- (b) organisations who continue to be included on the 2015/16 Approved Lending List, but whose Maximum Investment Duration will remain as nil until Credit Ratings and market sentiment improve

Organisation	Reason
Clydesdale Bank (Trading as the Yorkshire Bank)	Due to fall in Credit Ratings

- (c) organisations added to the Approved Lending list

Organisation	Date Added	Investment Limit £m
Goldman Sachs International	Jul-14	40
Commonwealth Bank of Australia	Aug-14	20
Leeds Building Society	Nov-14	20

- (d) increase in lending limits for

Organisation	Original Investment Limit £m	Revised Investment Limit (November 2014) £m
Lloyds Banking Group	75	85
RBS Group	75	85
Barclays Bank	65	75

These additions and increases were approved by the Corporate Director – Strategic Resources under delegated powers on 22 July, 14 August, 10 November and 19 November 2014 respectively.

These amendments were made as part of a continuous review of investments'. Although there were no immediate pressures on the Lending List, the reasons for the additions and increases were as follows:-

- (i) increase exposure levels to the main 'high quality' UK banks relative to others;
- (ii) being prepared for cash balances increasing as a result of the inclusion of balances held on behalf of Selby District Council;

- (iii) increase diversity within the approved lending list;
- (iv) increasing yield by being able to invest further sums for 1 year;
- (e) further changes were made during the year to increase and decrease the maximum investment term for some organisations. This was the result of market movements between the Credit Default Swap and iTraxx benchmark, an early warning of likely changes to credit ratings in the future;

Further Options

5.15 Because of the stringent credit rating criteria being adopted (**paragraph 5.2**), there are relatively few organisations remaining on the County Council's Approved Lending List (**Schedule C to Appendix B**). The impact of future downgradings, mergers and other market intelligence could, therefore, reduce the list even further and present operational difficulties in placing investments. Under these circumstances, options that could be considered at some point in the future are as follows:-

- (a) continue to run down investments through taking no new borrowing (**paragraphs 8.5 to 8.13 of Appendix B**);
- (b) running down investments through repaying existing debt prematurely subject to debt repayment premium constraints (**paragraphs 10.4 and 10.5 of Appendix B**);
- (c) considering the addition to the Approved Lending List of further high quality, highly rated foreign banks;
- (d) increasing the lending limits again for those high quality UK banks remaining on the Approved Lending List;
- (e) using the Government's DMO account (**paragraphs 5.5 to 5.8**), 'Triple A' rated Money Market funds or other potentially available mechanisms such as Certificates of Deposit (CD's);
- (f) actively looking to invest with other local authorities although demand is very spasmodic and interest rates being offered are relatively poor;

6.0 REVIEW BY AUDIT COMMITTEE

6.1 In its scrutiny role of the County Council's Treasury Management policies, strategies and day to day activities, the Audit Committee receives regular Treasury Management reports. These reports provide Audit Committee Members with details of the latest Treasury Management developments, both at a local and national level and enable them to review Treasury Management arrangements and consider whether they wish to make any recommendations to the Executive.

6.2 As the County Council is required to approve an up to date Annual Treasury Management and Investment Strategy before the start of the new financial year, it is therefore not realistic for the Audit Committee to review this document in advance of

its submission to Executive and the subsequent consideration by County Council on 18 February 2015.

- 6.3 As in recent years it is therefore proposed that the Treasury Management Policy Statement (**Appendix A**) and updated Annual Treasury Management and Investment Strategy for 2015/16 (**Appendix B**) is submitted for review by the Audit Committee on 5 March 2015. Any resulting proposals for change would then be considered at a subsequent meeting of the Executive. If any such proposals were accepted and required a change to the (by then) recently approved Strategy document the Executive would submit a revised document to the County Council at its meeting on 20 May 2015.

7.0 ARRANGEMENTS FOR MONITORING / REPORTING TO MEMBERS

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

- (a) an annual (i.e. this) report to Executive and County Council as part of the Budget process that sets out the County Council's **Treasury Management Strategy and Policy** for the forthcoming financial year;
- (b) an annual report to Executive and County Council as part of the Budget process that sets the various **Prudential Indicators**, together with a mid year update of these indicators as part of the Q1 Performance Monitoring report submitted to the Executive (see **(d)** below);
- (c) **annual outturn reports** to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year;
- (d) a quarterly report on Treasury Management matters to Executive as part of the **Quarterly Performance and Budget Monitoring** report;
- (e) **periodic meetings** between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities;
- (f) reports on proposed changes to the County Council's Treasury Management activities are submitted as required to the **Audit Committee** for consideration and comment; this is in addition to the arrangements referred to in **Section 6**.

8.0 RECOMMENDATIONS

8.1 That Members recommend to the County Council

- (a) the Treasury Management Policy Statement as attached as **Appendix A**;
- (b) the Annual Treasury Management and Investment Strategy for 2015/16 as detailed in **Appendix B** and in particular;

- (i) an authorised limit for external debt of £398.7m in 2015/16;
 - (ii) an operational boundary for external debt of £378.7m in 2015/16;
 - (iii) a borrowing limit on fixed interest rate exposure of 60% to 100% of outstanding principal sums and a limit on variable interest rate exposure of 0% to 40% of outstanding principal sums;
 - (iv) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time;
 - (v) an investment limit on fixed interest rate exposure of 0% to 30% of outstanding principal sums and a limit on variable interest rate exposure of 70% to 100% of outstanding principal sums;
 - (vi) a limit of £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 be invited to review **Appendices A and B** referred to in (a) and (b) above and submit any proposals to the Executive for consideration at the earliest opportunity.

GARY FIELDING
Corporate Director – Strategic Resources

Central Services, County Hall, Northallerton
27 January 2015

Background Documents

CIPFA Code of Practice on Treasury Management in the Public Sector

CIPFA The Prudential Code for Capital Finance in Local Authorities

CLG Guidance on Local Government Investments

CLG Guidance on Minimum Revenue Provision

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NORTH YORKSHIRE COUNTY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT

1.0 BACKGROUND

- 1.1 The County Council has adopted the **CIPFA Code of Practice on Treasury Management in the Public Services** as updated in 2011. This Code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the County Council.
- 1.2 The CIPFA Code of Practice on Treasury Management requires the County Council to adopt the following four clauses of intent:
- (a) the County Council will create and maintain as the cornerstone for effective Treasury Management
 - (i) a strategic **Treasury Management Policy Statement** (TMPS) stating the policies, objectives and approach to risk management of the County Council to its treasury management activities;
 - (ii) a framework of suitable **Treasury Management Practices** (TMPs) setting out the manner in which the County Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Code recommends 12 TMPs;
 - (b) the County Council (full Council and/or Executive) will receive reports on its Treasury Management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in the TMPs;
 - (c) the County Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Executive and for the execution and administration of Treasury Management decisions to the Corporate Director – Strategic Resources who will act in accordance with the Council’s TMPS, TMPs, as well as CIPFA’s Standard of Professional Practice on Treasury Management;
 - (d) the County Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies.
- 1.3 The **CIPFA Prudential Code for Capital Finance in Local Authorities** (updated in 2011) and the terms of the **Local Government Act 2003**, together with ‘statutory’ Government Guidance, establish further requirements in relation to treasury management matters, namely

- (a) the approval, on an annual basis, of a set of **Prudential Indicators**;
- (b) the approval, on an annual basis, of an **Annual Treasury Management Strategy**, an **Annual Investment Strategy**, and an annual **Minimum Revenue Provision (MRP)** policy statement with an associated requirement that each is monitored on a regular basis with a provision to report as necessary both in-year and at the financial year end.

1.4 This current Treasury Management Policy Statement (TMPS) was approved by County Council on 18 February 2015.

2.0 **TREASURY MANAGEMENT POLICY STATEMENT (TMPS)**

2.1 Based on the requirements detailed in **paragraph 1.2 (a) (i)** above a TMPS stating the policies and objectives of the treasury management activities of the County Council is set out below.

2.2 The County Council defines the policies and objectives of the treasury management activities of the County Council as follows:-

- (a) the management of the County Council'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;
- (b) the identification, monitoring and control of risk will be the prime criteria by which the effectiveness of the treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the County Council and any financial instrument entered into to manage these risks;
- (c) effective treasury management will provide support towards the achievement of the business and service objectives of the County Council as expressed in the Council Plan. The County Council is committed to the principles of achieving value for many in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

2.3 As emphasised in the Treasury Management Code of Practice, responsibility for risk management and control of Treasury Management activities lies wholly with the County Council and all officers involved in Treasury Management activities are explicitly required to follow Treasury Management policies and procedures.

3.0 **TREASURY MANAGEMENT PRACTICES (TMPs)**

3.1 As referred to in **paragraph 1.2 (a) (ii)** above the CIPFA Code of Practice on Treasury Management requires a framework of Treasury Management Practices (TMPs) which:

- (a) set out the manner in which the County Council will seek to achieve the policies and objectives set out in **paragraph 2.2** above; and

(b) prescribe how the County Council will manage and control those activities;

3.2 The CIPFA Code of Practice recommends 12 TMPs. These were originally approved by Members in March 2004 and have recently been updated in the light of the new Codes from CIPFA and Statutory Guidance from the Government. These updated documents were approved by the Audit Committee on 6 December 2012.

3.3 A list of the 12 TMPs is as follows:-

- TMP 1 Risk management
- TMP 2 Performance measurement
- TMP 3 Decision-making and analysis
- TMP 4 Approved instruments, methods and techniques
- TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP 6 Reporting requirements and management information arrangements
- TMP 7 Budgeting, accounting and audit arrangements
- TMP 8 Cash and cash flow management
- TMP 9 Money Laundering
- TMP 10 Training and qualifications
- TMP 11 Use of external service providers
- TMP 12 Corporate governance

4.0 PRUDENTIAL INDICATORS

4.1 The Local Government Act 2003 underpins the Capital Finance system introduced on 1 April 2004 and requires the County Council to “have regard to” the **CIPFA Prudential Code for Capital Finance in Local Authorities**. This Code which was last updated in November 2011, requires the County Council to set a range of Prudential Indicators for the next three years

(a) as part of the annual Budget process, and;

(b) before the start of the financial year;

to ensure that capital spending plans are affordable, prudent and sustainable.

4.2 The Prudential Code also requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set.

4.3 The required Prudential Indicators are as follows

- estimated ratio of capital financing costs to the Net Revenue Budget
- estimates of the incremental impact of capital investment decisions on the Council Tax
- Capital Expenditure - Actual and Forecasts
- Capital Financing Requirement

- Gross Debt and the Capital Financing Requirement
- authorised Limit for External Debt
operational Boundary for External Debt
- Actual External Debt
- Adoption of the CIPFA Code of Practice for Treasury Management
- Interest Rate Exposures
- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 364 days

4.4 The County Council will approve the Prudential Indicators for a three year period alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year. The Indicators will be monitored during the year and necessary revisions submitted as necessary via the Quarterly Performance and Budget Monitoring reports.

4.5 In addition to the above formally required Prudential Indicators, the County Council has also set two local ones as follows:

- (a) to cap Capital Financing costs to 10% (11% up to 2013/14) of the net annual revenue budget; and
- (b) a 30% limit on money market borrowing as opposed to borrowing from the Public Works Loan Board.

5.0 **ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY**

5.1 A further implication of the Local Government Act 2003 is the requirement for the County Council to set out its Treasury Management Strategy for borrowing and to approve an Annual Investment Strategy (which sets out the County Council's policies for managing its investments and for giving priority to the security and liquidity of those investments).

5.2 The Government's guidance on the Annual Investment Strategy, updated in 2009, states that authorities can combine the Treasury Management Strategy Statement and Annual Investment Strategy into one report. The County Council has adopted this combined approach.

5.3 Further statutory Government guidance, last updated with effect from April 2012, is in relation to an authority's charge to its Revenue Budget each year for debt repayment. A Minimum Revenue Provision (MRP) policy statement must be prepared each year and submitted to the full Council for approval before the start of the financial year.

5.4 The County Council's Annual Treasury Management and Investment Strategy will therefore cover the following matters:

- treasury limits in force which will limit the treasury risk and activities of the County Council
- Prudential and Treasury Indicators

- the current treasury position
- the Borrowing Requirement and Borrowing Limits
- borrowing Policy
- prospects for interest rates
- borrowing Strategy
- capping of capital financing costs
- review of long term debt and debt rescheduling
- minimum revenue provision policy
- annual investment strategy
- other treasury management issues
- arrangements for monitoring / reporting to Members

5.5 The County Council will approve this combined Annual Strategy alongside the annual Revenue Budget/Medium Term Financial Strategy at its February meeting each year.

6.0 **REVIEW OF THIS POLICY STATEMENT**

6.1 Under Financial Procedure Rule 14, the Corporate Director – Strategic Resources is required to periodically review this Policy Statement and all associated documentation. A review of this Statement, together with the associated annual strategies, will therefore be undertaken annually as part of the Revenue Budget process, together with a mid year review as part of the Quarterly Treasury Management reporting process and at such other times during the financial year as considered necessary by the Corporate Director – Strategic Resources.

Approved by County Council 18 February 2015

NORTH YORKSHIRE COUNTY COUNCIL**ANNUAL TREASURY MANAGEMENT
AND INVESTMENT STRATEGY 2015/16****1.0 INTRODUCTION****1.1 Treasury Management is defined as**

“The management of the County Council’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”.

1.2 The Local Government Act 2003, and supporting regulations, require the County Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential Indicators for the next three years to ensure that the County Council’s capital investment plans are affordable, prudent and sustainable.

1.3 The Act also requires the County Council to set out its **Annual Treasury Management Strategy** for borrowing and to prepare an **Annual Investment Strategy** (as required by Investment Guidance issued subsequent to the Act) which sets out the County Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments. For practical purposes these two strategies are combined in this document.

1.4 This Strategy document for 2015/16 therefore covers the following

- treasury limits in force which will limit the treasury risk and activities of the County Council (**Section 2**)
- Prudential indicators (**Section 3**)
- current treasury position (**Section 4**)
- borrowing requirement and borrowing limits (**Section 5**)
- borrowing policy (**Section 6**)
- prospects for interest rates (**Section 7**)
- borrowing strategy (**Section 8**)
- capping of capital financing costs (**Section 9**)
- review of long term debt and debt rescheduling (**Section 10**)
- minimum revenue provision policy (**Section 11**)
- annual investment strategy (**Section 12**)
- other treasury management issues (**Section 13**)
- arrangements for monitoring/reporting to Members (**Section 14**)

- summary of key elements of this strategy (**Section 15**)
- specified investments (**Schedule A**)
- non-specified investments (**Schedule B**)
- approved lending list (**Schedule C**)
- approved countries for investments (**Schedule D**)

1.5 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the County Council to produce a balanced Annual Revenue Budget. In particular, Section 32 requires a local authority to calculate its Budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby additional charges to the Revenue Budget arising from:-

- increases in interest and principal charges caused by increased borrowing to finance additional capital expenditure, and/or;
- any increases in running costs from new capital projects

are affordable within the projected revenue income of the County Council for the foreseeable future.

1.6 These issues are addressed and the necessary assurances provided by the Section 151 officer (the Corporate Director – Strategic Resources) in the 2015/16 Revenue Budget and Medium Term Financial Strategy report considered separately by the Executive on 3 February 2015 and approved by the County Council on 18 February 2015.

1.7 This Strategy document was approved by the County Council on 18 February 2015.

2.0 **TREASURY LIMITS FOR 2015/16 TO 2017/18**

2.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting regulations for the County Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the **Affordable Borrowing Limit**.

2.2 The County Council must have regard to the Prudential Code when setting the Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon future Council Tax levels is acceptable. In practice, it is equivalent to the Authorised Limit as defined for the Prudential Indicators (therefore see **Section 3** below).

2.3 Whilst termed an Affordable Borrowing Limit, the spending plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability such as credit arrangements. The Affordable Borrowing Limit has to be set on a rolling basis for the forthcoming financial year and two successive financial years.

3.0 PRUDENTIAL INDICATORS FOR 2015/16 TO 2017/18

3.1 A separate Report incorporating an updated set of Prudential Indicators for the three year period to 31 March 2018, as required by the CIPFA Prudential Code for Capital Finance in Local Authorities, was also approved by the County Council on 18 February 2015.

3.2 These Prudential Indicators include a number relating to external debt and treasury management that are appropriately incorporated into this Annual Treasury Management Strategy for 2015/16.

3.3 Full details of the Prudential Indicators listed below are contained in the separate **Revision of Prudential Indicators** report referred to in **paragraph 3.1** above.

3.4 The following Prudential Indicators are relevant for the purposes of setting an integrated Annual Treasury Management Strategy.

(a) **Estimated ratio of capital financing costs to the Net Revenue Budget**

(i) formally required indicator net of interest earned

2013/14 actual	7.7%
2014/15 probable	7.5%
2015/16 estimate	7.5%
2016/17 estimate	7.4%
2017/18 estimate	7.2%

(ii) Local Indicator capping capital financing costs to 10% of the annual Net Revenue Budget

2013/14 actual	8.2%
2014/15 probable	7.9%
2015/16 estimate	7.9%
2016/17 estimate	8.0%
2017/18 estimate	8.1%

(b) **Estimates of the incremental impact of capital investment decisions on the Council Tax requirement**

For a Band D Council Tax	£ p
2015/16 estimate	0.20
2016/17 estimate	0.87
2017/18 estimate	1.88

(c) **Capital Expenditure - Actual and Forecasts**

	£m
2013/14 actual	84.6
2014/15 probable	103.9
2015/16 estimate	108.6
2016/17 estimate	99.8
2017/18 estimate	79.3

(d) **Capital Financing Requirement (as at 31 March)**

	Borrowing £m	Other Long Term Liabilities £m	Total £m
31 March 2014 actual	369.9	5.8	375.7
31 March 2015 probable	363.2	5.8	369.0
31 March 2016 estimate	355.1	5.5	360.6
31 March 2017 estimate	345.7	5.3	351.0
31 March 2018 estimate	339.8	5.1	344.9

(e) **Gross Debt and the Capital Financing Requirement**

In order to ensure that over the medium term debt will only be for Capital purposes, the County Council should ensure that debt does not, except in the short term, exceed the total of the Capital Financing Requirement in the preceding year, plus the estimate of any additional capital financing requirement for 2015/16 and the next two financial years.

The Corporate Director – Strategic Resources confirms that the County Council had no difficulty in meeting this requirement up to 2013/14 nor are any difficulties envisaged for the current or future financial years covered by this PI update to 2017/18. For subsequent years, however, there is the potential that the County Council may not be able to comply with this requirement as a result of the potential for the annual Minimum Revenue Provision (MRP) reducing the Capital Financing Requirement below gross debt. This potential situation will be monitored closely.

(f) **Authorised Limit for external debt**

	External Borrowing £m	Other Long Term Liabilities £m	Total Borrowing Limit £m
2014/15	417.5	5.8	423.3
2015/16	393.2	5.5	398.7
2016/17	386.3	5.3	391.6
2017/18	405.2	5.1	410.3

(g) **Operational Boundary for external debt**

	External Borrowing £m	Other Long Term Liabilities £m	Total Borrowing £m
2014/15	397.5	5.8	403.3
2015/16	373.2	5.5	378.7
2016/17	366.3	5.3	371.6
2017/18	385.2	5.1	390.3

(h) **Actual External Debt**

	Borrowing £m	Other Long Term Liabilities £m	Total £m
at 31 March 2014 actual	344.6	5.8	350.4
at 31 March 2015 probable	352.7	5.8	358.5
at 31 March 2016 estimate	345.0	5.5	350.5
at 31 March 2017 estimate	338.7	5.3	344.0
at 31 March 2018 estimate	333.8	5.1	338.9

(i) **Limit of Money Market Loans** (Local Indicator)

Borrowing from the money market for capital purposes is to be limited to 30% of the County Council's total external debt outstanding at any one point in time.

(j) **Adoption of CIPFA Code of Practice for Treasury Management in the Public Services**

The County Council agreed to adopt the latest updated Code issued in November 2011 on 15 February 2012.

(k) **Interest Rate exposures**

Borrowing	%age of outstanding principal sums
Limits on fixed interest rate exposures	60 to 100
Limits on variable interest rate exposures	0 to 40
Investing	
Limits on fixed interest rate exposures	0 to 30
Limits on variable interest rate exposures	70 to 100
Combined net borrowing/investment position	
Limits on fixed interest rate exposures	160 to 210
Limits on variable interest rate exposures	-60 to -110

(l) **Maturity Structure of borrowing**

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

	Lower Limit	Upper Limit
	%	%
under 12 months	0	50
12 months and within 24 months	0	15
24 months and within 5 years	0	45
5 years and within 10 years	0	75
10 years and within 25 years	10	100
25 years and within 50 years	10	100

(m) **Total principal sums invested for periods longer than 364 days**

Based on estimated levels of funds and balances over the next three years, the need for liquidity and day-to-day cash flow requirements, it is forecast that a maximum of £20m of 'core cash funds' available for investment can be held in aggregate in Non-Specified Investments over 364 days.

4.0 **CURRENT TREASURY POSITION**

4.1 The County Council's treasury portfolio position at 31 March 2014 consisted of:

Item	Principal £m	Average Rate at 31 March 2014 %
Debt Outstanding		
Fixed Rate funding		
PWLB	324.6	4.43
Variable Rate funding		
Market LOBO's	20.0	3.95
Total Debt Outstanding	344.6	4.40
Investments		
Managed in house	208.5	0.79
Net Borrowing	136.1	

5.0 **BORROWING REQUIREMENT AND BORROWING LIMITS**

5.1 The County Council's annual borrowing requirement consists of the capital financing requirement generated by capital expenditure in the year plus replacement borrowing for debt repaid less a prudent Minimum Revenue Provision charged to revenue for debt payment. These borrowing requirements are set out below.

Year	Basis	£m	Comment
2013/14	actual	0	No actual external borrowing was undertaken in 2013/14. The total requirement was £13.9m (including the rolled forward requirement from previous years) which was all financed internally from cash balances.
2014/15	requirement	32.9	Includes £13.9m capital borrowing requirement rolled over from 2013/14
2015/16	estimate	0.5	See paragraphs 5.8 and 5.9. The much higher figures for 2014/15 and 2017/18 include 'refinancing' significant
2016/17	estimate	1.3	
2017/18	estimate	26.5	

- 5.2 The Prudential Indicators set out in **paragraph 3.4** above include an Authorised Limit and Operational Boundary for external debt for each of the three years to 2017/18. These figures are referenced at **paragraphs 3.4(f) and 3.4(g)** respectively of this Strategy.
- 5.3 The **Operational Boundary** reflects an estimate of the most likely, prudent but not worst case scenario of external debt during the course of the financial year. The **Authorised Limit** is based on the same estimate as the **Operational Boundary** but allows sufficient headroom (£20m) over this figure to allow for unusual cash movements.
- 5.4 The **Authorised Limit** therefore represents the maximum amount of external debt which the County Council approves can be incurred at any time during the financial year and includes both capital and revenue requirements. It is not, however, expected that the County Council will have to borrow up to the Limit agreed.

5.5 The agreed **Operational Boundary** and **Authorised Limits** for external debt up to 2017/18 are derived as follows:

Item	2014/15 probable £m	2015/16 estimate £m	2016/17 estimate £m	2017/18 estimate £m
Debt outstanding at start of year				
PWLB	324.6	} 352.7	} 345.0	} 338.7
Other Institutions	20.0			
Sub-total	344.6	352.7	345.0	338.7
+ External borrowing requirements				
Capital borrowing requirement	7.8	6.2	4.7	8.0
Replacement borrowing	24.8	8.2	7.6	31.4
MRP charged to Revenue etc	-14.7	-14.3	-14.1	-13.9
Borrowing rolled over from 2013/14	13.9	-	-	-
Internally funded variations	1.1	0.4	3.1	1.0
Sub-total	32.9	0.5	1.3	26.5
- External debt repayment	-24.8	-8.2	-7.6	-31.4
= Forecast debt outstanding at end of year	352.7	345.0	338.7	333.8
+ Other 'IFRS' long term liabilities which are regarded as debt outstanding for PIs				
PFI	4.7	4.4	4.2	4.0
Leases	1.1	1.1	1.1	1.1
= Total debt outstanding including 'other long term liabilities' (PI7)	358.5	350.5	344.0	338.9
+ Provision for				
Debt rescheduling	15.0	15.0	15.0	15.0
Potential capital receipts slippage	5.0	5.0	5.0	5.0
New borrowing taking place before principal repayments made	24.8	8.2	7.6	31.4
= Operational Boundary for year (PI7)	403.3	378.7	371.6	390.3
+ Provision to cover unusual cash movements	20.0	20.0	20.0	20.0
= Authorised Limit for year (PI6)	423.3	398.7	391.6	410.3

5.6 Therefore the 2015/16 Limits are as follows:

	£m
Operational Boundary for external debt	378.7
+ provision to cover unusual cash movements during the year	20.0
= Authorised Limit for 2015/16	398.7

- 5.7 All the debt outstanding estimates referred to in **paragraph 5.5** and the Prudential Indicators relating to external debt referred to in **paragraph 3.4** are based on annual capital borrowing requirements being taken externally and therefore increasing debt outstanding levels. As explained in **paragraphs 6.9 and 8.5 to 8.13**, consideration will be given however to delaying external borrowing throughout this period and funding annual borrowing requirements from revenue cash balances (i.e. running down investments). This likely outcome has the potential for achieving short term revenue savings and also has the benefit of reducing investment exposure to credit risk.
- 5.8 The annual borrowing requirements reported in the tables in **paragraphs 5.1 and 5.5** above (£32.9m in 2014/15, £0.5m in 2015/16, £1.3m in 2016/17 and £26.5m in 2017/18) are much lower than about £50m per annum up to 2010/11. This is because the 2011/12 Local Government Finance Settlement reflected all Government Capital approvals from 2011/12 being funded from Capital Grants rather than the previous mix of grants and borrowing approvals.
- 5.9 This change has had significant implications on the County Council's future Treasury Management operations and consequential Prudential Indicators in terms of:-
- reduced annual borrowing requirement and consequential debt levels from 2011/12 by about £33m per annum, which was the approximate total of such borrowing approvals in recent years
 - the potential for the annual Minimum Revenue Provision (MRP) for debt repayment in the year resulting in a net debt repayment required with potential early repayments penalties (premiums)
 - reduced capital financing costs (interest + MRP) from 2011/12
 - significant impact on many Prudential Indicators (see **paragraph 3.4** above).
- 5.10 A key point in relation to debt levels is a proposal in the Revenue Budget report on today's agenda to set aside £10m in the 2015/16 revenue budget for debt repayment / capital financing purposes. Because the timing and which of the available options to be pursued have not been finalised the impact of this is not reflected in any of the debt projections in this strategy report. This also applies to the various Prudential Indicator covered in **section 3** of this strategy document and the separate Prudential Indicators report. If implemented in 2015/16 however the expected impact would be to reduce capital debt levels (internal and external) by £10m which would achieve recurring revenue savings in capital financing charges (repayment of principal) in subsequent years.

6.0 **BORROWING POLICY**

- 6.1 The policy of the County Council for the financing of capital expenditure is set out in Treasury Management Practice Note 3 which supports the Treasury Management Policy Statement.
- 6.2 In practical terms the policy is to finance capital expenditure by borrowing from the Public Works Loan Board (for periods up to 50 years) or the money markets (for periods up to 70 years) whichever reflects the best possible value to the County Council. Individual loans are taken out over varying periods depending on the

perceived relative value of interest rates at the time of borrowing need and the need to avoid a distorted loan repayment profile. Individual loans are not linked to the cost of specific capital assets or their useful life span. Decisions to borrow are made in consultation with the County Council's Treasury Management Advisor (Capita Asset Services – Treasury Solutions).

- 6.3 Access to PWLB loans since 1 April 2004 is based on the Prudential Indicators and approved 'borrowing requirements' of individual authorities. Loans from the PWLB used to be very competitive with other forms of borrowing as they reflected prices on the gilt market for Government securities. They became less competitive however after 20 October 2010 following the Chancellor announcing that the PWLB would increase the margin above the Government's cost of borrowing to an average of 1% with immediate effect. Borrowing costs from the PWLB thus rose by about 0.7% across all periods. From November 2012 there was however a new 0.2% discount on loans from the PWLB under the prudential regime for local authorities providing improved information and transparency on their locally determined long term borrowing and associated capital spending. The County Council has provided this information each year and has qualified for the discount for any loans taken out up to 31 October 2015. Thereafter annual access to this discounted rate will be dependent on eligible local authorities providing the necessary information each year.
- 6.4 In addition to the PWLB the County Council can borrow from the money market (principally banks and building societies) and this is usually effected via a LOBO (Lender Option, Borrower Option). Such loans feature an initial fixed interest period followed by a specified series of calls when the lender has the option to request an interest rate increase. The borrower then has the option of repaying the loan (at no penalty) or accepting the higher rate.
- 6.5 The time period for LOBO borrowing by the County Council was increased to a maximum of 70 years (from 50 years) as part of the 2008/09 Strategy. In reality borrowing for 70 years is little different to taking a 50 year loan. The risk of taking such long period loans is that the County Council could potentially be locked into paying current interest rates on a loan for up to 70 years which would be disadvantageous if medium/long term rates subsequently fell below current rates at some point in the future. In practice, however, it is highly unlikely that such loans would ever run the full period because if at some point interest rates rise above the fixed rate agreed, the lender would request an increase and the County Council would have the option of repaying the loan.
- 6.6 Borrowing from the money market for capital purposes is limited to 30% of the County Council's total external debt outstanding at any one point in time (per **Prudential Indicator 9**).
- 6.7 The County Council will always look to borrow from the PWLB and money markets at the most advantageous rate. The Corporate Director – Finance and Central Services will monitor this situation closely throughout the year to determine whether at any stage, money market loans are more appropriate and advantageous to the County Council than PWLB loans.
- 6.8 At present all County Council long term borrowing is from the PWLB or via equally advantageous money market loans. However some short term money market

borrowing may take place during the financial year in order to take advantage of low interest rates or to facilitate any debt restructuring exercise (see **paragraph 10** below).

- 6.9 Depending on the relationship between short term variable interest rates and the fixed term PWLB or LOBO rates for longer periods, some capital expenditure may be financed by short term borrowing from either the County Council's revenue cash balances or outside sources (see **paragraphs 8.5 to 8.13**).

Policy on borrowing in advance of need

- 6.10 The Prudential Code allows external 'borrowing for capital purposes' in advance of need within the constraints of relevant approved Prudential Indicators. Thus taking estimated capital borrowing requirements up to 31 March 2018 any time after 1 April 2015 is allowable under the Prudential Code. There are risks, however, in such borrowing in advance of need and the County Council has not taken any such borrowing to date and there are no current plans to do so. Furthermore the County Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed.
- 6.11 Any decision to borrow in advance of need will only be considered where there is
- a clear business case for doing so for the current Capital Plan
 - to finance future debt maturity repayments
 - value for money can be demonstrated
 - the County Council can ensure the security of such funds which are subsequently invested
- 6.12 Thus in any future consideration of whether borrowing will be undertaken in advance of need the County Council will:
- ensure that there is a clear link between the Capital Plan and maturity of the existing debt portfolio which supports the need to take funding in advance of need
 - ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
 - evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
 - consider the merits and demerits of alternative forms of funding
 - consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
 - consider the impact of borrowing in advance (until required to finance capital expenditure) on temporarily increasing investment cash balances and the consequent increase in exposure to counter party risk and other risks, and the level of such risks given the controls in place to minimise them.

7.0 PROSPECTS FOR INTEREST RATES

- 7.1 Whilst recognising the continuing volatility and turbulence in the financial markets, the following paragraphs present a pragmatic assessment of key economic factors as they are likely to impact on interest rates over the next three years.
- 7.2 In terms of the key economic background and forecasts, looking ahead the current position is as follows:

(a) The UK Economy

- **Economic Growth** After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 (an annual rate of 3.2% to 30 June 2014), Q2 to 30 September has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance.
- This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.
- Also encouraging has been the sharp fall in inflation (CPI), reaching 0.5% in December 2014, the lowest rate since May 2000. Forward indications are that inflation is likely to remain under 1% for months to come.
- The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

(b) Global Economy

- **Eurozone (EZ).** The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries

and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. It now appears likely that the ECB will embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

- Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011-2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB's pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.
- Anti-austerity party Syriza won Greece's general election on 25 January 2015 putting the country on a possible collision course over the EU and its massive bailout. Greece has essentially rejected a core policy for dealing with The Eurozone crisis as devised by Brussels and Berlin and this is likely to increase economic uncertainty across Europe. If this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.
- **USA.** The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. rate will occur by the middle of 2015.

- **China.** Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.
- **Japan.** Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

(c) Capita Asset Services Forward View

- Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.
- The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.
- The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.
- The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios

could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

- Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
 - Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
 - UK strong economic growth is weaker than we currently anticipate.
 - Weak growth or recession in the UK's main trading partners - the EU, US and China.
 - A resurgence of the Eurozone sovereign debt crisis.
 - Recapitalisation of European banks requiring more government financial support.
 - Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

- The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -
 - An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
 - ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.
 - The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.
 - A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.

→ UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

7.3 The County Council has appointed Capita Asset Services as its treasury management advisor and part of their service is to assist in formulating a view on interest rates. By drawing together a number of current city forecasts for short term (Bank rate) and longer fixed interest rates a consensus view for bank rate, PWLB borrowing rates and short term investment rates is as follows:-

	Bank Rate	PWLB Borrowing Rates (including 0.2% discount (para. 6.3))				Short Term Investment Rates	
		5 year	10 year	25 year	50 year	3 Months	1 Year
	%	%	%	%	%	%	%
Mar 2015	0.50	2.20	2.80	3.40	3.40	0.50	0.90
June 2015	0.50	2.20	2.80	3.50	3.50	0.50	1.00
Sept 2015	0.50	2.30	3.00	3.70	3.70	0.60	1.10
Dec 2015	0.75	2.50	3.20	3.80	3.80	0.80	1.30
Mar 2016	0.75	2.60	3.30	4.00	4.00	0.90	1.40
June 2016	1.00	2.80	3.50	4.20	4.20	1.10	1.50
Sept 2016	1.00	2.90	3.60	4.30	4.30	1.10	1.60
Dec 2016	1.25	3.00	3.70	4.40	4.40	1.30	1.80
Mar 2017	1.25	3.20	3.80	4.50	4.50	1.40	1.90
June 2017	1.50	3.30	3.90	4.60	4.60	1.50	2.00
Sept 2017	1.75	3.40	4.00	4.70	4.70	1.80	2.30
Dec 2017	1.75	3.50	4.10	4.70	4.70	1.90	2.40
Mar 2018	2.00	3.60	4.20	4.80	4.80	2.00	2.60

7.4 Thus based on paragraphs 7.2 and 7.3 above

Bank Rate

- UK growth prospects remain strong looking forward into 2015 and 2016
- thus bank rate currently set at 0.5% underpins investment returns and is not expected to start increasing until around late in 2015
- it is then expected to continue rising by further 0.25% increases reaching 2.00% by March 2018 (0.75% in March 2016 and 1.25% in March 2017)
- as economic forecasting remains difficult with so many external influences weighing on the UK, bank rate forecasts will be liable to further amendments depending on how economic data transpires in the future
- in addition there are significant potential risks from the Eurozone and from financial flows from emerging market in particular so continuing caution must be exercised in respect of all internet rate forecasts at present

PWLB Rates

- fixed interest PWLB borrowing rates are based on UK gilt yields
- the overall longer run trend for gilt yields and PWLB rates is to rise due to the high volume of gilt issuance in the UK and of bond issuance in other major Western countries. Over time, an increase in investors' confidence in world economic recovery is also likely to compound this effect as recovery will further encourage investors to switch from bonds to equities
- there are however a number of downside and upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates
- PWLB rates are seen to be on a rising trend with a forecast to rise gradually throughout the next three years in all periods as follows:-

Period	March 2015	March 2018	Increase
	%	%	%
5 years	2.20	3.60	+ 1.40
10 years	2.80	4.20	+ 1.40
25 years	3.40	4.80	+ 1.40
50 years	3.40	4.80	+ 1.40

Short Term Investment Rates

- investment returns are likely to remain relatively low during 2015/16 and beyond
- returns are expected to increase along with bank rate increases
- suggested returns on investments placed for periods up to 100 days are 0.6% in 2015/16, 1.25% in 2016/17 and 1.75% in 2017/18

7.5 UK GDP growth surged during 2013 and the first half of 2014. Since then it appears to have subsided somewhat but still remains strong by UK standards and is expected to continue likewise into 2015 and 2016. There needs to be a significant rebalancing of the economy away from consumer spending to manufacturing, business investment and exporting in order for this recovery to become more firmly established. One drag on the economy has been that wage inflation has only recently started to exceed CPI inflation, so enabling disposable income and living standards to start improving. The plunge in the price of oil brought CPI inflation down to a low of 1.0% in November, the lowest rate since September 2002. Inflation is expected to stay around or below 1.0% for the best part of a year; this will help improve consumer disposable income and so underpin economic growth during 2015. However, labour productivity needs to improve substantially to enable wage rates to increase and further support consumer disposable income and economic growth. In addition, the encouraging rate at which unemployment has been falling must eventually feed through into pressure for wage increases, though current views on the amount of hidden slack in the labour market probably means that this is unlikely to happen early in 2015.

The US, the biggest world economy, has generated stunning growth rates of 4.6% (annualised) in Q1 2014 and 5.0% in Q2. This is hugely promising for the outlook for

strong growth going forwards and it very much looks as if the US is now firmly on the path of full recovery from the financial crisis of 2008. Consequently, it is now confidently expected that the US will be the first major western economy to start on central rate increases by mid 2015.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Greece: the general election on 25 January 2015 is likely to bring a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify;
- As for the Eurozone in general, concerns in respect of a major crisis subsided considerably in 2013. However, the downturn in growth and inflation during the second half of 2014, and worries over the Ukraine situation, Middle East and Ebola, have led to a resurgence of those concerns as risks increase that it could be heading into deflation and prolonged very weak growth. Sovereign debt difficulties have not gone away and major concerns could return in respect of individual countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise to levels that could result in a loss of investor confidence in the financial viability of such countries. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2015/16 and beyond;
- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries, and an increase in the likelihood that the ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

8.0 **BORROWING STRATEGY 2014/15**

- 8.1 Based on the interest rate forecast outlined in **Section 7** above, there is a range of potential options available for the Borrowing Strategy for 2015/16. Consideration will therefore be given to the following:

- (a) the County Council is currently maintaining an under borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is currently prudent as investment returns are low and counterparty risk remains relatively high;
- (b) thus based on the analysis presented in **paragraph 7.3**, the cheapest borrowing will be internal borrowing achieved by continuing to run down cash balances and foregoing interest earned at historically low rates (see **paragraphs 8.5 to 8.13**). However in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking market loans at long term rates which will be higher in future years;
- (c) long term fixed market loans at rates significantly below (0.25% to 0.5%) PWLB rates for the equivalent maturity period (where available) and to maintain an appropriate balance between PWLB and market debt in the debt portfolio. The current market availability of such loans is, however, very limited and is not expected to change in the immediate future;
- (d) PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which would spread debt maturities away from a concentration in longer dated debt. The downside of such shorter term borrowing is the loss of long term stability in interest payments that longer term fixed interest rate borrowing provides;
- (e) consideration will be given to PWLB borrowing by annuity and Equal Instalments of Principal (EIP) in addition to maturity loans, which have been preferred in recent years;
- (f) as indicated in the table in **paragraph 7.3** PWLB rates are expected to gradually increase throughout the financial year so it would therefore be advantageous to time any new borrowing earlier in the year;
- (g) borrowing rates continue to be relatively attractive and may remain relatively low for some time, thus the timing of any borrowing will need to be monitored carefully. There will also remain a 'cost of borrowing' with any borrowing undertaken that results in an increase in investments incurring a revenue loss between borrowing costs and investment returns.

8.2 Based on the PWLB rates set out in **paragraphs 7.3 and 7.4**, suitable trigger rates for considering new fixed rate PWLB or equivalent money market borrowing will be:

	%
– 5 year period	2.2
– 10 year period	2.8
– 25 year period	3.4
– 50 year period	3.4

The aim however would be to secure loans at rates below these levels if available.

- 8.3 The forecast rates and trigger points for new borrowing will be continually reviewed in the light of movements in the slope of the yield curve, the spread between PWLB new borrowing and early repayment rates, and any other changes that the PWLB may introduce to their lending policy and operations.
- 8.4 It is likely that the Municipal Bonds Agency currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the PWLB and the County Council intends to make use of this new source of borrowing as and when appropriate.

External -v- internal borrowing

- 8.5 The County Council's net borrowing figures (external borrowing net of investments) are significantly below the authority's capital borrowing need (Capital Financing Requirement – CFR) because of two main reasons
- (a) a significant level of investments (cash balances – core cash plus cash flow generated) (**paragraph 8.8**);
 - (b) internally funded capital expenditure (**paragraph 8.6**).

The relative figures are referred to in **paragraphs 3.4 (d) and 3.4 (e)** of this report and covered in more detail in Prudential Indicators 4 and 5 in the separate Prudential Indicators report.

- 8.6 Such internal borrowing stood at £25.6m at 31 March 2014, principally as a result of funding company loans (see **paragraph 12.6**) from internal, rather than external borrowing, and not taking up any new debt for the 2011/12, 2012/13 and 2013/14 borrowing requirements. The level of this internal capital borrowing depends on a range of factors including:
- (a) premature repayment of external debt;
 - (b) the timing of any debt rescheduling exercises;
 - (c) the timing of taking out annual borrowing requirements;
 - (d) policy considerations on the relative impact of financing capital expenditure from cash balances compared with taking new external debt with the balance of external and internal borrowing being generally driven by market conditions.
- 8.7 The County Council continues to examine the potential for undertaking further early repayment of some external debt in order to reduce the difference between the gross and net debt position. However the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007 compounded by a considerable further widening of the difference between new borrowing and repayment rates in October 2010, has meant that large premiums would be incurred by such actions which could not be justified on value for money grounds. This

situation will be monitored closely in case the differential is narrowed by the PWLB at some future dates.

- 8.8 This internal capital borrowing option is possible because of the County Council's cash balance with the daily average being £252.2m in 2013/14. This consisted of cash flow generated (creditors etc), core cash (reserves, balances and provisions etc) and cash managed on behalf of other organisations. Consideration does therefore need to be given to the potential merits of internal borrowing.
- 8.9 As 2015/16 is expected to continue as a year of historically low bank interest rates, certainly until later in the year, this extends the current opportunity for the County Council to continue with the current internal borrowing strategy.
- 8.10 Over the next three years investment rates are expected to be below long term borrowing rates. A value for money consideration would therefore indicate that value could be obtained by continuing avoiding/delaying some or all new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt. This would maximise short term savings but is not risk free.
- 8.11 The use of such internal borrowing, which runs down investments, also has the benefit of reducing exposure to low interest rates on investments, and the credit risk of counterparties.
- 8.12 In considering this option however, two significant risks to take into account are
- (a) the implications of day to day cash flow constraints, and;
 - (b) short term savings by avoiding/delaying new long external borrowing in 2015/16 must be weighed against the loss of longer term interest rate stability. Thus there is the potential for incurring long term extra costs by delaying unavoidable new external borrowing until later years by which time PWLB long term rates are forecast to be significantly higher.
- 8.13 Borrowing interest rates are on a rising trend. The policy of avoiding new borrowing by running down cash balances has served the County Council well in recent years. However this needs to be carefully reviewed and monitored to avoid incurring even higher borrowing costs which are now looming even closer for authorities who will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt in the near future.
- 8.14 **The general strategy for this "Internal Capital Financing" option will therefore be to continue to actively consider and pursue this approach on an ongoing basis in order to reduce the difference between the gross and net debts levels (paragraph 8.5) together with achieving short term savings and mitigating the credit risk incurred by holding investments in the market. Bearing in mind paragraph 8.12 however this policy will be carefully reviewed and monitored on an on-going basis.**

Overall Approach to Borrowing in 2015/16

- 8.15 Given the market conditions, economic background and interest rate forecasts set out in **paragraph 7** above, caution will be paramount within the County Council's 2015/16 Treasury Management operations. The Corporate Director – Strategic Resources will monitor the interest rates closely and adopt a pragmatic approach to changing circumstances – any key strategic decision that deviates from the Borrowing Strategy outlined above will be reported to the Executive at the next available opportunity.

Sensitivity of the Strategy

- 8.16 The main sensitivities of the Strategy are likely to be the two scenarios below. The Corporate Director – Strategic Resources will, in conjunction with the County Council's Treasury Management Advisor, continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a significant change of market view:
- (a) *if it is felt that there was a significant risk of a sharp fall in both long and short term rates, (e.g. due to a marked increase of risks around the relapse into recession or of risks of deflation), then long term borrowing will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered;*
 - (b) *if it were felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast (perhaps arising from a greater than expected increase in world economic activity or a sudden increase in inflation risks), then the portfolio position will be re-appraised with the likely action that fixed rate funding will be taken whilst interest rates are still lower than they will be in the next few years.*
- 8.17 As mentioned, however, in **paragraphs 8.5 to 8.13**, the likely outcome will be to delay external borrowing in 2015/16 and continue to fund the year's borrowing requirement together with that for 2011/12, 2012/13 and 2013/14 from internal sources (ie running down the investment of cash balances). This has the potential for achieving short term revenue savings in 2015/16 and also has the benefit of reducing investment exposure to credit risk.

9.0 CAPPING OF CAPITAL FINANCING COSTS

- 9.1 During the preparation of an earlier Revenue Budget/Medium Term Financial Strategy concerns were expressed about the possible ongoing impact on the annual Net Revenue Budget of capital expenditure generated either by government borrowing approvals or approved locally under the Prudential Borrowing regime.
- 9.2 As a result Members approved a local policy to cap capital financing charges as a proportion of the annual Net Revenue Budget. This cap was set at 10% in 2015/16 (previously 11%) which accommodates existing Capital Plan requirements and will act as a regulator if Members are considering expanding the Capital Plan using Prudential Borrowing. Members do of course have the ability to review the cap at any time but this would have to be done in the light of its explicit impact on the Revenue Budget/Medium Term Financial Strategy.

9.3 The relationship between levels of capital expenditure and the consequential capital financing costs that they generate is demonstrated in the following table.

Year	Forecast Annual Net Budget (ANB) £m	Budgeted Capital Financing Costs £m	Costs as a %age of ANB %	1% of ANB £m	Potential Capital Spend from 1% on ANB £m
	(a)	(b)	(c)	(d)	(e)
2014/15	373.0	29.3	7.9	3.7	} 43.0
2015/16	363.3	28.5	7.9	3.6	
2016/17	358.4	28.6	8.0	3.6	
2017/18	355.0	28.7	8.1	3.6	

(b÷a) (a/100)

9.4 The above table reflects the following

- the impact of the Local Government Finance Settlement for 2015/16 in terms of:
 - a changed 'forecast annual net budget' since 2011/12 reflecting former specific grants being rolled into general formula grant which has the effect of increasing the 'net budget requirement' and continuing grant cuts which result in a reduced 'net revenue budget'.
 - significantly reduced borrowing requirements and consequential reduced capital financing costs resulting from all Government capital approvals from 2011/12 being funded from grants rather than the previous mix of grant and supported borrowing approvals.
- budgeted capital financing costs include interest on external debt plus lost interest earned on internally financed capital expenditure, together with a prudent Minimum Revenue Provision for debt repayment

9.5 In addition to showing explicitly the direct link between the level of capital spend and impact on the Revenue Budget to date, the table also includes an estimate of the impact that planned levels of future capital expenditure (based on the current Capital Plan) will have on the proportion of the Annual Revenue Budget that will be required to meet the consequential capital financing costs (see **column (c)**).

9.6 The table also shows, at **column (e)**, how much additional capital spend a 1% increase in the annual Budget (**column (d)**) will support.

10.0 REVIEW OF LONG TERM DEBT AND DEBT RESCHEDULING

10.1 The long term debt of the County Council is under continuous review.

- 10.2 The rescheduling of debt involves the early repayment of existing debt and its replacement with new borrowing. This can result in one-off costs or benefits called, respectively, premiums and discounts. These occur where the rate of the loan repaid varies from comparative current rates. Where the interest rate of the loan to be repaid is higher than the current rates, a premium is charged by the PWLB for repayment. Where the interest rate of the loan to be repaid is lower than the current rate, a discount on repayment is paid by the PWLB.
- 10.3 Discussions with the County Council's Treasury Management Advisor about the long term financing strategy are ongoing and any debt rescheduling opportunity will be fully explored.
- 10.4 The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which was compounded in October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration has to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing. However, some interest savings might still be achievable through using LOBO (Lenders Option Borrowers Option) loans and other market loans, in rescheduling exercises rather than using PWLB borrowing as the source of replacement financing. An issue in relation to such PWLB/LOBO rescheduling however is that only a proportion of the County Council's debt portfolio should consist of money market loans (30% of total debt outstanding – see **paragraph 6.6**) which limits the extent of such rescheduling. Also unlike PWLB loans which can be rescheduled at regular intervals, once a LOBO loan has been taken, future rescheduling opportunities are more limited.
- 10.5 As short term borrowing rates are expected to be considerably cheaper than longer term rates throughout 2015/16, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred), their short term nature and the likely costs of refinancing those short term loans once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 10.6 Consideration will also be given to identify if there is any residual potential left for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in light of the debt repayment premiums.
- 10.7 The reasons for undertaking any rescheduling will include:
- (a) the generation of cash savings at minimum risk;
 - (b) in order to help fulfil the Borrowing Strategy outlined in **Section 8** above, and;
 - (c) in order to enhance the balance of the long term portfolio (ie amend the maturity profile and/or the balance of volatility).

- 10.8 Members will appreciate that with long term debt of £344.6m at 31 March 2014 (see **paragraph 4.5** of accompanying report) and with an annual interest cost to the Revenue Budget of about £14m the savings or additional costs, attached to even a small interest rate variation can be significant. To put this into context for every 0.1% that the interest rate can be reduced it saves £0.35m on interest charges in the Revenue Budget. Any proposals to restructure debt or change the policy laid out earlier in this Strategy, therefore demand careful attention. Any debt rescheduling will, however, be in accordance with the Borrowing Strategy position outlined in **Section 8** above.
- 10.9 No new debt rescheduling activities have been undertaken by the County Council in 2014/15 to date with none being expected during the remainder of the financial year.
- 11.0 **MINIMUM REVENUE PROVISION (MRP) POLICY 2015/16**
- 11.1 The statutory requirement for local authorities to charge the Revenue Account each year with a specific sum for debt repayment was replaced in February 2008 with more flexible statutory guidance which came into effect from 2008/09.
- 11.2 The new, and simpler, statutory duty (Statutory Instrument 2008) is that a local authority shall determine for the financial year an amount of minimum revenue provision (MRP) that it considers to be prudent. This replaces the previous prescriptive requirement that the minimum sum should be 4% of the Capital Financing Requirement (CFR); the CFR consists of external debt plus capital expenditure financed by borrowing from internal sources (surplus cash balances).
- 11.3 To support the statutory duty the Government also issued fresh guidance in February 2008 which requires that a Statement on the County Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate. The County Council are therefore legally obliged to have regard to this MRP guidance in the same way as applies to other statutory guidance such as the CIPFA Prudential Code, the CIPFA Treasury Management Code and the DCLG guidance on Investments.
- 11.4 The MRP guidance offers four options under which MRP might be made, with an overriding recommendation that the County Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the asset created by the capital expenditure is estimated to provide benefits (ie estimated useful life of the asset being financed). The previous system of 4% MRP did not necessarily provide that link.
- 11.5 The guidance also requires an annual review of MRP policy being undertaken and it is appropriate that this is done as part of this Annual Treasury Management Strategy.
- 11.6 The move to International Financial Reporting Standards (IFRS) from 2010/11 involves Private Finance Initiative (PFI) contracts and some leases (being reclassified as finance leases instead of operating leases) coming onto Local Authority Balance Sheets as long term liabilities. This accounting treatment impacts on the CFR mentioned in **paragraph 11.2** above with the result that an annual MRP provision is required for PFI contracts and certain leases.

To ensure that this change has no overall financial impact on local authority budgets, the Government updated their “Statutory MRP Guidance” with effect from 31 March 2010. This updated Guidance allows MRP to be equivalent to the existing lease rental payments and “capital repayment element” of annual payments to PFI Operators and the implications of this are reflected in the County Council’s MRP policy for 2015/16 as set out in **paragraph 11.8** below.

- 11.7 The ‘Statutory MRP Guidance’ was again updated from 1 April 2012 but the amendments relate only to those authorities with responsibility for housing. MRP guidance remained the same for all other authorities.
- 11.8 The County Council’s MRP policy is based on the Government’s Statutory Guidance and following a review of this policy, no changes are considered necessary and the policy for 2015/16 is therefore as follows:-
- (a) for all **capital expenditure incurred before 1 April 2008**, MRP will be based on 4% of the Capital Financing Requirement (CFR) at that date. This will include expenditure supported by Government borrowing approvals and locally agreed Prudential Borrowing up to 31 March 2008. This is in effect a continuation of the old MRP regulations for all capital expenditure up to 31 March 2008 that has been financed from borrowing;
 - (b) for **capital expenditure incurred after 1 April 2008 which is supported by Government Borrowing approvals**, MRP to be based on 4% of such sums as reflected in subsequent CFR updates. This reflected the principle that the Revenue Support Grant (RSG) formula for supported borrowing approvals would still be calculated on this basis. It should be noted however that as part of the 2011/12 Local Government Finance Settlement, no supported borrowing approvals have been issued for the period after 2010/11 and the RSG formula was frozen as part of the 2013/14 introduction of retained local Business Rates;
 - (c) for **locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008**, MRP will be calculated based on equal annual instalments over the estimated useful life of the asset for which the borrowing is undertaken. This method is a simpler alternative to depreciation accounting.

In view of the variety of different types of capital expenditure incurred by the County Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure, and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

The estimated life of relevant assets will be assessed each year based on types of capital expenditure incurred but in general will be 25 years for buildings, 50 years for land, and 5 to 7 years for vehicles, plant and equipment. To the extent that the expenditure does not create a physical asset (eg capital grants and loans), and is of a type that is subject to estimated

life periods that are referred to in the guidance, these periods will generally be adopted by the County Council.

However in the case of long term debtors arising from loans or other types of capital expenditures incurred by the County Council which will be repaid under separate arrangements (eg loans to NYnet and Yorwaste), there will be no MRP made. The County Council is satisfied that a prudent provision will be achieved after exclusion of these capital expenditure items.

This approach also allows the County Council to defer the introduction of an MRP charge for new capital projects/land purchases until the year after the new asset becomes operational rather than in the year borrowing is required to finance the capital spending. This approach is beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.

- (d) for “**on balance sheet**” **PFI schemes**, MRP will be equivalent to the “capital repayment element” of the annual service charge payable to the PFI Operator and for **finance leases**, MRP will be equivalent to the annual rental payable under the lease agreement.

11.9 Therefore the County Council's total MRP provision will be the sum of (a) + (b) + (c) + (d) (as defined above) which is considered to satisfy the prudent provision requirement. Based on this policy, total MRP in 2015/16 will be about £14.6m (including PFI and finance leases). This excludes however a potential additional MRP charge in 2015/16 as described in **paragraph 5.10**

11.10 An annual review of the County Council's MRP Policy will be undertaken and reported to Members as part of this Annual Treasury Management Strategy.

12.0 **ANNUAL INVESTMENT STRATEGY**

Background

12.1 Under the Local Government Act 2003 the County Council is required to have regard to Government Guidance in respect of the investment of its cash funds. This Guidance was revised with effect from 1 April 2010. The Guidance leaves local authorities free to make their own investment decisions, subject to the fundamental requirement of an Annual Investment Strategy being approved by the County Council before the start of the financial year.

12.2 This Annual Investment Strategy must define the investments the County Council has approved for prudent management of its cash balances during the financial year under the headings of **specified investments** and **non specified investments**.

12.3 This Annual Investment Strategy therefore sets out

- revisions to the Annual Investment Strategy (**paragraph 12.4**);
- the Investment Policy (**paragraph 12.5**);

- the policy regarding loans to companies in which the County Council has an interest (**paragraph 12.6**);
- specified and non specified investments (**paragraph 12.7**);
- Creditworthiness Policy - security of capital and the use of credit ratings (**paragraph 12.8**);
- the Investment Strategy to be followed for 2015/16 (**paragraph 12.9**);
- investment reports to members (**paragraph 12.10**);
- investment of money borrowed in advance of need (**paragraph 12.11**);
- investment (and Treasury Management) training (**paragraph 12.12**);

Revisions to the Annual Investment Strategy

12.4 In addition to this updated **Investment Strategy**, which requires approval before the start of the financial year, a revised Strategy will be submitted to County Council for consideration and approval under the following circumstances:

- (a) significant changes in the risk assessment of a significant proportion of the County Council's investments;
- (b) any other significant development(s) that might impact on the County Council's investments and the existing strategy for managing those investments during 2015/16.

Investment Policy

12.5 The parameters of the Policy are as follows:

- (a) the County Council will have regard to the Government's Guidance on Local Government Investments as revised with effect from 1 April 2010, and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes;
- (b) the County Council's investment policy has two fundamental objectives;
 - the security of capital (protecting the capital sum from loss); and then
 - the liquidity of its investments (keeping the money readily available for expenditure when needed)
- (c) the County Council will also aim to seek the highest return (yield) on its investments provided that proper levels of security and liquidity are achieved. The risk appetite of the County Council is low in order to give priority to the security of its investments;
- (d) the borrowing of monies purely to invest or lend and make a return is unlawful and the County Council will not engage in such activity;
- (e) investment instruments for use in the financial year listed under **specified** and **non-specified investment** categories (see **paragraph 12.7**);

- (f) counterparty limits will be set through the County Council's Treasury Management Practices Schedules.

Policy regarding loans to companies in which the County Council has an interest

- 12.6
- (a) the County Council's general investment powers under this Annual Treasury Management and Investment Strategy come from the Local Government Act 2003 (Section 12). Under this Act a local authority has the power to invest for any purpose relevant to its functions or for the purpose of the prudent management of its financial affairs
 - (b) in addition to investment, the County Council has the power to provide loans and financial assistance to Limited Companies under the Localisation Act 2011 (and also formally under the general power of wellbeing in the Local Government Act 2000) which introduced a general power of competence for authorities (to be exercised in accordance with their general public law duties)
 - (c) any such loans to limited companies by the County Council, will therefore be made under these powers. They will not however be classed as investments made by the County Council and will not impact on this Investment Strategy. Instead they will be classed as capital expenditure by the County Council under the Local Authorities (Capital Finance and Accounting) Regulations 2003, and will be approved, financed and accounted for accordingly
 - (d) at present the County Council has made loans to two companies in which it has an equity investment (ie Yorwaste and NYnet). In both cases loan limits are set, and reviewed periodically, by the Executive

Specified and non-specified Investments

- 12.7 Based on Government Guidance as updated from 1 April 2010.
- (a) investment Instruments identified for use in the forthcoming financial year are listed in the Schedules attached to this Strategy under the **specified** and **non-specified** Investment categories;
 - (b) all **specified** Investments (see **Schedule A**) are defined by the Government as options with "relatively high security and high liquidity" requiring minimal reference in investment strategies. In this context, the County Council has defined Specified Investments as being sterling denominated, with maturities up to a maximum of 1 year meeting the minimum high credit quality;
 - (c) **Non-specified** investments (see **Schedule B**) attract a greater potential of risk. As a result, a maximum local limit of 20% of "core cash" funds available for investment has been set which can be held in aggregate in such investments;
 - (d) for both **specified** and **non-specified** investments, the attached Schedules indicate for each type of investment:-

- the investment category
 - minimum credit criteria
 - circumstances of use
 - why use the investment and associated risks
 - maximum % age of total investments
 - maximum maturity period
- } (Non-Specified only)

(e) there are other instruments available as Specified and Non-Specified investments which the County Council will NOT currently use. Examples of such investments are:-

- | | |
|---------------------------|---|
| Specified Investments | <ul style="list-style-type: none"> - Commercial Paper - Gilt funds and other Bond Funds - Treasury Bills |
| Non-Specified Investments | <ul style="list-style-type: none"> - Sovereign Bond issues - Corporate Bonds - Floating Rate notes - Equities - Open Ended Investment Companies - Derivatives |

A proposal to use any of these instruments would require detailed assessment and be subject to approval by Members as part of this Strategy. Under existing scrutiny arrangements, the County Council's Audit Committee will also look at any proposals to use the instruments referred to above.

Creditworthiness Policy – Security of Capital and the use of credit ratings

12.8 The financial markets have experienced a period of considerable turmoil since 2008 and as a result attention has been focused on credit standings of counterparties with whom the County Council can invest funds.

It is paramount that the County Council's money is managed in a way that balances risk with return, but with the overriding consideration being given to the security of the invested capital sum followed by the liquidity of the investment. The Approved Lending List will therefore reflect a prudent attitude towards organisations with whom funds may be deposited.

The rationale and purpose of distinguishing specified and non-specified investments is detailed in **paragraph 12.7** above. Part of the definition for a Specified investment is that it is an investment made with a body which has been awarded a high credit rating with maturities of no longer than 364 days.

It is, therefore, necessary to define what the County Council considers to be a "high" credit rating in order to maintain the security of the invested capital sum.

The methodology and its application in practice will, therefore, be as follows:-

- (a) the County Council will rely on credit ratings published by the three credit rating agencies (Fitch, Moody's and Standard & Poor's) to establish the credit quality (ability to meet financial commitments) of counterparties (to whom the County

Council lends) and investment schemes. Each agency has its own credit rating components to complete their rating assessments. These are as follows:

Fitch Ratings

- Long Term - generally cover maturities of over five years and acts as a measure of the capacity to service and repay debt obligations punctually. Ratings range from AAA (highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations)
- Short Term - cover obligations which have an original maturity not exceeding one year and place greater emphasis on the liquidity necessary to meet financial commitments. The ratings range from F1+ (the highest credit quality) to D (indicating an entity has defaulted on all of its financial obligations)

Moody's Ratings

- Long Term - an opinion of the relative credit risk of obligations with an original maturity of one year or more. They reflect both the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Ratings range from Aaa (highest quality, with minimal credit risk) to C (typically in default, with little prospect for recovery of principal or interest)
- Short Term - an opinion of the likelihood of a default on contractually promised payments with an original maturity of 13 months or less. Ratings range from P-1 (a superior ability to repay short-term debt obligations) to P-3 (an acceptable ability to repay short-term obligations)

Standard & Poor's Ratings

- Long Term - considers the likelihood of payment. Ratings range from AAA (best quality borrowers, reliable and stable) to D (has defaulted on obligations)
- Short Term - generally assigned to those obligations considered short-term in the relevant market. Ratings range from A-1 (capacity to meet financial commitment is strong) to D (used upon the filing of a bankruptcy petition).

In addition, all three credit rating agencies produce a Sovereign Rating which assesses a country's ability to support a financial institution should it get into difficulty. The ratings are the same as those used to measure long term credit.

- (b) the County Council will review the “ratings watch” and “outlook” notices issued by all three credit rating agencies referred to above. An agency will issue a “watch”, (notification of likely change), or “outlook”, (notification of a possible longer term change), when it anticipates that a change to a credit rating may occur in the forthcoming 6 to 24 months. The “watch” or “outlook” could reflect either a positive (increase in credit rating), negative (decrease in credit rating) or developing (uncertain whether a rating may go up or down) outcome;
- (c) no combination of ratings can be viewed as entirely fail safe and all credit ratings, watches and outlooks are monitored on a daily basis. This is achieved through the use of Capita Asset Services creditworthiness service. This employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The credit ratings of counterparties are then supplemented with the following overlays;
 - credit watches and credit outlooks from credit rating agencies
 - CDS spreads to give early warning of likely changes in credit ratings
 - sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the County Council to determine the duration for investments. The County Council will therefore use counterparties within the following durational bands:-

Colour	Maximum Investment Duration
Yellow	5 Years
Purple	2 Years
Orange	1
Blue	1 Year (UK nationalised / semi nationalised banks only)
Red	6 months
Green	100 days
No colour	No investments to be made

- (d) given that a number of central banks/government have supported or are still supporting their banking industries in some way, the importance of the credit strength of the sovereign has become more important. The County Council will therefore also take into account the Sovereign Rating for the country in which an organisation is domiciled. As a result, only an institution which is domiciled in a country with a minimum Sovereign Rating of AA- from Fitch or equivalent

would be considered for inclusion on the County Council's Approved Lending List (subject to them meeting the criteria above). Organisations which are domiciled in a Country whose Sovereign Rating has fallen below the minimum criteria will be suspended, regardless of their own individual score/colour. The list of countries that currently qualify using this credit criteria are shown in **Schedule D**. This list will be amended should ratings change, in accordance with this policy;

- (e) in order to reflect current market sentiment regarding the credit worthiness of an institution the County Council will also take into account current trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market's current perception of an institution's credit quality, unlike credit ratings, which often focus on a longer term view. These trends will be monitored through the use of Capita Asset Services creditworthiness service which compares the CDS Market position for each institution to the benchmark CDS Index. Should the deviation be great, then market sentiment suggests that there is a fear that an institution's credit quality will fall. Organisations with such deviations will be monitored and their standing reduced by one colour band (**paragraph 12.8 (c)**) as a precaution. Where the deviation is great, the organisation will be awarded 'no colour' until market sentiment improves. Where entities do not have an actively traded CDS spread, credit ratings are used in isolation;
- (f) fully and part nationalised banks within the UK currently have credit ratings which are not as high as other institutions. This is the result of the banks having to have to accept external support from the UK Government However, due to this Central Government involvement, these institutions now effectively take on the credit worthiness of the Government itself (i.e. deposits made with them are effectively being made to the Government). This position is expected to take a number of years to unwind and would certainly not be done so without a considerable notice period. As a result, institutions which are significantly or fully owned by the UK Government will be assessed to have a high level of credit worthiness;
- (g) all of the above will be monitored on a weekly basis through Capita Asset Services creditworthiness service with additional information being received and monitored on a daily basis should credit ratings change and/or watch/outlook notices be issued. Sole reliance will not be placed on the information provided by Capita Asset Services however. In addition the County Council will also use market data and information available from other sources such as the financial press and other agencies and organisations;
- (h) in addition, the County Council will set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity). These limits are as follows:-

Maximum Investment Limit	Criteria
£85m	UK "Nationalised / Part Nationalised" banks / UK banks with UK Central

	Government involvement
£20m to £75m	UK "Clearing Banks" and selected UK based Banks and Building Societies
£20m or £40m	High quality foreign banks

- (i) should a score/colour awarded to a counterparty or investment scheme be amended during the year due to rating changes, market sentiment etc., the County Council will take the following action:-
- reduce or increase the maximum investment term for an organisation dependent on the revised score / colour awarded (in line with the boundaries and colours set in **paragraph 12.8(c)**)
 - temporarily suspend the organisation from the Approved Lending List should their score fall outside boundary limits and not be awarded a colour
 - seek to withdraw an investment as soon as possible, within the terms and conditions of the investment made, should an organisation be suspended from the Approved Lending List
 - ensure all investments remain as liquid as possible, i.e. on instant access until sentiment improves.
- (j) if a counterparty / investment scheme, not currently included on the Approved Lending List is subsequently upgraded, (resulting in a score which would fulfil the County Council's minimum criteria), the Corporate Director – Strategic Resources has the delegated authority to include it on the County Council's Approved Lending List with immediate effect;
- (k) a copy of the current Approved Lending List, showing maximum investment and time limits is attached at **Schedule C**. The Approved Lending List will be monitored on an ongoing daily basis and changes made as appropriate. Given current market conditions, there continues to be a very limited number of organisations which fulfil the criteria for non specified investments. This situation will be monitored on an ongoing basis with additional organisations added as appropriate with the approval of the Corporate Director – Strategic Resources.

The Investment Strategy to be followed for 2015/16

12.9 Recognising the categories of investment available and the rating criteria detailed above

- (a) the County Council currently manages all its cash balances internally;
- (b) ongoing discussions are held with the County Council's Treasury Management Advisor on whether to consider the appointment of an external fund manager(s) or continue investing in-house – any decision to appoint an external fund manager will be subject to Member approval;
- (c) the County Council's cash balances consist of two basic elements. The first element is **cash flow derived** (debtors/creditors/timing of income compared to

expenditure profile). The second, **core element**, relates to specific funds (reserves, provisions, balances, capital receipts, funds held on behalf of other organisations etc.);

- (d) having given due consideration to the County Council's estimated level of funds and balances over the next three financial years, the need for liquidity and day to day cash flow requirements it is forecast that a maximum of £20m of the overall balances can be prudently committed to longer term investments (e.g. between 1 and 3 years);
- (e) investments will accordingly be made with reference to this core element and the County Council's ongoing cash flow requirements (which may change over time) and the outlook for short term interest rates (i.e. rates for investments up to 12 months);
- (f) the County Council currently has no non-specified investments over 364 days;
- (g) bank rate has been unchanged at 0.5% since March 2009 and underpins investment returns. It is not expected to start increasing until late in 2015;

The County Council will, therefore, avoid locking into long term deals while investment rates continue to be at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within a 'low risk' parameter. Thus no trigger rates will be set for longer term deposits (two or three years) but this position will be kept under constant review and discussed with the Treasury Management Advisor on a regular basis.

Based on current bank rate forecasts, as outlined above, an overall investment return of about 0.75% is likely in 2015/16, 1.25% in 2016/17 and 1.8% in 2017/18.

- (h) for its cash flow generated balances the County Council will seek to utilise 'business reserve accounts' (deposits with certain banks and building societies), 15 and 30 day accounts and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

Investment Reports to Members

12.10 Reporting to Members on investment matters will be as follows:

- (a) in-year investment reports will be submitted to the Executive as part of the Quarterly Performance and Budget Monitoring reports;
- (b) at the end of the financial year a comprehensive report on the County Council's investment activity will be submitted to the Executive as part of the Annual Treasury Management Outturn report;
- (c) periodic meetings between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee provide an opportunity to consider and discuss issues arising from the day to day management of Treasury Management activities.

(see **Section 14** for full details).

Investment of Money Borrowed in Advance of Need

- 12.11 The Borrowing Policy covers the County Council's policy on Borrowing in Advance of Spending Needs (**paragraph 6.10**).

Although the County Council has not borrowed in advance of need to date and has no current plans to do so in the immediate future, any such future borrowing would impact on investment levels for the period between borrowing and capital spending.

Any such investments would, therefore, be made within the constraints of the County Council's current Annual Investment Strategy, together with a maximum investment period related to when expenditure was expected to be incurred.

Treasury Management Training

- 12.12 The training needs of the County Council's staff involved in investment management (within the Corporate Accountancy arm of Integrated Finance in Central Services) are monitored, reviewed and addressed on an on-going basis and are discussed as part of the staff appraisal process. In practice most training needs are addressed through attendance at courses and seminars provided by CIPFA, the LGA and others on a regular ongoing basis.

The CIPFA Code also requires that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny (i.e. the Audit Committee). An in-house training course for Members (which was also attended by officers) was provided by Capita Asset Services – Treasury Solutions on 30 September 2013. Further training will be arranged as required. The training arrangements for officers mentioned in the paragraph above will also be available to Members.

13.0 OTHER TREASURY MANAGEMENT ISSUES

Policy on the use of External Treasury Management Service Providers

- 13.1 The County Council uses Capita Asset Services – Treasury Solutions as its external treasury management adviser. Capita provide a source of contemporary information, advice and assistance over a wide range of Treasury Management areas but particularly in relation to investments and debt administration.
- 13.2 Whilst the County Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources, it fully accepts that responsibility for Treasury Management decisions remains with the authority at all times and will ensure that undue reliance is not placed upon advice of the external service provider.
- 13.3 Capita Asset Services were re-appointed in July 2009 for three years, following a full tender exercise with the terms of appointment being documented. Following a review of their advice to date, and under the terms of the contract, this appointment was extended for a further two years to July 2014. A temporary extension to this

contract since July 2014 was agreed because of the implications of the County Council starting to provide Treasury Management services to Selby DC who also have their own adviser. Thus going forward a single adviser for both authorities is being concluded and it is expected that a new contract will be in place with an external service provider from 1 April 2015. The value and quality of services being provided are monitored and reviewed on an ongoing basis.

The scheme of delegation and role of the section 151 officer in relation to Treasury Management

- 13.4 The Government's Investment Guidance (**paragraph 12.1**) requires that a local authority includes details of the Treasury Management schemes of delegation and the role of the Section 151 officer in the Annual Treasury Management/Investment Strategy.
- 13.5 The key elements of delegation in relation to Treasury Management are set out in the following Financial Procedure Rules (FPR):-
- (a) **14.1** The Council adopts CIPFA's "Treasury Management in the Public Services Code of Practice 2011" (as amended) as described in Section 5 of the Code, and will have regard to the associated guidance notes;
 - (b) **14.2** The County Council will create and maintain as the cornerstone for effective Treasury Management
 - (i) a strategic Treasury Management Policy Statement (TMPS) stating the County Council's policies, objectives and approach to risk management of its treasury management activities;
 - (ii) a framework of suitable Treasury Management Practices (TMPs) setting out the manner in which the County Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities. The Code recommends 12 TMPs;
 - (c) **14.3** The Executive and the full Council will receive reports on its Treasury Management policies, practices and activities including, as a minimum an Annual Treasury Management and Investment Strategy and associated report on Prudential Indicators in advance of the financial year;
 - (d) **14.4** The County Council delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the Executive, and for the execution and administration of Treasury Management decisions to the Corporate Director – Strategic Resources (CD-SR), who will act in accordance with the Council's TMPs, as well as CIPFA's Standard of Professional Practice on Treasury Management;
 - (e) **14.5** The Executive will receive from the CD-SR a quarterly report on Treasury Management as part of the Quarterly Performance Monitoring report and an annual report on both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year;

- (f) **14.6** The CD-SR will meet periodically with the portfolio holder for financial services, including assets, IT and procurement and such other Member of the Executive as the Executive shall decide to consider issues arising from the day to day Treasury Management activities;
- (g) **14.7** The Audit Committee shall be responsible for ensuring effective scrutiny of the Treasury Management process;
- (h) **14.8** The CD-SR shall periodically review the Treasury Management Policy Statement and associated documentation and report to the Executive on any necessary changes, and the Executive shall make recommendations accordingly to the County Council;
- (i) **14.9** All money in the possession of the Council shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 (i.e. the Corporate Director - Strategic Resources).

13.6 The Treasury Management reporting arrangements in relation to the above are covered in more detail in **section 14**.

13.7 In terms of the Treasury Management role of the Section 151 officer (the Corporate Director – Strategic Resources), the key areas of delegated responsibility are as follows

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports to Members
- submitting budgets and budget variations to Members
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers

Operational Leasing

13.8 Up to 2004/05 the County Council used operational leasing to acquire plant and vehicles. The main reason was that such financing did not impact on the level of capital resources (capital receipts and Government borrowing approvals) otherwise available to the County Council. However because this rationale no longer applies under the Prudential Code there is now the option of undertaking additional unsupported borrowing to finance such items.

13.9 The option to finance by operational leasing is, of course, still available and therefore the use of leasing for periods greater than one year is approved within the schedule of Treasury Management Practices which support the County Council's Treasury Management Policy Statement. Furthermore the Financial Procedure

Rules of the County Council require that the Corporate Director – Strategic Resources shall undertake the negotiation of all leasing arrangements.

- 13.10 A detailed option appraisal on whether to operationally lease, finance lease or fund from borrowing is undertaken for all plant and vehicle requirements as it may be the case that the best value option will change over time (e.g. as market conditions fluctuate). Since 2004/05, options appraisals have resulted in purchases being financed from Prudential borrowing as well as operational leasing with consequential financing costs of both methods being recharged to Directorates. In 2013/14 acquisitions totalling £0.2m were financed from operational leasing and £0.7m financed from Prudential borrowing – a total of £0.9m. For 2014/15 the forecast outturn position is £2.0 m with £1.0m financed from operational leasing and £1.0m from Prudential Borrowing.
- 13.11 The capital value of plant, equipment and vehicles to be purchased in 2015/16 is estimated to be approximately £1m (£1m in 2014/15) and further option appraisals will be carried out during the year to determine whether financing should be through leasing or Prudential borrowing.

Other Issues

- 13.12 The County Council continues to monitor potential PFI opportunities and assess other innovative methods of funding and the Corporate Director – Strategic Resources will report any developments to Executive at the first opportunity.

14.0 ARRANGEMENTS FOR MONITORING / REPORTING TO MEMBERS

- 14.1 Taking into account the matters referred to in this Strategy, the monitoring and reporting arrangements in place relating to Treasury Management activities are now as follows:
- (a) an annual report to Executive and County Council as part of the Budget process that sets out the County Council's **Treasury Management Strategy and Policy** for the forthcoming financial year;
 - (b) an annual report to Executive and County Council as part of the Budget process that sets the various **Prudential Indicators**, together with a mid year update of these indicators as part of the Q1 Performance Monitoring report submitted to the Executive (see **(d)** below);
 - (c) **annual outturn reports** to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year.
 - (d) a quarterly report on Treasury Matters to Executive as part of the **Quarterly Performance and Budget Monitoring** report;
 - (e) **periodic meetings** between the Corporate Director – Strategic Resources, the Corporate Affairs portfolio holder and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities;

- (f) copies of the reports mentioned in (a) to (d) above are provided to the **Audit Committee** who are also consulted on any proposed changes to the County Council's Treasury Management activities.

15.0 SUMMARY OF KEY ELEMENTS OF THIS STRATEGY

15.1 For the financial year 2015/16 the County Council approves the following:-

- (a) an Authorised Limit for external debt of £398.7m in 2015/16;
- (b) an Operational Boundary for external debt of £378.7m in 2015/16;
- (c) a borrowing limit on fixed interest exposures of between 60% to 100% of outstanding principal sums and a limit on variable interest rate exposures of between 0 to 40% of outstanding principal sums;
- (d) borrowing from the money market for capital purposes is to be limited to 30% of external debt outstanding at any one point in time;
- (e) an investment limit on fixed interest exposures of 0 to 30% of outstanding principal sums and a limit on variable interest rate exposure of between 70% to 100% of outstanding principal sums;
- (f) a limit of £20m of the total 'core' cash sums available for investment (both in house and externally managed) to be invested in Non-Specified investments over 364 days;
- (g) a 10% cap on capital financing costs as a proportion of the annual Net Revenue Budget;
- (h) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2015/16 as set out in **Section 11**;
- (i) the Corporate Director – Strategic Resources to report to the County Council if and when necessary during the year on any changes to this Strategy arising from the use of operational leasing, PFI or other innovative methods of funding.

GARY FIELDING
Corporate Director – Strategic Resources
27 January 2015

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2015/16 – SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use
Term Deposits with the UK Government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
Term Deposits with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year	Organisations assessed as having “high credit quality” plus a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	In-house
Certificate of Deposits issued by credit rated deposit takers (Banks and Building Societies) up to 1 year		Fund Manager or In-house “buy and hold” after consultation with Treasury Management Advisor
Forward deals with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
Money Market Funds i.e. collective investment scheme as defined in SI2004 No 534 (<i>These funds have no maturity date</i>)	Funds must be AAA rated	In-house After consultation with Treasury Management Advisor Limited to £20m
Gilts (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months (<i>Custodial arrangements required prior to purchase</i>)		After consultation with Treasury Management Advisor

SCHEDULE B

NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2015/16 – NON-SPECIFIED INVESTMENTS

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
Term Deposit with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	<p>A) Certainty of return over period invested which could be useful for budget purposes</p> <p>B) Not Liquid, cannot be traded or repaid prior to maturity</p> <p>Return will be lower if interest rates rise after making deposit</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	<p>Organisations assessed as having “high credit quality”</p> <p>Plus</p>	In-house	100% of agreed maximum proportion (20%) of core cash funds that can be invested for more than 1 year (estimated £20m)	£5m	2 years subject to potential future review with a maximum of no longer than 5 years
Certificate of Deposit with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year <i>Custodial arrangements prior to purchase</i>	<p>A) Attractive rates of return over period invested and in theory tradable</p> <p>B) Interest rate risk; the yield is subject to movement during life of CD which could negatively impact on its price</p>	A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor	25% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	£3m	2 years subject to potential future review with a maximum of no longer than 5 years
Callable Deposits with credit rated deposit takers (Banks & Building Societies) with	A) Enhanced Income – potentially higher return than using a term deposit with a similar maturity		To be used in-house after consultation with Treasury Management	50% of agreed proportion (20%) of core cash balance that can be	£5m	

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
maturities greater than 1 year	B) Not liquid – only borrower has the right to pay back the deposit; the lender does not have a similar call Period over which the investment will actually be held is not known at outset Interest rate risk; borrower will not pay back deposit if interest rates rise after the deposit is made		Advisor	invested for more than 1 year (£12.5m)		
Forward Deposits with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	A) Known rate of return over the period the monies are invested – aids forward planning B) Credit risk is over the whole period, not just when monies are invested Cannot renege on making the investment if credit quality falls or interest rates rise in the interim period	Organisations assessed as having “high credit quality” Plus A minimum Sovereign rating of AA- for the country in which an organisation is domiciled	To be used in-house after consultation with the Treasury Management Advisor	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	£3m	2 years subject to potential future review with a maximum of no longer than 5 years
Bonds issued by a financial institution that is guaranteed by the UK Government (as defined in SI2004 No534) with maturities in	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance	AA or Government backed	In-house on a “buy and hold” basis after consultation with Treasury Management Advisor or use by Fund Managers		n/a	

investment	A) Why use it? B) Associated Risks?	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
excess of 1 year Custodial arrangements required prior to purchase	Enhanced rate in comparisons to gilts B) Interest rate risk; yield subject to movement during life off bond which could impact on price					
Bonds issued by Multilateral development banks (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Relatively Liquid If held to maturity, yield is known in advance Enhanced rate in comparison to gilts B) Interest rate risk; yield subject to movement during life off bond which could negatively impact on price				£3m	
UK Government Gilts with maturities in excess of 1 year Custodial arrangements required prior to purchase	A) Excellent credit quality Liquid If held to maturity, yield is known in advance If traded, potential for capital appreciation	Government backed	Fund Manager	25% of greed proportion (20%) of core cash funds that can be invested for more than 1 year (£5m)	n/a	2 years subject to potential future review with a maximum of no longer

investment	<p>A) Why use it?</p> <p>B) Associated Risks?</p>	Security / Minimum Credit Rating	Circumstances of Use	Max % of overall investments or cash limits in cash category	Maximum investment with any one counterparty	Maximum Maturity Period
	<p>B) Interest rate risk; yield subject to movement during life if the bond which could impact on price</p>					than 5 years
Collateralised Deposit	<p>A) Excellent credit quality</p> <p>B) Not liquid, cannot be traded or repaid prior to maturity</p> <p>Credit risk as potential for greater deterioration of credit quality over a longer period</p>	<p>Backed by collateral of AAA rated Local Authority LOBO's</p>	<p>In-house via money market broker or direct</p>	<p>100% of agreed proportion (20%) of core cash funds that can be invested for more than 1 year (£20m)</p>	<p>£5m</p>	

APPROVED LENDING LIST 2015/16

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £20m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
UK "Nationalised" banks / UK banks with UK Central Government involvement					
Royal Bank of Scotland	GBR	85.0	364 days	-	-
Natwest Bank	GBR				
Ulster Bank Ltd	GBR				
Bank of Scotland	GBR	85.0	364 days	-	-
Lloyds TSB	GBR				
UK "Clearing Banks", other UK based banks and Building Societies					
Santander UK plc (includes Cater Allen)	GBR	40.0	6 months	-	-
Barclays Bank	GBR	75.0	6 months	-	-
HSBC	GBR	30.0	364 days		
Clydesdale Bank (trading as Yorkshire Bank)	GBR	30.0 (Shared with NAB)	Temporarily suspended	-	-
Goldman Sachs International Bank	GBR	40.0	3 months		
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	20.0	3 months	-	-
High quality Foreign Banks					
National Australia Bank	AUS	30.0 (Shared with Clydesdale)	364 days	-	-
Commonwealth Bank of Australia	AUS	20.0	364 days		
Canadian Imperial Bank of Commerce	CAN	20.0	364 days	-	-
Deutsche Bank	DEU	20.0	3 months	-	-
Nordea Bank Finland	FIN	20.0	364 days	-	-
Credit Industriel et Commercial	FRA	20.0	6 months	-	-
BNP Paribas Fortis	FRA	20.0	6 months	-	-
Nordea Bank AB	SWE	20.0	364 days	-	-
Svenska Handelsbanken	SWE	40.0	364 days	-	-
Local Authorities					
County / Unitary / Metropolitan / District Councils		20.0	364 days	5.0	2 years
Police / Fire Authorities		20.0	364 days	5.0	2 years
National Park Authorities		20.0	364 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	364 days	5.0	2 years
UK Debt Management Account		100.0	364 days	5.0	2 years

* Based on data as 9 January 2015

APPROVED COUNTRIES FOR INVESTMENTS

Based on the lowest available rating

Sovereign Rating	Country
AAA	Australia Canada Denmark Germany Luxembourg Norway Singapore Sweden Switzerland
AA+	Finland Hong Kong Netherlands UK USA
AA	Abu Dhabi (UAE) France Qatar
AA-	Belgium Saudi Arabia

**PRUDENTIAL INDICATORS FOR PERIOD 2015/16 to 2017/18
(EXECUTIVE – 3 FEBRUARY 2015)**

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS	Comment																																			
<p>1 Estimated Ratio of capital financing costs to the net Revenue Budget</p> <p>(a) <i>Formally Required Indicator</i></p> <p>This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges, less interest earned on the temporary investments of surplus cash balances.</p> <p>The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2013/14 are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;">Year</th> <th colspan="2" style="width: 35%;">Executive 19 Aug 2014</th> <th colspan="2" style="width: 35%;">Update for 2015/16</th> </tr> <tr> <th></th> <th style="width: 15%;">Basis</th> <th style="width: 10%;">%</th> <th style="width: 15%;">Basis</th> <th style="width: 10%;">%</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>actual</td> <td>7.7</td> <td>actual</td> <td>7.7</td> </tr> <tr> <td>2014/15</td> <td>estimate</td> <td>7.5</td> <td>probable</td> <td>7.5</td> </tr> <tr> <td>2015/16</td> <td>estimate</td> <td>7.5</td> <td>estimate</td> <td>7.5</td> </tr> <tr> <td>2016/17</td> <td>estimate</td> <td>7.3</td> <td>estimate</td> <td>7.4</td> </tr> <tr> <td>2017/18</td> <td>estimate</td> <td>N/A</td> <td>estimate</td> <td>7.2</td> </tr> </tbody> </table>	Year	Executive 19 Aug 2014		Update for 2015/16			Basis	%	Basis	%	2013/14	actual	7.7	actual	7.7	2014/15	estimate	7.5	probable	7.5	2015/16	estimate	7.5	estimate	7.5	2016/17	estimate	7.3	estimate	7.4	2017/18	estimate	N/A	estimate	7.2	<p>The estimates of financing costs include current Capital Plan commitments based on the latest Capital Plan, and are as reflected in the 2015/16 Revenue Budget and MTFS.</p> <p>The updated figures up to 2017/18 reflect the net effect of a range of factors, principally</p> <ul style="list-style-type: none"> (a) savings being achieved through the on-going policy of financing capital borrowing requirements internally from cash balances (b) variations in the level of annual borrowing requirements resulting from a range of factors (c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2017/18 (d) variations in interest earned on cash balances resulting from continuing current historically low interest rates but partially offset by continuing higher levels of cash balances (formal Indicator only) (e) changes to the 'net budget' element of this calculation, particularly as a result of funding reductions and consequential savings requirements.
Year	Executive 19 Aug 2014		Update for 2015/16																																	
	Basis	%	Basis	%																																
2013/14	actual	7.7	actual	7.7																																
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CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS	Comment																																			
<p data-bbox="143 284 385 312">(b) <i>Local Indicator</i></p> <p data-bbox="199 347 1111 560">This Local Indicator reflects a policy decision to cap capital financing costs to 10% (previously 11%) of the net annual Revenue Budget. The Indicator is different to the formally required Indicator at (a) above in that it only reflects the cost components of interest on external debt plus lost interest on internally financed capital expenditure, together with a revenue provision for debt repayment. Unlike the formally required PI it does not reflect interest earned on surplus cash balances or PFI / Finance leasing charges</p> <table border="1" data-bbox="210 595 1106 842"> <thead> <tr> <th data-bbox="210 595 340 659">Year</th> <th colspan="2" data-bbox="394 595 714 659">Executive 19 Aug 2014 Basis</th> <th colspan="2" data-bbox="770 595 1106 659">Update for 2015/16 Basis</th> </tr> <tr> <th data-bbox="210 662 340 691"></th> <th data-bbox="394 662 613 691">Basis</th> <th data-bbox="618 662 714 691">%</th> <th data-bbox="770 662 990 691">Basis</th> <th data-bbox="994 662 1106 691">%</th> </tr> </thead> <tbody> <tr> <td data-bbox="210 694 340 722">2013/14</td> <td data-bbox="394 694 613 722">actual</td> <td data-bbox="618 694 714 722">8.2</td> <td data-bbox="770 694 990 722">actual</td> <td data-bbox="994 694 1106 722">8.2</td> </tr> <tr> <td data-bbox="210 726 340 754">2014/15</td> <td data-bbox="394 726 613 754">estimate</td> <td data-bbox="618 726 714 754">7.9</td> <td data-bbox="770 726 990 754">probable</td> <td data-bbox="994 726 1106 754">7.9</td> </tr> <tr> <td data-bbox="210 758 340 786">2015/16</td> <td data-bbox="394 758 613 786">estimate</td> <td data-bbox="618 758 714 786">8.0</td> <td data-bbox="770 758 990 786">estimate</td> <td data-bbox="994 758 1106 786">7.9</td> </tr> <tr> <td data-bbox="210 790 340 818">2016/17</td> <td data-bbox="394 790 613 818">estimate</td> <td data-bbox="618 790 714 818">8.2</td> <td data-bbox="770 790 990 818">estimate</td> <td data-bbox="994 790 1106 818">8.0</td> </tr> <tr> <td data-bbox="210 821 340 850">2017/18</td> <td data-bbox="394 821 613 850">estimate</td> <td data-bbox="618 821 714 850">N/A</td> <td data-bbox="770 821 990 850">estimate</td> <td data-bbox="994 821 1106 850">8.1</td> </tr> </tbody> </table>	Year	Executive 19 Aug 2014 Basis		Update for 2015/16 Basis			Basis	%	Basis	%	2013/14	actual	8.2	actual	8.2	2014/15	estimate	7.9	probable	7.9	2015/16	estimate	8.0	estimate	7.9	2016/17	estimate	8.2	estimate	8.0	2017/18	estimate	N/A	estimate	8.1	<p data-bbox="1158 347 1733 376">See comments for formal indicator at 1 (a) above.</p>
Year	Executive 19 Aug 2014 Basis		Update for 2015/16 Basis																																	
	Basis	%	Basis	%																																
2013/14	actual	8.2	actual	8.2																																
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2017/18	estimate	N/A	estimate	8.1																																

Prudential Indicator	Comment																									
<p>2 Estimates of the incremental impact of capital investment decisions on the Council Tax</p> <p>In considering its programme for future capital investment, the County Council is required within the Prudential Code to have regard to:</p> <ul style="list-style-type: none"> ➔ affordability (eg implications for Council Tax) ➔ prudence and sustainability (eg implications for external borrowing) ➔ value for money (eg option appraisal) ➔ stewardship of assets (eg asset management planning) ➔ service objectives (eg strategic planning for the authority) ➔ practicality (eg achievability of the Capital Plan) <p>A key measure of affordability is the incremental impact on Council Tax. The County Council can consider different options for its capital investment programme based on their differential impact on the Council Tax.</p> <p>The estimate of the incremental impact on Council Tax (at Band D) of past capital investment decisions which are reflected in the latest Capital Plan and also in the Revenue Budget for 2015/16, compared with the 2014/15 Council Tax are:</p> <table border="1" data-bbox="210 1031 1084 1222"> <thead> <tr> <th data-bbox="210 1031 360 1094">Year</th> <th colspan="2" data-bbox="394 1031 719 1094">Executive 19 Aug 2014 Basis</th> <th colspan="2" data-bbox="752 1031 1084 1094">Update for 2015/16 Basis</th> </tr> <tr> <td></td> <td></td> <td>£ - p</td> <td></td> <td>£ - p</td> </tr> </thead> <tbody> <tr> <td data-bbox="210 1094 360 1134">2015/16</td> <td data-bbox="394 1094 517 1134">estimate</td> <td data-bbox="517 1094 719 1134">+ 3.56</td> <td data-bbox="752 1094 875 1134">estimate</td> <td data-bbox="875 1094 1084 1134">0.20</td> </tr> <tr> <td data-bbox="210 1134 360 1174">2016/17</td> <td data-bbox="394 1134 517 1174">estimate</td> <td data-bbox="517 1134 719 1174">+ 4.58</td> <td data-bbox="752 1134 875 1174">estimate</td> <td data-bbox="875 1134 1084 1174">0.87</td> </tr> <tr> <td data-bbox="210 1174 360 1222">2017/18</td> <td data-bbox="394 1174 517 1222">estimate</td> <td data-bbox="517 1174 719 1222">N/A</td> <td data-bbox="752 1174 875 1222">estimate</td> <td data-bbox="875 1174 1084 1222">1.88</td> </tr> </tbody> </table>	Year	Executive 19 Aug 2014 Basis		Update for 2015/16 Basis				£ - p		£ - p	2015/16	estimate	+ 3.56	estimate	0.20	2016/17	estimate	+ 4.58	estimate	0.87	2017/18	estimate	N/A	estimate	1.88	<p>This Indicator shows the incremental impact on Band D Council Tax of the capital financing costs resulting from unsupported prudential borrowing required to fund the forecast Capital Plan. This borrowing includes the funding shortfall of Capital Bids approved by Executive on 3 February 2004, as part of the 10 year Capital Forecast projection, together with a number of subsequent funding approvals. The 10 year Capital Forecast is currently being reviewed.</p> <p>Debt charges resulting from Invest to Save schemes and certain other capital provisions are, however, excluded as these are deemed to be self financed from within Directorate revenue budgets and thus do not impact on Council Tax levels.</p> <p>As indicated above, all debt charges resulting from borrowing approvals issued by the Government in the years prior to 2011/12 are also excluded from this calculation.</p> <p>The updated figures differ from those previously reported as a result of</p> <ul style="list-style-type: none"> (a) capital financing cost variations as a result of new Prudential Borrowing approvals, capital expenditure slippage between years and variations in the cost of borrowing (b) the 2015/16 figures are compared with the 2014/15 Council Tax whereas the previous ones are compared with 2014/15 Council Tax levels
Year	Executive 19 Aug 2014 Basis		Update for 2015/16 Basis																							
		£ - p		£ - p																						
2015/16	estimate	+ 3.56	estimate	0.20																						
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Prudential Indicator	Comment																																		
<p>3 Capital Expenditure - Actual and Forecasts</p> <p>The actual capital expenditure that was incurred in 2013/14 and the estimates of capital expenditure to be incurred for the current and future years are:</p> <table border="1" data-bbox="210 472 1084 745"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Executive 19 Aug 2014 Basis</th> <th colspan="2">Update for 2015/16 Basis</th> </tr> <tr> <th></th> <th>£m</th> <th></th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2013/14</td> <td>actual</td> <td>84.6</td> <td>actual</td> <td>84.6</td> </tr> <tr> <td>2014/15</td> <td>estimate</td> <td>102.1</td> <td>probable</td> <td>103.9</td> </tr> <tr> <td>2015/16</td> <td>estimate</td> <td>91.5</td> <td>estimate</td> <td>108.6</td> </tr> <tr> <td>2016/17</td> <td>estimate</td> <td>71.5</td> <td>estimate</td> <td>99.8</td> </tr> <tr> <td>2017/18</td> <td>estimate</td> <td>N/A</td> <td>estimate</td> <td>79.3</td> </tr> </tbody> </table> <p>The above estimates and those for certain other Prudential Indicators incorporate a number of figures that are based on:-</p> <ul style="list-style-type: none"> (a) the latest Capital Plan update to 30 December 2014 (Quarter 3 2014/15) (b) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan (c) forecast expenditure slippage between years (d) various other refinements 	Year	Executive 19 Aug 2014 Basis		Update for 2015/16 Basis			£m		£m	2013/14	actual	84.6	actual	84.6	2014/15	estimate	102.1	probable	103.9	2015/16	estimate	91.5	estimate	108.6	2016/17	estimate	71.5	estimate	99.8	2017/18	estimate	N/A	estimate	79.3	<p>The updated figures for 2014/15 to 2017/18 reflect the following variations compared with the figures submitted to Executive on 19 August 2014.</p> <ul style="list-style-type: none"> (a) the Government's Capital allocations announced to date as part of the 2015/16 Provisional Local Government Settlement. (b) a number of additional provisions and variations to existing provisions which are self funded from capital grants and contributions and revenue contributions (including the Pending Issues Provision) (c) capital expenditure re-phasing between years (d) the addition of a further year 2017/18 (e) various other approvals and refinements to the Capital Plan up to 30 December 2014 (Q3 2014/15).
Year		Executive 19 Aug 2014 Basis		Update for 2015/16 Basis																															
		£m		£m																															
2013/14	actual	84.6	actual	84.6																															
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2017/18	estimate	N/A	estimate	79.3																															

Prudential Indicator					Comment				
<p>4 Capital Financing Requirement</p> <p>Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:</p>									
Date	Executive 19 Aug 2014				Update for 2015/16				<p>The updated figures recommended for approval as part of the 2015/16 Budget process reflect the following main variations compared with the previous figures approved by the Executive on 19 August 2014.</p> <p>(a) capital expenditure re-phasing between years that is funded from borrowing</p> <p>(b) capital receipts re-phasing between years (including Company Loan repayments) that affects year on year borrowing requirements</p> <p>(c) addition of 2017/18 including forecast new Prudential borrowing for bids previously agreed</p> <p>(d) variations in the level of the Corporate Capital pot which is used in lieu of new borrowing until the pot is required</p> <p>(e) variations in the annual Minimum Revenue Provision (MRP) for debt repayment which arise from the above</p> <p>(f) various other refinements.</p>
	Basis	Borrowing	Other Long Term Liabilities (PFI etc)	Total	Basis	Borrowing	Other Long Term Liabilities (PFI etc)	Total	
	£m	£m	£m		£m	£m	£m		
31 Mar 14	actual	369.9	5.8	375.7	actual	369.9	5.8	375.7	
31 Mar 15	estimate	364.5	5.8	370.3	probable	363.2	5.8	369.0	
31 Mar 16	estimate	361.6	5.5	367.1	estimate	355.1	5.5	360.6	
31 Mar 17	estimate	353.0	5.3	358.3	estimate	345.7	5.3	351.0	
31 Mar 18	estimate	N/A	N/A	N/A	estimate	339.8	5.1	344.9	
<p>The CFR measures the underlying need for the County Council to borrow for capital purposes. In accordance with best professional practice, the County Council does not earmark borrowing to specific items or types of expenditure. The County Council has an integrated treasury management approach and has adopted the CIPFA Code of Practice for Treasury Management. The County Council has, at any point in time, a number of cashflows, both positive and negative, and manages its treasury position in terms of its overall borrowings and investments in accordance with its approved Annual Treasury Management Strategy. In day to day cash management, no distinction is made between revenue and capital cash. External borrowing arises as a consequence of all the financial transactions of the County Council as a whole and not simply those arising from capital spending. In contrast, the CFR Indicator reflects the County Council's underlying need to borrow for capital purposes only.</p>									

Prudential Indicator	Comment
<p>5 Gross Debt and the Capital Financing Requirement</p> <p>The Prudential Code emphasises that in order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the previous year (2014/15), plus the estimate of any additional capital financing requirement for the current (2015/16) and next two financial years (2016/17 and 2017/18). If, in any of these years, there is a reduction in the capital financing requirement, this reduction should be ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.</p> <p>This Prudential Indicator is referred to as gross debt and the comparison with the capital financing requirement (Indicator 4) and is a key indicator of prudence.</p> <p>The Corporate Director – Strategic Resources has previously reported that the County Council had no difficulty in meeting this requirement up to 2013/14 nor are any difficulties envisaged for the current or future years covered by this PI update to 2017/18. For subsequent years, however, there is potential that the County Council may not be able to comply with the new requirement as a result of the potential for the annual Minimum Revenue Provision (MRP) reducing the Capital Financing Requirement below gross debt. This potential situation will be monitored closely. This opinion takes into account spending commitments, existing and proposed Capital Plans and the proposals in the separate Revenue Budget 2015/16 and Medium Term Financial Strategy report.</p>	<p>This Prudential Indicator was changed in 2013/14 to reflect the comparison of gross debt (external debt plus other long term liabilities less debt administered on behalf of the Police Authority) with the Capital Financing Requirement (CFR). The comparator debt figure had previously been net debt which was gross debt less investments.</p> <p>The Prudential Code requires that where there is a significant difference between the gross debt and the gross borrowing requirement, as demonstrated by the CFR, then the risks and benefits associated with this strategy should be clearly stated in the annual Treasury Management Strategy. This is covered in paragraphs 8.4 to 8.12 of the Annual Treasury Management and Investment Strategy.</p> <p>The County Council's gross debt figure is currently significantly below the CFR figures shown in Indicator 4 because of annual capital borrowing requirements being funded internally from cash balances (i.e. running down investments) rather than taking out new external debt.</p> <p>This situation, however, could be reversed in future as a result of two key factors:</p> <ul style="list-style-type: none"> (i) externalising some or all of the internally financed CFR together with (ii) the potential for the annual Minimum Revenue Provision (MRP) for debt repayment reducing the CFR below gross debt because the debt cannot readily be prematurely repaid without incurring significant penalties (premiums). <p>This potential situation will be monitored carefully by the Corporate Director – Strategic Resources.</p>

Prudential Indicator				Comment					
<p>6 Authorised Limit for External Debt</p> <p>In respect of external debt, it is recommended that the County Council specifically approves the following Authorised Limits for its total external debt for the next three financial years.</p> <p>The Prudential Code requires external borrowing and other long term liabilities to be identified separately.</p> <p>The authorised limit for 2015/16 (£398.7m) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.</p>				<p>The Corporate Director – Strategic Resources confirms that these authorised limits are consistent with the County Council's current commitments, existing Capital Plan and the financing thereof, the proposals in the respective 2015/16 Revenue Budget and Medium Term Financial Strategy, and with its approved Treasury Management Policy Statement.</p> <p>The Corporate Director – Strategic Resources also confirms that the limits are based on the estimate of the most likely, prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (eg unusual cash movements). To derive these limits a risk analysis has been applied to the Capital Plan, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.</p> <p>The updated figures reflect a number of refinements which are common to the Capital Financing Requirement (see Indicator 4 above) and Operational Boundary for External Debt (see Indicator 7). Explanations for these changes are provided under Indicators 4 and 7 respectively.</p>					
	Executive 19 Aug 2014		Update for 2015/16						
Year	External Borrowing	Other Long Term Liabilities	Total Borrowing Limit				External Borrowing	Other Long Term Liabilities	Total Borrowing Limit
	£m	£m	£m				£m	£m	£m
2014/15	439.2	5.8	445.0				417.5	5.8	423.3
2015/16	405.6	5.5	411.1	393.2	5.5	398.7			
2016/17	396.7	5.3	402.0	386.3	5.3	391.6			
2017/18	N/A	N/A	N/A	405.2	5.1	410.3			

Prudential Indicator	Comment																																															
<p>7 Operational Boundary for External Debt</p> <p>It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.</p> <p>The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie Indicator 6 above) but reflects an estimate of the most likely prudent, but not worst case, scenario without the additional headroom included within the Authorised Limit (to allow for eg unusual cash flows).</p> <table border="1" data-bbox="168 582 846 906"> <thead> <tr> <th rowspan="3">Year</th> <th colspan="3">Executive 19 Aug 2014</th> </tr> <tr> <th>External Borrowing</th> <th>Other Long Term Liabilities</th> <th>Total Borrowing</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>419.2</td> <td>5.8</td> <td>425.0</td> </tr> <tr> <td>2015/16</td> <td>385.6</td> <td>5.5</td> <td>391.1</td> </tr> <tr> <td>2016/17</td> <td>376.7</td> <td>5.3</td> <td>382.0</td> </tr> <tr> <td>2017/18</td> <td>N/A</td> <td>N/A</td> <td>N/A</td> </tr> </tbody> </table> <table border="1" data-bbox="902 582 1449 906"> <thead> <tr> <th colspan="3">Update for 2015/16</th> </tr> <tr> <th>External Borrowing</th> <th>Other Long Term Liabilities</th> <th>Total Borrowing Limit</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>397.5</td> <td>5.8</td> <td>403.3</td> </tr> <tr> <td>373.2</td> <td>5.5</td> <td>378.7</td> </tr> <tr> <td>366.3</td> <td>5.3</td> <td>371.6</td> </tr> <tr> <td>385.2</td> <td>5.1</td> <td>390.3</td> </tr> </tbody> </table>	Year	Executive 19 Aug 2014			External Borrowing	Other Long Term Liabilities	Total Borrowing	£m	£m	£m	2014/15	419.2	5.8	425.0	2015/16	385.6	5.5	391.1	2016/17	376.7	5.3	382.0	2017/18	N/A	N/A	N/A	Update for 2015/16			External Borrowing	Other Long Term Liabilities	Total Borrowing Limit	£m	£m	£m	397.5	5.8	403.3	373.2	5.5	378.7	366.3	5.3	371.6	385.2	5.1	390.3	<p>The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director – Strategic Resources.</p> <p>The updated figures reflect refinements which are common to the Capital Financing Requirement (see Indicator 4 above) together with</p> <p>(a) relative levels of capital expenditure funded internally from cash balances rather than taking external debt</p> <p>(b) loan repayment cover arrangements and the timing of such arrangements</p> <p>These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing requirement.</p>
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<p>9 Limit of Money Market Loans (Local Indicator)</p> <p>Borrowing from the money market for capital purposes is to be limited to 30% of the County Council's total external debt outstanding at any one point in time.</p> <p>The actual position at 31 March 2014 was 6% (£20m out of a total of £344.6m) against the upper limit of 30%.</p>					<p>This limit was introduced as a new Local Prudential Indicator in 2009/10, although the 30% limit has featured as part of the Borrowing Policy section of the Annual Treasury Management and Investment Strategy for several years.</p>																																																																										

Prudential Indicator	Comment																														
TREASURY MANAGEMENT INDICATORS																															
10 Adoption of CIPFA Code of Practice for Treasury Management	The County Council formally adopted the 2011 revised CIPFA Code of Practice for Treasury Management in the Public Service at its meeting on 15 February 2012.																														
11 Interest Rate Exposures In accordance with the Code of Practice the County Council sets upper and lower limits on its fixed and variable interest rate exposures as a percentage of outstanding principals sums for 2015/16, 2016/17 and 2017/18 as set out below: <table data-bbox="224 686 1142 1101" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;">Lower %</th> <th style="text-align: center;">Upper %</th> </tr> </thead> <tbody> <tr> <td>Borrowing</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td style="text-align: center;">60</td> <td style="text-align: center;">100</td> </tr> <tr> <td>• Variable</td> <td style="text-align: center;">0</td> <td style="text-align: center;">40</td> </tr> <tr> <td>Investments</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td style="text-align: center;">0</td> <td style="text-align: center;">30</td> </tr> <tr> <td>• Variable</td> <td style="text-align: center;">70</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Combined Net Borrowing and Investments</td> <td></td> <td></td> </tr> <tr> <td>• Fixed</td> <td style="text-align: center;">160 #</td> <td style="text-align: center;">210 *</td> </tr> <tr> <td>• Variable</td> <td style="text-align: center;">- 60 #</td> <td style="text-align: center;">- 110 *</td> </tr> </tbody> </table> <p># previously 140 and – 40</p> <p>* previously 190 and - 90</p>		Lower %	Upper %	Borrowing			• Fixed	60	100	• Variable	0	40	Investments			• Fixed	0	30	• Variable	70	100	Combined Net Borrowing and Investments			• Fixed	160 #	210 *	• Variable	- 60 #	- 110 *	<p>No changes are being proposed to the borrowing and investments limits for 2014/15 compared to those approved by Executive on 20 August 2013 and subsequently by County Council on 13 November 2013.</p> <p>This means that the Corporate Director – Strategic Resources will for borrowing manage fixed interest rate exposure within the range 60% to 100% of outstanding principal and variable interest rate exposure within the range 0% to 40% of outstanding principal</p> <p>for investments will manage fixed interest rate exposure within the range 0% to 30% of outstanding principal and variable rate exposure within the range 70% to 100% of outstanding principal. The split of investments between fixed and variable rates is based on the market convention that investments up to 365 days are regarded as being at variable rates.</p> <p>The combined net borrowing and investment position represents the formal Prudential Indicator for Interest Rate Exposures. On its own however it does not show clearly how borrowing and investments will be managed, hence the two separate ‘local indicators’ shown above.</p>
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<p>12 Maturity Structure of Borrowing</p> <p>In accordance with the Code of Practice, the County Council sets upper and lower limits for the maturity structure of County Council borrowings as follows.</p> <p>The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:</p> <table border="1" data-bbox="226 564 1167 1007"> <thead> <tr> <th data-bbox="226 564 618 667">Period</th> <th data-bbox="618 564 730 667">Lower Limit %</th> <th data-bbox="730 564 842 667">Upper Limit %</th> <th colspan="2" data-bbox="842 564 1167 592">Memo item - actual at</th> </tr> <tr> <td></td> <td></td> <td></td> <th data-bbox="842 592 1010 667">1 April 13 %</th> <th data-bbox="1010 592 1167 667">1 April 14 %</th> </tr> </thead> <tbody> <tr> <td data-bbox="226 667 618 715">under 12 months</td> <td data-bbox="618 667 730 715">0</td> <td data-bbox="730 667 842 715">50</td> <td data-bbox="842 667 1010 715">2</td> <td data-bbox="1010 667 1167 715">12</td> </tr> <tr> <td data-bbox="226 715 618 762">12 months & within 24 months</td> <td data-bbox="618 715 730 762">0</td> <td data-bbox="730 715 842 762">15</td> <td data-bbox="842 715 1010 762">11</td> <td data-bbox="1010 715 1167 762">2</td> </tr> <tr> <td data-bbox="226 762 618 810">24 months & within 5 years</td> <td data-bbox="618 762 730 810">0</td> <td data-bbox="730 762 842 810">45</td> <td data-bbox="842 762 1010 810">11</td> <td data-bbox="1010 762 1167 810">9</td> </tr> <tr> <td data-bbox="226 810 618 858">5 years & within 10 years</td> <td data-bbox="618 810 730 858">0</td> <td data-bbox="730 810 842 858">75</td> <td data-bbox="842 810 1010 858">23</td> <td data-bbox="1010 810 1167 858">22</td> </tr> <tr> <td data-bbox="226 858 618 906">10 years & within 25 years</td> <td data-bbox="618 858 730 906">10</td> <td data-bbox="730 858 842 906">100</td> <td data-bbox="842 858 1010 906">10</td> <td data-bbox="1010 858 1167 906">10</td> </tr> <tr> <td data-bbox="226 906 618 954">25 years & within 50 years</td> <td data-bbox="618 906 730 954">10</td> <td data-bbox="730 906 842 954">100</td> <td data-bbox="842 906 1010 954">43</td> <td data-bbox="1010 906 1167 954">45</td> </tr> <tr> <td data-bbox="226 954 618 1007"></td> <td data-bbox="618 954 730 1007"></td> <td data-bbox="730 954 842 1007"></td> <td data-bbox="842 954 1010 1007">100</td> <td data-bbox="1010 954 1167 1007">100</td> </tr> </tbody> </table>	Period	Lower Limit %	Upper Limit %	Memo item - actual at					1 April 13 %	1 April 14 %	under 12 months	0	50	2	12	12 months & within 24 months	0	15	11	2	24 months & within 5 years	0	45	11	9	5 years & within 10 years	0	75	23	22	10 years & within 25 years	10	100	10	10	25 years & within 50 years	10	100	43	45				100	100	<p>No changes to these limits approved by Executive on 4 February 2014 and reconfirmed on 19 August 2014 are proposed.</p> <p>The lower limits of 10% for the periods 10 to 25 years and 25 to 50 years is designed to ensure that the County Council does not have the risk of having to repay all debt within a ten year period.</p>
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Prudential Indicator	Comment
<p>13 Total Principal Sums Invested for periods longer than 364 days</p> <p>The 2015/16 aggregate limit of £20m for 'non specified' investments longer than 364 days is based on a maximum of 20% of 'core cash funds' being made available for such investments.</p> <p>The purpose of this prudential limit for principal sums invested for longer than 364 days is for the County Council to contain its exposure to the possibility of loss that might arise as a result of its having to seek early repayment or redemption of principal sums invested.</p>	<p>The County Council currently has no such investments that fall into this category.</p> <p>Prior to 1 April 2004, regulations generally prevented local authorities from investing for longer than 364 days. As a result of the new Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004.</p> <p>This Guidance, which was updated from 1 April 2010, gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk.</p> <p>This flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either Specified (liquid, secure, high credit rating & less than 365 days) or Non Specified (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore investments for 364 days+ are now allowable as a Non Specified investment under Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy.</p>

EXECUTIVE REPORT – APPENDIX 6

**NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE’S SERVICE
ASSET MANAGEMENT PLAN - LOCAL POLICY STATEMENT**

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1. Introduction
2. National Context
3. Key Factors in North Yorkshire
4. The Vision for Learning
5. Information about CYPS Property – Asset Management Planning
6. Design and Technical Standards
7. Sources of Capital Funding
8. Strategic Priorities – Current Capital Programme
9. Future Priorities for Investment
10. Delivery of Capital Projects
11. Documents Replaced
12. Date for Review – December 2017

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE

ASSET MANAGEMENT PLAN - LOCAL POLICY STATEMENT

1. INTRODUCTION

- 1.1. North Yorkshire County Council is committed to raising school standards. This ambition has always been the foundation of its planning for the Children and Young People's Service.
- 1.2. North Yorkshire County Council is also committed to maintain to a good standard all buildings from which Children and Young People's Services are delivered. Building improvements will contribute to raising educational standards and to unlocking the educational potential of every child.
- 1.3. Raising standards of achievement through good education is key, but all the Council's Corporate Priorities¹ have an impact on education and service provision in the County.
- 1.4. The Children and Young People's Service, which in 2006 brought together Education and Children's Social Care into a single Council Directorate follows a strategy set out in *Young and Yorkshire: the Children and Young People's Plan 2014-2017*²
- 1.5. It has been a number of years since the Local Priority Statement which spells out the County Council's priorities was refreshed. This is due to the major review of school capital undertaken by central government and emerging policy over how schools capital would be allocated and managed in the future.
- 1.6. The government's longer term response to some of the more revolutionary proposals in the James Review of Schools Capital is still unclear and it appears unlikely that they will be implemented in the foreseeable future. It is therefore proposed that the Local Priority Statement (which forms part of the County Council's Policy Framework) should be updated this year, the previous version dating back to 2007.

2. NATIONAL CONTEXT

There are a number of key national factors which impact on our priorities for the allocation of capital.

- 2.1 The government commissioned the James Review of Schools Capital after it cancelled *Building Schools for the Future* in 2010, the previous government's flagship capital programme. The review found BSF procurement routes to be inefficient and considered alternative central delivery models for capital investment. This led to the central retention of significant funding for "demand

led” programmes such as Free Schools. While the recommendation that a central body, not local authorities, should design and deliver larger projects has not been fully implemented, the centralisation of funding for demand –led programmes has reduced capital allocations paid to local authorities since 2010.

- 2.2 Some recommendations of the review have already been implemented, while others have influenced our capital allocations from the DfE. There has been a reduction in the number of targeted funding streams, following the review’s recommendation that there should be a single flexible pot for capital. There is less of a requirement to bid for targeted capital, following the recommendation that there should be transparency about the formula used by central government to set this single capital pot.
- 2.3 The review also criticised BSF’s transformational approach to buildings and recommended that the goal for capital investment should be the creation of fit-for-purpose schools. This has led to more of a reliance on condition data by DfE, a reduction in the area guidelines for schools and the publication of standard designs for schools based on those reduced net areas and utilitarian principles.
- 2.4 The James Review recommended a single flexible pot so that responsible bodies could set investment plans which meet the demands within their local area - though there is some tension between this and the centralisation of funding for demand led programmes. Local Policy Statements were originally introduced to help provide a mechanism for some local autonomy, that could be assessed. In line with the previous government’s principle that local spending autonomy was allowed in proportion to their confidence in the Authority’s systems, a satisfactory or above classification indicated DfE approval for up to 3 years. Assessments of the AMP no longer occur and capital allocations are made annually on a formulaic basis. However, it would seem sensible to continue with this framework for ensuring that local prioritisation of spending on school premises is a transparent process which all stakeholders feel confident is fair and equitable .

3. LOCAL FACTORS IN NORTH YORKSHIRE

Key local factors which impact on our priorities for the allocation of capital are:-

- 3.1 North Yorkshire is amongst the top performing authorities. Raising standards from a high base is a major challenge and requires targeted, significant resources.
- 3.2 *Building Schools for the Future*, the previous government’s strategic investment programme for secondary schools, required evidence of deprivation, measured in terms of free school meals. However this measure, and similarly, the national Indices of Multiple Deprivation, show that child poverty in North Yorkshire is low compared to national levels. This meant that funding formulas with a deprivation element, such as BSF, failed to deliver significant investment in North Yorkshire, in spite of the area having pockets of deprivation. This indicator was key to why North Yorkshire was not eligible to rebuild a significant number of its secondary schools under BSF.
- 3.3 North Yorkshire has a large number of rural primary schools, which are usually small schools with low numbers. Around 40% of our primary schools have under

90 pupils. This is because 51% of the County's population lives in areas which are defined as "sparse" or "super sparse". These areas comprise 96% of the County. Some rural primary schools, particularly those with low numbers on roll, are on the margins of financial viability. However, in sparse rural areas travel distances for young children to alternative schools can be onerous. The challenge of small rural primary schools has been a key factor underlying some decisions about the use of schools' capital.

- 3.4 High levels of pupil mobility in certain areas of the County, such as the Catterick Garrison, also affect the planning of school places. The army's rebasing plan will drive high pupil mobility in schools across the Garrison, for example. Providing, at relatively short notice, sufficient places across schools on the Garrison to cover the proposed draw down of troops from the Rhine is a significant factor in school organisation and capital planning.
- 3.5 Rurality and pupil mobility can both have an impact on the sustainability of some schools. Rural primary schools can struggle with low numbers and yet, in sparse areas, transport costs to alternatives would be high if they closed. High mobility in certain parts of the county presents a significant challenge in terms of financing additional capacity and "surplus" school places. Providing sufficient additional capacity to cope with a sudden influx of pupils is a drain on funding.
- 3.6 For several years North Yorkshire pupil numbers fell, at a rate comparable to other areas in the county. The picture changed as the increase in the birth rate nationally saw North Yorkshire pupil numbers start to rise again from 2011/12 onwards. This rise in the birth rate started to take effect at school level, so that an underlying upward trend in primary pupil numbers is now beginning to show in secondary school numbers. This change from falling to rising numbers has had a significant impact on the sufficiency of some urban schools. This will continue to be the case as rising numbers continue to be a key factor underlying decisions about the use of capital to expand schools, particularly in urban areas.
- 3.7 Within urban areas of the County there are some significant growth areas for housing proposed in their Local Plans. In contrast to the sparsity of housing in its rural areas, in urban areas of the County, such as Harrogate, Scarborough, Selby, Northallerton and Thirsk, many more substantial housing developments are proposed, subject to the housing allocations within the Local Plans for those urban areas being built out. These patterns of significant urban growth, which require a corresponding expansion of local schools and in several cases the building of new primary schools, also need to be reflected in our priorities for capital allocations.
- 3.8 Significant urban growth, extreme rurality and pupil mobility has led to a mixed strategy for school place planning, with some rural schools working together to remain viable and other urban schools expanding. This mixed strategy is reflected in the current Capital Programme and is an important element in the Council's capital planning. The current Capital Programme gives priority to securing viability through amalgamations and other school re-organisation and also to the provision of additional places.
- 3.9 Urban growth and rurality have combined to mask the true level of growing need for additional places, when surpluses in sparse areas of the County are grouped with predicted urban shortfalls. Surplus places on the rural perimeter of a locality may mask shortfalls within its urban core. There has been a review of primary school planning areas in recent years which has led to a more realistic measure of need.

3.10 CYPS will contribute significantly to the Council's revenue savings which are planned as part of the One Council and subsequent 2020 savings programmes. Yet these revenue savings are difficult for CYPS to achieve while still operating effectively over the very large geographical area North Yorkshire covers. In addition, there have been reductions in our capital funding streams. There has also been a reduction in the devolved allocation to schools. The Authority has traditionally operated support services for schools and settings on a very lean model and the current financial pressure will require further rationalisation. In order to operate more effectively across this wide area whilst at the same time ensuring safe and appropriate coverage it will be necessary to reconfigure and co-locate service. This may require capital investment to achieve long term revenue savings.

4. THE VISION FOR LEARNING

4.1. In preparing *Young and Yorkshire: the Children and Young People's Plan 2014-2017* it was felt important to refresh the overall Vision for the future of services for children and young people. The Vision statement is:
We want North Yorkshire to be a special place where every childhood is magical and every young person thrives³.

4.2. This ambition which is for everyone who grows up in North Yorkshire, sits above a set of ten guiding *Principles* that will underpin our work with children and young people, including involving children in planning and evaluating services, resolving families problems before they escalate, striving for excellence and working in close partnerships in the interests of children. The *Principles* serve to remind us of the things that remain important in everything we do.

4.3. The Plan's three particular priorities for 2014 – 17 are:

- Ensuring that education is our greatest liberator
- Keeping families together
- Ensuring a healthy start to life.

4.4. To realise the first priority, we believe that, a greater proportion of pupils in North Yorkshire should go to a good or outstanding school or setting and that no school should fall into a category of concern. This is also reflected in the *14-19 Education and Skills Position Statement*.

4.5. The Service will deliver the vision by supporting improvement in schools through partnerships. By supporting and enabling strong school leadership and management and through early intervention when necessary, we aim to work in partnership with schools to bring about the best possible education for our children and young people.

4.6. The Plan is delivered across localities, which are based in the communities in which children and young people are educated. Partnerships between schools are encouraged both within the school cluster in the locality and between localities both for teaching and learning purposes and extended schools activities. In this way the Plan aims to put children's life chances in their own hands, rather than being determined by geography or family circumstances.

5. INFORMATION ABOUT CYPS PROPERTY

5.1 The Asset Management Planning (AMP) records encompass the following:

- The **Suitability** of school premises to meet curriculum needs
- The physical **Condition** of premises to ensure continuous operation.
- The capacity within schools and the **Sufficiency** of places across schools
- Water and energy **consumption** costs.
- **Asbestos** records

The Council maintains these records within the Corporate Asset Register.

- 5.2 Up-to-date plans of all school buildings are maintained. Unique room numbers and room uses match up with the condition data, and capacity schedules held for each school. All of this information is cross matched with the plans.

Plans are regularly updated when work has been undertaken on CYPS sites and subsequent amendments made to condition and capacity data.

School data is held on the County Council Corporate Asset Register alongside other corporate assets. A web-enabling process has been implemented, which allows schools to view records for their own buildings on-line⁴.

- 5.3. Property condition surveys have demonstrated that there is a substantial maintenance backlog within North Yorkshire schools. It is therefore important that investment continues to be made in maintaining the fabric of buildings. The total maintenance backlog in schools across the County is currently more than £30m and for this reason we have had to focus our funding on the areas of greatest need. In addition, while schools contribute devolved resources to any maintenance project the continued low values of Devolved Formula Capital has had an impact on the level of funding required to support the Capital Maintenance Programme.

- 5.4 More generally, apart from condition data informing maintenance needs, the AMP has had one broad benefit. Analysis of our AMP data has given us a more systematic, objective and transparent approach to capital planning. In order for our AMP to retain this benefit, it needs keeping up to date through a rolling programme of condition surveys. The Condition data is updated by our property consultants Jacobs UK. Capacity data is updated as projects are completed. We do this for projects run by Jacobs UK but where schools use other designers, they must supply the data at the end of the project. Data on water and energy consumption costs is collated by the Energy Team.

- 5.5 While our condition surveys are elemental, the DfE's additional Property Data Survey Programme is higher level. The purpose of the Property Data Survey Programme is to enable a more transparent allocation by the DfE of capital maintenance. Our surveys help to inform investment priorities and will not be replaced by the national Property Data.

6. STANDARDS

- 6.1 The process of design is currently handled on the Council's behalf by Jacobs UK with the involvement of Investment and Delivery Team within Corporate Property Service where appropriate. Design follows the standard plan of work stages of the Royal Institute of British Architects (RIBA).
- 6.2 All projects are planned in accordance with Department Regulations and Guidance. The key regulations are the Education (School Premises) Regulations which is the statutory instrument which applies to all maintained schools and

which cover minimum standards for both new and existing premises. Apart from specifying minimum levels of toilet provision and playing fields, most of these provisions are general, with cross reference to other guidance.

- 6.3 In addition to the Department's regulations, there are its codes of practice, which offer non-statutory guidance. The key document is the recently revised Area Guidelines for Schools. This is Building Bulletin 103. The recommended gross areas, which includes circulation space, have been slightly reduced from the previous BB98 and BB99 guidelines, though the recommended class sizes remain broadly comparable⁵.
- 6.4 These legislative regulations and non-statutory guidelines are the standards which we follow for new buildings (along with other legislative requirements, such as Building Regulation Approval, etc). The new guidelines are the benchmark but in practice some existing spaces of smaller sizes may still work without undue impact on teaching or learning.

7. SOURCES OF FUNDING

This section sets out the main sources of funding according to two groups:

- funding held by the County Council as Local Authority
- funding held by schools

The DfE allocated capital funding of £18.29m to North Yorkshire schools for 2014/15. The County Council will administer £13.9m of the funding for 2014/15. The remaining £4.4m is delegated to schools, including Voluntary Aided Schools.

7.1 County Council held funding

This is still the main source of capital funding for Community, Voluntary Controlled and Foundation schools.

- 7.1.1 Before 2010 there were a relatively large number of dedicated funding streams developed by the DfE for spending on targeted areas. For example there was the Building Schools for the Future Programme, the Primary Capital Programme, the Modernisation Fund, the Targeted Capital Fund, and the Schools Access Initiative. These dedicated grants usually supported specific national priorities and were often available via a bidding process. However, the number of funding streams the County Council now primarily administers has been reduced to two. These two are more flexible than the earlier dedicated funds and are allocated to Local Authorities by DfE on a formulaic basis driven mostly by pupils numbers, rather than bidding against set criteria.
- 7.1.2 As in 2013/14 the allocation to the local authority in 2014/15 consisted primarily of two funding streams – Basic Need and Capital Maintenance (although an additional allocation of £1.45m was made for investment in school kitchens to support the implementation of Universal Infant Free School Meals in September 2014).
- 7.1.3 The Basic Need and Capital Maintenance allocations are part of the Single Capital Pot and can be used for all local priorities although they are intended primarily for investment in schools and children's centres. They can be used together.
- 7.1.4 The only other centrally administered capital pot into which local authorities can bid at this time is the Priority Schools Building Programme 2 for those schools

classed as in the very worst condition, as defined by the national Property Data Survey. A number of bids were made to this programme in July 2014 with decisions anticipated in December 2014. Projects will be delivered from 2015 to 2020.

- 7.1.5 Basic need funding is expected to meet the needs for growth in pupil numbers in relation to all state funded schools in the area, including any Academies. Academies receive their funding for capital maintenance and devolved capital direct from the Education Funding Agency (EFA).
- 7.1.6 Capital maintenance does not have to be used strictly for maintenance; it can also be used for other capital improvement works. Capital maintenance for schools which have applied to convert to Academy status, but have not yet converted, is not included in the local authority's allocation. Converting Academies receive their capital maintenance funding direct from the EFA.
- 7.1.7 In spite of the permitted flexibility of use, in reality there is not a significant contrast with previous dedicated grants. While there are no longer numerous targeted funding streams, Basic Need funding is not really that flexible. DfE has started monitoring local authorities' expenditure on Basic Need very closely to ensure that it is being targeted on creating additional places. Ministers are known to be seeking reassurance on this point quite specifically from local authorities via the EFA and publish a scorecard on how local authorities perform in their spending of Basic Need capital.
- 7.1.8 Capital allocations come as a mixture of grant and supported borrowing in the form of credit approvals (the permission to local authorities to borrow). NYCC's allocation is currently 100% grant funded (no borrowing approvals or PFI). There is no time-limit on expenditure so it can be carried forward if unspent at the end of the financial year. This may be necessary to ensure that sufficient funding is available for the peak demand of primary places anticipated in 2017 and beyond, particularly where housing developments advance more slowly than anticipated.
- 7.1.9 In addition to Basic Need, the County Council pursues contributions towards the costs of additional schools places arising from all significant housing developments. Section 106 funding (or Community Infrastructure Levy) comes to the County Council rather than to schools but, unlike Basic Need, it is not centrally administered by the DfE or EFA. The level of funding is calculated based on a national formula and is collected from developers in accordance with agreements entered into prior to planning consent being granted by District Councils. There is considerable pressure on this source of funding as developers grapple with the financial viability of housing development.

7.2 **School Held Funding**

7.2.1 **Revenue Maintenance**

Since 1988, schools have had money in their LMS budget for repairs and maintenance. Increased amounts were delegated in 1998 and 2001. Following the delegation of 2001, the Council set up the PREMISES Scheme which was an optional scheme of repairs and maintenance which most schools joined. Repairs and maintenance is a complex responsibility and the PREMISES Scheme was replaced with a new Maintenance and Servicing Scheme (MASS) which aimed to simplify the system. This was implemented from April 2011. Around 75% of schools take part in the scheme with the remainder making their own arrangements. Further delegation of funding for legionella management is proposed in 2015/16.

7.2.2 Devolved Formula Capital

For a number of years, schools have also received Devolved Capital. Schools are encouraged to use it to address condition related works. It is expected that schools will prioritise health and safety, fire safety, legionella, asbestos and other regulatory requirements from their DFC. DFC also now includes ICT funding. Schools are expected to contribute DFC to their County funded schemes and therefore a significant proportion of the delegated funding may be used to support County Council managed schemes.

7.3 Other Sources of funding

7.3.1 Occasionally opportunities arise for bids to be submitted in respect of specific funding streams. However, bidding deadlines and criteria are often restrictive so such opportunities are limited. In recent years this has included a number of Sport England grants.

8. **STRATEGIC PRIORITIES**

8.1 Previous Capital Programmes

8.1.1 Priorities in previous capital programmes were sometimes driven by dedicated grants. These funding streams aimed to achieve a number of key priorities at national level. For example:

- Sure Start capital built most of our Children Centres
- Primary Capital Programme funding was ring fenced to rebuild (or substantially refurbish) a small number of our primary schools, as outlined in our PCP Strategy for Change
- Targeted Capital Funds were ring fenced to reflect various national priorities, such as TCF 14-19 for vocational schemes, TCF Rural and TCF Practical Cooking Spaces
- The LA's Accessibility Strategy for making schools as accessible as possible, was funded from the dedicated Schools Access Initiative grant.

8.1.2 Our capital programmes were adjusted to reflect changing national priorities within the available funding. While a major challenge in planning the Capital Programme effectively was to bring together the resources available to the authority through the various dedicated grants detailed above, a further essential element of this appraisal was to also deliver our local priorities.

8.1.3 The investment required to meet gaps in funding for the Special Educational Needs and Behaviour Review is one example. A local priority was the need for significant capital resources to implement the initial phases of the SEN and Behaviour Review, including the development of more than 20 enhanced provisions in mainstream schools, three new PRUs and a new BESD school for the west of the County.

8.1.4 The inclusion of projects to replace temporary classrooms with permanent build is another example. This local priority recognised long standing concerns of the Council's Planning & Regulatory Functions Committee and the bulk of units included in the replacement programme were those identified as being in the worst condition. In addition following consultation with the schools concerned, over 25 units were removed where numbers on roll had fallen below capacity.

8.2 The Current Capital Programme

- 8.2.1 Earlier capital funding streams enabled Capital Programmes to be developed for the above dedicated grants but to include our local priorities such as the SEN and Behaviour Review and temporary classroom replacements.
- 8.2.3 The current capital programme does not need to reflect the priorities of so many dedicated funding streams. It is based on two funds (Basic Need and Capital Maintenance) which do not require a bidding process. The two main allocations are now formulaic and can be used relatively flexibly to address local priorities.
- 8.2.4 The first priority of the current capital programme is provision for additional school places. The previous capital programme provided 900 new school places in 24 schools (largely primary) through the Basic Need programme. The 2014/15 programme will add a further 230 places at 6 primary schools for September 2015 and make a start to the development of a wholly new primary school to serve the Staynor Hall area of Selby.
- 8.2.5 The current capital programme also gives priority to securing rapid improvement through school re-organisation. Members agreed, for example, to prioritise investment in major school re-organisation in North Craven.
- 8.2.6 The capital programme also advances a number of projects aimed at improving and modernising school facilities. This includes the refurbishment of science laboratories and other specialist teaching accommodation such as design technology, drama, music and art. These modernisation schemes are driven by priorities identified by schools themselves in their discussions with CYPS officers.
- 8.2.7 It also prioritises the replacement or demolition of portable classroom units whose condition assessment has determined that they are beyond economic repair or at risk of becoming unsafe.
- 8.2.8 Other priorities for current investment include: compliance issues arising out of fire risk, legionella and radon protection audits; major structural works where schools have suffered significant structural issues; kitchen improvement works; and maintaining the fabric of buildings through capital maintenance.

9 THE FUTURE – 2015 AND BEYOND

This section addresses the anticipated strategic priorities for 2015 and beyond. All future priorities are aspirations subject to capital availability⁶.

- 9.1 **Extra accommodation** - Provision of extra accommodation needed for growth will be the first priority. The Local Authority has a statutory duty to ensure sufficient places for children in North Yorkshire. The demand for primary school places will grow significantly over the next ten years due to an increase in birth rate and major housing developments in urban parts of North Yorkshire.

Currently over 10% of all primary places are unfilled though, based on population growth alone, this county-wide surplus is forecast to reduce over the next five years. This figure is county-wide. When North Yorkshire is taken as a whole, surplus places in sparse rural areas of the county mask shortfalls in its urban areas. This can even occur over the County's localities where shortfalls in the urban core of a locality are masked by surplus places in other parts of the wider area.

It is clear that in some places significant numbers of additional primary places will be needed. While the scale and timing will be determined by the speed at which housing comes forward, it is not clear that all these places can be easily afforded. Although the additional £39.3m allocated for 2015/16 and 2016/17 will go a long way towards meeting this need it is unlikely that it will fully fund the requirements. On current estimates a further £18m would be needed to fully deliver the required primary places. CYPS will continue to pursue s106 or CIL contributions to support infrastructure development associated with housing to supplement Basic Need funding.

A programme of primary school expansion was approved by the Executive in Sept 2014 for delivery of places up to Sept 2017. In recent years it has been necessary given the pressure on resources to restrict additional teaching space to the provision of portable or modular classrooms wherever possible on cost grounds. Detailed analysis has shown that there is still a significant difference in cost between portable units and traditional build but this has narrowed in recent years and this approach may not represent best value in every case. Modular/system build or offsite construction will also be considered as a lower cost alternative to traditional build although again the difference in costs has been shown to depend on site constraints including planning. Decisions on construction methods will therefore need to be made on a site by site basis. Where pupil places are needed on a genuinely temporary basis to provide transitional or 'bulge' places this will be provided through portable buildings which can be relocated at a later date.

Consideration will also need to be given to the sufficiency of places for early years education in parallel with the provision of places for children of statutory school age.

9.2 **Special Educational Needs and Behaviour Review** - has advanced to the extent that enhanced provisions and new PRU provisions are complete. The next phase of implementation will be the rationalisation of special school provision.

9.3 **School Modernisation** – Projects aimed at improving and modernising school facilities are welcomed by many schools who tend to request support for such projects. It is proposed to invest capital into projects which aim to bring specialist teaching accommodation at a number of schools up to modern curriculum standards and to ensure they are suitable and fit for purpose. This would include the refurbishment of science laboratories and other specialist teaching accommodation such as drama, dance, art, vocational areas and design technology. There would also be a small number of projects reconfiguring accommodation in primary schools to aid curriculum delivery.

Although not curricula driven, the importance of modernising toilet and hygiene facilities is emphasised by many schools and is a priority for capital expenditure.

It is not possible to fund all of the projects which schools have asked the local authority to support. In particular, there are a number of secondary schools which would like to improve their sports facilities. Beyond refurbishment of changing rooms, it is not possible with current levels of allocations to fund the rebuilding of sports halls or athletics tracks. The Local Authority will continue to support schools bidding for funding from various sporting bodies to support such improvement and may need to consider in some circumstances providing match-funding.

9.4 **Inclusion** - Central to the *Vision and Principles* underpinning *Young and Yorkshire: the Children and Young People's Plan 2014-2017* is helping vulnerable and disadvantaged children who are in need of additional help and support as a result of the challenging circumstances they face in their day to day lives. The Plan gives various examples of children who may be vulnerable or disadvantaged. It is important to note that the Plan aims to improve outcomes across a wide range of issues and consequently there may be different groups of vulnerable or disadvantaged children specifically supported by different actions set out in the Plan. What can be said is that the Plan is underpinned by inclusivity and therefore that a priority for capital expenditure needs to be support for inclusive projects that support young people or families who are in need of additional help and support.

9.5 **Re-organisation or Improvement of Provision** – As numbers of pupils decline in small rural primary schools in sparse and super sparse areas so inevitably the sustainability of existing patterns of schooling may come into question in some areas. Some capital funding may be needed to facilitate amalgamations or closures of schools arising from reviews of provision. At primary level this has been identified as high priority for investment.

In addition to addressing urgent concerns about the financial and educational sustainability of some schools, school improvement is a key priority where support from the local authority can be vital in securing rapid improvement in the quality of school provision. There will be a continued emphasis on supporting school improvement through collaboration between schools and the restructuring of educational provision. For example, in addition to the previous investment in major school re-organisation in North Craven, five schemes of this kind are being supported in the current capital programme and three of these are amalgamations of paired primary schools. In addition it is proposed to explore the use of capital to support further school improvements, such as the rationalisation of accommodation at Settle College and requirements emerging from the merger of Whitby Community College with Cademon School.

9.6 **Non-Traditional Construction** – There are investment requirements associated with all properties of non-traditional construction. For example, a critical look will be needed at HORSAs prefabricated accommodation particularly where used for teaching or dining. We also have Airey type property and the ROSLA blocks that may require some form of attention, as well as other issues associated with CLASP buildings.

A priority associated with non-traditional construction is to continue to focus on replacing the oldest temporary classrooms, where such accommodation is justified by numbers on roll. On behalf of CYPS Jacobs reassessed the condition of portable classroom units in 2012 and determined that a small number were beyond economic repair or at risk of becoming unsafe. Where the school has no further use for them in the long term they are removed or demolished to reduce the school's maintenance liabilities.

Where new or replacement teaching accommodation is required this will be with permanent buildings wherever possible although in some cases it will be necessary to consider portable or modular solutions. Portable solutions will also be provided where accommodation is genuinely temporary. These would be to a specification which is energy efficient and provides a pleasant environment for learning.

- 9.7 **Regulatory Changes and Compliance Issues** – The authority will need to continue to invest in ensuring building related regulations are met including asbestos, legionella, fire safety, window filming and other health and safety related issues. For example, the programme to address legionella risk and the radon protection strategy are both likely to require further investment. While there are specific programmes, health and safety issues are also inherent in the design of all projects. For example, there will be some revenue funding for asbestos related works, but asbestos removal arising in relation to individual projects will continue to be funded from project budgets.

Elimination of any hazardous situations which have a health and safety implication is rated a high priority in the context of condition assessments as well as via specific health and safety and fire risk assessments within schools. The traded health and safety service for schools, which has a high take-up, is a source of help and support to schools on health and safety related issues.

It is becoming increasingly necessary for the County Council to help schools with issues emerging from OFSTED inspections around the health, safety and welfare of pupils, including boundary and internal security issues which may have a bearing on judgements around the safeguarding of children. With reduced DFC schools often have insufficient funding to address these security issues themselves and look to the local authority for support. The cost of such adaptations can be high and financial provision will be required to fund this priority. It will also be used to support schools to address any urgent health and safety requirements arising out of health and safety audits where it may be necessary to act quickly to ensure the facilities are not taken out of use.

- 9.8 **Non School CYPS Premises** – In spite of the statutory nature of Children’s Social Care and other services there is no separate allocation to meet the need of these services. In previous years it has been possible to undertake a number of projects in Youth premises, Children’s Centres, Children’s Social Care and Outdoor Education properties. Any discussion about future strategic investment in non-school premises would need to take account of the County Council wide approach to property rationalisation contained within the 2020 North Yorkshire programme and on-going service review.

- 9.9 **Managing Risks to Property** - Increasing issues with the drainage of school fields and flooding have been identified. Feasibility work has been undertaken in respect of a number of schools and it is likely that some works will have to be progressed, in particular to manage the risk of claims against the authority.

Other risks to property and the impact upon curriculum delivery are additional criteria for considering investment decisions within this priority.

- 9.10 **ICT and Furniture** - Increasingly large elements of capital are required for specialist furniture provision on capital projects which is procured through YPO or other framework suppliers. The CYPS ICT Strategy lays out strategic thinking around ICT development across children’s service including schools.

There is no allocation of capital for ICT following the withdrawal of the Harnessing Technology fund in 2011/12. It is assumed by government that all infrastructure needs for schools ICT are now met through school budgets. ICT requirements arising from capital projects will be met from project budgets as will any fixed or loose furniture and equipment.

- 9.11 **Kitchen and dining** – The government announced that from September 2014 every child in Reception, Year 1 and Year 2 in state funded schools will receive a free school lunch and provided capital funding to assist with the implementation of this policy. Funding has been prioritised towards the schools which will feel the biggest impact of the new policy and in particular those which currently bring meals in from other schools. Although some funding has been made available in the current capital programme, it is likely that there will need to be further investment in future programmes to improve facilities for kitchens and dining in some schools. Consideration will be given to bids for any additional notional resources made available. Any further extension of the free school meals policy at national level would have further capital implications.
- 9.12 **Maintenance** - The County Council recognises the important contribution that maintenance services can make in ensuring that children and young people have access to high quality learning environments and also to their safeguarding. The total maintenance backlog in schools across the County currently exceeds £30 million and it is therefore important that investment continues to be made in maintaining the fabric of buildings.

Although most responsibilities in respect of the maintenance of school buildings have been devolved to schools through successive LMS delegations the County Council has been, and will continue to be, proactive in the provision of support to schools in exercising these responsibilities. As noted earlier, MASS (the Maintenance and Servicing Scheme) has been developed for revenue funded maintenance. MASS has replaced the previous PREMISES scheme with the objective of simplifying the services that are offered to schools and providing schools with greater choice and flexibility about the amount of maintenance services that they subscribe to.

In addition to the revenue funded MASS for responsive and preventative maintenance, there is also the capital maintenance programme to ensure schools needs are met on a strategically planned basis. The condition survey programme (each school is surveyed every five years and reviewed annually) has proved to be beneficial and is used as the basis for deciding works carried out via the capital maintenance programme. Structures and systems identified in poor condition give an indication of higher running costs and an emphasis on prioritising those maintenance items enables capital expenditure to reduce revenue expenditure. The regular condition surveys help to inform investment priorities for the delivery of capital maintenance and will not be replaced by the national Property Data Survey which looks at higher level condition in order to inform government capital allocations.

Historically, schools were asked to contribute 25% of the cost of their capital maintenance projects from their (much higher) devolved capital allocations. The much lower values of DFC will continue to impact on the level of funding required to support the Capital Maintenance Programme.

The reality of the 25% DFC arrangements was that larger value jobs were not generally being addressed and therefore, since 2011 (when the arrangements changed) we have had to address a backlog of significant jobs. More recently, a flexible approach has been adopted whereby schools which have projects in the capital maintenance programme are asked to make the largest contribution possible, taking account of other commitments. This arrangement takes into account their much lower devolved resources and the fact that while some schools still have large DFC balances others are running deficits. It is proposed

to continue with this flexible arrangement and on this basis a significant priority for capital investment will be a contribution to the Capital Maintenance Programme.

This flexible approach enables a number of larger value projects at some schools with deficits and in other cases schools being asked to fully fund maintenance projects that have been identified as high priority rather than other projects they might have hoped to progress. It ensures funding is maximised towards essential condition items.

The capital maintenance programme will need to contain a smaller number of larger value projects than in previous years. This is because there are a growing number of schools with maintenance backlogs requiring significant investment.

Sometimes large scale works are required which are over and above the capital maintenance programme. For example, a number of schools have suffered significant structural issues and provision for major structural work may need to be a future capital priority

- 9.13 **Invest to Save** – Short term investment will be required in order to meet longer term and on-going service savings requirements. For example, a review of Children’s Social Care accommodation is being undertaken which may require capital investment in order to release longer term revenue savings and improve service delivery.

CYPS will contribute to the Council’s 2020 savings programme and capital investment may be required to achieve the revenue savings. The 2020 programme has an emphasis on working with communities to create stronger communities and on developing the ability of communities to support themselves to a greater degree than they already do. The 2020 vision of stronger and more vibrant communities involves a core focus for the Council, at least initially, of social care, libraries, transport and youth provision. Communities will be encouraged and facilitated to create hubs rather than stand alone services, with shared volunteers and a common back office, and schools may become central to this, particularly by working in partnership with libraries. Further opportunities for increased co-location of service will need to be advanced to extract greater efficiencies from services which may well require an element of capital to ‘invest to save’.

10 HOW THE PROJECTS ARE DELIVERED

10.1 County Council Capital Projects – Brief Development and Feasibility

All significant projects in the Council’s Capital Plan are the subject of a written brief agreed in consultation with the school or service user. This ensures a consistent approach and that school specific needs are properly addressed.

For County Council funded capital projects Strategic Planning in CYPS will usually act as the Lead Client although all projects will be discussed and agreed at design stage with the school.

All capital schemes are subject to the development of a feasibility study with Jacobs UK, and proceed in line with the County Council’s gateway procurement processes and checked on the RIBA plan of work. Along with design, the feasibility study also looks at programming and assesses budget implications.

10.2 County Council Capital Projects – Design, Procurement, Tendering and Construction

The Design Development process and the arrangements for the tendering of County Council projects are currently handled by Jacobs UK. The Design Development process for all projects generally follows the RIBA plan of work and regular cost checks are carried out to ensure that the developing estimated costs are in line with the approved budget.

Acting on behalf of the Council in its role as the “deliverer” of all Council projects, the Investments and Delivery team within Corporate Property Service will oversee the on-site works of schemes and ensure the quality standards the Council expects for developments are upheld by contractors.

The Council does not operate a Direct Works Organisation therefore all work is undertaken by private sector contractors, who have been carefully scrutinised before being placed on a framework. For projects beneath a £250k threshold, contractors on the framework are awarded schemes in their geographical areas. All projects above this threshold are exposed to competitive tender in accordance with the Council’s Contract Procedure Rules and where appropriate expert procurement advice is provided.

In March 2016 the Jacobs contract reaches its end point. Proposals for new arrangements from April 2016 are being developed and will be subject to procurement during 2014/15. Arrangements will be made to ensure the continuity of projects during this period.

10.3 School Funded Projects

Guidance to schools organising projects themselves is contained in the booklet “Devolved Capital Building Projects”. This, together with the Project Proposal Form, seeks to ensure that proper standards are followed, that Strategic Planning is notified well ahead of any implementation date and that the project is consistent with an overall vision of accommodation development requirements.

Schools are allowed to carry out their own developments using their own choice of consultants and contractors subject to following the LMS Contract Procedure Rules and Directorate procedures. Schools are advised that when they are running their own project they should take early advice on all aspects of the project, and ensure that timescales and budget implications are considered carefully.

11 **VERSION**

This document replaces:-

- The AMP Local Policy Statement July 2001
- Guide to Schools Capital 2003
- The AMP Statement of Priorities 2003
- The AMP Local Policy Statement 2006

which have now been removed from the red bag system for schools.

12 **REVIEW**

The date for a review of this LPS is December 2017.

NOTES

1. NYCC's *Corporate Objectives* aim to: ensure good access for all; help people to live in safe communities; help all children and young people to develop their full potential; promote a flourishing economy; maintain and enhance our environment and heritage; and improve health and wellbeing and give people effective support when they need it. These *Corporate Objectives* are underpinned by the *Corporate Values*.
2. *Young and Yorkshire: The Children and Young People's Plan 2014-17* sets out a strategy for CYPS for the next 3 years. *Young and Yorkshire* replaces the strategy set out in the *Children and Young People's Plan 2011-14*, which was based on the five statutory outcomes enshrined in the Children Act 2004 of Being Healthy, Staying Safe, Enjoying and Achieving, Making a Positive Contribution and Achieving Economic Well Being.
3. As outlined in *Young and Yorkshire, The Children and Young People's Plan 2014-17* and also in North Yorkshire's *14-19 Education and Skills Position Statement*.
4. The AMP reveals an interesting statistic regarding the age of North Yorkshire schools and the percentage of school building stock now exceeding its design life. While the national average for schools constructed pre 1919 is only 14%, 35% of our schools were constructed pre 1919. In relation to the national average, therefore, a greater proportion of our school building stock now exceeds its design life.
5. There are many other Building Bulletins e.g. Environmental Issues and Acoustics, Ventilation, Fire Safety, Special Educational Needs, etc. For all County projects, the designer's brief will contain reference to relevant guidance on standards.

The DfE have published Exemplar Designs for both secondary and primary schools which were concepts and ideas of schools for the future. These were intended as inspiration and ideas for designers. In practice few of the exemplar designs were used nationally and these exemplars have been superseded by a set of standardised designs.

Issues of sustainability have assumed increased importance. Guidance has been published on Green Schools. There is an assessment method (BREEAM) which has been devised for use on school projects and which was updated in 2008. The Building Research Establishment's Environmental Assessment Method has been used since the 1990's on other types of developments. Some District Councils have introduced a requirement for BREEAM Very Good ratings as part of their planning policies.

6. These anticipated strategic priorities are also subject to changes in government priorities on schools capital. For example, the James Review considered the regulations on school design and the management of funding and recommended a more centralised management of capital funding and projects. The government's intended response to some of the more revolutionary proposals in the James Review on Schools Capital is still unclear. However, if project funding and management were

to become more centralised then our future priorities for capital planning would need a significant revision.

DRAFT

Pension Board of the North Yorkshire Pension Fund

Terms of Reference and Delegated Authorities

1) Role of the Local Pension Board

The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is

- to assist North Yorkshire County Council (NYCC) as Administering Authority in its role as Scheme Manager
 - to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
 - to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
 - to secure the effective and efficient governance and administration of the LGPS for the North Yorkshire Pension Fund (NYPF, or the Fund)
 - in such other matters as the LGPS regulations may specify
- to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

The terms “Administering Authority” and “Scheme Manager” are used interchangeably in the Regulations but are separately defined in this document (see section 18). NYCC as the Administering Authority has ultimate responsibility for the Fund and has delegated powers to manage the Fund to the Pension Fund Committee (PFC).

These Regulations provide that the Pension Board has the general power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the NYPF is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator, with due regard to guidance issued by Government, the Pensions Regulator and the National Scheme Advisory Board.

The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively, but not less than four times in any year. The Pension Board will determine the precise timing of its own meetings, which will take place at suitable intervals between PFC meetings so that PFC activity relevant to the Board can be considered and responses to recommendations reviewed prior to the next meeting of the PFC.

2) Membership and Appointment Process

The Pension Board shall consist of 9 members and be constituted as follows:

- i) 4 scheme member representatives, of whom
 - a. 2 shall represent and be drawn from active members of the Fund
 - b. 1 shall represent and be drawn from pensioner and deferred pensioner members of the Fund
 - c. 1 shall represent and be drawn from either the active or deferred/pensioner members of the Fund
- ii) 4 employer representatives, of whom
 - a. 1 shall be nominated by NYCC who shall meet the requirements of the relevant regulations in relation to avoidance of conflict with the County Council's role as Administering Authority
 - b. 1 shall be nominated by the City, Borough and District Councils, the Police and Fire bodies and the National Parks which are employers within the Fund
 - c. 1 shall be nominated by all other employers within the Fund
 - d. 1 shall be nominated by any employer other than NYCC
- iii) 1 independent member, who shall be appointed as Chair of the Pension Board

Elected Members and officers involved in the management and administration of the Fund are not permitted to become Pension Board members.

The Administering Authority will contact employers and members of the Fund to inform them of the Pension Board arrangements and to canvass interest whenever appointments to the Pension Board are required. Active, pensioner and deferred pensioner members will be eligible to nominate themselves as "scheme member representatives". Individuals put forward by the Fund's employers, whether or not those individuals are members of the Fund, will be eligible to stand as "employer representatives".

The position of independent member will be advertised publically. The Administering Authority will seek an independently minded individual with a track record of dealing with governance issues.

Following receipt of nominations/applications the Administering Authority will arrange an independent as possible appointment process. This process will include assessing information supplied by candidates in support of their nomination/application and may be supplemented by interviews as appropriate.

Members in all categories will only be appointed to the Pension Board by the Administering Authority if they either meet the knowledge and skills requirements set out in the relevant regulations and guidance (see Section 7) or commit to do so within 3 months of the appointment date.

Members of the Pension Board will serve for a term of 4 years following which they may either retire from the Board or seek nomination for an additional term. The term of office may otherwise come to an end

- i. for scheme member representatives if they cease to be a member of the relevant group
- ii. for employer representatives who are councillors if they cease to hold office as a councillor

- iii. for employer representatives who are not councillors when they cease to be employed by their nominating employer
- iv. for a councillor member who is appointed to the PFC
- v. for a scheme member or employer representative who is appointed to a role with responsibility for the management or administration of the Fund
- vi. where there is a conflict of interest which cannot be managed in accordance with the Pension Board's Conflicts of Interest Policy
- vii. where a member fails to attend meetings, undertake training or otherwise comply with the requirements of being a Pension Board member

Each Pension Board member should endeavour to attend all Board meetings during the year and is expected to attend at least 3 meetings each year. The chair of the Board is also expected to attend the quarterly meetings of the PFC.

Given the nature of the Pension Board as a supervisory body and the need for appropriate knowledge and skills and the clear avoidance of conflicts of interest, substitute members are not permitted.

In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Administering Authority.

Other than by ceasing to be eligible as set out above, a Board member may also be removed from office during a term of appointment by the unanimous agreement of all of the other members. The removal of the independent member requires the consent of the Administering Authority.

3) Conflicts of Interest

The policy for identifying, monitoring and managing conflicts of interest is set out in a separate policy document, which should be regularly reviewed by the Pension Board.

4) Standards of Conduct

The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership

5) Knowledge and Skills

A member of the Pension Board must be conversant with:

1. The legislation and associated guidance of the LGPS
2. Any document recording policy about the administration of the LGPS which is for the time being adopted by the NYPF

A member of the Pension Board must have knowledge and understanding of:

- a. the law relating to pensions, and
- b. any other matters which are prescribed in the regulations

Individual Pension Board members must satisfy themselves that they have the appropriate degree of local knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. This includes being fully aware of all requirements detailed in these terms of reference for example on standards of conduct and conflicts of interest, and being conversant with the investment strategy of the Fund.

In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

6) Board Review Process

The Board will undertake each year a formal review process to assess how well it and its members are performing with a view to seeking continuous improvement in the Board's performance.

7) Accountability

The Pension Board will be collectively and individually accountable to the Administering Authority.

8) Remit of the Board

The Pension Board must assist the Administering Authority with such matters as the scheme regulations may specify. It is for scheme regulations and the Administering Authority to determine precisely what the Pension Board's role entails. Examples of activity include, inter alia:

- reviewing the Fund's governance and policy documents, such as the Governance Compliance Statement and the Communications Policy Statement
- reviewing the Fund's Annual Report
- reviewing the administrative performance of the Fund
- reviewing shareholder voting and engagement arrangements
- reviewing the Fund's Risk Register
- reviewing the NYPF website
- supporting and challenging PFC actions as a critical friend

9) Decision making

Each Pension Board member who is a scheme member or employer representative will have an individual voting right but it is expected that the Pension Board will as far as possible reach a consensus. The Chair of the Pension Board will not be entitled to vote.

10) Quorum

The Board shall be quorate if the Chair, 1 scheme member representative and 1 employer representative are present.

11) Board Meetings – Notice, Minutes and Reporting

The Administering Authority shall give notice to all Pension Board members of every meeting of the Pension Board and shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board, they shall be circulated to all Pension Board members.

The Pension Board is a committee of the Council and as such the Council's rules on notice of meetings, publishing agendas, reports and minutes and that meetings and papers (unless exempt) are open to the public will apply. At the discretion of the Administering Authority items may be edited or excluded on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

The Pension Board shall annually report to the Administering Authority on its nature and activities. The precise content of this report will be subject to consideration and agreement at a meeting of the Board but as a minimum should include

- a. details of members attendance at meetings of the Pension Board
- b. details of training and development activities made available to Pension Board members and attendance at such activities
- c. details of any recommendations made by the Pension Board to the Scheme Manager and the Scheme Manager's response to those recommendations
- d. details of costs incurred in the operation of the Pension Board
- e. a review of the effectiveness of the Board (see Section 6)

In consideration of items of business at its ordinary meetings the Pension Board shall determine whether it wishes to make recommendations to the Scheme Manager, to which the Scheme Manager shall respond at the subsequent meeting.

The Pension board shall also report as required by the regulations to the Pensions Regulator and the National Scheme Advisory Board.

12) Reporting Breaches

Any breach brought to the attention of the Pension Board, whether potential or actual, shall be dealt with in accordance with the procedure set out in the draft code of practice 14 issued by the Pensions Regulator, *Governance and Administration of Public Service Pension Schemes*.

13) Publication of Pension Board information

Scheme members and other interested parties will want to know that the NYPF is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, and to carry out its role in relation to the governance and administration of the scheme and requirements of the Pension Regulator.

Up to date information will be posted on the NYPF website showing:

- the names of the Pension Board members and other relevant information
- how the scheme members are represented on the Pension Board
- the responsibilities of the Pension Board as a whole
- the full terms of reference and policies of the Pension Board and how they operate
- the Pension Board appointment process
- any specific roles and responsibilities of individual Pension Board members

The Administering Authority will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

14) Advice to the Board

The Board will be supported in its role and responsibilities by the Administering Authority through advice and support as appropriate.

15) Expense Reimbursement, remuneration and allowances

The Administering Authority will determine remuneration and allowances to be paid to Pension Board members based on recommendations made by the Independent Panel on Members Remuneration. These arrangements are reviewed annually.

Expenses in connection with fulfilling Pension Board responsibilities will be met by the Fund based on the Council's Members Scheme of Allowances and officers Travel and Expenses Policy as appropriate. The costs of appropriate training will also be met by the Fund.

16) Insurance

The Council's Public Liability Insurance applies to members of the Pension Board.

17) Updating the Pension Board Terms of Reference

Approval for significant amendments must be pursued through the Council's Constitution Working Group. General updating or housekeeping can be carried out without the need to seek formal approval.

18) Definitions

The undernoted terms shall have the following meaning when used in this document:

<i>"Pension Board" or "Board"</i>	Means the Pension Board for the Council as the Administering Authority of the NYPF as required under the Public Service Pensions Act 2013
<i>"Administering Authority"</i>	Means the Council
<i>"Scheme Manager"</i>	Means the PFC of the Council
<i>"Chair"</i>	The individual responsible for chairing meetings of the Pension Board and guiding its debates
<i>"LGPS"</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
<i>"Scheme"</i>	Means the Local Government Pension Scheme as defined under "LGPS"

North Yorkshire County Council

Executive

3 February 2015

School Admission Arrangements for the School Year 2016/17

Report of the Corporate Director – Children and Young People’s Service

1.0 Purpose of Report

- 1.1 To seek views from members on the response to the proposed admission arrangements for Community and Voluntary Controlled schools for the school year 2016/17 and approval for recommendation to the County Council for determination.

Executive Summary

2.0 Issues and Background

- 2.1 As the admission authority for all community and voluntary controlled schools in North Yorkshire, the local authority consults annually on admission arrangements. The local authority is currently required to determine its admission arrangements, which includes admission policy and admission limits, annually 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.
- 2.2 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 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.
- 2.3 On 19 December 2014 a revised School Admissions Code came into force. A major change introduced by the Code is to bring forward the timetable for determining admission arrangements from 15 April to 28 February and reduce the length of consultation from a minimum of 8 weeks to a minimum of six weeks which must take place between 1 October and 31 January of the school year before those arrangements are to apply. This change will be effective for

subsequent consultations. The change is linked to the implementation of rulings by the Schools Adjudicator on objections to determined admission arrangements. Currently, admission arrangements have been determined, they can be objected to and referred to the Schools Adjudicator. Objections to admission arrangements for entry in September 2016 must be referred to the Adjudicator by 30 June 2015. For all subsequent years, objections must be referred to the Adjudicator by 15 May in the determination year.

- 2.4 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 as follows:

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.

- 2.5 With the exception of the proposed change to the catchment area of Eskdale School, (see Appendix 7) it is proposed that catchment areas for all other community and voluntary controlled schools in North Yorkshire remain unchanged.

- 2.6 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 consultation is published on the NYCC website, all schools are asked to display a poster promoting the consultation and providing a link to the consultation and giving details of how to obtain a hard copy of the consultation documents. This year we also undertook a Facebook campaign with the aim of promoting the consultation more widely to raise awareness and give people an opportunity to engage. Summary analysis of the data shows that overall the campaign reached 49,264 residents via a post on their Facebook feed. The campaign resulted in 658 'clicks' through to the consultation page.

- 2.7 At the closing date of 16 January 2015 a total of 129 online responses had been submitted (Josie O'Dowd holds a hard copy of all responses which will be available for Members to view on the morning of the meeting). Not all respondents commented on every proposal within the consultation. In addition there are responses from the governing bodies of Caedmon College Whitby, Ripon Grammar School, Ermysted's Grammar School and South Craven School. Copies of these are attached at Appendix 10.

- 2.8 There are six key areas to the consultation details of which are set out below.

3.0 Admissions Policy

3.1 Admissions policy [criteria for determining admissions where schools are oversubscribed]:

The proposed admission policy for community and voluntary controlled schools and the proposed admission policy for nursery schools, schools with nursery and pre-reception classes is attached (Appendices 1& 2 respectively).

The proposed admission policy for community and voluntary controlled schools, and the proposed policy for nursery schools and schools with nursery and pre-reception classes remain unchanged from 2015/16 arrangements.

3.2 Responses to the proposed admission policy to Community and Voluntary Controlled Schools

The closing date of this consultation was 16 January 2015.

66 respondents expressed agreement with the proposed policy, 46 did not agree to this particular proposal. Of the 46 responses which did not agree with the proposal, it is clear from their additional comments that their disagreement is not with the admission policy itself but with the proposals relating to changes to the selection testing scheme. A summary of all comments and officer responses is provided at Appendix 9b.

3.3 Responses to the proposed admission policy for nursery schools, schools with nursery and pre-reception classes

75 respondents express agreement with the proposed policy, 14 respondents disagree. A summary of all comments and officer responses is provided at Appendix 9c.

4.0 Admission Limits

4.1 The proposed published admission numbers [PAN's] for 2015/16 are attached at appendices 4 and 5. The County Council sets the admission limits of Community and Voluntary Controlled Schools in consultation with the governing body of the school.

4.2 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.

4.3 The Authority has consulted with the governing bodies of all community and voluntary controlled schools as part of this annual consultation process.

Agreements have been reached with the majority of schools. See Appendices 4 and 5.

5.0 Co-ordinated Admission Arrangements

5.1 All admission authorities must participate in co-ordination and provide the local authority with the information it needs to co-ordinate admissions for the normal admission rounds by the dates agreed within the scheme. 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 LA's. 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 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.

5.2 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.

The School Admissions Code states that 'Local authorities must, on request, provide information to a parent about the places still available in all schools within its area. Any parent can apply for a place for their child at any time to any school outside the normal admission round.'

Own admission authority schools must, on receipt of an in-year application, notify the local authority of both the application and its outcome, to allow the local authority to keep up to date figures on the availability of places in the area.'

The Co-ordinated Admissions Scheme includes the In-year Fair Access Protocol (appendix 3a) and the Managed Moves Protocol (Appendix3b).

5.3 74 respondents express agreement with the proposed arrangements, 17 respondents do not agree. No responses have been received from any of our neighbouring LA's.

6.0 Proposed Changes to the Catchment Area of Eskdale School

6.1 Historically, Eskdale School and Caedmon School each had their own normal areas. These areas were combined to give the normal area for Whitby Community College.

Caedmon College Whitby, which was created by the amalgamation of Caedmon School and Whitby Community College, has the normal area previously assigned to Whitby Community College. In the interests of equity for children and families, it is proposed that the normal area for Eskdale School be enlarged to be the same normal area as Caedmon College Whitby. The principle impact of this is to provide equality in terms of eligibility for home to school transport. The map at appendix 5 shows the current and proposed catchment area.

- 6.2 A total of 71 online respondents expressed agreement with this proposal, 13 online respondents and the governing body of Caedmon College Whitby disagree with the proposal. A copy of the letter from the governing body is attached at Appendix 10. A summary of all other comments and officer responses is provided at Appendix 9b.

7.0 Proposed Changes to the North Yorkshire Selection Testing Scheme

- 7.1 The current selection testing scheme operated by the local authority to determine eligibility for grammar school education at Ripon Grammar School and Ermysted's Grammar School has been used for 14 years. As part of the Council's 2020 change programme we have undertaken a review of the current selection testing process. The cost of administering what is increasingly seen as an overly bureaucratic system of testing is no longer sustainable in the light of very significant cuts in public expenditure.

- 7.2 Currently children sit an unmarked familiarisation test followed by two sets of actual tests each comprising one verbal reasoning (VR) and one non-verbal reasoning (NVR) paper. Each child's best VR and NVR score are added together to produce a final score.

7.3 PROPOSAL

The proposals on which consultation has been undertaken is that we move to a system of one day of testing (this would be a Saturday in September, there would also be a second Saturday of testing for absentees and those children for whom special testing arrangements are required). The selection test would comprise one VR and one NVR paper. There would be no formal familiarisation test but in order to ensure that all children have the opportunity to familiarise themselves with the type of questions that will be used we would provide sample test materials. All children would sit the test on the same day in a central venue. This would create a level playing field for all children. In the interest of cost and efficiency it is proposed that the central venue for each area would be the local grammar school. The local authority would continue to administer the testing process.

- 7.4 It is proposed that the practice of selection reviews be discontinued. Currently, following the issue of selection test results, parents of children who do not reach the cut-off mark are given the opportunity to submit a selection review. This provides an opportunity for parents to explain why, on the date of the tests their child did not perform as well as they would have expected. This review is non-statutory, all parents also have the right to a statutory admission appeal. The majority of selection reviews are not upheld. In line with statutory requirements any approved changes would become effective for school admissions for September 2016, testing for which will take place from September 2015.

7.5 CONSULTATION

Prior to the launch of the consultation a number of meetings were held with headteachers of the schools in each of the selective areas. The purpose of these meetings was to discuss the proposals, take comments from the headteachers, seek their help in promoting the consultation to parents and provide them with background information which would assist them in responding to any subsequent queries from parents.

7.6 A total of 39 online respondents agree with the proposed changes to the selection testing scheme, 68 disagree. 45 respondents agree with the proposal to discontinue the practice of selection reviews, 62 disagree. A summary of all online comments and officer responses is provided at Appendix 9b. It should be noted that many of the comments expressed by respondents do not relate specifically to the current proposals they reflect views on the process as a whole.

7.7 As noted above, the governing bodies of Ripon Grammar School, Ermysted's Grammar School submitted written responses to these proposals. (Appendix 10). The key points made by them are:

- (i) Both governing bodies expressed their willingness to make the schools' facilities available to allow testing to take place on a Saturday.
- (ii) Both schools support the proposal to continue the use of VR and NVR tests and have no objection to the discontinuance of the familiarisation tests which will be replaced by the provision of practice materials.
- (iii) The governing bodies of both grammar schools have asked that we retain two days of tests, they feel that two tests provide a much greater degree of reliability and will reinforce parents' perception of the tests as fair.

7.8 GL Assessment, who design the tests for the North Yorkshire Scheme and many other admission authorities nationally, have confirmed that the length of the tests and the fact that two tests (1 x VR and 1 x NVR) would be used will produce a perfectly reliable score. The majority of admission authorities who use VR and NVR selection tests offer only one set of tests and are satisfied that the results achieved are reliable. All parents of children who do not pass the selection test would have the opportunity to submit an admission appeal at which they can explain their reasons why they believe their child failed to reach the required cut-off mark.

7.9 The proposal consulted on has been predicated on retention of the historically used bespoke North Yorkshire selection tests. The bespoke tests were introduced 14 years ago in response to concerns about the reliability of results and fairness of the testing process to ensure security of the selection testing system.

7.10 RESPONSE TO CONSULTATION

It is clear from officer analysis of the responses to the consultation and in discussions with the headteachers of the grammar schools that there are some concerns which are shared by the two grammar schools and parents. Two days of tests are seen by the grammar schools and parents as providing a much greater

degree of reliability in test outcomes. Two tests are also seen as an important factor in parental perception of the tests as being fair and equitable.

If the local authority considers that these concerns are sufficiently significant it would be possible to address this through the retention of the second set of tests.

A second set of tests would allow children to have some level of familiarity with the testing venue and format of the tests as well as the opportunity to achieve their best score over two sets of tests which should alleviate parental and school concerns.

Following consultation officers have looked at how we can best address these concerns while still making the required level of saving. This has shown us that a move away from bespoke tests would significantly reduce costs.

It is possible to access a wide range of options for generic tests with varying costs but the option which would most closely align with our current tests would be to ask GL Assessment to create future tests using the existing historic bank of previously used North Yorkshire tests. The use of these historic tests would enable consistency and continuity of approach. Initial cost estimates indicate that this would result in a saving that would at least offset the additional cost associated with running two tests.

7.11 RECOMMENDATION

On this basis we would propose that at this stage the local authority does not move to a single set of tests but replaces the bespoke tests with a more cost effective generic option. This would enable the authority to be responsive to concerns raised during the consultation and achieve a significant cost saving.

If members agree this proposal it would also be necessary to revise the proposal consulted upon to provide for the tests for each child to take place over two days rather than the original single day of testing. This may have an impact on the arrangements that would have to be put in place to accommodate absentees and children requiring special testing arrangements. It may be on a day other than a Saturday due to the small number of children involved and the constraints around timing.

8.0 **Proposed Discontinuance of School Clothing Allowances**

- 8.1 As part of the Council's 2020 change programme all budgets are subject to review, the purpose of which is to identify efficiencies and reduce costs.

Currently, an allowance of £70 is awarded to parents of pupils who are transferring from primary to a maintained secondary school (Yr. 7) or from middle to high school (Yr. 10) and who are in receipt of specific state benefits. There is no duty on the council to provide financial support towards the purchase of schools uniforms and it is proposed that, if agreed, school clothing grants be discontinued with effect from September 2015.

- 8.2 Many schools now offer second hand uniforms free of charge and a wide range of supermarkets offer inexpensive school uniform clothing.

The school admission code states that admission authorities should ensure that policies relating to school uniform do not discourage parents from applying for a

place for their child. If clothing allowances are discontinued following this consultation, all schools will be reminded of their responsibilities to ensure equity of access to school places. Schools will be asked to review their own school uniform policy to ensure that parents are not discouraged, because of high costs of uniform, from applying for a place for their child.

- 8.3 A total of 44 online respondents expressed agreement with the proposal and 36 disagree with the proposal. See Appendix 9b for a summary of the comments.
- 8.4 The draft Equality Impact Assessment at appendix 8, which was published with the proposal sets out the mitigations if Members decide to discontinue school clothing allowances.

9.0 Financial Implications

- 9.1 The proposed changes to the North Yorkshire Selection Testing Scheme are part of the 2020 Project, specifically Pupil Access Services. The estimated saving of these proposals is up to £100k. The proposed discontinuance of school clothing allowances is also part of Pupil Access Services 2020 project. The current budget for school clothing allowances is £53,780.

10.0 Legal Implications

- 10.1 The consultation on proposed admissions arrangements for 2016/17 is in accordance with the requirements of the School Admissions Code 2012 [as revised by the School Admissions Code 2014] and associated legislation. Failure to comply with admission arrangements as determined can lead to challenge by way of objections to the Schools Adjudicator or complaints to the Local Government Ombudsman.

11.0 Equalities Implications

- 11.1 Draft Equalities Impact Assessments are attached for: Proposed Changes to Selection Testing Scheme, Appendix 6 and Proposed Discontinuance of School Clothing Allowances, Appendix 8.

12.0 Recommendations

- 12.1 That the proposed Admission Arrangements be recommended to the County Council for approval on 18 February 2015 these include:

- i) the proposed admission policy for community and voluntary controlled schools; and
- ii) the proposed admissions policy for nursery schools, schools with nursery and pre-reception classes, appendices 1 & 2.
- the proposed published admission numbers [PAN's] for community and voluntary controlled schools as show in appendices 4 [primary] and 5 [secondary].
- the proposed co-ordinated admission arrangements which include in year co-ordination, the In Year fair Access Protocol and Managed Moves

Protocol, [appendices 3, 3a and 3b].

- the proposed changes to the catchment area of Eskdale School
- the proposed changes to the North Yorkshire Selection Scheme, including
- the discontinuance of Selection Reviews
- the proposed discontinuance of School Clothing Allowances

Pete Dwyer
Corporate Director – Children and Young People’s Service

COUNTY HALL
NORTHALLERTON
23 January 2015

Author of report – Chris McMackin, Lead for Admissions
Presenter of report – Chris McMackin

Background Documents –

School Admissions Code 2012
Revised School Admissions Code 2014

ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED SCHOOLS FOR THE SCHOOL YEAR 2016/17

All governing bodies are required by section 324 of the Education Act 1996 to admit to the school a child with a statement of special needs that names the school. This is not an oversubscription criterion. This relates only to children who have undergone statutory assessment and for whom a final statement of special educational needs (SEN) has been issued.

If the number of applications exceeds the Published Admission Number (PAN), after the admission of children where the school is named in the statement of special educational needs (SEN) the following oversubscription criteria will apply:

ORDER OF PRIORITY:	Notes:
<u>Priority Group 1:</u>	
Children and young people in Public Care for whom the school has been expressed as a preference and previously looked after children, that is children who were adopted (or subject to residence orders or special guardianship orders) immediately following having been looked after.	<i>This applies to all looked-after children, including those who are in the care of another local authority.</i> <i>In the case of previously looked after children, a copy of the relevant documentation will be required in support of the application.</i>
<u>Priority Group 2:</u>	
Children the Authority believes have special social or medical reasons for admission.	<i>We will only consider applications on social or medical grounds if they are supported by a professional recommendation from a doctor, social worker, or other appropriate professional. The supporting evidence should set out the particular social or medical reason(s) why the school in question is the most suitable school and the difficulties that would be caused if the child had to attend another school.</i> <i>Panels of professionally qualified people will consider all applications made under priority group 2.</i>
<u>Priority Group 3:</u>	
Children living within the normal area of the school.	
<u>Priority Group 4:</u>	
Children living outside the normal area of the school.	

Children in higher numbered priority groups will be offered places ahead of those in lower numbered priority groups. All applications within each priority group will be considered equally (i.e. all applications, regardless of order of preference).

Tie break:

If there are not enough places for all the children in one of these priority groups, we will give priority first to those with a sibling at the school in September 2016 (in all cases sibling refers to brother or sister, half brother or sister, adopted brother or sister, step brother or sister, or the child of the parent / carer's partner where the child for whom the school place is sought is living in the same family unit at the same address as that sibling) and then to those living nearest the school.

If within a priority group there are not enough places for all those with a sibling at the school in September 2016, we will give priority to those children with a sibling living nearest the school.

All distance measurements are based on the nearest route recognised by the County Councils electronic mapping system from a child's home address to school. The measurement is made from a fixed point within the dwelling, as identified by Ordnance Survey, to the nearest school entrance using footpaths and roads. The routes measured to determine the allocation of school places will be those recognised by the electronic mapping system used by the school admissions team.

We may be able to meet your preference for a place at a school that does not serve the local area you live in. In this case, you will normally be responsible for travel arrangements and the costs of your child's travel to and from school.

Local arrangements:

Scarborough area - Graham School - For priority group 3 applications (that is, children living within the normal area covering the school), priority will be given as follows:

- a) Children living in the area normally served by East Ayton Community Primary School and the area west of Scalby Road from Lady Edith's Drive to Scalby Beck.
- b) Children who will have an older sibling at the school of their choice.
- c) Children who live nearest to the school of their choice.

Scalby School - For priority group 4 applications (that is, children living outside the normal area of the school), priority will be given to children who live in the areas normally served by East Ayton Community Primary School and the area west of Scalby Road from Lady Edith's Drive to Scalby Beck and who:

- a) will have an older sibling at Scalby School at the start of the term when the younger sibling starts school; or
- b) would have to make the longest journey to another school without them becoming eligible for help with travel costs from us under the local authority transport policy.

Selby area - Brayton High School and Selby High School – For the purposes of admissions for priority group 3 children a distinction is drawn between those who live in Selby rural area and Selby town area. Each school, Brayton College and Selby High, has its own designated rural area and the two schools are jointly the normal schools for the Selby town area. Places will be offered, within priority group 3, to children from the individual rural area associated with each school before those in the town area, using the tie break elements of the Admissions policy for community and voluntary controlled schools for the academic year 2016/17 where necessary.

Ripon Grammar School - Ripon Grammar School is a designated grammar school,¹ this means that the school is permitted to select its entire intake on the basis of high academic ability². The school does not have to fill all of its places if applicants have not reached the required standard. Ripon Grammar School offers 103 day places and 14 boarding places.

As a maintained boarding school Ripon Grammar School may take boarders as well as day pupils. Maintained boarding schools can set separate admission numbers for day places and boarding places. A maintained boarding school can interview applicants to assess suitability for boarding, but such interviews **must** only consider whether a child presents a serious health and safety hazard to other boarders or whether they would be able to cope with and benefit from a boarding environment. To help with this assessment, they may also use a supplementary information form, and information provided by the previous school and by the child's home local authority (on safeguarding issues).

¹ As designated by the Education (Grammar School Designation) Order 1998 (SI 1998/2219). Where a designated Grammar School converts to become an Academy, the Academy is permitted to continue selecting their entire intake: Section 6(3) of the Academies Act 2010.

² Section 104 of the School Standards and Framework Act

Boarding schools **must** give priority in their oversubscription criteria in the following order:

- a. looked after children and previously looked after children;
- b. children of members of the UK Armed Forces who qualify for Ministry of Defence financial assistance with the cost of boarding school fees;
- c. children with a 'boarding need', defined by Ripon Grammar School as follows:
 - i. Children at risk or with an unstable home environment and children of service personnel who have died while serving or who have been discharged as a result of attributable injury;
or
 - ii. Children of key workers and Crown Servants working abroad, e.g. the children of charity workers, people working for voluntary service organisations, the diplomatic service or the European Union, teachers, law enforcement officers and medical staff working abroad whose work dictates that they spend much of the year overseas.

**ADMISSIONS POLICY FOR COMMUNITY AND VOLUNTARY CONTROLLED
NURSERY SCHOOLS, NURSERY CLASSES AND PRE-RECEPTION
CLASSES FOR THE ACADEMIC YEAR 2016/17**

All governing bodies are required to admit to the school a child with a statement of special needs that names the school. This is not an oversubscription criterion. This relates only to children who have undergone statutory assessment and for whom a final statement of special educational needs (SEN) has been issued.

ORDER OF PRIORITY:	<i>Notes</i>
<p><u>First priority:</u></p> <p>Children and young people in Public Care for whom the school has been expressed as a preference and previously looked after children, that is children who were adopted (or subject to residence orders or special guardianship orders) immediately following having been looked after.</p>	<p><i>This applies to all looked-after children, including those who are in the care of another local authority.</i></p> <p><i>In the case of previously looked after children, a copy of the relevant documentation will be required in support of the application.</i></p>
<p><u>Second priority:</u></p> <p>Children who are recommended by the Director of Children and Young Peoples Service, including children in the care of a local authority, or by the appropriate designated medical officer.</p>	<p><i>Note: we will only consider applications in this category if they are supported by a recommendation from a doctor, social worker or other appropriate professional which sets out the particular reason(s) why the school in question is the most suitable school and the difficulties that would be caused if the child had to attend another school.</i></p>
<p><u>Third priority:</u></p> <p>Children from homes with poor housing conditions or overcrowding, or from a background which could affect the child's normal educational development.</p>	<p><i>Note: this should be supported by the recommendation of a doctor, social worker or other appropriate professional.</i></p>
<p><u>Fourth priority:</u></p> <p>Children within the normal area of the school, giving priority to the oldest children first.</p>	
<p><u>Fifth priority:</u></p> <p>Children from outside the school's normal area, giving priority to those whose home is nearest to school first.</p>	

**2016/17
CO-ORDINATED ADMISSION
ARRANGEMENTS**

Introduction

The aim of the North Yorkshire Coordinated Primary and Secondary School Admissions Scheme is to provide an open and fair way for considering parental preferences for admission to schools. Our scheme complies with current legislation relating to school admissions and with advice contained in the Department for Education 2012 School Admissions Code.*

The scheme is reviewed annually and is designed to ensure that every child living in North Yorkshire, who is due to start at a North Yorkshire primary school, or transfer to junior or secondary school is offered a single school place on the same day. It aims to ensure that each parental preference is considered equally and parents receive a school place in accordance with their highest ranked preference which is available. This scheme applies to admissions in the normal round but not those that take place in-year. In-year admissions are those made during the academic year and applications for admission to age groups other than the normal year of entry.

North Yorkshire Local Authority will work with Community, Voluntary Controlled, Voluntary Aided, Foundation, Trust primary and secondary schools and Academies within North Yorkshire, to ensure the co-ordinated scheme operates as smoothly as possible for parents and we will work closely with our thirteen neighbouring authorities to ensure admission arrangements are co-ordinated. Our 13 neighbouring admission authorities, Voluntary Aided, Foundation, Trust schools and Academies are listed at Appendix 3 and Appendix 4.

After consideration of all parental preferences for all schools with reference to the order in which these are ranked, the Local Authority will notify parents living within North Yorkshire of the offer of one school place on behalf of all admission authorities operating within the co-ordinated admissions scheme.

The detailed arrangements and timetable for co-ordinating school admission with the separate arrangements for secondary and primary schools can be found at Appendices 1 and 2.

Arrangements for In Year admissions can be found at page 21 of this co-ordination document. This document is also available on our website at www.northyorks.gov.uk/admissions

The website includes information about:

- The operation of our admissions schemes for all North Yorkshire Community and Voluntary Controlled schools;
- The timescales and timetable for each admission process;
- The number of allocations made at each school in the previous academic year;
- The number of schools that were oversubscribed resulting in parental appeals and the numbers and outcome of these appeals. This information about allocations and appeals should help parents to assess realistically their likelihood of obtaining a place at their preferred schools.

*A new Admissions Code will be issued by the Department for Education on 19 December 2014

Co-ordination

1. The scheme does not affect the duty of the governing bodies of Academies, Voluntary Aided, Foundation and Trust schools to determine their own admissions policies.
2. The scheme does not apply to a looked after child, a previously looked after child or a child with a statement of Special Educational Needs/E.H.C. Plan naming the school in question.
3. We will receive information of children expressing preferences for our Community, Voluntary Controlled, Voluntary Aided, Foundation and Trust Schools and Academies from neighbouring Local Authorities, which we will process as part of our co-ordinated arrangements along with those for North Yorkshire children.
4. Parents requesting literature on Voluntary Aided, Foundation, Trust schools or Academies or non-North Yorkshire schools will be referred to the appropriate school or admissions authority. Where non-North Yorkshire parents complete our form in error we will forward it to their home authority.
5. We will receive complete ranked lists of all preferences from North Yorkshire Voluntary Aided, Foundation, Trust schools and Academies as well as lists from neighbouring Local Authorities of children to whom they can offer places. We will produce lists of children to whom we can offer places at our Community and Voluntary Controlled Schools. We will inform our neighbouring Local Authorities which of their children can and cannot be offered places at any of our schools.
6. Having received information from other admissions authorities we will allocate places to children living in our area according to the highest ranked preference for which a place is available.
7. Where we cannot meet any of the parental preferences expressed for a North Yorkshire child we will allocate a place at an alternative school with places available after all those preferencing the school have first been allocated a place. This may or may not be the local school and may be some distance from their home.
8. Supplementary Information Forms may need to be completed by parents applying for Voluntary Aided primary or secondary schools.

Admissions Co-ordination 2016

Secondary

North Yorkshire's co-ordinated admissions scheme applies to 5 Voluntary Aided Secondary Schools, 28 Community Secondary schools, 9 Academies and 1 Trust Secondary School.

Primary

1 Foundation Primary, 3 Academy, 48 Voluntary Aided Primary Schools and 261 Voluntary Controlled and Community Primary Schools, 5 Diocesan Authorities and 13 Neighbouring Authorities.

On line applications for school places can be made by logging on to our website at www.northyorks.gov.uk/primaryadmissions or www.northyorks.gov.uk/secondaryadmissions.

Applying for a Primary, Infant, Junior or Secondary School Place

9. Parents can list up to 5 schools in order of preference. Parents should consider including their local school as one of their preferences because if we are unable to meet a higher preference and their normal area school is oversubscribed, we will give children a place at the nearest school with places available which may be some distance from their home.
10. If parents name a school other than their normal area school, they will normally be responsible for transport.

Late Applications

11. Any Common Application Form for school places received after the closing date of 31 October 2015 for secondary schools and 15 January 2016 for primary schools will be considered as a late application unless a reason has been provided that is acceptable to us as the admission authority. Late applications whose reasons have been agreed will be considered along with applications received on time.
12. Applications received after 1 March 2016 for secondary schools or 18 April 2016 for primary schools will be co-ordinated using the same arrangements and criteria as previous applications. The offer of a school place will be made in accordance with our

agreed and published scheme. However applications received after the first day of the school year will be considered as in-year applications.

13. No changes can be made to applications for secondary schools after the 25 January 2016 and to primary applications after 17 March 2016. This includes any changes of address. Any applications received after these dates will only be processed after the allocations dates i.e. 1 March 2016 for secondary applications and the 18 April 2016 for primary applications.

The Offer of a Place

14. No places will be held in reserve for any school.
15. We will contact all parents of North Yorkshire children on 1 March 2016 for Secondary Schools and on the 18 April 2016 for Primary, Infant and Junior Schools, notifying them of the single school place allocated to their child or children.
16. The place offered could be at one of our Community or Voluntary Controlled schools, Voluntary Aided, Foundation, Trust schools or Academies within North Yorkshire or a school in an area served by another Local Authority.

Appeals

17. Where we have been unable to offer a school place listed as a higher preference, parents will be offered the statutory right of appeal against the decision.
18. In such circumstances the offer letter will give the reasons why we have been unable to allocate their other stated preferences. Where the statutory right of appeal is the responsibility of North Yorkshire Local Authority (LA) we will inform the parents where the appeal forms can be located on the NYCC website.
19. Where the responsibility is that of another admissions authority, we will advise parents to contact them to confirm appeal arrangements.
20. Where the LA have multiple appeals for one school these will be grouped appeals unless the authority decides that this would not be appropriate.
21. Parents who have been refused a place at a North Yorkshire school by their home authority will be informed that they should contact us to discuss the appeals process.
22. The outcome of successful admission appeals will lead to further modifications to the original allocation. These changes must again be communicated to other admission authorities (and theirs to us) to enable all authorities to make final adjustments to the allocation.
23. Once appeals have been completed we will communicate with all the schools within our boundary to ensure that they have a correct and up-to-date allocation list.

Waiting Lists

24. A waiting list will be maintained for all oversubscribed Community, Voluntary Controlled, Voluntary Aided, Foundation, Trust Schools and Academies until 31 December 2016. Each child added will require the list to be ranked again in line with the published oversubscription criteria
25. The Local Authority requires the governing body of each, Voluntary Aided, Foundation, Trust School and Academy to update us when places become available unless the Local Authority are maintaining the schools waiting list on their behalf. The co-ordination regulations require that any offer of a school place must always be made by the Local Authority.
26. Where places become available they will be allocated from the waiting list in accordance with the published oversubscription criteria.
27. Where we are able to offer a place to a non-North Yorkshire child from the waiting list we will liaise with their home authority.

Secondary Transfer Scheme 2016/17

28. The secondary scheme enables parents living within North Yorkshire whose children are transferring to secondary school to complete a single application either on-line or in paper form.
29. The parents of Year 5 children who will be Year 7 in September 2016 will be informed by letter via their child's primary school that they will need to apply on line for a school place. They can express up to 5 preferences for admission to any Community, Voluntary Controlled, Voluntary Aided, Foundation, Trust schools and Academies both within North Yorkshire and neighbouring Local Authority area, giving reasons for their preferences where appropriate.
30. Parents without internet access will be informed that they will need to contact the admissions team for a paper copy of the common application form to enable them to apply for a school place for their child.
31. Parents will be informed that supplementary information may also be requested by Voluntary Aided or non-North Yorkshire schools, in order for the school to apply their oversubscription criteria.
32. Common application forms will be required for all transfers at Year 7 as well as transfers to schools who admit children in Year 10.
33. Parents must return their applications by the closing date of 31 October 2015. Every effort is made by the admissions team to ensure that applications are received by the closing date.

34. Parents will not be allowed to change their preferences after 31 October 2015 without a reason that is acceptable to us as the admissions authority. Learning that the child is suitable or not suitable for a selective school will not be considered as an acceptable reason for a change of preference.
35. Parents who wish their children to attend independent schools will be encouraged to tell us. However independent schools are not included in the co-ordinated arrangements. These parents may also wish to apply for a place at a North Yorkshire school.
36. If parents living outside of North Yorkshire enquire about our schools they will be directed to the North Yorkshire County Council website. Parents will be advised to complete a common application form for their home authority.
37. On the common application form parents will need to provide their child's name and residential address. The address provided must be where the child lives permanently. If residency is split, the address provided should be the place where the child lives for the majority of the time. If residency is split equally between two parents, they can nominate the address they wish to use for the allocation of a school place. Confirmation and agreement in writing by both parents will be required.
38. The offer of a single school place will be made on 1 March 2016 and allocation e mails will be sent on that date where requested. For those requesting a letter, these will be sent on that date by second class post.
39. We will offer a place at a North Yorkshire school even if parents have not completed a common application form because we have a duty to ensure a school place is available for every North Yorkshire child.
40. Parents who do not wish to accept a place at a school offered to them must notify the admission authority as soon as possible advising the LA of the alternative provision that is being made. Without this information the place will remain allocated.
41. The timetable for secondary school admissions is attached as Appendix 1 of the Co-ordinated Admissions Arrangements, Secondary Transfer 2016/17.

Selection

42. There are 3 selective grammar schools within North Yorkshire; one of which is a Voluntary Aided boys' school, one a mixed co-educational school and one a girls' school which has Academy Trust status. In addition there are 3 non selective schools in the selective areas of the County.
43. If a child is entered for selection testing, parents must make sure that they name the selective school they would like them to go to on the common application form.

Skipton Selection

44. Places will normally be provided at Ermysted's Grammar School for boys who are deemed suitable for a grammar school education in accordance with the Local Authority's selection scheme and who live in the area served by the primary schools in Beamsley, Bradley, Burnsall, Carleton, Cracoe, Embsay, Gargrave, Grassington, Kettlewell, Kirkby-in-Malhamdale, Skipton, Thornton-in-Craven and Threshfield. Ermysted's Grammar School is a selective grammar school that offers education to boys aged 11 to 18. . Children can only be admitted to Skipton Girls' High School and Ermysted's Grammar School if they have been deemed suitable for a grammar school education. The local authority administers the published selection scheme for boys in the Skipton area.
45. All boys living and attending schools within the area served by the Ermysted's Grammar School will be invited to sit the selection tests. Parents will be required to return a reply slip confirming their attendance or not.
46. The governing bodies of Ermysted's Grammar School (Voluntary Aided) and Skipton Girls' High School (Academy Trust) are responsible for applying their own admissions policies and the Local Authority applies its published co-ordinated admissions arrangements on behalf of these schools.
47. Skipton Girl's High School is a selective grammar school that offers education to girls aged 11 to 18 who are deemed suitable for a grammar school education in accordance with their selection scheme.
48. The Skipton Academy is a non-selective Academy and Upper Wharfedale School is a non-selective secondary school in a selective area offering education for children aged 11 to 16.

Ripon Selection

49. Places will normally be provided at Outwood Academy Ripon and Ripon Grammar School for children who live in the City of Ripon together with the parishes of Aldfield, Azerley, Bishop Monkton, Bridge Hewick, Burton Leonard, Copt Hewick, Eavestone, Givendale, Grantley, Grewelthorpe, Hutton Conyers, Kirkby Malzeard, Laverton, Lindrick, with Studley Royal and Fountains, Littlethorpe, Markenfield Hall, Markington-with-Wallerthwaite, Newby-with-Mulwith, North Stanley with Sleningfird, Sawley, Sharow, Skelding, Skelton, Studley Roger and Winksley.
50. Outwood Academy Ripon is a non-selective Academy in a selective area offering education for children aged 11 to 18. Ripon Grammar School is a selective grammar school that offers an education for children aged 11 to 18. Children can only be admitted to Ripon Grammar School if they have been deemed suitable for a grammar school education, in accordance with the local authority selection scheme. The local authority administers both the published selection scheme and the allocation of school places at Ripon Grammar School as it is a Community School. The Local Authority will apply its published co-ordinated admission arrangements on behalf of both Outwood Academy Ripon and Ripon Grammar School.
51. All children living and attending schools within the area served by the Ripon schools will be invited to sit the selection tests. Parents will be required to return a reply slip confirming if their child will be attending or not.

Selection tests

52. Tests for all forms of selection must be clear and objective and give an accurate reflection of the child's ability or aptitude, irrespective of sex, race or disability. It is for the admission authority to decide the content of the test, providing that the test is a true test of aptitude or ability.
53. The results of these selection tests are used to identify the highest scoring 28% or as close as possible of Year 6 children who live in the Ripon selective area and the highest scoring 28% or as close as possible of Year 6 boys who live in the Skipton selective area. This procedure sets the cut-off mark in each selective area and sets the standard which children in Ripon and boys in Skipton must reach, to be deemed suitable for grammar school education in their local selective area.
54. For us to consider children who live outside the selective area to be deemed suitable for a grammar school education at Ripon Grammar School or Ermysted's Grammar School, they must reach the cut-off mark which is set by the performance of the children who live in the selective area, as explained above.
55. There is no guarantee that children who reach the cut off mark in the selection tests will be allocated a place at a Grammar School. If the school is oversubscribed with children who are deemed suitable for a Grammar School education, places will be allocated using the published oversubscription criteria.
56. The Local Authority ensures that parents are aware that meeting the academic requirements for entry to Ripon Grammar School and Ermysted's Grammar School is not, in itself, a guarantee of a Grammar School place.
57. If a child is refused a place at the school on 1 March 2016, which is the national offer date, parents will be offered their statutory right of appeal for a place at the school.
58. The School Admissions Code 2012*states that local authorities should take all reasonable steps to inform parents of the outcome of selection tests before the closing date for secondary applications on 31st October so as to allow parents time to make an informed choice of school.
59. The Local Authority must ensure that tests are accessible to children with special educational needs and disabilities, having regard to the reasonable adjustments for pupils with a disability required under equalities legislation.

Selection Testing 2016/17

60. Selection testing will take place during September 2015 and the results of selection testing will be sent out to parents on 16 October 2015.

*A new Admissions Code will be issued by the Department for Education on 19 December 2014

Primary Transfer Scheme 2016/17

61. The primary scheme enables parents living within North Yorkshire to complete a single application either on-line or in paper form listing up to five preferences for admission to any primary, infant or junior schools both within North Yorkshire and neighbouring Local Authority areas, giving reasons for their preferences where appropriate.
62. Parents without internet access will be able to contact the Local Authority for a common application form to enable them to apply for a primary school place for their child.
63. If parents list a Voluntary Aided school as a preference the school may request supplementary information in order for them to apply their oversubscription criteria.
64. Parents must complete the common application forms by the deadline of 15 January 2016. Every effort is made by the admissions team to ensure that applications are received by the closing date.
65. Parents will not be allowed to change their preferences after 15 January 2016 without a reason that is acceptable to us as the admissions authority.
66. Parents who wish their children to attend an independent school will be encouraged to tell us. However independent schools are not included in the co-ordinated arrangements. These parents may also wish to apply for a place at a North Yorkshire school.
67. If parents living outside of North Yorkshire enquire about our schools they will be directed to the North Yorkshire County Council website. Parents will be advised to complete a common application form for their home authority.
68. On the common application form parents will need to provide their child's name and residential address. The address provided must be where the child lives permanently. If residency is split between two parents, the address used must be the address where the child lives for the majority of the time. If residency is split equally between two parents, they can nominate the address they wish to use for the allocation of a school place.
69. For primary school applications, all offers must be made on the 18 April 2016.
70. Parents who do not wish to accept a place at a school offered to them must notify the admission authority within 10 working days of the offer being made.
71. Appeals will usually be heard for first admission to schools in June and July of 2016

Appendix 1

North Yorkshire Local Authority

Secondary, Community, Voluntary Controlled, Aided, Foundation, Trust Schools and Academies Timetable 16/17

Date	Activity
July 2015	Parents informed by letter from the LA via child's primary school to apply on-line and details are provided. Parents without internet access to contact the LA for information.
14 August 2014	Closing date for withdrawal of children who are automatically entered for selection testing. Closing date for applications for children who are not automatically entered for selection.
September 2015	Proposed selection testing date for Skipton and Ripon for all children. (to be confirmed)
16 October 2015	Results of selection testing posted to all parents.
31 October 2015	Closing date for return of secondary Common Application Forms.
13 November 2015	Neighbouring Local Authorities to send us details of children in their area who have expressed preferences for schools in North Yorkshire. We send details of children expressing preferences for schools in other Local Authority areas to those authorities for consideration.
20 November 2015	Details of all children who have expressed preferences for North Yorkshire Academies, Voluntary Aided, Foundation and Trust schools to the schools for consideration.
8 January 2016	Information to be returned to us by Voluntary Aided, Foundation and Trust schools on which places they can allocate.
18 January 2016	Send first round of allocation information to other authorities identifying potential offer(s).
1 February 2016	Confirmation of allocations with neighbouring admission authorities including Academies, Voluntary Aided, Foundation and Trust schools.
1 February 2016	Input information from first cycle of exchange of allocation information.
8 February 2016	Second allocation cycle preference information sent to other authorities
15 February 2016	Input allocation information from second cycle and send final allocation information to other authorities of school place offers to be made
18 February 2016	Input final allocation preference information and produce final allocation letters.
1 March 2016	Allocation Day. Send out allocation information to all parents applying for a school place. Inform schools of final allocation.
April 2016 to July 2016	Statutory admission appeals.
16 March 2016 to 31 August 2016	Manual adjustments to allocation and communicating those results to other authorities.
31 December 2016	Closure of waiting lists.

Appendix 2

North Yorkshire Local Authority

Primary for Aided, Community, Voluntary Controlled and Foundation Schools Timetable 2016/17

Date	Activity
September 2015	Information for parents and common application forms are available on the NYCC website for North Yorkshire parents. Parents without internet access to contact the LA for information.
15 January 2016	Closing date for the return of Common Application Forms.
25 January 2016	Neighbouring Local Authorities to send us details of children in their area who have expressed preferences for schools in North Yorkshire (depending on their timetables). We send details of children expressing preferences for schools in other Local Authority areas to those authorities for consideration.
1 February 2016	The education office send out details of all children who have expressed preferences for North Yorkshire Voluntary Aided, Academy, and Trust schools to the schools for consideration.
12 February 2016	Information to be returned to us by Voluntary Aided, Academy and Trust schools on which places they can allocate.
10 March 2016	Send first round of allocation information to other authorities identifying potential offer(s).
17 March 2016	Input information from first cycle of parental preferences.
24 March 2016	Send second allocation cycle information to other authorities
31 March 2016	Input preference information from second cycle and send final allocation information to other authorities.
18 April 2016	Send out allocation information to all North Yorkshire parents. Inform schools of final allocations.
June 2014 to July 2016	Statutory admission appeals.
3 May 2015 to 31 August 2016	Manual adjustments to allocation and communicating those results to other authorities.
31 December 2016	Closure of waiting list.

Appendix 3

Primary Academy and Trust Schools

Great Smeaton Community
Primary School
Great Smeaton
Northallerton
DL6 2EQ Tel No 01609 881349

Thomas Hinderwell Primary Academy
Seamer Road
Scarborough
YO12 4HF Tel 01723 373110

Roseberry Academy
Roseberry Crescent
Great Ayton
Middlesborough
Cleveland
TS9 6EP Tel 01642 722883

Foundation School

Nun Monkton Foundation
Primary School
The Green
NUN MONKTON
York
YO26 8ER
Tel No: 01423 330313

Primary Voluntary Aided Primary Schools

All Saints C of E Primary School
Kirkby Overblow
HARROGATE
North Yorkshire
HG3 1HD
Tel No.01423 872491

All Saints RC Primary School
Green Lane East
THIRSK
North Yorkshire
YO7 1NB
Tel No. 01845 523058

Austwick C of E (VA) Primary
School
AUSTWICK
Lancaster
LA2 8BN
Tel No. 015242 51366

Barkston Ash Catholic Primary School
London Road
Barkston Ash
TADCASTER
North Yorkshire
LS24 9PS
Tel No 01937 557373

St Mary's C of E Primary School
Bolton-on-Swale
Scorton
RICHMOND
North Yorkshire
Tel No. 01748 818401

Burneston C of E (VA) Primary School
BURNESTON
Bedale
North Yorkshire
DL8 6BP
Tel No. 01677 423183

Burnsall VA Primary School
BURNSALL
Skipton
North Yorkshire
BD23 6BP
Tel No. 01756 720273

Carleton Endowed School
Carleton
SKIPTON
North Yorkshire
BD23 3DE
Tel No. 01756 792910

Cawood C of E VA Primary
School
Broad Lane
CAWOOD
Selby
North Yorkshire
YO8 3SQ
Tel No. 01757 268368

Egton C of E VA Primary School
EGTON
Whitby
North Yorkshire
YO21 1UT
Tel No. 01947 895369

Horton in Ribblesdale C of E VA
Primary School
HORTON-IN-RIBBLESDALE
Settle
North Yorkshire
BD24 0EX
Tel No. 01729 860282

Kirkby in Malhamdale United VA
Primary School
KIRKBY MALHAM
Skipton
North Yorkshire
Tel No. 01729 830214

Long Preston Endowed VA
Primary School
School Lane
LONG PRESTON
Skipton
North Yorkshire
BD23 4PN
Tel No. 01729 840377

Burnt Yates C of E Primary School
Burnt Yates
HARROGATE
North Yorkshire
HG3 3RW
Tel No. 01423 770586

Carlton and Faceby C of E VA Primary School
CARLTON-IN-CELEVELAND
Middlesbrough
Cleveland TS9 7BB
Tel No. 01642 712340

Dacre Braithwaite Cof E Primary
School
SUMMERBRIDGE
Harrogate
North Yorkshire
HG3 4AN
Tel no. 01423 780285

Farnley C of E VA Primary School
Farnley Lane
FARNLEY
Otley
West Yorkshire
LS21 2QJ
Tel No. 01943 463306

Ingleby Arncliffe C of E VA Primary School
INGLEBY ARNCLIFFE
Northallerton
North Yorkshire
DL6 3NA
Tel No. 01609 882432

Kirkby & Great Broughton C of E VA Primary
School
KIRKBY-IN-CLEVELAND
Middlesbrough
TS9 7AL
Tel No. 01642 714707

Marion cum Grafton C of E VA
Primary School
Reas Lane
MARTON-CUM-GRAFTON
York
YO51 9QB
Tel No. 01423 322355

Masham C of E VA Primary
School
1 Millgate
MASHAM
Ripon
North Yorkshire
HG4 4EG
Tel No. 01765 689200

Michael Syddall C of E (Aided) Primary School
Mowbray Road
CATTERICK VILLAGE
Richmond
North Yorkshire
DL10 7LH
Tel No. 01748 818485

Middleham C of E Aided School
Park Lane
MIDDLEHAM
Leyburn
North Yorkshire
DL8 4QX
Tel No. 01969 623592

Rathmell C of E (VA) Primary School
Hesley Lane
RATHMELL
Settle
North Yorkshire
BD24 0LA
Tel No. 01729 840360

Richard Taylor C of E Primary
School
Bilton Lane
HARROGATE
North Yorkshire
HG1 3DT
Tel No. 01423 563078

Ripon Cathedral CE Primary
School
Priest Lane
RIPON
North Yorkshire
HG4 1LT
Tel No. 01765 602355

Sacred Heart RC Primary School
Broomfield Avenue
NORTHALLERTON
North Yorkshire
DL7 8UL
Tel No. 01609 780971

St Benedict's RC Primary School
Back Lane
AMPLEFORTH
York
YO62 4DE
Tel No. 01439 788340

St George's RC Primary School
Overdale Road
Eastfield
SCARBOROUGH
North Yorkshire
YO11 3RE
Tel No. 01723 58353

St Hedda's RC Primary School
EGTON BRIDGE
Whitby
North Yorkshire
YO21 1UX
Tel No. 01947 895361

St Hilda's RC Primary School
Waterstead Lane
WHITBY
North Yorkshire
YO21 1PZ
Tel No. 01947 603901

St Joseph's Catholic Primary
School
Colber lane
BISHOP THORNTON
Harrogate
North Yorkshire
HG3 3JR
Tel No. 01423 770083

St Joseph's Catholic Primary School
Coppice Rise
HARROGATE
North Yorkshire
HG1 2DP
Tel No. 01423 562650

St Joseph's Catholic Primary
School
Swainsea Lane
PICKERING
North Yorkshire
YO18 8AR
Tel No. 01751 473102

St Joseph's Catholic Primary School
Station Road
TADCASTER
North Yorkshire
LS24 9JG
Tel No. 01937 832344

St Martin's C of E VA Primary
School
Holbeck Hill
SCARBOROUGH
North Yorkshire
YO11 3BW
Tel No. 01723 360239

St Mary's Catholic Primary School
Tentergate Road
KNARESBOROUGH
North Yorkshire
HG5 9BG
Tel No. 01423 867038

St Mary's RC Primary School
Highfield Road
MALTON
North Yorkshire
YO17 7DB
Tel No. 01653 692274

St Mary's RC Primary School
Cross Lanes
RICHMOND
North Yorkshire
DL1 7DZ
Tel No. 01748 821124

St Mary's Catholic Primary
School
Baffam lane
SELBY
North Yorkshire
YO8 9AX
Tel No. 01757 706616

St Peter's C of E VA Primary School
BRAFFERTON
Helperby
York
YO61 2PA
Tel No. 01423 360250

St Peter & St Paul RC Primary
School
Richmond Road
LEYBURN
North Yorkshire
DL8 5DL
Tel No. 01969 622351

St Peter's RC Primary School
North Leas Avenue
SCARBOROUGH
North Yorkshire
YO12 6LX
Tel No. 01723 372720

St Robert's Catholic Primary
School
Ainsty Road
HARROGATE
North Yorkshire
HG1 4AP
Tel No. 01423 504730

St Stephen's Catholic Primary School
Gargrave Road
SKIPTON
North Yorkshire
BD23 1PJ
Tel No. 01756 793787

St Wilfrid's Catholic Primary
School
Church lane
RIPON
North Yorkshire
HG4 2ES
Tel No. 01765 603232

Swainby and Potto C of E VA Primary School
Claver Close
SWAINBY
Northallerton
North Yorkshire DL6 3DH
Tel No. 01642 700518

Terrington C of E VA Primary
School
TERRINGTON
York
YO60 6NS
Tel No. 01653 6483340

The Boyle & Petyt Primary School
Harrogate Road
BEAMSLEY
Skipton
North Yorkshire
BD23 6HE Tel No. 01756 710378

Appendix 4

Our thirteen neighbouring admission authorities, Voluntary Aided, Academies, Foundation and Trust secondary schools are listed below:

Academies/ Trust Secondary Schools:

Skipton Girls' High School
Gargrave Road
Skipton
North Yorkshire, BD23 1QL Tel. 01756
707600

South Craven School
The Technology & Engineering College
Holme Lane
Cross Hills, Keighley
West Yorkshire, BD20 7RL Tel. 01535
632861

George Pindar Community Sports College
Eastfield,
Scarborough
YO11 3LX Tel. 01723 582194

St Aidan's C of E High School
Oatlands Drive
HARROGATE
North Yorkshire
HG2 8JR Tel 01423 885814

Norton College
Langton Road
Norton
Malton
YO17 9PT Tel. 01653 693296

Rossett School
Green Lane
Harrogate
HG2 9JP Tel. 01423 564444

Harrogate Grammar School
Arthurs Avenue
Harrogate
HG2 0DZ Tel. 01423 531127

Harrogate High School
Ainsty Road
Harrogate
HG1 4AP Tel. 01423 548800

Outwood Academy Ripon
Clotherholme Road
Ripon
HG4 2DE Tel. 01765 604564

The Skipton Academy
Gargrave Road
Skipton
BD23 1UQ Tel. 01756 792965

Voluntary Aided Secondary Schools

Holy Family Catholic High School
Longhedge Lane,
CARLTON
Goole
East Yorkshire
DN14 9 NS
Tel No. 01405 860276

St Augustine's RC School
Sandybed Lane
Off Stepney Hill
Scarborough
North Yorkshire
YO12 5LH
Tel No. 01723 363280

St Francis Xavier School
Darlington Road
RICHMOND
North Yorkshire
DL10 7DA
Tel No. 01748 823414

St John Fisher Catholic High
School
Hookstone Drive
HARROGATE
North Yorkshire
HG2 8PT
Tel No. 01423 887254

Ermysted's Grammar School
Gargrave Road
SKIPTON
North Yorkshire
BD23 1PL
Tel No. 01756 792186

Appendix 5

Neighbouring Local Authorities

Bradford

Pupil Access Manager
Education Bradford
Future House, Bolling Road
BRADFORD
BD4 7EB
Tel No: 01274 385604

Cumbria

Corporate Director – Pupils Services
5 Portland Square
CARLISLE
CA1 1PU
Tel No. 01228 606877

Darlington

Pupils's Information Service
Town Hall,
Feethams
DARLINGTON
L1 5QT Tel No. 01325 380651

Doncaster

Director of Education and Culture
Admissions and Pupil Services
The Council House
College Road
DONCASTER DN1 3AD
Tel No. 01302 737204/727234

Durham

School Admissions
Education Offices
County Hall
DURHAM
DH1 5UJ
Tel No. 0191 383 3115

East Riding of Yorkshire

Admissions Team
Pupils, Family & Adult Services
County Hall,
BEVERLEY
HU17 9BA
Tel No.01482 392130/392131/392132

Lancashire

Director of Education
PO Box 61,
County Hall
PRESTON
PR1 0LD
Tel No. 01772 254868

Leeds

Admissions & Transport Team
Leeds Education
10th Floor West
Merrion House
LEEDS LS2 8DT
Tel No. 0113 2475729

Middlesbrough

Corporate Director, Families and
Learning
Middlesbrough Council
PO Box 69, First Floor
Vancouver House
Gurney Street
MIDDLESBROUGH
TS1 1 EL
Tel No. 01642 728092

Redcar and Cleveland

School Admissions
Redcar and Cleveland Borough
Council, Council Offices
PO Box 83, Kirkleatham Street
REDCAR
TS10 1YA
Tel No. 01642 444108

Stockton on Tees

School Admissions
Stockton-on-Tees Borough
Council
PO Box 228,
Municipal Buildings, Church Road
STOCKTON ON TEES
TS18 1XE
Tel No. 01642 526605

Wakefield

School Admissions
County Hall,
WAKEFIELD
WF1 2QL
Tel No. 01924 305616/305617

York

Education Access Team
Learning, Culture and Pupil
Services
City of York Council
Mill House
North Street
YORK YO1 6JD
Tel No. 01904 554248/554239

CO-ORDINATED ADMISSION ARRANGEMENTS

PRIMARY & SECONDARY IN-YEAR ADMISSIONS 2016/17

Introduction

1. In-year admissions are those which occur outside of the normal admissions round. The normal admissions round refers to admissions which admit children into infant, junior, primary, middle or secondary school in the first year of entry. These applications become in-year if they are submitted on or after the first day of the first school term of the admission year.
2. There is no requirement for Local Authorities to co-ordinate in-year applications from the offer year 2014/15 and all subsequent years but they must provide information on their website to show how in-year applications can be made and will be dealt with. Local Authorities must, on request, provide information to a parent about the places available in all schools within its area. A preference form should be completed by parents when applying for a school place for their child at any Community or Voluntary Controlled school within North Yorkshire. A preference form will also need to be completed for any Voluntary Aided, Foundation, Trust primary and secondary schools and Academies that have agreed North Yorkshire Local Authority will continue co-ordinating in-year admissions on their behalf. Any parent can apply for a place for their child at any time to any school.
3. In determining applications for school places outside the normal admissions round, whether in-year or at the start of a school year which is not a normal point of entry to the school, admission authorities must comply with parental preference unless the published oversubscription criteria or one of the statutory reasons for refusing admission applies.
4. All applications outside of the normal admissions round for Community, Voluntary Controlled and any Voluntary Aided, Foundation, Trust, primary and secondary schools and Academies that have agreed to continue co-ordinating with North Yorkshire Local Authority will be processed and if applicable offered by the Local Authority. Schools that are their own admission authority and are not continuing to co-ordinate in-year admissions with North Yorkshire Local Authority must communicate the availability of places to the Local Authority when requested and must, when in receipt of an in-year application notify the Local Authority of both the application and its outcome. The Admission Authority must also inform parents of their right to appeal against the refusal of a school place.
5. The in-year co-ordinated scheme does not apply to a looked after child, a previously looked after child or a child with a statement of Special Educational Needs naming the school in question, as these children must be admitted.
6. Each Local Authority must have a Fair Access Protocol, agreed with the majority of schools in its area to ensure that, outside the normal admissions round, unplaced children, especially the most vulnerable, are offered a place at a suitable school as quickly as possible. There is no duty for Local Authorities or admission authorities to comply with parental preference when allocating places through the Fair Access Protocol.
7. Parents who do not wish to accept a place at a school offered to them must notify the admission authority within 2 weeks of the offer being made.

Applying for a school place

8. North Yorkshire Local Authority in-year preference forms should be completed by parents living or moving into North Yorkshire requesting a place at any North Yorkshire primary or secondary school. Proof of residency may be required.
9. If a child already attending a North Yorkshire school wishes to transfer to another school, parents should, in the first instance discuss the transfer with the current school that the child attends.
10. Where UK passport holders or EU passport holders apply for a school place whilst living abroad, the application will be processed whilst they are still abroad up to 6 weeks in advance of the requested start date. For non EU residents applications will be processed on their arrival in the UK. Exceptions to this would be when an application is received from a forces family which is accompanied by a posting order/assignment order or an official letter that declares a relocation date and a unit postal address or an area address. We would accept a UK address from parents living abroad if they have an address in the UK and they can provide proof that they lived at that address immediately prior to their move abroad and will be returning to that same property.
11. When we receive an in-year preference form from a parent living in North Yorkshire requesting any North Yorkshire school, we will process the form by attempting to comply with the parent's highest ranked preference of school. We will liaise with the school listed as their highest preference.
12. If we are able to allocate the highest ranked preference on the form we will send an offer of that school place to the parent. If we are unable to allocate a place we will offer the statutory right of appeal and will then consider other schools listed in order of preference and will offer a place at one of those schools if possible. If we are unable to do so we will again offer parents the statutory right of appeal or ask that the governors of Voluntary Aided, Foundation or Trust schools who have agreed for North Yorkshire Local Authority to co-ordinate in-year admissions do so. Parents can appeal for a place at an Academy and would need to contact the Local Authority for information on how to do so.
13. When we receive a request for a place in the normal year of entry if the school is oversubscribed a waiting list will be maintained by the relevant admission authority until 31 December 2016.
14. We require a reply within 5 working days from schools informing us if they are able to accommodate additional children. If they are oversubscribed we will offer parents the statutory right of appeal.
15. Voluntary Aided schools may require parents to complete a supplementary information form available from the school before a school place can be considered.
16. If parents name a school other than their normal area school, they will normally be responsible for transport.

North Yorkshire County Council
Children & Young People's Service

In-Year Fair Access Protocol
September 2014

1.0 The Education and Inspections Act 2006 introduced a requirement for each local authority to have in place an In-Year Fair Access Protocol (IYFAP). Further guidance of this requirement is provided in the School Admissions Code 2012, particularly paragraphs 3.9 to 3.23.

Other guidance issued by the Department for Education is located in Fair Access Protocols, Principles and Process, Departmental Advice issued November 2012. Within this guidance it confirms that:

- Schools (including Academies) should work together collaboratively, taking into account the needs of the child and those of the school. There is no duty to comply with parental preference when allocating places through the Protocol but it is expected the wishes of the parents are taken into account.
- Fair Access Protocols should not be used as a means to circumvent the normal in-year admissions process. A parent can apply for a place as an in-year admission at any point and is entitled to an appeal when a place is not offered.

Each local authority must have a Fair Access Protocol, agreed with the majority of schools in its area, which sets out how, outside the normal admissions round, schools in the area will admit their fair share of children with challenging behaviour, children excluded from other schools and children who arrive outside the admissions round who may have difficulty securing a school place. In these circumstances, admission authorities may, if necessary, admit above their published admission number (PAN).

1.1 All admission authorities must participate in the In Year Fair Access Protocol in order to ensure that unplaced children are allocated a school place quickly and that no school takes more than its share of children with challenging behaviour. **There is no duty for local authorities or admission authorities to comply with parental preference when allocating places through the In Year Fair Access Protocol.**

2.0 Purpose of Protocol

2.1 The operation of In Year Fair Access Protocols is outside the arrangements triggered when a parent of an eligible child has not secured a place under in-year admission procedures, even following the outcome of an appeal. The purpose of the protocol is:

- 2.2** To ensure that for in year admissions (i.e. outside of the normal admissions round) children are admitted to a suitable school as quickly as possible.
- 2.3** To encourage the equitable distribution of children needing to be admitted in year so that no school is overburdened.

3.0 To Which Groups of Children does the Protocol Apply?

3.1 The list of children to be included in an In Year Fair Access Protocol includes the following children of compulsory school age who may have difficulty securing a school place. The following are a minimum required by the School Admissions Code:-

- Children involved in the criminal justice system or supported by a Pupil Referral Service (PRS) who need to be reintegrated into mainstream education;
- Children who have been out of education for 2 months or more;
- Children of Gypsies, Roma, Travellers, refugees and asylum seekers;
- Children who are homeless;
- Children with unsupportive family backgrounds for whom a place has not been sought;
- Children who are carers; and
- Children with special education needs /disabilities SEND) or medical conditions (but without a statement of SEN/EHC Plan).

The following groups of children have been agreed with the majority of schools in the area.

- Children permanently excluded from a school or children with fixed term exclusions exceeding 15 days in the current academic year;
- Children without a school place and with a history of serious attendance problems (i.e. less than 50%);
- Children looked after by a local authority.

3.2 It is important to emphasise that, **in the vast majority of cases, hard to place children in the above categories requiring a school place will continue to be admitted in accordance with the usual admission procedures, rather than through the protocol.**

3.3 Mid-year admissions, where a child is not considered hard to place, will be managed through the usual admission procedure in line with parental preference.

3.4 The protocol does not cover the admission of children with statements of SEN/EHC Plan which will continue to be managed through the statutory processes.

4.0 General Application of the Protocol

4.1 In each area of the County, at secondary level, a local behaviour and attendance (B&A) Collaborative panel including secondary Head teachers or their representatives will meet on a regular basis. All Collaboratives in North Yorkshire LA meet regularly: Hambleton and Richmondshire, Ryedale, Scarborough and Selby meet every fortnight and Harrogate, Craven and Whitby meet once a month.

4.2 A key purpose of the panel is to manage in year admissions where the protocol criteria apply.

4.3 No school should take more than its fair share of children with challenging behaviour.

- 4.4 All local partnership schools, including those who are their own admissions authority agree to admit at least 1 hard to place pupil in each year group per academic year. Collaborative panels will consider a 'weighting' for small secondary schools where the impact on small year groups may be considerable.
- 4.5 Schools will not insist on an appeal being heard before admitting a child under this protocol.
- 4.6 Schools will not refuse to admit a pupil who has been denied a place at that school at appeal, if the protocol identifies that school as the one to admit the child.
- 4.7 As part of the Collaborative arrangements for the admission of vulnerable pupils, the collaborative panel **may** ask the school listed as the highest preference on the parental preference form to hold a meeting on behalf of the Collaborative panel. The purpose of the meeting is to gather information about the pupil so that a referral form can be completed and an informed decision about the future placement of the pupil can be made at the next Collaborative panel meeting. This is not a pre-admission meeting but is a procedure used to ensure that vulnerable children and unplaced children are allocated a school place as soon as possible.
- 4.8 The panel must take account of any genuine concerns about an admission, for example a previous breakdown in the relationship between the school and the family, or a strong aversion to, or desire for the religious ethos of a school.
- 4.9 For a pupil to be placed at a North Yorkshire Grammar School in line with the In Year Fair Access criteria, he or she must also meet the academic criteria for that school.
- 4.10 Schools must respond within the timescales specified in this protocol to requests for admission, so that the admission of the pupil is not delayed.**
- 4.11 Wherever possible, pupils with a religious affiliation should be matched to a suitable school. If the school with a religious affiliation has already taken a pupil under the protocol in that year group, then the pupil may be offered a place at a different school that doesn't have the religious affiliation.
- 4.12 Admissions agreed between schools under the scheme of Managed Moves do not count as places allocated under this protocol. The local authority will collate data on the two schemes separately and make the data available to panels on a regular basis.

5.0 Local Flexibility

- 5.1 Whilst working within the spirit of the protocol a local Collaborative panel must use discretion and judgement to achieve the best outcome for the child concerned and other children. For example, one school may have compelling reasons (agreed by the panel) for not admitting to a particular year group at that time. The school might therefore agree to make 2 places available in a different year group.

6.0 Monitoring Arrangements

- 6.1 All mid-year admissions under the protocol will be monitored by the local authority through the local Collaborative panel.

6.2 A local authority officer will chair all Collaborative Panels whenever possible; this will usually be the Educational Development Adviser: Behaviour & Attendance (B&A) for the area. A colleague from the Admissions team will attend the Collaborative meeting whenever possible.

7.0 Additional Support

7.1 Additional advice for schools admitting children under this protocol may be available from the local authority e.g. from the Education of Looked After Children team. This discussion should take place at the Collaborative meeting.

8.0 Timescales

8.1 All referrals under this protocol should be considered within these timescales;

As soon as possible, following the identification of the school which will admit the student, and within 3 school days, a panel representative will discuss admission and potential school(s) with the parent and pupil. It is expected that all parties will act with a sense of urgency to identify a school place for any child who has had difficulty securing one or who fall within the Fair Access Protocol.

Within 10 school days of a panel meeting, the identified school will invite the parent and the child or young person for an admissions meeting with the opportunity to view the school and formulate an integration plan.

The child should be admitted on roll and start attending the identified school within 15 school days.

8.2 The clerk to the collaborative panel will send a letter to the parents informing them of their child's planned admission to the agreed school.

9.0 Actions by Schools that Contravene the Agreement

9.1 Schools in the local partnership agree not to advise parents to:

- remove their child from school and find another school.
- remove their child from the roll of the school and voluntarily educate at home.

10.0 Transport

10.1 Free or assisted transport will be provided to enable a pupil to attend the school agreed by the panel if it is over two miles from home for primary age pupils and three miles from home for secondary pupils.

This arrangement currently applies to pupils permanently excluded from school.

11.0 Financial Procedures

11.1 Where a pupil is permanently excluded the excluding school must return any remaining Age-Weighted Pupil Unit (AWPU) and any Pupil Premium (PP) funding for that particular pupil to the local authority for transfer to the receiving school.

12.0 Cross Border Issues

12.1 The local authority will consult with neighbouring authorities over financial support and equity for pupils who meet the In Year Fair Access Protocol, and who attend school in one authority, and live in another.

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE

September 2014

MANAGED MOVES

1.0 Introduction

This protocol takes into account the School Admissions Code 2012, particularly paragraphs 3.9 to 3.23 and guidance issued by the Department for Education for Fair Access Protocols, Principles and Process, Departmental Advice issued November 2012. The Code reflects legislative changes introduced by the Education and Inspection Act 2006. The underlying principles of the Act and the Code are to “promote fair access to educational opportunity, promote high standards and fulfilment of every child’s educational potential”.

This Protocol cannot override the statutory right of parent /carers to express a preference for any school and it does not change the parent /carer’s right to apply for places at another school. If that school has places, the Admission Authority has a statutory duty to comply with parental preference. If a parent /carer does not wish to consider a move under this protocol, they cannot be forced to do so.

In order for a protocol to operate effectively on a county wide basis it is necessary for all Headteachers and Governors of Academy, Community, Voluntary Controlled, Voluntary Aided, Foundation and Trust Schools to agree to accept decisions made in accordance with agreed in year fair access (IYFA) procedures.

Schools should agree to abide by the decision of their Collaborative Panel and acknowledge that being up to their published admission number does not preclude them from admitting a pupil. However, the school’s current circumstances and the previous number of managed moves into that school will always be taken into consideration.

2. A “managed move” is a transfer of a pupil from one school to another school. It may provide a fresh start for a pupil and may be a successful way of meeting the pupil’s needs. The Protocol on managed moves supports pupils who are vulnerable to repeat exclusion, disaffection and non-attendance as a result of social and emotional circumstances.

A managed move should be suggested as a last resort, an alternative to permanent exclusion, or when there has been a breakdown in relationship between the school and the family. A managed move must only be

considered when the current school feels that it has exhausted all possible options to meet the needs of the pupil.

Managed moves should not be used where:-

- A pupil is well advanced into Year 10 or in Year 11.
- A pupil is not accessing mainstream education or alternative provision.
- The proposed school has pupils with whom the moving pupil has a previous history of disruptive activity, either in or out of school.
- The current school is unable to evidence that every effort has been made to meet the needs of the pupil.
- The pupil is refusing to conform to the behaviour expectations of a school and there is no evidence that they will conform in a new school.

3. Managed Moves Protocol

- i) The current school should hold a meeting to discuss the needs of the pupil with the parent /carer(s). This will often be a review meeting or part of ongoing support within the framework of the Inclusion Passport, individual provision map or similar.
- ii) The meeting identifies that a fresh start in a new school is the best way to meet the pupil's needs. The rationale for a managed move must be recorded within the context of the agreed plan for the pupil and included in the Collaborative referral. The parent /carer(s) and pupil cannot be guaranteed a place at the proposed school at this point. However, the parents /carers and pupils views must be sought and written into the referral.
- iii) Where a pupil has a statement of special educational needs (SEN/ E.H.C. Plan), is looked after by the local authority, or where there is other support from for example health or care services, those services must be actively involved in review /planning meetings, prior to the managed move protocol.
- iv) The school considering a managed move for a pupil should complete a referral to the Collaborative Panel (hereafter 'the panel') which should be discussed at the next panel meeting. Parts A, B & C of the referral form must be completed in as much detail as possible. The parent /carer's written consent for the pupil to be discussed at the panel meeting must be obtained after seeing a copy of the full referral. Parent /carers and pupils must be made aware that a managed move is a trial move for 4 weeks (20 school days).
- v) The managed move will be discussed at the next Collaborative meeting and a new school identified. If the proposed school has reservations regarding the admission, those reservations should be discussed at the panel meeting. Any requests for support will be discussed at the panel meeting and the proposed move will be confirmed or rejected at the

panel meeting. The chair, usually the area education development adviser (EDA) for behaviour and attendance (B&A) and the panel will decide the ultimate outcome of requests for managed moves and the support requirements together with the PRS head teacher or teacher in charge of Ryedale Out Of School Education (ROOSE) /Whitby Outreach.

- vi) Discussions between the current school (school where the pupil is on roll) and identified new school (receiving school) can then take place to share information and ensure effective planning and provision. If a grammar school has been requested to become the receiving school then the pupil must meet the selection criteria.
- vii) Within 10 school days of the Collaborative Panel meeting, the Head teacher of the new school should invite parent /carers and the pupil into school to discuss expectations and admission arrangements. It may be appropriate to invite a representative from the Pupil Referral Service /ROOSE /Whitby Outreach, assessment and review officer (ARO) /Parent Partnership Officer, education social worker (ESW) and /or a member of the current school. If a member of the support services is not available, this should not delay the meeting.
- viii) Within 15 school days of the panel meeting, a start date at the new school should be agreed. With the agreement of the head teacher of a PRS /teacher in charge of ROOSE /Whitby Outreach, the provision offer may include part time attendance at the PRS or other provision managed by the PRS /ROOSE /Whitby Outreach.
- ix) The pupil should be attending the new provision within 20 school days of the panel meeting.
- x) The Clerk to the Collaborative must be informed by the current and receiving schools of a start date and will send a letter indicating the managed move arrangements to the parent /carer. (See Appendix 1)
- xi) A managed move will be reviewed after 4 weeks and the panel informed of progress and reconsideration of placement where appropriate. Review meetings can, however, take place at any time within the 4 weeks, particularly if there are concerns about the pupil's progress.
- xii) If the receiving school feels that, at any point in the managed move process, a fixed term exclusion should be used, then the head teacher of the original school must be informed and requested to administer the required paperwork.
- xiii) Successful managed moves will be reported to the Collaborative panel after the review; the pupil will then be removed from the roll of the original school and placed on the roll of the new school. If the pupil has a statement of SEN/E.H.C. Plan, the school must liaise with the LA

ARO at the original pupil review meeting. The pupil's original school and the receiving school must ensure that their database is changed in order to reflect the change of school. The clerk of the Collaborative Panel will confirm in writing to parent /carers that the new school has agreed admission onto their roll following a successful managed move. (See Appendix 2)

4. Actions by Schools that Contravene the Agreement

Schools in the Collaborative partnerships agree not to advise parents to:

- remove their child from school and find another school.
- remove their child from the roll of the school and voluntarily educate at home.

5. Support with the Managed Move

Pupils who transfer schools within the Managed Move Protocol are likely to have additional educational needs and can often be on the SEN register at school support. It is important, therefore, to consider the arrangements that should be made to assist the new placement to be successful. New arrangements should include any agency already working with the pupil. The school should make the commitment to continue with the support within the context of the new school or liaise with the appropriate person in that area to provide continuity for the pupil.

6. Transport

For managed moves and pupils who are hard to place, the Authority will apply the same principles for transport as it does in the case of pupils who are permanently excluded. The Authority will accept responsibility for the cost of transport to the school identified by the panel, provided that the school lies outside the relevant distances specified in the Authority's Home to School Transport Policy.

It is the responsibility of the head teacher of the original school to make parent /carers aware that the pupil will be expected to access the existing transport network, including public transport, if this meets the journey requirements. If the pupil at some future point is excluded from this transport because of their failure to adhere to the established code of conduct for acceptable behaviour, it will then become the parent /carers' responsibility to ensure that the pupil continues to attend school.

Best value policies will be adhered to wherever possible. The Authority will accept responsibility for the transport costs via a Collaborative cost code until the pupil reaches the end of Year 11. If the pupil is removed from the Collaborative panel agenda, due to the success of the managed move, it is

the responsibility of the receiving school to continue to organise transport, although the Collaborative panel will continue to fund this. If any changes are made to the transport arrangements for the pupil then this must be referred back to panel via the AOB /Business minutes. The Collaborative panel will review transport arrangements of pupils at least once a year and preferably at the meeting before the Easter holidays.

7. Pupils with a Statement of SEN/Education, Health and Care Plan

If the local authority receives a request for a managed move from a parent /carer or school for a pupil with a statement of SEN, the local ARO will liaise with parent /carers and school. A managed move must be the result of an interim review of the statement in accordance with legislative procedure, following which, the ARO will consult with the receiving school. The Head teacher must respond for a change of placement within 15 working days in accordance with the SEN Code of Practice (2014). At the end of the managed move trial period, any change of placement must be as a result of the amendment of the pupil's Education, Health and Care plan. All communication with school and parent /carers will be the responsibility of the ARO.

8. Financial Procedures

Where a managed move is agreed between all parties, it is anticipated that head teachers will consider, as part of the planning arrangements, the voluntary transfer of the proportion of the age weighted pupil unit (AWPU) and Pupil Premium (PP) where appropriate, which would have been deducted, if the route followed had been one of permanent exclusion. This would take place after the Collaborative panel confirms that the pupil is now on the roll of the new school.

9. Attendance and absence monitoring

During managed moves, the original school will maintain the pupil's registration. If the receiving school decides to accept the pupil on a permanent basis then the registration will transfer at that time. During the managed move, however, there is no method of indicating this situation in the receiving school. As the data collected during the census is used for future funding purposes, the inability to credit the receiving school is perceived as a disincentive to accept the pupil, often to the pupil's detriment. The financial arrangements between the schools are a matter for their mutual agreement (see para 8 above) but it is important to be able to identify pupils in this situation. It is recommended that for the duration of any managed move:

- The original school maintains the pupil's record with an Enrolment Status of "M" (Main dual-registration).
- The receiving school maintains the pupil's record with an Enrolment Status of "S" (Subsidiary dual-registration).

(See Appendix 3).

10. Monitoring Arrangements

All managed moves will be monitored by the LA through the local Collaborative panel. The managed move tables on the Collaborative Panel agenda will be amended accordingly so that all schools within each Collaborative Panel can see that managed moves are allocated to each school fairly, openly, transparently and appropriately.

Each Collaborative should arrange for a rolling programme of visits of representatives of the panel to all schools for quality assurance purposes.

Appendix 1: Managed Move Start letter

Appendix 2: Managed move change of roll letter

Appendix 3: Extract from DFE Secondary Census Guidance 2014

April 2014

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Published Admission Number 2016/17
3000	Ainderby Steeple Church of England Primary School	15	15
3001	Aiskew, Leeming Bar Church of England Primary School	14	14
2150	Alanbrooke School	15	15
3616	All Saints Roman Catholic Primary School, Thirsk	14	14
3361	All Saints, Church of England School, Kirkby Overblow	15	15
2245	Alne Primary School	20	21
2242	Alverton Community Primary School	30	30
2246	Amotherby Community Primary School	25	25
2080	Applegarth Primary School	40	40
2301	Appleton Roebuck Primary School	15	15
2247	Appleton Wiske Community Primary School	14	14
3006	Arkengarthdale Church of England Primary School	8	8
3289	Askrigg Voluntary Controlled Primary School ²	12	7
2302	Askwith Community Primary School	13	13
3350	Austwick Church of England (V.A.) Primary School	10	10
3008	Bainbridge Church of England Primary and Nursery School	8	8
3009	Baldersby St. James Church of England Voluntary Controlled Primary School	8	8
3369	Barkston Ash Catholic Primary School	20	20
2400	Barlby Bridge Community Primary School	22	22
2401	Barlby Community Primary School	42	45
3223	Barlow Church of England Voluntary Controlled Primary School	12	12
2108	Barrowcliff Primary School ³	60	60
3133	Barton Church of England Primary School	11	11
2348	Beckwithshaw Community Primary School	14	14
3010	Bedale Church of England Primary School	47	47
3012	Bilsdale Midcable Chop Gate Church of England Voluntary Controlled Primary School	6	6
3226	Birstwith Church of England Primary School	12	12
3227	Bishop Monkton Church of England Primary School	15	15
3228	Bishop Thornton Church of England Primary School	8	8
3301	Bolton-on-Swale St Mary's Church of England Primary School	14	14
2309	Boroughbridge Primary School	40	40
2310	Bradleys Both Community Primary School	19	19
3231	Brayton Church of England Voluntary Controlled Primary School	60	60
2250	Brompton & Sawdon Community Primary School	10	10
2249	Brompton Community Primary School	22	22
3015	Brompton-on-Swale Church of England Primary School	30	30
2225	Broomfield School	35	35
2311	Brotherton & Byram Primary School	30	30
3337	Burneston Church of England (Voluntary Aided) Primary School	19	19
3352	Burnsall Voluntary Aided Primary School	12	12
3356	Burnt Yates Church of England Primary School	8	8
3232	Burton Leonard Church of England Primary School	10	10
2312	Burton Salmon Community Primary School	7	7
2387	Camblesforth Community Primary School	17	17
3354	Carleton Endowed School	20	21
3306	Carlton and Faceby Church of England Voluntary Aided Primary School	8	8
2252	Carlton Miniott Community Primary School	27	28
2314	Carlton-in-Snaith Community Primary School	28	28
2256	Castleton Community Primary School	8	8
2212	Catterick Garrison, Carnagill Community Primary School	30	30
2173	Catterick Garrison, Le Cateau Community Primary School	60	60
2189	Catterick Garrison, Wavell Community Infant School	72	72
2188	Catterick Garrison, Wavell Community Junior School	60	60
3355	Cawood Church of England Voluntary Aided Primary School	21	21
2224	Cayton Community Primary School	30	30
3233	Chapel Haddlesey Church of England Voluntary Controlled Primary School	7	7
3273	Christ Church Church of England Voluntary (Controlled) Primary School	20	20
3234	Clapham Church of England Voluntary Controlled Primary School ²	10	8
3150	Cliffe Voluntary Controlled Primary School	16	16
2167	Colburn Community Primary School	30	30
2316	Cononley Community Primary School	20	21
2317	Cowling Community Primary School	19	19

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Admission Number 2016/17
3235	Cracoe and Rylstone Voluntary Controlled Church of England Primary School	7	7
3020	Crakehall Church of England Primary School	14	14
3021	Crayke Church of England Voluntary Controlled Primary School	13	13
3022	Croft Church of England Primary School	15	15
3357	Dacre Braithwaite Church of England Primary School	10	10
3025	Danby Church of England Voluntary Controlled School	10	10
2347	Darley Community Primary School	14	14
2165	Dishforth Airfield Community Primary School	15	15
3027	Dishforth Church of England Voluntary Controlled Primary School	12	12
2318	Drax Community Primary School	10	10
2164	Easingwold Community Primary School	45	45
2257	East Ayton Community Primary School	30	30
3030	East Cowton Church of England Primary School	8	8
3308	Egton Church of England Voluntary Aided Primary School ²	10	8
3236	Embsay Church of England Voluntary Controlled Primary School ²	30	29
3034	Eppleby Forcett Church of England Primary School	7	7
3153	Escrick Church of England Voluntary Controlled Primary School	17	17
2320	Fairburn Community Primary School	8	8
3632	Farnley Church of England Voluntary Aided Primary School	15	15
3154	Filey Church of England Voluntary Controlled Infant and Nursery School	76	76
2413	Filey Junior School ²	85	80
3237	Follifoot Church of England Primary School	9	9
3288	Forest of Galtres Anglican/Methodist Primary School	27	27
3039	Foston Church of England Voluntary Controlled Primary School	4	4
3266	Fountains Church of England Primary School	15	15
3238	Fountains Earth, Lofthouse Church of England Endowed Primary School	6	6
3139	Fylingdales Church of England Voluntary Controlled Primary School ²	18	16
3285	Gargrave Church of England Voluntary Controlled Primary School	18	18
2324	Giggleswick Primary School	13	13
3040	Gillamoore Church of England Voluntary Controlled Primary School	7	8
2117	Gladstone Road Primary School	120	120
2041	Glaisdale Primary School	8	8
2338	Glasshouses Community Primary School	10	10
2393	Glusburn Community Primary School ^{2 3}	48	45
2043	Goathland Primary School	7	7
3240	Goldsborough Church of England Primary School	12	12
3241	Grassington Church of England (Voluntary Controlled) Primary School	12	12
2426	Great Ayton, Roseberry Academy ¹	30/21	30/21
2327	Great Ouseburn Community Primary School	14	14
2047	Great Smeaton Community Primary School ¹	10	10
3242	Green Hammerton Church of England Primary School	17	17
3243	Grewelthorpe Church of England Primary School	10	10
3207	Gunnerside Methodist Primary School	7	7
3045	Hackforth and Hornby Church of England Primary School	6	6
3046	Hackness Church of England Voluntary Controlled Primary School	10	10
3244	Hambleton Church of England Voluntary Controlled Primary School	25	25
3245	Hampsthwaite Church of England Primary School	16	16
2328	Harrogate, Bilton Grange Community Primary School	48	48
2383	Harrogate, Coppice Valley Community Primary School	30	30
2329	Harrogate, Grove Road Community Primary School	40	40
2368	Harrogate, Hookstone Chase Community Primary School	40	45
2330	Harrogate, New Park Community Primary School	30	40
2376	Harrogate, Oatlands Community Junior School	75	75
2372	Harrogate, Pannal Community Primary School	45	60
2424	Harrogate, Saltergate Community Junior School ²	60	59
3247	Harrogate, St. Peter's Church of England Primary School	41	41
2332	Harrogate, Starbeck Community Primary School	50	50
2056	Hawes Community Primary School	15	15
3050	Hawsker cum Stainsacre Church of England Voluntary Controlled Primary School	12	12
2336	Hellifield Community Primary School	15	15
2236	Helmsley Community Primary School	24	24

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Published Admission Number 2016/17
2402	Hemingbrough Community Primary School	30	30
2337	Hensall Community Primary School	18	18
3155	Hertford Vale Church of England Voluntary Controlled Primary School, Staxton	18	18
2305	High Bentham Community Primary School	25	25
3053	Hipswell Church of England Primary School	24	24
3284	Holy Trinity Church of England Infant School ²	70	65
3263	Holy Trinity Church of England Junior School ²	70	67
3358	Horton-in-Ribblesdale Church of England Voluntary Aided Primary School ²	10	8
3054	Hovingham Church of England Voluntary Controlled Primary School	8	8
3055	Huby Church of England Voluntary Controlled Primary School	16	16
2403	Hunmanby Primary School	30	30
2063	Hunton and Arrathorne Community Primary School	10	10
3057	Husthwaite Church of England Voluntary Controlled Primary School	15	15
2228	Hutton Rudby Primary School	30	30
3336	Ingleby Arncliffe Church of England Voluntary Aided Primary School	11	11
3060	Ingleby Greenhow Church of England Voluntary Controlled Primary School	10	10
2391	Ingleton Primary School	26	26
3076	Kell Bank Church of England Primary School	5	5
2422	Kellington Primary School	19	19
2321	Kettleasing Felliscliffe Community Primary School	8	8
2343	Kettlewell Primary School	7	7
3287	Kildwick Church of England (Voluntary Controlled) Primary School	17	17
3248	Killinghall Church of England Primary School	15	15
3062	Kirby Hill Church of England Primary School	17	17
3251	Kirk Fenton Parochial Church of England Voluntary Controlled Primary School ⁴	30	30
3252	Kirk Hammerton Church of England Primary School	12	12
3253	Kirk Smeaton Church of England (Voluntary Controlled) Primary School	12	15
3315	Kirkby & Great Broughton Church of England Voluntary Aided Primary School	18	18
3065	Kirkby Fleetham Church of England Primary School	9	9
3360	Kirkby in Malhamdale United Voluntary Aided Primary School	12	12
3249	Kirkby Malzeard Church of England Primary School	15	15
2064	Kirkbymoorside Community Primary School	35	35
2377	Knaresborough, Aspin Park Community Primary School	60	60
2389	Knaresborough, Meadowside Community Primary School	30	30
3068	Knayton Church of England Voluntary Controlled Primary School	12	12
2404	Langton Primary School	15	15
2042	Lealholm Primary School	8	8
2405	Leavening Community Primary School	10	10
2040	Leeming and Londonderry Community Primary School	8	8
2166	Leeming RAF Community Primary School	40	40
2065	Leyburn Community Primary School	30	30
2233	Lindhead School	30	30
2171	Linton-on-Ouse Primary School	15	15
3255	Long Marston Church of England Voluntary Controlled Primary School	8	8
3362	Long Preston Endowed Voluntary Aided Primary School ²	13	12
2346	Lothersdale Community Primary School	15	15
2406	Luttons Community Primary School	8	8
3069	Lythe Church of England Voluntary Controlled Primary School	15	15
2074	Malton Community Primary School	42	42
3256	Markington Church of England Primary School	12	12
3363	Marton-cum-Grafton Church of England Voluntary Aided Primary School	15	15
3042	Marwood Church of England Voluntary Controlled Infant School, Great Ayton	21	21
3319	Masham Church of England VA Primary School	20	20
3208	Melsonby Methodist Primary School	10	10
3307	Michael Syddall Church of England (Aided) Primary School	36	36
3320	Middleham Church of England Aided School	15	15
3079	Middleton Tyas Church of England Primary School	22	22
3257	Monk Fryston Church of England Voluntary Controlled Primary School	30	30
2366	Moorside Infant School	45	45
2367	Moorside Junior School ²	45	36
2075	Nawton Community Primary School	11	15
2076	Newby and Scalby Primary School	60	60

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Admission Number 2016/17
2081	North & South Cowton Community Primary School	7	7
2407	North Duffield Community Primary School	25	25
3260	North Rigton Church of England (C) Primary School	15	15
3258	North Stainley Church of England Primary School	8	8
2163	Northallerton, Mill Hill Community Primary School	30	30
2408	Norton Community Primary School	75	75
5200	Nun Monkton Primary School	4	4
2060	Oakridge Community Primary School	8	8
2331	Oatlands Infant School	75	75
2083	Osmotherley Primary School	10	10
2235	Pickering Community Infant School	75	75
2222	Pickering Community Junior School	75	75
3088	Pickhill Church of England Primary School	9	9
3365	Rathmell Church of England (Voluntary Aided) Primary School	9	9
3090	Ravensworth Church of England Primary School	12	12
2096	Reeth Community Primary School	8	8
2410	Riccall Community Primary School	30	30
3368	Richard Taylor Church of England Primary School	39	39
3092	Richmond Church of England Primary School	45	45
3210	Richmond Methodist Primary School	45	45
2411	Rillington Community Primary School	20	20
3261	Ripley Endowed (Church of England) School.	13	13
3262	Ripon Cathedral Church of England Primary School ³	30	30
2388	Ripon, Greystone Community Primary School ²	30	28
3264	Roecliffe Church of England Primary School ²	14	13
2097	Romanby Primary School	40	40
2098	Rosedale Abbey Community Primary School	7	7
2382	Rossett Acre Primary School	60	60
3126	Ruswarp Church of England Voluntary Controlled Primary School	15	15
3902	Sacred Heart RC Primary, Northallerton	15	15
2425	Saltergate Infant School	60	60
3099	Sand Hutton Church of England Voluntary Controlled Primary School	11	11
3267	Saxton Church of England Voluntary Controlled Primary School ²	10	8
2112	Scarborough, Braeburn Primary & Nursery School	70	70
2114	Scarborough, Friarage Community Primary School	45	45
2120	Scarborough, Northstead Community Primary School	90	90
2170	Scarborough, Overdale Community Primary School ³	30	30
2350	Scotton Lingerfield Community Primary School	12	12
2223	Seamer & Irton Community Primary School	60	60
3268	Selby Abbey Church of England Voluntary Controlled Primary School	51	51
2351	Selby Community Primary School	48	48
2390	Selby, Barwic Parade Community Primary School	35	37
2418	Selby, Longman's Hill Community Primary School	30	30
3101	Sessay Church of England Voluntary Controlled Primary School ³	15	15
3270	Settle Church of England Voluntary Controlled Primary School	30	30
3160	Settrington All Saints' Church of England Voluntary Controlled Primary School	9	9
3271	Sharow Church of England Primary School	9	9
3161	Sherburn Church of England Voluntary Controlled Primary School	8	8
2421	Sherburn in Elmet, Athelstan Community Primary School	39	45
2380	Sherburn in Elmet, Hungate Community Primary School ³	30	30
2186	Sheriff Hutton Primary School	15	15
2354	Sicklinghall Community Primary School ²	11	9
2221	Sinnington Community Primary School	12	12
3272	Skelton Newby Hall Church of England Primary School	6	7
3274	Skipton Parish Church Church of England Voluntary Controlled Primary School	50	50
2365	Skipton, Greatwood Community Primary School	30	30
2355	Skipton, Ings Community Primary and Nursery School	12	12
2356	Skipton, Water Street Community Primary School	30	30
3035	Sleights Church of England Voluntary Controlled Primary School	15	15
2132	Slingsby Community Primary School	7	7
3108	Snainton Church of England Voluntary Controlled Primary School	10	10

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Admission Number 2016/17
2133	Snape Community Primary School	7	7
3109	South Kilvington Church of England Voluntary Controlled Primary School	10	12
2357	South Milford Community Primary School	30	30
3291	South Otterington Church of England Voluntary Controlled Primary School	20	20
2183	Sowerby Community Primary School	45	45
3110	Spennithorne Church of England Primary School	12	12
3275	Spofforth Church of England (Controlled) Primary School	15	15
3903	St John's CE Primary School, Knaresborough	50	50
3600	St. Benedict's Roman Catholic Primary School, Ampleforth	15	15
3225	St. Cuthbert's Church of England Primary School, Pateley Bridge	17	17
3631	St. George's Roman Catholic Primary School, Scarborough	15	15
3602	St. Hedda's Roman Catholic Primary School	7	7
3005	St. Hilda's Ampleforth Church of England Voluntary Controlled Primary School	7	7
3620	St. Hilda's Roman Catholic Primary School	15	15
3370	St. Joseph's Catholic Primary School, Bishop Thornton	8	8
3378	St. Joseph's Catholic Primary School, Harrogate	30	30
3376	St. Joseph's Catholic Primary School, Tadcaster	10	10
3610	St. Joseph's Roman Catholic Primary School, Pickering	15	15
3326	St. Martin's Church of England Voluntary Aided Primary School, Scarborough	40	40
3371	St. Mary's Catholic Primary School, Knaresborough	30	30
3373	St. Mary's Catholic Primary School, Selby	30	30
3609	St. Mary's Roman Catholic Primary School, Malton	15	15
3614	St. Mary's Roman Catholic Primary School, Richmond	30	30
3124	St. Nicholas Church of England Primary School, West Tanfield	10	10
3304	St. Peter's Brafferton Church of England Voluntary Aided Primary School	13	13
3615	St. Peter's Roman Catholic Primary School	30	30
3377	St. Robert's Catholic Primary School, Harrogate	40	40
3375	St. Stephen's Catholic Primary School, Skipton	25	28
3372	St. Wilfrid's Catholic Primary School, Ripon	20	20
2061	Staithes, Seton Community Primary School	15	15
2358	Staveley Community Primary School	10	10
2138	Stillington Primary School	12	12
2139	Stokesley Community Primary School	63	65
2335	Summerbridge Community Primary School	12	12
3276	Sutton in Craven Church of England Voluntary Controlled Primary School ²	16	15
2359	Sutton in Craven Community Primary School	30	30
3113	Sutton on the Forest Church of England Voluntary Controlled Primary School	13	13
3335	Swainby and Potto Church of England Voluntary Aided Primary School	12	12
2392	Tadcaster East Community Primary School	28	28
2427	Tadcaster, Riverside Community Primary School	56	56
3331	Terrington Church of England Voluntary Aided Primary School	9	9
3351	The Boyle & Petyt Primary School	8	8
2237	Thirsk Community Primary School	42	42
2000	Thomas Hinderwell Academy Primary School ¹	40	37
3117	Thornton Dale Church of England Voluntary Controlled Primary School	26	26
2360	Thornton in Craven Community Primary School	11	11
3119	Thornton Watlass Church of England Primary School	7	7
2381	Thorpe Willoughby Community Primary School ^{2 3}	40	40
3277	Threshfield School	17	17
3278	Tockwith Church of England Voluntary Controlled Primary School	30	30
3120	Topcliffe Church of England Voluntary Controlled Primary School	16	16
3122	Warhill Church of England Voluntary Controlled Primary School	6	6
3163	Weaverthorpe Church of England Voluntary Controlled Primary School ²	9	7
2151	Welburn Community Primary School ^{2 3}	12	10
3016	West Burton Church of England Primary School	7	7
2197	West Cliff Primary School	30	30
3165	West Heslerton Church of England Voluntary Controlled Primary School	10	10
2333	Western Primary School	52	60
2206	Wheatcroft Community Primary School	30	30
2190	Whitby, Airy Hill Community Primary School	30	30
2154	Whitby, East Whitby Community Primary School ³	45	45
2217	Whitby, Stakesby Community Primary School	34	34

DfE No. 815-	School	Published Admission Number 2015/16	Proposed Admission Number 2016/17
2363	Whitley & Eggborough Community Primary School ²	40	38
2364	Willow Tree Community Primary School, Harrogate	75	75
3282	Wistow Parochial Church of England Voluntary Controlled Primary School	20	20
2430	Woodfield Primary School	22	30
3130	Wykeham Church of England Voluntary Controlled Primary School ²	10	8

¹	This school is now an Academy
²	Brings proposed PAN inline with indicated admission number to enable efficient planning & organisation of class structure
³	To enable school to comply with Infant Class Size Legislation
⁴	Current statutory proposals published which if approved would result in PAN of 35 for 2016/17

DfE number	School	Published Admission Number 2015/16	Published 6th form limit 2015/16	Proposed Published Admission Number 2016/17	Proposed 6th Form Admission Number 2016/17
4208	The Skipton Academy★	167		167	
4074	Allertonshire School ¹	315		294	
4232	Barlby High School ¹	165		151	
4052	Bedale High School	187		187	
4221	Boroughbridge High School	128	15	128	15
4224	Brayton High School	241		241	
4039	Caedmon College, Whitby	295	20	184/111	20
4005	Easingwold School	210	75	210	75
4608	Ermysted's Grammar School	112	20	112	20
4041	Eskdale School	146		146	
4150	Filey School, A Technology College	120		168	
4069	George Pindar School	175		192	
4070	Graham School Science College	320		320	
4200	Harrogate Grammar School★	260	80	260	80
4219	Harrogate High School★	257		257	
4610	Holy Family RC High School	90		90	
4202	King James's School	253	35	256	35
4054	Lady Lumley's School	183	30	184	30
4077	Malton School	112	80	112	80
4223	Nidderdale High School & Community College	94		94	
4503	Northallerton College	347	65	383	65
4152	Norton College★	160	120	160	120
4076	Richmond School	250	80	252	80
4215	Ripon Grammar School	117 inc 14 boarders	30	117 inc 14 boarders	30
4203	Ripon Outwood Academy★			131	15
4004	Risedale Sports and Community College	180		182	
4217	Rossett School★	235	15	235	15
4022	Ryedale School	118		118	
4073	Scalby School	192		212	
4225	Selby High School	237		237	
4205	Settle College ¹	168	5	164	5
4216	Sherburn High School Specialist Science College	197	0	197	0
4518	Skipton Girls' High School★	112	20	112	20
4210	South Craven School★	270	42	270	42
4611	St Aidans Church of England High School★	226	100	226	100
4604	St Augustines Catholic School	96		96	
4605	St Francis Xavier School	90		90	
4609	St John Fisher Catholic High School	196	30	196	30
4047	Stokesley School ¹	222	20	218	20
4211	Tadcaster Grammar School Business and Enterprise College	262	10	262	10
4075	The Wensleydale School	88	20	88	20
4035	Thirsk School & Sixth Form College	180	10	180	10
4206	Upper Wharfedale School - A Specialist Sports College	58		58	

★	This school is now an Academy
¹	Brings proposed PAN inline with indicated admission number to enable efficient planning & organisation of class structure

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE

Consultation

17 November 2014 – 16 January 2015

Proposed changes to North Yorkshire Selection Testing Scheme

North Yorkshire County Council is consulting on proposals to change the North Yorkshire Selection Testing Scheme and discontinue the use of Selection Reviews. This consultation is part of the admission arrangements consultation for 2016/17 and will run from 17 November 2014 to 16 January 2015. We would welcome your views on the proposals.

Why are we proposing a change?

The current selection testing scheme operated by the local authority to determine eligibility for grammar school education at Ripon Grammar School and Ermysted's Grammar School has been used for 14 years. As part of the Council's 2020 change programme we have undertaken a review of the current selection testing process. The cost of administering an overly bureaucratic system of testing is no longer sustainable in the light of very significant cuts in public expenditure.

What changes are proposed?

Currently children sit an unmarked familiarisation test followed by two sets of actual tests each comprising one verbal reasoning (VR) and one non-verbal reasoning (NVR) paper. Each child's best VR and NVR score are added together to produce a final score.

It is proposed that we move to a system of one day of testing (this will be a Saturday in September). The selection test will comprise one VR and one NVR paper. There will no formal familiarisation test but in order to ensure that all children have the opportunity to familiarise themselves with the type of questions that will be used we will provide sample test booklets. All children will sit the test on the same day in a central venue. This would create a level playing field for all children. In the interest of cost and efficiency it is proposed that the central venue for each area is the local grammar school. The local authority will continue to administer the testing process.

It is proposed that the practice of selection reviews be discontinued. Currently, following the issue of selection test results, parents of children who did not reach the cut-off mark are given the opportunity to submit a selection review, this provides an opportunity for parents to explain why, on the date of the tests their child did not perform as well as they would have expected. This review is non- statutory, all parents also have the right to a statutory admission appeal. The majority of selection reviews are not upheld.

When would any change become effective?

These proposals form part of the normal admission arrangements consultation which takes place annually. In line with statutory requirements any approved changes would become effective for school admissions for September 2016.

What happens next?

We would welcome your responses by the closing date of 16 January 2015. Responses can be made on-line at <http://www.northyorks.gov.uk/cypsconsultations> or by requesting a form from Nicola Howells on 01609 532258.

Consultation responses will then be considered by Executive Members with a final decision taken by the County Council in February 2015 as part of the normal annual admission arrangements process.



North

Yorkshire County Council

DRAFT Equality Impact Assessment (EIA): evidencing paying due regard to protected characteristics

Proposed changes to North Yorkshire Selection Testing Scheme

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو براۓ مہربانی ہم سے پوچھئے۔



Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	CYPS
Lead Officer and contact details	Chris McMackin

	chris.mcmackin@northyorks.gov.uk tel:01609 532644
Names and roles of other people involved in carrying out the EIA	Andrew Terry, Assistant Director, Access & Inclusion
How will you pay due regard? e.g. working group, individual officer	Report to CYPLT for comments 16 October 2014, report to Executive Members 3 November 2014
When did the due regard process start?	September 2013
Sign off by Assistant Director (or equivalent) and date	Consultation Draft signed off by Andrew Terry 12 November 2014

Section 1. Please describe briefly what this EIA is about. (E.g. are you starting a new service, changing how you do something, stopping doing something?)
We are proposing two changes to the North Yorkshire Selection Test Scheme. The first is a change in the way that tests are undertaken, the second is the discontinuance of selection reviews which are currently available to parents whose child did not reach the required cut-off mark in the tests.

Section 2. Why is this being proposed? (e.g. to save money, meet increased demand, do things in a better way.)
This proposal forms part of the NY 2020 programme of projects identified to make budget savings and it will enable us to do things in a better way. The use of a central venue for each area together with a single day of testing and the discontinuance of selection reviews will be more cost effective to administer and will enable us to redirect officer capacity.

Section 3. What will change? What will be different for customers and/or staff?
It is proposed that Selection Tests will be held on a Saturday in mid-September. The tests will be held at the grammar schools in Ripon and Skipton. All children [in and out of catchment area], will be tested at the appropriate central venue. Currently, in area children, attending an in area school, sit the tests at their own school. All out of area children and in area children attending an out of area school, sit the tests at the appropriate central venue. In Skipton this is Ermysted's Grammar School, in Ripon, it is the Ripon Leisure Centre.
Currently children sit three sets of tests, the first is a familiarisation test which is not marked. The second and third tests consist of one verbal reasoning [VR] test and one non-verbal reasoning [NVR] test. Each child's best VR and NVR test scores are added together to give a final score.

It is proposed that familiarisation test material is made available to all children who will sit the tests and that each child will sit only one VR and one NVR test, the scores of each will be added together to produce a final score.
 Reasonable adjustments will continue to be made for any children as appropriate and a separate testing date will be set at each venue for absentees and children for whom reasonable adjustments are required.

Section 4. What impact will this proposal have on council resources (budgets)?

Cost neutral? No
Increased cost? No
Reduced cost? Yes

Please explain briefly why this will be the result.

We currently pay for three sets of tests, three days venue hire and three days of invigilator's costs including travel. The total budget for which is £181k.

Section 5. Will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? State any evidence you have for your thinking.
Age	X			Proposals apply equally to all children within the age range for sitting the tests.
Disability			X	It is possible that for any child who has issues with change to routine or new environments, a move to testing at a central venue could have an adverse impact. However, we have systems in place for parents and schools to identify children who have specific needs which require some form of

				additional support and where appropriate arrangements are made for children to sit tests individually or in a smaller group.
Sex (Gender)	X			Proposals apply equally to all children within the age range for sitting the tests irrespective of these protected characteristics.
Race	X			As above
Gender reassignment	X			As above
Sexual orientation	X			As above
Religion or belief	X			Proposals apply equally to all children. If, as a result of religion or belief alternative arrangements had to be made, individual cases would be considered.
Pregnancy or maternity	X			Proposals focus on children
Marriage or civil partnership	X			As above
Section 6. Would this proposal affect people for the following reasons?	No impact	Make things better	Make things worse	Why will it have this effect? Give any evidence you have.
Live in a rural area			X	The proposal to test on a Saturday at a central venue could impact upon in area children attending an in area school and living in a rural area if transport is not available or is limited. The Council will consider any applications for support from such families for transport on a case by case basis.
Have a low			X	The Council will consider any

income				applications for support on this basis.
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Section 7. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men?) State where this is likely to happen and explain what you think the effect will be and why giving any evidence you have.

It is possible that in a limited number of cases a child or parent with a combination of protected characteristics, for example, child/parent with a disability, who lives in a rural area and the family have a low income, could be affected more than others by the proposals. As set out above, we will have provision in place to mitigate the effects including a multi-disciplinary panel that assess evidence provided by parents and schools to determine the reasonable adjustments required to meet our duty under the Equality Act 2010.

Section 8. Only complete this section if the proposal will make things worse for some people. Remember that we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us.

Can we change our proposal to reduce or remove these adverse impacts?

A change in proposals would not enable us to achieve the required level of saving and efficiencies. Where appropriate reasonable adjustments will be made in compliance with our duty under the Equality Act 2010. Where parents of in area children can demonstrate that there is no public transport available, and that they are unable to transport their child to the central venue, the Council will make provision for transport to and from the venue for in area children who live more than two miles from the testing venue.

Can we achieve our aim in another way which will not make things worse for people? No

If we need to achieve our aim and can't remove or reduce the adverse impacts get advice from legal services. Summarise the advice here. Make sure the advice is passed on to decision makers if the proposal proceeds.

Advice will be sought from legal services following the consultation when consultation responses can be incorporated into the information provided to legal services and inform members prior to their determination of the proposal.

Section 9. If the proposal is implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

We intend to undertake a post implementation review to identify how well the changes have worked and any requirements for change. The selection scheme is part of the Council's admission arrangements and is reviewed annually. If, consultation feedback identifies specific issues these, together with the advice from legal services will be reported to Members for their consideration before the changes are determined.

Section 10. List any actions you need to take which have been identified in this EIA

Action	Lead	By when	Progress
Discussion with the headteachers of Ermysted's Grammar School and Ripon Grammar School in advance of formal launch of proposals	CM	early November 2014	Complete
Admission arrangements consultation, including the above proposals will be launched. Consultation closes	CM	17 November 2014 16 January 2015	
Consultation responses incorporated as background information for legal services when their advice re adverse impacts is sought	CM	January 2015	
Report on consultation responses to Executive	CM	3 February 2015	
Determination of admission arrangements by County Council	CM	18 February 2015	
Changes implemented	CM	For September 2015 testing for entry in September 2016	

Post implementation review	CM	Early Summer 2016	
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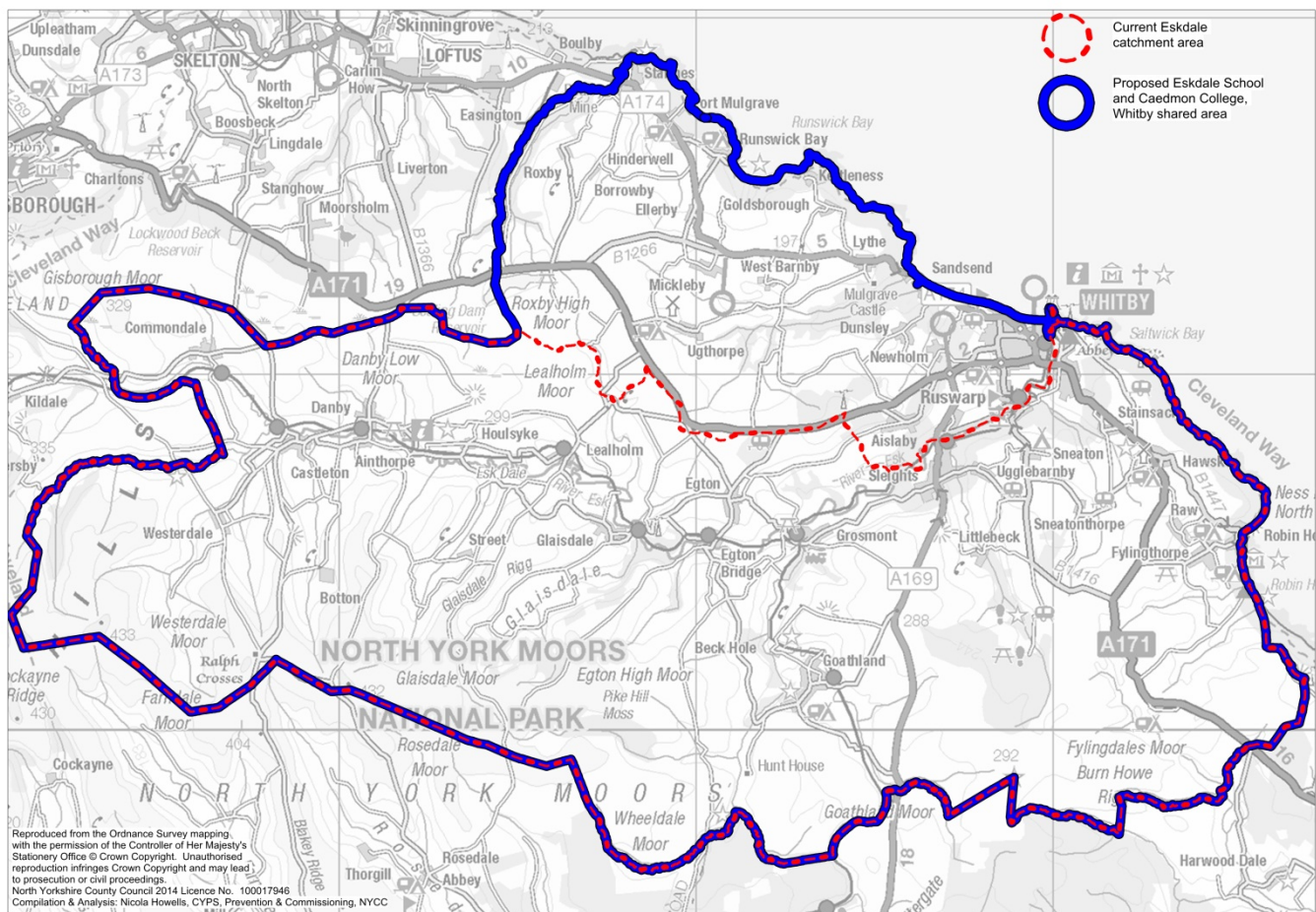
**NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE
Consultation
17 November 2014 – 16 January 2015
Proposed changes to catchment area
Eskdale School**

North Yorkshire County Council is consulting on a proposal to change the catchment areas for Eskdale school. This consultation is part of the admission arrangements consultation for 2016/17 and will run from 17 November 2014 to 17 January 2015. We would welcome your views on the proposal.

Why are we proposing a change?

Historically, Eskdale School and Caedmon School each had discrete normal areas. These areas were combined to give the normal area for Whitby Community College.

Caedmon College Whitby, which was created by the amalgamation of Caedmon School and Whitby Community College, has the normal area previously assigned to Whitby Community College. In the interests of equity for children and families, it is proposed that the normal area for Eskdale School be enlarged to be the same normal area as Caedmon College Whitby. A map showing the current and proposed catchment area is shown below.



When would any change become effective?

This review is part of the normal admission arrangements consultation which takes place annually. In line with the statutory requirements any approved changes would become effective for school admissions in September 2016.

What happens next?

We would welcome your responses by the closing date of 16 January 2015.

Responses can be made on-line at <http://www.northyorks.gov.uk/cypsconsultations> or by requesting a form from Nicola Howells on 01609 532258.

Consultation responses will then be considered by Executive Members with a final decision taken by the County Council in February 2015 as part of the normal annual admission arrangements process.

NORTH YORKSHIRE COUNTY COUNCIL
CHILDREN AND YOUNG PEOPLE'S SERVICE

Consultation
17 November 2014 – 16 January 2015

Proposed discontinuance of school clothing allowances

We are taking views, as part of the wider consultation on school admission arrangements, on a proposal to discontinue school clothing allowances. We would welcome your views on the proposal.

Why are we proposing a change?

As part of the Council's 2020 change programme all budgets are subject to review, the purpose of which is to identify efficiencies and reduce costs.

Currently, an allowance of £70 is awarded to parents of pupils who are transferring from primary to a maintained secondary school (Yr 7) or from middle to high school (Yr 10) and who are in receipt of specific state benefits.

There is no duty on the council to provide financial support towards the purchase of schools uniforms and it is proposed that school clothing grants be discontinued with effect from September 2015.

Many schools now offer second hand uniforms free of charge and a wide range of supermarkets offer inexpensive school uniform clothing. Vulnerable parents/carers, in critical need of support, can submit a request via a children's centres for funding from the North Yorkshire Local Assistance Fund (NYLAF).

The school admission code states that admission authorities should ensure that policies relating to school uniform do not discourage parents from applying for a place for their child. If clothing allowances are discontinued following this consultation, all schools will be reminded of their responsibilities to ensure equity of access to school places. Schools will be asked to review their own school uniform policy to ensure that parents are not discouraged, because of high costs of uniform, from applying for a place for their child.

When would any change become effective?

It is proposed that if this change is agreed it will take effect from September 2015.

What happens next?

We would welcome your responses by the closing date of 16 January 2015. Responses can be made on-line at <http://www.northyorks.gov.uk/cypsconsultations> or by requesting a form from Nicola Howells on 01609 532258.

Consultation responses will then be considered by Executive Members with a final decision taken by the County Council in February 2015 as part of the normal annual admission arrangements process.



North

Yorkshire County Council

Equality Impact Assessment (EIA): evidencing paying due regard to protected characteristics

Proposed discontinuance of School Clothing Allowances

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.

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如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو براۓ مہربانی ہم سے پوچھئے۔



Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area

CYPS

Lead Officer and contact details	Chris McMackin email:Chris.McMackin@northyorks.gov.uk tel:01609 532644
Names and roles of other people involved in carrying out the EIA	Andrew Terry, Assistant Director Access & Inclusion
How will you pay due regard? e.g. working group, individual officer	Report to CYPLT for comments 16 October 2014, report to Executive Members 3 November 2014
When did the due regard process start?	September 2013
Sign off by Assistant Director (or equivalent) and date	Consultation draft signed off by Andrew Terry, Assistant Director, Access & Inclusion 18 November 2014.

Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)
We are proposing to discontinue the payment of school clothing allowances.

Section 2. Why is this being proposed? (e.g. to save money, meet increased demand, do things in a better way.) This proposal is part of the 2020 NY programme of projects identified to achieve budget savings.

Section 3. What will change? What will be different for customers and/or staff? Parents/carers will no longer be able to apply to this service for assistance with the cost of purchasing school uniform. Currently, an allowance of £70 is awarded to parents of pupils who are transferring from primary to a maintained secondary school (Yr 7) or from middle to high school (Yr 10) and who are in receipt of specific state benefits. In 2013/14 633 families were awarded an allowance. The figures for the previous two years were as follows:

2011/2012	614
2012/2013	665

If the proposal is agreed, the staffing to deal with these applications will no longer be required. In the short term it is possible that they will still deal with enquiries about school clothing allowances. The workload of the Business Support team who deal with this will be reviewed.

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Section 4. What impact will this proposal have on council resources (budgets)?

Cost neutral? N

Increased cost? N

Reduced cost? Y

Please explain briefly why this will be the result.

If, following consultation, a decision is made to discontinue the allowance the potential saving to the Council is £53,780.

Section 5. Will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? State any evidence you have for your thinking.
Age			Yes	Proposals apply to children in the age range for pupils transferring from primary to a maintained secondary school (Yr 7) or from middle to high school (Yr 10) and whose parents/carers are in receipt of specific state benefits.
Disability	No			
Sex (Gender)	No			
Race	No			
Gender reassignment	No			
Sexual	No			

orientation				
Religion or belief	No			
Pregnancy or maternity	No			
Marriage or civil partnership	No			
Section 6. Would this proposal affect people for the following reasons?	No impact	Make things better	Make things worse	Why will it have this effect? Give any evidence you have.
Live in a rural area	No			
Have a low income			Yes	Because, if agreed the proposal will remove the allowance currently available to low income families in receipt of the specified benefits.

Section 7. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men?) State where this is likely to happen and explain what you think the effect will be and why giving any evidence you have.

No – it will equally affect children within the age range set out above whose parents are in receipt of specified benefits.

Section 8. Only complete this section if the proposal will make things worse for some people. Remember that we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us.

Can we change our proposal to reduce or remove these adverse impacts?

In order to make the required level of savings it is not possible to reduce or remove these adverse impacts.

Can we achieve our aim in another way which will not make things worse for

people?

Many schools now offer second hand uniforms free of charge and a wide range of supermarkets offer inexpensive school uniform clothing. The school admission code states that admission authorities should ensure that policies around school uniform do not discourage parents from applying for a place for their child. It is intended that if clothing allowances are discontinued to mitigate the scale of the impact all schools will be reminded of their responsibilities in ensuring equity of access to school places.

If we need to achieve our aim and can't remove or reduce the adverse impacts get advice from legal services. Summarise the advice here. Make sure the advice is passed on to decision makers if the proposal proceeds.

Section 9. If the proposal is implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

We will monitor requests for support from parents and, if necessary go back to schools to request that they review their options to offer assistance to low income families.

Section 10. List any actions you need to take which have been identified in this EIA

Action	Lead	By when	Progress
Seek advice from legal services	CM	January 2015	
Admission arrangements consultation, including the above proposals will be launched. Consultation closes	CM	16 January 2015	17 November 2014
Consultation responses incorporated as background information for legal services when their advice re adverse impacts is sought	CM	January 2015	
Report on consultation responses to Executive	CM	3 February 2015	

Determination of admission arrangements by County Council	CM	18 February 2015	
Changes implemented	CM	September 2015 for September 2016 entry	
Post implementation review	CM	Summer 2015	

			Other Interested Party	Member of School Staff inc Govs	Not known	Parent	School Appeal Panel Member	Selection Test Invigilator	Total
Q1.	Do you agree or disagree with the proposed admission policy for community and voluntary controlled schools?	I Agree	3	4	8	48	2	1	66
		I Don't Agree	2	1	2	41			46
		No response		3	3	11			17
		Total	5	8	13	100	2	1	129
Q3.	Do you agree or disagree with the proposed nursery admission policy for community and voluntary controlled schools?	I Agree	4	2	8	60	1		75
		I Don't Agree	1	0	1	12			14
		No response		6	4	28	1	1	40
		Total	5	8	13	100	2	1	129
Q5.	Do you agree or disagree with the proposed North Yorkshire co-ordinated admission scheme?	I Agree	3	3	7	60	1		74
		I Don't Agree	2		2	13			17
		No response		5	4	27	1	1	38
		Total	5	8	13	100	2	1	129
Q7a.	Do you agree with the proposed changes to the North Yorkshire selection testing scheme?	I Agree	3	1	5	27	2	1	39
		I Don't Agree	2	1	3	62			68
		No response		6	5	11			22
		Total	5	8	13	100	2	1	129
Q7b.	Do you agree with the proposal to discontinue the practice of selection review?	I Agree	2	1	6	34	2		45
		I Don't Agree	3	1	2	55		1	62
		No response		6	5	11			22
		Total	5	8	13	100	2	1	129
Q7c.	Do you agree with the proposed change to the catchment area of Eskdale School?	I Agree	3	3	11	53	1		71
		I Don't Agree	1	1	1	10			13
		No response	1	4	1	37	1	1	45
		Total	5	8	13	100	2	1	129
Q7d.	Do you agree with the proposal to discontinue school clothing grants with effect from September 2015?	I Agree	3	1	5	34	1		44
		I Don't Agree	1	2	4	29			36
		No response	1	5	4	37	1	1	49
		Total	5	8	13	100	2	1	129

<p>Summary of Comments submitted under the heading of 'any other comments' Officer responses are in <i>italics</i>, where respondent's comments are a statement of a personal view an officer response has not been made.</p>	
Common Topics (number of comments)	Areas of Concern
Uniform (2)	cost
Catchment (4)	numbers of out of area pupils
Tutoring (7)	social bias impact of changing test content
Saturday testing (8)	social bias, stress, out of area pupils benefit
Test location (14)	stress, social bias, some queries <i>(Also positive comments about equity)</i>
Familiarisation (22)	differences between schools, limited cost savings, parental input inequity, booklets confidence/stress <i>(Also some positive comments)</i>
Single test day (32)	stress, exceptional circumstances, confidence bias, impact on performance, test validity <i>(also some positive comments)</i>
Appeals and reviews (13)	exceptional circumstances link to one day testing proposal other <i>(also positive comments)</i>
Test content (3)	Subjects tested
Test date (3)	Suggestion for late September
Access to the consultation (4)	
Other assorted comments (15)	
Eskdale and Caedmon (8)	Generally positive comments. Concerns about funding and catchment
Uniform	<p><u>Cost</u></p> <ul style="list-style-type: none"> I have twins due to start high school in a few years, and without the clothing voucher I would find it impossible to send them to the school of my choice, and their faith, but would have to opt for the local academy-as their uniform is free-which would be extremely detrimental to their education in my opinion! The proposal to discontinue school clothing allowance penalises children of lower income families who wish to attend a school with a rigorous uniform policy. many schools require ALL uniform items to carry a specific logo meaning cheaper generic uniform items cannot be used. this may adversely affect the choice of school a parent makes for their child <i>The Council does not have a duty to provide financial support towards the purchase of school uniforms. Should the proposal to discontinue school</i>

	<p><i>clothing allowances be agreed all schools will be reminded of their responsibilities to ensure equity of access to school places. The Council would ask all schools to review their own school uniform policy to ensure parents are not discouraged because of high costs of uniform, from applying for a place for their child.</i></p>
Eskdale School / Caedmon College	<p><u>Positive comments</u></p> <ul style="list-style-type: none"> • Fully support needed to Eskdale school • Eskdale change in catchment is fair - it gives parents choice • Eskdale School should have a fair chance against Caedmon College not only to enjoy the same catchment but also the increased age range. This would give parents, like me maximum choice in town. • It is the interest of fairness that the catchment area for Eskdale School be enlarged. • I think that the changes should go ahead to provide equity for all pupils in the Whitby area. I assume that all pupils will receive a travel pass to either school if they live the required distance away. • We hope that this will happen along with the change to the Pupil Admissions Number as requested in our business case. <p><u>Funding</u></p> <ul style="list-style-type: none"> • Existing pupil numbers at this school could easily be absorbed by Caedmon College Whitby. Existing proposals could increase the intake at Eskdale and decrease the intake at Caedmon College resulting in greater funding for one school at the expense of the other. This may well strengthen Eskdale's request for a change of age range which again may possibly result in lower numbers attending Caedmon College. • The Caedmon College is well resourced at the moment but would need funding to provide real subject choice across KS4 & 5 whilst current provision at Eskdale is adequate and would be costly if a change of age were implemented. <p><u>Catchment</u></p> <ul style="list-style-type: none"> • I could be moving out of Eskdale's traditional catchment area and I would want my children to still be able to attend Eskdale school
Comments from schools	<ul style="list-style-type: none"> • Selby Abbey Primary School has returned its comments on the PAN for 2016/2017 and wish it to remain at 51. We are happy for the local authority to act on our behalf in respect of admissions and in year admissions for Voluntary Controlled Schools.
Catchment	<p><u>Number of out of area pupils</u></p> <ul style="list-style-type: none"> • It is only fair and right that places are allocated to children actually living IN area and not to those out of area using the grammar as a cheap alternative for public school. • <i>Officer comments - The law does not allow any admission authority to discriminate against children on the grounds that they do not live within catchment of a particular school. Other than looked after and previously looked after children who must be given top priority within admission criteria, out of catchment children are only allocated after all in area children who reached the cut-off mark.</i> • It is UNFAIR that the "pass" mark is pushed up by students from outside the area when the whole point of it being RIPON grammar school is to provide an education for students in the Ripon area. • <i>Officer comments - The cut off mark is not affected by the performance of out of</i>

	<p><i>catchment pupils. The cut off mark in Ripon is set by the performance of the top scoring 28% of the in area Ripon cohort of pupils. The law does not allow any admission authority to discriminate against children on the grounds that they do not live within catchment of a particular school, if there are not enough in area children [who have reached the cut-off mark] to fill the available places these places must be offered to out of catchment children who have reached the cut-off mark set by the Ripon cohort. If the number of applicants reaching the cut-off mark, whether in or out of catchment was insufficient to fill all of the available places, these places would not be filled.</i></p> <ul style="list-style-type: none"> • How many of the students at Ripon Grammar school are actually from Ripon and being given an opportunity at bettering themselves, and how many are actually middle class kids who have had years of tutoring? The whole system is unfair as the playing field will not be level even if your proposed changes are implemented! • <i>Officer comments - 63% of pupils on roll at Ripon Grammar School live within the Ripon catchment area. As noted above, if there are places available and, in the case of a selective school, children have reached the required standard for entry, a school cannot lawfully limit its intake to in catchment children only. The authority does not encourage tutoring but it cannot prevent it.</i> • I do feel that you are missing the main issue with Grammar school selection in Ripon. The main issue is catchment area not where the test is sat. Are you aware that families are temporarily moving into the catchment to ensure a place for their child and then moving back to the family home(out of catchment) once a place is secured? • <i>Officer comments - The authority has a duty to ensure the allocation of places is carried out in a fair and equitable manner. Where the authority has reason to suspect that information provided in support of an application may be fraudulent or misleading, a range of checks may be undertaken on behalf of the authority. This could include a visit to the address in question. Short term tenancies, entered into with the prime objective of securing a place at a particular school will not qualify as places of ordinary residence. The authority will consider withdrawing the offer of a place at a community or voluntary controlled school if an address used to support an application is subsequently found to be fraudulent or misleading.</i>
Tutoring	<p><u>Bias</u></p> <ul style="list-style-type: none"> • Selection processes are supposed to be based on ability and potential and not social class. At the moment families who can afford to pay for tutoring put their children at an unfair advantage. • Removing the familiarisation test places children who are not being tutored at a disadvantage - they are unlikely to have encountered any 'exam conditions' tests prior to their test day • <i>Officer comments - All children will have access to practice material prior to sitting the selection tests.</i> • More places will go to middle class families from outside the catchment area who have paid for tutoring. • This will further advantage children who have had access to preparation and tutoring over more disadvantaged children.

	<p><u>Test content</u></p> <ul style="list-style-type: none"> • One off tests can be coached for- why is there no consideration of adding an element of teacher assessment to level the playing field for ALL families? • <i>Officer comments - These tests are designed to identify innate ability, to be fair to all pupils regardless of gender or ethnicity and remove elements of subjectivity from the selective process.</i> • Parents tutor their children either way so the use of VR and NVR is superfluous and nearly selects for OK ability with high parental income. • This is a STATE school selection process and should be treated as part of the child's education process, not turned into something that more parents feel the pressure to tutor and prepare their children for. This process would further lead to a more highly competitive approach among the wealthier families in the area and rule out the bright but not privileged children.
Saturday testing	<p><u>Bias</u></p> <ul style="list-style-type: none"> • Moving to a Saturday testing session reinforces this (social class advantage). Children in catchment with ability but unmotivated parents will not attend testing. • <i>Officer comments - As part of the preparation for the proposal we undertook an Equality Impact Assessment (Appendix 6) which identified areas of potential disadvantage together with proposals to mitigate this.</i> • Children in catchment from unsupportive home environments may not attend a Saturday test due to parental indifference whereas testing in primary schools removes this obstacle. • <i>As above</i> • I think that by centralising the venue and changing the test day to a Saturday may lead to a lower number of in catchment pupils taking the test as some parents may not encourage or support their children in taking the test on a Saturday at the Grammar school. • <i>As above</i> • I believe that children from more deprived areas are less likely to take the exam, especially in the Ripon catchment area, as previously they would all take it unless they actively opt out. Making all children take the exam on a Saturday will mean only the motivated and those with the means to opt in will attend. • <i>Officer comments - All Ripon children and Skipton boys attending an in area school will continue to be entered for the test unless parents request that they opt out.</i> • Children from small, rural schools will be disadvantaged and intimidated and the simple act of doing this on a Saturday, takes any normality out of the system. <p><u>Stress</u></p> <ul style="list-style-type: none"> • The girls in Skipton who experienced something similar to this proposal should be asked for feedback about the traumatic Saturday morning on which hundreds of them piled into a school and sat tests back to back with no familiarisation. There must be a more sympathetic approach which can save money. • <i>Officer comments - We are not aware of any objections to the testing process</i>

	<p><i>undertaken at SGHS.</i></p> <ul style="list-style-type: none"> • I feel making 10 year olds sit a test on a Saturday in a completely unfamiliar environment in amongst ALL the children in the area is completely unfair. <p><u>Out of catchment pupils</u></p> <ul style="list-style-type: none"> • Ripon Grammar states it's a school for Ripon children but this change may actually disadvantage many. In catchment pupils should have the opportunity to take the test on a weekday in their own school. • <i>Officer comments - This comment is speculation on the part of the respondent. Out of area pupils have for many years successfully undertaken the tests in a central venue , the proposal promotes a level playing field for all children. Officer responses above address the issue of Ripon Grammar School.</i>
Test location	<p><u>Stress</u></p> <ul style="list-style-type: none"> • I think the single admissions test in an unfamiliar building puts far too much pressure on young children. The new system will do this (identify potential) less effectively as some children' performance will be affected by the formality, unfamiliarity and pressure of the situation. • I feel making 10 year olds sit a test on a Saturday in a completely unfamiliar environment in amongst ALL the children in the area is completely unfair. • The huge numbers of ten year olds in one hall will be very intimidating. • Testing all the children in just one venue puts children from rural schools or quieter, shyer children at a disadvantage. • <i>Officer comments - The majority of testing for grammar schools is undertaken on a Saturday and in the unfamiliar surroundings of the school in question. We have no evidence to demonstrate that this is detrimental to the children involved. Out of area pupils have, for many years, successfully undertaken the tests in a central venue, the proposal promotes a level playing field for all children.</i> <p><u>Equity</u></p> <ul style="list-style-type: none"> • I think the idea of all children sitting the test at the local grammar school is a good idea because it creates a level playing field for all children - both in and out of catchment area. • I do agree that it would be better for all children to take the tests on one day and in one location, rather than have some of them disrupt the start of the school year in primary schools. • As a parent of a child who had to sit the 11+at the leisure centre due to attending a primary school out of area even though we live in area. I think the new proposed system makes things much fairer for the children. • I have no issue with centralising these tests into one location. • I agree with holding the tests in a central location <p><u>Bias</u></p> <ul style="list-style-type: none"> • I think that by centralising the venue and changing the test day to a Saturday may lead to a lower number of in catchment pupils taking the test as some parents may not encourage or support their children in taking the test on a Saturday at the Grammar school. • Some schools will be able to emulate test conditions by moving desks into the school hall, where small schools without a school hall won't be able to do this • In catchment pupils should have the opportunity to take the test on a weekday

	<p>in their own school.</p> <p><u>Queries</u></p> <ul style="list-style-type: none"> • Whilst understanding need to save costs, why it is not possible for selection tests to be carried out within area primary schools, where children are comfortable, and be administered by teaching staff of the school in the same way as teachers will administer SATS tests. <p><u>General</u></p> <ul style="list-style-type: none"> • The combination of only a single test day, in unfamiliar surroundings and with no appeal is grossly unfair.
Familiarisation	<p><u>Differences between schools</u></p> <ul style="list-style-type: none"> • Whilst I know some of the local private schools (e.g. Ghyll Royd) practice exam technique in an exam environment to gear their pupils up for the Ermysted's exam that isn't the case at the non-catchment area state primary schools (e.g. Burley Oaks). • I strongly object to the proposed changes as they will certainly put my child, and all children who attend small schools, at a disadvantage compared to the children who attend larger schools and are therefore used to that type of environment. <p><u>Limited Cost Saving</u></p> <ul style="list-style-type: none"> • Bearing in mind the practice test does not even get marked I cannot imagine that the cost saving is of any significance at all in the grand scheme of things and yet the benefit to the kids is immeasurable. <p><u>Parental Input</u></p> <ul style="list-style-type: none"> • The proposal would remove this safeguard meaning if they are unprepared, with no familiarisation test, tested on one day only then they are far more likely to do poorly. Children from unsupportive home environments will be unlikely to access the proposed familiarisation booklet and be disadvantaged. • The familiarisation paper is crucial for children who may not have the same level of parental support as others making the proposed change even more unfair. • (the test is) not something we can prepare her for or give her any idea of what it will be like on the day. <p><u>Agreement/Support</u></p> <ul style="list-style-type: none"> • I am a parent whose child sat for the selection tests this year. I thought the tests over three days were absolutely unnecessary. Also, I always thought the selection reviews were unfair to the children who had already achieved the pass mark. Therefore I agree with the proposed admission arrangements, it will be a straight forward fair process for everyone. • In relation to changes to the selection testing scheme I think that it is right to discontinue the familiarisation test, however I think pupils should continue to sit two sets of the test. • I don't feel familiarisation tests are vital • With regard to selection for RGS and Ermysted's I accept that the familiarisation test day should be dropped <p><u>Booklets</u></p> <ul style="list-style-type: none"> • I'm ok with scrapping the familiarisation day (as long as you replace it with a

	<p>booklet)</p> <ul style="list-style-type: none"> • It is unfair on the children not to have a familiarisation test to prepare them for the exam conditions and what to expect on the papers. It is not enough to give them a booklet as many parents may not do this with the children and it's not timed or in exam conditions. • Merely making sample questions available will not assist such children and is likely to result in a greater use of tutors by those that can afford, and prejudice to those that cannot. <p><u>Other</u></p> <ul style="list-style-type: none"> • I suggest that the familiarisation is retained, the 3rd day of testing is removed and that local primaries get together so fewer Invigilators are required but the familiar surroundings of a small primary are less out facing than a huge secondary school sports hall for 10 year olds. <p><u>Confidence/Stress</u></p> <ul style="list-style-type: none"> • if children are borderline it would be a shame if they missed out on a grammar education due to self confidence • The current policy at least allows a child a chance to experience a "mock" test in exam conditions, making the actual exams a little less daunting & frightening. • Proposals to use a central venue and cut the familiarisation test would cut costs but also increase stress on children, reducing the accuracy of the test's results. • I feel that one test at the secondary school would favour tutored children and the selection process should be equal for all, tutored children will be familiar with the type of question and one test on a Saturday morning would favour them by a huge extent • Children perform much more successfully in familiar surroundings therefore unfamiliar settings will add more stress and pressure onto them than there would be if they were at their own schools when sitting the tests. • Removing the familiarisation stage of the entrance exams will disadvantage those children who have not been given the opportunity to review and practice in a controlled (and somewhat intimidating environment) the entrance exams. <p><u>Link to 2 day testing</u></p> <ul style="list-style-type: none"> • Either lose the familiarisation test OR the second test sitting but not both. • it helps to have 3 tests as it cannot then be argued that the child had an off day I think the tests are not familiar to the children and so a trial run through helps familiarise the child to the type of question.
Single test day	<p><u>Agreement/Support</u></p> <ul style="list-style-type: none"> • This will be: a) more cost effective; b) logistically simpler for out-of-catchment attendees to attend 1 event. • I do agree that it would be better for all children to take the tests on one day and in one location, rather than have some of them disrupt the start of the school year in primary schools. • I am a parent whose child sat for the selection tests this year. I thought the tests over three days were absolutely unnecessary. Also, I always thought the selection reviews were unfair to the children who had already achieved the pass mark. Therefore I agree with the proposed admission arrangements, it will be a straight forward fair process for everyone. • I agree with the proposals to have just one NVR and one VR test on one day. This, after all, is the system used by most schools who operate their own selection tests • I accept that both (familiarisation tests and reviews) of these may need to be

removed to save money. But if so, it becomes vital to keep the two testing days.

Stress

- I think the single admissions test in an unfamiliar building puts far too much pressure on young children.
- Having only one chance to show your capability for a 10 year old is too much pressure
- Doing both VR & NVR on one day is too much stress and worry for the children and some may not be able to concentrate for such long periods, which again is unfair
- *Officer comments - Children have always sat both a VR and NVR paper on each day of testing. Neither the type of questions used nor the time allowed for each set of tests would change.*
- Also I believe that a single attempt at a test at the age of 10 puts undue pressure on children compared with taking the test knowing that they are able to have a 'second attempt', especially if there is no familiarisation test.
- Just one day of testing puts more pressure on a child to perform.
- The Single Test system would be entirely unfair as some children will cope well with it and others less so and it is not necessarily the most able that will cope with the stresses the best.
- Children coming from small schools with small classes would suffer extra stress having to sit the exam in a large school with a large amount of children

Exceptional Circumstances

- Children can easily have a bad day/illness, or make a mistake that puts them off for the rest of paper; therefore sitting the test twice mitigates against this, and by continuing with two sets of the test it helps to justify the proposal to discontinue selection reviews.
- *Officer comments - The authority advises all parents that if their child is ill on the day of testing they should defer the tests and they are offered an alternative date for testing.*
- The current system whereby the best result from 2 papers at least allows children to have a second chance if they feel unwell on one day.
- Testing on only one day places even more pressure on the children - the current system of two day testing means they can have an 'off-day' and a 'better day' and have a poor test mark discarded.
- If the process is changed to just 1 exam all children will be penalised by any disruption within the hall, their nerves or invigilator errors which I know by experience happened in last years' tests.
- *Officer comments - No child is penalised for any disruption at the testing venue. Invigilators work hard to settle children in and put them at ease. There was an invigilator error at one school during testing in 2014. This happened during the familiarisation test which is not marked. The error related to timing, pupils were allotted a shorter amount of time for one of the papers. Prior to the start of the first set of actual tests children were given time to complete their familiarisation test within the set time.*

Confidence Bias

- The proposed changes to the North Yorkshire Selection Testing scheme would benefit more confident pupils and adversely affect the performance and

chances of less confident pupils. It is worth noting that it is most often the pupils from affluent experience-rich environments that are more confident in less familiar and challenging environments. The proposed changes would therefore be testing a pupil's confidence and not their intelligence.

- A one off exam, for grammar school admission, is unfair to pupils from a lower demographic or perhaps for those with a nervous disposition towards exams. 2 exams would be fairer than reducing from 3 to 1.

Impact on performance

- Our son has little experience of formal testing, so having just 1 test would not accurately reflect his full ability.
- I think children should still have the opportunity to do two of each paper and then to have the two best scores added together, anyone can have an 'off day'.
- It helps to have 3 tests as it cannot then be argued that the child had an off day I think the tests are not familiar to the children and so a trial run through helps familiarise the child to the type of question. I feel that one test at the secondary school would favour tutored children and the selection process should be equal for all, tutored children will be familiar with the type of question and one test on a Saturday morning would favour them by a huge extent
- Having two test days is essential to making sure the test is fair. Children find the pressure of the test very difficult as it is, and can easily underperform owing to stress and the unfamiliarity of taking a time-controlled public exam.
- I have only commented on Appendix 6, proposed changes to the testing scheme. The current arrangement to allow the children to take a practice test followed by two further tests I feel allows the children who are nervous and unsure of the testing procedure. Taking the tests twice can only help the schools to secure the most able children, not the children from privileged backgrounds who have had the benefit of a tutor
- the combination of only a single test day, in unfamiliar surroundings and with no appeal is grossly unfair. Two test days allows for a child to have an "off day" which could be for a multitude of reasons, not just illness.

Test validity

- I think children need to do 2 VR and 2 NVR papers and the best of each should be combined to give a total score.
- How can you possibly judge a child's true capabilities without at least 2 separate exam sittings to compare & risk the outcome of their future?
- *Officer comments - The proposed method of testing over one day is tried and tested by many selective grammar schools across the country. The test is designed to identify innate ability.*
- By testing children several times in their own schools pupils are more relaxed and the test will identify the most able pupils.
- I strongly oppose your proposal to hold only one day of testing and dropping the selection review. Proposing one day of testing and dropping the selection review is an extremely poorly conceived idea considering the potential impact on a child's future.
- Children who are not performing their best one day at least currently have an opportunity to show their capabilities with a 2nd test.
- Giving one chance to sit the test seems grossly unfair, there should be at least two sittings. Either lose the familiarisation test OR the second test sitting but not both.
- Having just a single test day undermines the selection process's fairness and accuracy. These tests are demanding and stressful for 10-11 year olds.

	<p>Nervous children can break down and ruin a test. Children can also develop illnesses during a day and perform badly. A second test day compensates for this, improving fairness and accuracy, essential as there are no re-sits</p> <ul style="list-style-type: none"> I feel very strongly that the 2 different test days should remain and so should the appeal process but with more guidance from head teachers on academic achievement.
<p>Appeals / review</p>	<p><u>Exceptional circumstances</u></p> <ul style="list-style-type: none"> I feel strongly that the boy's grammar school selection test if it changes will become a much more stressful process with having no appeal process. What if there is a problem on the day of the test? What if the child is ill? At least the present process where the boys sit the test in school seems much more child friendly and less daunting. Has anyone considered the effect on the children? <p><u>General</u></p> <ul style="list-style-type: none"> Please do not change the review process The selection process gives parents the clear regulations of the testing procedure. Any issues with results can be presented at the admissions review. I strongly oppose your proposal to hold only one day of testing and dropping the selection review. Proposing one day of testing and dropping the selection review is an extremely poorly conceived idea considering the potential impact on a child's future. I have indicated that I do not agree that the selection review should be abandoned. I think it should be possible for parents to indicate IN ADVANCE OF their son taking the test that they have a problem. This can be taken into account or not by the authority before issuing the final results. I do agree that the system of giving parents the opportunity for review after the results have been issued should be scrapped. Proposals to use a central venue and cut the familiarisation test would cut costs but also increase stress on children, reducing the accuracy of the test's results. Removal of appeals process is undemocratic. <i>Officer comments - The appeals process will not be removed. The proposal is to discontinue the use of non- statutory selection reviews.</i> I feel very strongly that the 2 different test days should remain and so should the appeal process but with more guidance from head teachers on academic achievement. Discontinuation of the selection review will disadvantage children who have suffered genuine life events, such as a bereavement. As such, the selection review should continue but for a narrow list of specified events, such as bereavement, divorce etc. <i>Officer comments - All families retain the right to submit an admission appeal during which all surrounding and background circumstances can be raised, discussed and will be taken into account in the decision making of the independent admission appeals panel.</i> the combination of only a single test day, in unfamiliar surroundings and with no appeal is grossly unfair. The appeal process should also continue. <p><u>Link to 2 tests</u></p> <ul style="list-style-type: none"> Not being able to make a selection review is unfair with a single exam (I agree to removal if 3 exams are taken). With a single exam there should be limited reasons for selection review (e.g. a recent bereavement). If the process remains as it is now then appeals shouldn't be necessary,

	<p>however if the process is replaced by a single day appeals should be heard as one day testing isn't always a true reflection of that child's abilities if required.</p> <ul style="list-style-type: none"> • The fact that reviews will not be allowed is detrimental. Some children will be pressurised in the exam situation and potentially will get a reduced mark to what they are capable of achieving. This will be especially the case if only one exam is taken. <p><u>Agreement</u></p> <ul style="list-style-type: none"> • I agree with removing the right to appeal.
Test content	<ul style="list-style-type: none"> • Why not use SAT performance and teacher assessment to guide Ermysted's admission - would be cheaper for the state and fairer for the children. • Parents tutor their children either way so the use of VR and NVR is superfluous and nearly selects for OK ability with high parental income. • Please dispense with the Non Verbal part of the test and replace it with English and Maths Tests
Test date	<ul style="list-style-type: none"> • Please hold the boys tests later in September • It could be a bit later in September and still on a week day. • there should be a second date to sit the tests to gather up children who are unwell/ have not moved to the catchment area in the September • <i>Officer comments - There are alternative test dates for absentees and people moving into the area after the initial testing date.</i>
Access to the consultation	<ul style="list-style-type: none"> • I think that such an important consultation should have been more widely advertised. My children's schools have also not had any information relating to the consultation. I am resident in North Yorkshire but they attend schools just over the border. • <i>Officer comments - The consultation was published on the NYCC website, letters were sent, via schools in the selective areas to all Year 5 children. Schools in North Yorkshire and those schools in other local authority areas whose pupils regularly sit the tests were asked to put up a poster in school providing information about the consultation. A number of articles have also appeared in local newspapers. We undertook a Facebook campaign which reached over 49000 residents.</i> • I think that this consultation form is appallingly designed. Why should everybody that attempts to fill in the form about an issue that is important for their child be asked about many issues that they have no knowledge of or interest in in other parts of the county. Many of the statements that we are being asked to agree with are poorly worded. This will throw up many spurious answers which presumably you will then use in statistics to prove that your proposals are popular. • I feel it is unfair, as part of this consultation process, that you asked me for agree/disagree views on other issues I know nothing about, resulting in the whole consultation process being flawed. • <i>Officer comments - There is no requirement for anyone accessing the consultation to comment on all issues. Many people opted to respond only to those issues of particular interest or concern to themselves.</i> • This consultation process is flawed. I have had to comment on several questions of no relevance to the above issue. If I were a parent concerned by the boundary at Eskdale I may well have answered "I agree" to all other questions without proper consideration just to be able to comment on the boundary. I hope this point is taken into account • <i>See above</i>

Other	<p><u>Cost Implications</u></p> <ul style="list-style-type: none"> • Please see my child's education has an opportunity to Berger the world and not to tick a money saving box. • I further fail to see how administrative savings can be made by changing the arrangements for the selection tests. • <i>Officer comments - The selection testing process places a significant demand upon administrative and officer resources. Two admission and appeals officers (AAO's) spend up to two weeks each presenting selection reviews in January each year. Preparation for these reviews can take several weeks. The majority of selection reviews are not upheld. The proposal to move to a single day of testing at two central venues would reduce the amount of administrative time spent on organising the logistical arrangements for testing across all primary schools in the selective areas.</i> • If changes are focused on cost, then charge a fee to sit the test (perhaps just for out of catchment children?). I would have no issues with this. <p><u>Impact on pupils</u></p> <ul style="list-style-type: none"> • The proposal seems designed not to really test a child's ability as well as the current one by giving only one chance to demonstrate ability. • Not a single parent of a girl at Skipton girls has a positive thing to say about their selection test. It is misery for all from start to finish and has deterred less confident girls from sitting the test. <p><u>Support</u></p> <ul style="list-style-type: none"> • I can see a lot of benefits from changing the selection tests. • it is good to have an open fair experience for all children • I would therefore be in support of reducing the 3 days of tests to 2 days to be held at a central location, which I think will ensure the children have a fair chance of achieving their best marks. It will be the first time the majority of these children will have experienced testing within a formal environment and they are still very young. This hopefully meets the needs of the review and helps save money and administration time. <p><u>Queries</u></p> <ul style="list-style-type: none"> • How will the cut-off be agreed if less children sit the test? • <i>Officer comments - The cut off mark will be agreed in the same way as it is now. It is calculated on the basis of the top scoring 28% [or as close as possible] of all year 6 children who live within the Ripon catchment area, within the year 6 cohort, regardless of whether they sit the test. For Ermysted's Grammar School it is calculated on the basis of the top scoring 28% [or as close as possible] of all year 6 boys who live within the Skipton catchment area.</i> • It is important to leave spaces for the bright children who live close to school but are seen as being "out of catchment" e.g. Langthorpe, Boroughbridge, Kirby Hill, Norton Le Clay, Roecliffe are all within 8 miles and lots of children have siblings that hope to attend. they should still have this opportunity. How many spaces will be available for them to apply for and have these local children been informed of this consultation? • <i>Officer comments - Where a school is oversubscribed [that is there are more applicants than places available] all places must be allocated in accordance with the published oversubscription criteria. The oversubscription criteria for Ripon Grammar School do provide for the admission of out of catchment children if places are still available after the allocation of pupils within the higher</i>
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oversubscription priorities. We do not know how many places will be available for out of catchment applicants, this information will not be available until the date of allocation of places for September 2016 entry to school. Currently more than 30% of pupils on roll at Ripon Grammar School live outside the catchment area.

- We would like to understand in what way this proposal is an improvement for the children taking the test and believe the authority has a duty to explain this carefully which it has not done.
- *Officer comments - It is proposed that testing will take place later in September thus enabling children to have some time to settle back into school following the summer break. The proposal would limit the number of days during which children will be subject to the testing process thus limiting the levels of disruption and time away from school. The use of central testing venues would create a level playing field for all children.*
- Will there be a meeting to discuss this with parents and schools?
- *Officer comments - If the proposals for change are agreed by the County Council they will be implemented for testing in September 2015. Selection evenings are held at the grammar schools during the summer term when officers explain the selection testing process and respond to queries/ questions from parents.*

Bias

- The changes will benefit the children from private schools to the detriment of the state educated boys.

Bus Service

- Ripon families have had any element of preference removed by the removal of buses to other schools in county.

Protected Characteristics

- The effect on children will not be equal so it will affect those with a protected characteristic.
- *Officer comments - As noted in the draft Equality Impact Assessment (Appendix..) the authority will have provision in place to mitigate the effects including a multi-disciplinary panel that assess evidence provided by parents and schools to determine the reasonable adjustments required to meet our duty under the Equality Act 2010.*

(Officer responses in italics)

Importance of Local Provision	<ul style="list-style-type: none"> • Children in catchment, irrespective of their family status, should be given first priority. • <i>Within school admissions all looked after children and previously looked after children must be given first priority for admission to school. It is deemed to be good practice to afford the same priority within nursery admissions. Other vulnerable children are given priority on the basis of their particular needs where this is supported by professional recommendation. In practice the number of children admitted on priority 1 -3 is small.</i> • All children should be given an opportunity in they live in the area of North Yorkshire and in the catchment area of there (sic) schools and nursery schools. • <i>It is not clear what this respondent means. All parents are given the opportunity to apply for a nursery school/class place.</i>
Oversubscription Concerns	<ul style="list-style-type: none"> • Reducing places in already oversubscribed schools will only make things worse • I understand that this proposal is to improve stability for children who may otherwise lack such, but in overfilled areas such as those where large housing developments have been created this policy could lead to local children being denied local school placement. • <i>See the response above which explains that the number of children admitted under priorities 1 -3 is small, any children admitted under these priorities are likely to live within the catchment area of the nursery school/ class allocated</i>
Uncertainty about proposal	<ul style="list-style-type: none"> • It is not clear from the consultation documents what is changing. • <i>The proposed policy is unchanged form 2015-16, it published as part of the consultation for information and comment.</i>



Founded Circa 1492

ERMYSTED'S GRAMMAR SCHOOL

A Specialist Science College

Headteacher: Mr G Hamilton

Response to the consultation on proposed changes to the Admission Process by NYCC for Admission to Ermosted's Grammar School September 2016.

The Governors of Ermosted's Grammar School appreciate the opportunity to contribute to the consultation process regarding changes to the Admissions. They acknowledge the process ought to be reviewed in the light of funding cuts but that review must also at least maintain or preferably improve aspects of fairness, equality and reliability.

1 Discontinuation of Selection Reviews

The Governors have no objection against the discontinuation of the Selection Reviews. The issues discussed at Review are often repeated at Statutory Appeals and Governors feel considerable savings could be made in this area.

2 Move to one day testing

The Governors urge NYCC to retain the two tests as currently exists i.e. each boy has two attempts at the VR & NVR tests. The two tests provide a much greater degree of reliability and will reinforce parents' perception of the tests as fair. The Governors object to the proposed reduction to one attempt at the test believing that it will do little to engender confidence in the selection process and will not be sufficiently reliable.

3 Testing venue

Ermosted's Grammar School is prepared to make the school's facilities freely available to provide a venue for testing on Saturdays towards the end of September.

The proposals suggest NYCC will bear the cost of all invigilation and administration costs (see item 5 below).

4 Discontinuation of Familiarisation Tests

The Governors appreciate savings could be made in this area and have no objection to the Familiarisation Tests being discontinued. The costs of commissioning, printing, administration and invigilation involved in the Familiarisation Tests are likely to be considerable.

Should the Familiarisation Test be discontinued then the Governors request that material is made freely available to parents to allow children to practice VR & NVR questions. The material could be placed on the school's website and to ensure equality of access, paper copies could be made available for families through in-area primary schools where such access is difficult or non-existent.

The cost of the providing pre-testing material would be borne by NYCC .



5 Administration

Ermysted's Grammar School is prepared to discuss the transfer of many of the administrative tasks from NYCC to the school. Examples could include:

- Contacting in-area parents to inform them of testing
- Receiving and recording all applications for testing
- Organising all practical arrangements for testing at EGS

However, we would wish NYCC to maintain responsibility for marking and standardisation of the tests and conducting any Admission Appeals.

The cost of all additional administrative work would be borne by NYCC.

6 Appeals

The Governors recognise the significant costs in holding Admission Appeals and therefore suggest for entry in September 2016 all Admission Appeals are held on the school site. The school will make its facilities freely available for the Appeals.

The staffing of the Appeal Panel and clerking each Appeal will remain the responsibility of NYCC.

7 'Opt in'

The Governors strongly recommend the current arrangements for in-area boys continue. Parents of in-catchment pupils should have to opt out of the tests and not have to opt in. Those living out of area will need to opt in.

We would welcome the opportunity to develop our primary liaison work by visiting all in-area primary schools in the Summer and early Autumn Term to explain the application and testing process to parents and pupils.

The Governors are concerned that by moving to tests held on Saturdays, vulnerable pupils whose parents cannot/will not be able to transport them to school may be disadvantaged. We would therefore hope that NYCC would encourage primary schools to use Pupil Premium money to offer assistance with transport for those pupils eligible for Pupil Premium.

8 Timetable

The two latter points raised in Item 7 would become more practicable if the dates for registering and testing were amended. We support the suggestion made by Ripon Grammar school of a later date for registering and testing in late September.

The removal of non-statutory reviews is likely to streamline the process but is likely to increase the number of Appeals. However, a more streamlined process would allow testing in late September and still allow the Local Authority to meet the statutory deadlines for allocation in March.

Conclusion

The Governors at Ermysted's are fully aware of savings to be made by streamlining the selection process. However, the system must retain its integrity and reliability. This can be achieved if:

- The selection process maintains two attempts at the tests and aggregates the best scores
- Familiarisation tests are discontinued but familiarisation material is made freely available to all in / out area pupils
- The "opt-out" arrangements continue for in-area pupils
- All pupils have the same /similar experience on testing days at a single venue

- Selection Reviews are discontinued and Admission Appeals are held on school site
- The school accepts some of the administrative tasks associated with the testing process
- The costs for administration and invigilation remain the responsibility of NYCC
- The responsibility for Statutory Appeals remains with NYCC

If adopted in full, these changes will offer NYCC considerable savings whilst simultaneously improving the outreach of Ermysted's to more disadvantaged children and improving their chances of social mobility which is a fundamental tenet of our school.

Once the consultation deadline has closed we would welcome an opportunity to discuss these suggestions with Local Authority colleagues and with colleagues at Ripon Grammar School.

May I ask you bear in mind we have a commitment to the town's Puppet Festival on Saturday 3 October 2016 and would ask that in scheduling dates for testing then this date is avoided.

Yours faithfully

Graham Hamilton
Headteacher


Anthony G Barrett
Chair of Governors



Re-founded 1555

Ripon Grammar School

Engineering Specialism within a Grammar School



NYCC consultation on the selection testing scheme

Response from Ripon Grammar School – January 2015

- 1 Since any changes to the scheme will require the active involvement of Ripon Grammar School [RGS] we thought it more appropriate to send a separate, detailed response rather than use the response form on the NYCC website.
- 2 We would also hope that RGS and Ermysted's GS (the "schools") can meet with colleagues from the NYCC admissions team to discuss any proposed changes once the consultation has closed and responses have been evaluated and before the report to Members has been drafted. We have shared this response with the Governors and Headmaster of Ermysted's GS.
- 3 **Transparency, fairness and the public perception of fairness must underpin every aspect of the review and possible changes.** Selection (transfer) testing still has the potential to be controversial; this review must not ignite controversy.
- 4 NYCC's reported costs of testing (£181k) are clearly excessive and could bring transfer testing into disrepute. RGS is very keen and willing to engage positively and proactively with NYCC colleagues at ways in which the testing can be done at less cost whilst retaining, or even enhancing, the effectiveness of the process. We note that NYCC's stated reason for the consultation (consultation document section 2), other than saving money, is to do things (i.e. testing) in a better way. We fully endorse that objective.
- 5 **Whilst accepting 4 above we are quite clear that there must be no compromise on (a) the quality and nature of the tests; (b) the reliability of the tests; (c) the accessibility of the tests and (d) safeguarding those who might be vulnerable within the tests.** If the revised testing arrangements fail on any of the above, parents, primary schools and the wider public will be justifiably concerned.
- 6 On 5(a) [quality and nature of the tests] we agree with NYCC's proposal to continue with just VR and NVR tests from a reputable testing agency. Although there are a range of such agencies we see no need to change from the tests produced by GL assessments as now.

- 7 On 5(b) [reliability of the tests] we do not believe that a single test session involving just one VR and one NVR test is sufficient to ensure the reliability of selection and retain public confidence. **There should be 2 test sessions (as now), on different days.** We see no need for a separate session for familiarisation. Retaining 2 test sessions should satisfy any parental concerns about reliability and obviate the need for selection reviews. Given this condition we therefore agree that selection reviews should be discontinued.
- 8 However, notwithstanding 7 above, familiarisation materials should be readily available and promoted to parents and primary schools. If there is a cost, which parents, especially less well off parents, cannot afford then these should be provided free either by the primary school or by RGS using Pupil Premium monies, or by NYCC itself seeing it as part of its duty to less advantaged families.
- 9 **On 5(c) [accessibility of the tests] we are strongly of the view that parents of in-catchment pupils should have to opt out of the tests (as now), not opt in.** Out-of-catchment pupils will continue to apply (opt-in) as now.
- 10 Further on 5(c), we recognise that even for in-catchment parents who do not opt out, they may not get their child to the venue for the tests on the day (a Saturday), unlike now where the tests are done in school time in the primary school (for in-catchment pupils). Children from less motivated families could therefore be disadvantaged through no fault of their own. This requires positive action to minimise this risk. We therefore propose:
- **A closing date for applications of early September.** The current closing date of mid August is much too early. This will enable RGS to hold further open evenings for parents and children and enable primary schools to remind parents of the test dates.
 - **Test dates of mid to late September.**
 - **If change is implemented for 2015 we propose**
 - a closing date for notification to opt out or to apply to take the tests of 11th September (1:00 pm).
 - 1st test date: Saturday 19th September
 - 2nd test date: Saturday 26th September
 - Reserve test date for absentees: Tuesday 29th September

- 11 On 5(d) [safeguarding those who might be vulnerable within the tests] we propose
- A well-published reserve date for those who are ill on the day of the test(s) with the usual requirements of notification (to RGS) and medical evidence. This would also apply for students who are ill during the tests.
 - that NYCC provides transport for those in-catchment pupils who cannot otherwise get to the test centre (RGS) on Saturdays 19 and 26 September.
 - that NYCC ensures that modified test papers are available for those with proven disabilities, with extra time allowance being granted as appropriate.
 - that any pupil who does not attend the first test from in-catchment, and has not withdrawn from testing is contacted to ensure that they do not want to sit the test.
- 12 We are very happy for the tests to be taken in RGS on Saturdays in September (see proposed dates in 10 above). This provides a level playing field for all candidates, both in-catchment and out-of-catchment. We recognise that this will involve RGS in additional familiarisation work with parents, children and primary schools but accept that as part of our educational responsibility.
- 13 **Because RGS will become the centre for testing we are strongly of the view that all practical arrangements for the tests should be handled by RGS.**
- NYCC admissions colleagues would provide RGS with the full list of in-catchment pupils who have not opted out and the full list of out-of-catchment pupils who have applied.
 - RGS will administer all in-house arrangements: arrival, reception & pick up after the tests; emergency contact on the day, room layouts, invigilation, refreshments, and contacting parents to inform them of all arrangements. RGS will also liaise fully with all primary schools so that they too are aware of all practical arrangements.
 - NYCC would retain responsibility for organising any transport for in-catchment children who need it and for informing parents of the arrangements for transport.
- 14 NYCC will collect all completed answer sheets from RGS and forward them to the test agency for marking and standardising.
- 15 As now, NYCC will receive all marks, determine the 28% cut off point and inform parents about whether their child has reached the required standard in time for parents to complete the CAF, with outline data provided to RGS.
- 16 As now, late testing (i.e. after 31st October) to be organised by NYCC colleagues.
- 17 As now, NYCC will notify all parents of the offer of places on national offer day (1st March).

18 As now, NYCC will handle all appeals. This ensures independence from RGS and retains public confidence in the independent appeals process. However, there is no reason why these independent appeals cannot be held at RGS thus saving money, and we are very happy to consider the practicalities of this.

19 **Savings**

Without seeing how the current £181k costs are attributed it is not possible for us to quantify the savings, but they should be substantial. Areas readily identified are

- 2 tests against the current 3
- No costs of selection reviews
- No costs associated with hire of a venue for testing
- No costs associated with hire of venue for appeals

20 **Additional costs**

- Transport costs for those in-catchment pupils who cannot otherwise get to RGS to be tested.

21 **Costs for which NYCC would transfer funding to the schools.**

There may be opportunities for savings but, at worst, these should be effectively cost neutral and would include

- Invigilation costs
- Some administration costs

We look forward to discussing this response to the consultation with NYCC colleagues.



M L Pearman
Headmaster



Peter Mason
Chair of Governors



RESPONSE OF SOUTH CRAVEN SCHOOL GOVERNING BODY ON PROPOSED CHANGES TO ERMYSTED'S GRAMMAR SCHOOL ADMISSIONS POLICY FOR 2016/2017

The school's published admission number is 112. This was increased from 87 in 2003. At the time the argument made was that for the two single sex selective schools (Ermysted's Grammar School and Skipton Girls' High School) had to operate the same system and have the same numbers. Given that Skipton Girls' High School is now operating a different system and has a different admission number (116) we would respectfully put forward that the number should revert to 87.

The changes to the selective arrangements, we believe, will exacerbate an existing flaw in the arrangements. The concept of creating a pass mark based on the result of the top 28% of in area students taking the test can only work properly if all students take the test. We would argue that the new testing arrangements where parents have to ensure their child attends testing will mean that a significant number of students either opt out or do not attend. This will mean that the pass mark is depressed as all students not taking the test will score 0 and yet will be used to calculate the cut off mark which will lower the standard required for entry. We argue that it has always been a flawed system as it gives parents and other schools no clarity on the number of students to be admitted from within the catchment area. We note that other selective schools, eg King Edward VI Grammar School and Chelmsford High School for Girls in Essex have consulted on taking 80% of students from their catchment area. We believe this flaw must be remedied and the number of in area and out of area students to be admitted be a clear part of the policy that is properly consulted upon. Indeed if this route is pursued it obviates the need for other over subscription criteria, the top performing in area students gain the places reserved for them with the top performing out of area students filling up the remaining places.

Iain Harris
Chairman
South Craven Governing Body

January 2015

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8 December 2014

Ms C McMackin
Lead for Admissions
North Yorkshire County Council
County Hall
Northallerton
DL7 8AE

Dear Ms McMackin

Response to Eskdale School's Catchment Area Consultation

The Governing Body of Caedmon College Whitby understand why this issue is being consulted upon and would like to make the following points for serious consideration.

- Whitby Community College expanded to take in students in years 7 to 9 from Caedmon School, that technically closed in August 2014. As part of this process and the associated consultation, there was no mention of having to compete for students by extending the catchment area of Eskdale School.
- As part of this consultation, there has been nothing discussed or published by the Local Authority that would help Caedmon College Whitby to manage a reduced roll, adjust its staffing or secure a broad curriculum for Post-16 students in times of serious financial constraint.
- Funding information from Local Authority finance officers currently means that we are now predicting a shortfall of up to £1m in the 2016/17 financial year, based on our current student numbers; any fewer students would be disastrous.

If approved, and we all agree it probably will be, the community will see the new admission arrangements as more equitable, but we would like support from the Local Authority to secure the correct level of funding in order to provide the curriculum we want for all our students, particularly post-16.

Yours sincerely

Mr R P Simpson
Chairman, on behalf of the Governing Body
Caedmon College Whitby

H:\Governors\Correspondence\LA re Eskdale School catchment consultation, Dec-14.docx

Associate Principal:
Tony Hewitt, BEd (Hons), MA

Principal:
Keith Prytherch, BEd, MBA



Section 1: Policy Framework

Why we need a strategy, what it contains,
and what we want to achieve

Business and Environmental Services

A responsive County Council providing excellent and efficient local services

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1 About the North Yorkshire Local Flood Risk Strategy

1.1 Why do we need a strategy?

In 2008, Sir Michael Pitt published his final report 'lessons learnt from the 2007 floods'. His report, which called for fundamental changes in the way the county is adapting to the increased risk of flooding, set out 98 specific recommendations that were required in order to substantially improve the way we deal with flooding in the UK.

One of the main recommendations was that local authorities should play a major role in the management of local flood risk, taking the lead in tackling problems of local flooding and co-ordinating all relevant agencies.

In response to the Pitt report, the government introduced the Flood and Water Management Act (2010) (FWMA). The Act gave county councils and unitary authorities a new leadership role (and the new title, 'Lead Local Flood Authority') in local flood risk management, designed to work closely with a new national leadership role for the Environment Agency (EA).

One of the duties given to Lead Local Flood Authorities (LLFA) is the development of a Flood Risk Strategy for North Yorkshire (described in the legislation as a 'Local Strategy').

Successive flooding events across the county, coupled with the increasing pressure on limited resources, has underlined the importance of developing a more integrated, comprehensive and risk-based approach for managing the risks of flooding, including identifying clear lines of responsibility and targets for improvement.

1.2 North Yorkshire County Council as Lead Local Flood Authority

NYCC recognises it has an important and challenging role to play as Lead Local Flood Authority in facilitating the delivery of flood risk management in its area by co-ordinating the activities of all relevant agencies.

As well as this general responsibility the Act assigns specific management functions to NYCC relating to 'local flood risk' – defined by the Act as flooding from Surface water, Ground Water and Ordinary Watercourses. These functions are expressed as 'Duties' – something we are legally obliged to do – and 'Powers' to be used at the authority's discretion.

NYCC's risk management duties are:

- To develop, maintain and apply a Local Flood Risk Management Strategy
- To develop and maintain information on flooding from ordinary watercourse, surface water and groundwater
- To investigate incidents of flooding in its area where appropriate and necessary and to publish reports
- To maintain a register of structures and features which have a significant effect on flood risk

NYCC's permissive powers are:

- The power to designate any structure or feature that affects flooding
- To consent to third party works on ordinary watercourses
- The power to carry out works to manage flood risk from surface water and from groundwater

NYCC's permissive powers under the Land Drainage Act are:

- Maintain and improve ordinary watercourses and build new works
- Serve notice on any person or body requiring them to carry out necessary works to maintain flow in ordinary watercourses

Although NYCC has powers to do works in ordinary watercourses, the responsibility for the maintenance lies with the riparian owner. Hence NYCC is only responsible for maintenance where it is the riparian owner.

1.3 What is the North Yorkshire Flood Risk Management Strategy?

The Strategy is a legal document which provides a framework for addressing flood risk across the county. The development, maintenance and implementation of a strategy for the management of Local Flood Risk are statutory duties for the LLFA under the FWMA.

The act defines 'Local Flood Risk' as flooding from ordinary water courses, surface water and groundwater. However, we recognise the importance of dealing with flood risk from all sources in a coordinated way, and so our strategy has been developed to reflect this.

The North Yorkshire Local Flood Risk Management Strategy is comprised of the following elements:

Section 1: Overview of the North Yorkshire Local Strategy – Why we need a strategy, what it contains, and what we want to achieve

Section 2: The North Yorkshire Flood Risk Management Action Plan – The latest programme of activities for managing and reducing flood risk in North Yorkshire

Section 3: The North Yorkshire Flood Risk Management Protocol – How we investigate and assess flooding and flood risk, and the actions we will take

Section 4: An Overview of Flood Risk in North Yorkshire – A summary of the geographical and economic context, and an overview of the sources of flooding

Section 5: Flooding and Drainage Legislation – A summary of the legislation and associated guidance

Section 6: Roles and Responsibilities for Flood Risk Management – Sets out the flood risk management duties and responsibilities of organisations, businesses and individuals

Section 7: Financing Flood Risk Management – An overview of the opportunities for attracting funding and investment in flood risk management

Section 8: Strategic Environmental Assessment – Describes the important links that exist with wider environmental considerations

1.4 What do we want to achieve?

We have identified six objectives to help secure effective flood risk management for communities and businesses in North Yorkshire

- A greater role for communities in managing flood risk
- Improved knowledge and understanding of flood risk and management responsibilities within NYCC and amongst partners, stakeholders, communities and the media
- Sustainable and appropriate development utilising sustainable drainage where ever possible
- Improved knowledge of watercourse network and drainage infrastructure
- Flood risk management measures that deliver social, economic and environmental benefits
- Best use of all potential funding opportunities to deliver flood risk management measures

These objectives are supported by the action plan of measures and actions that we are pursuing in order to ensure effective flood risk management across North Yorkshire. The action plan will be a living document that will be regularly amended and updated to reflect the changing nature of flood risk priorities.

1.4.1 A greater role for communities in managing flood risk

A key challenge highlighted in our [Vision for North Yorkshire](#) is for the Council to play our part in helping develop the ability of communities to look after themselves to a greater degree than they already do. The development of community plans for managing and monitoring local flood risks is a key part of that vision.

We want to engage with communities through the development of tools and resources that will enable communities to identify flood risks, and to take action to prevent or reduce those risks. Our [Action Plan](#) in Section 2 includes details of the steps we are taking to put this into place.

1.4.2 Improved knowledge and understanding of flood risk and management responsibilities

Effective flood risk management requires coordinated action and engagement from a wide variety of organisations and individuals. The complex nature of the causes of flooding, and also the complexity of the law in regard to flooding and drainage, mean that not everybody always understands or appreciates the roles that they should, or could, play in preventing or responding to a flood.

We want to play our part in increasing the knowledge and understanding of flood risk across the broadest possible range of organisations, businesses and communities through education, training and through the strong partnerships that we are developing with the other [Risk Management Authorities](#).

1.4.3 Sustainable and appropriate development utilising sustainable drainage where ever possible

It is essential that new developments in North Yorkshire do not increase flood risk to existing communities and meet the highest possible standards for sustainability and environmental protection.

New legislation is currently being prepared that means that, when enacted, we will become the SuDS approval body (SAB) for North Yorkshire. Any development or redevelopment that has implications for drainage or affects the ability of the ground to absorb rainwater may require our approval before it can begin, for which guidance is now being developed.

1.4.4 Improved knowledge of watercourse networks and drainage infrastructure

As the largest Council area in England, North Yorkshire also has one of the most extensive networks of watercourses and drainage features. Mapping of the critical features on [watercourses](#), and of virtually the entire underground drainage network has never been tackled before, and so much of the things that contribute to, or protect communities from, flooding are not recorded.

It would be a huge and unrealistic goal to try to map and record all of these features and networks, but we are committed to capturing as much data and information as we can, particularly for locations where the risk of flooding is known to be the greatest.

Our [Action Plan](#) sets out the steps we are taking to develop and implement this important source of information.

1.4.5 Flood risk management measures that deliver social, economic and environmental benefits

Flood risk management measures are most effective and successful when they are integrated with the social, economic and environmental needs of the communities they sit within and serve.

We are committed to working with the widest range of partners and community representatives to achieve this, and to unlock the huge benefits that can be derived when multiple objectives can be delivered as part of a flood risk management initiative or scheme.

Prioritising where these measures will be implemented is an important part of our role, to ensure that all available resources are used as effectively and efficiently as possible to help those communities and individuals with the greatest level of need.

To assist us in this task, we have analysed the predicted and historic flood risk throughout the County to generate a series of catchment level projects. Our [Action Plan](#) in section 2 of our Local Strategy details the steps we are taking to deliver these projects.

1.4.6 Best use of all potential funding opportunities to deliver flood risk management measures

To deliver effective flood risk management and to facilitate the delivery of initiatives and schemes that can reduce risk, we need to maximise the range and scale of the funding available.

We are committed to securing the highest possible levels of investment in flood risk management from the widest range of sources, through the identification of clear priorities and a well-structured programme that is attractive to both private and public sector funders.

[Section 7](#) of our Local Strategy highlights some of the funding opportunities that exist for addressing flood risk management.

1.5 Consultation and Communication Plan

Effective and appropriate consultation with the widest possible range of individuals and organisations is critical to the success of the strategy, and a great deal of this has already been done in the development of this draft.

The following engagement and information gathering activities have been carried out and drawn upon in the development of this document:

- Dialogue with individuals and communities
- Development and delivery of pilot projects and initiatives
- Partnership working and strategy working groups with other authorities
- Engagement with, and contribution to, regional and national discussions and initiatives
- Detailed investigation of historic flooding
- Detailed and broad scale modelling of future flood risk

We would now like to ask as many people as possible to feedback on this document, before it is formally adopted by North Yorkshire County Council.

We hope to be able to incorporate as much of your feedback in the final document, or in the documents and initiatives that support it, or in the programme of future opportunities and developments that will follow this first edition of our strategy.



1.6 Glossary of terms and common abbreviations

Annual Exceedance Probability (AEP) The chance of a flood of a given size happening in any one year eg. a flood with a 1% AEP will happen, on average, once every 100 years.

Catchment A catchment is the total area that drains into a river or other drainage system.

Catchment Flood Management Plan (CFMP) A strategic tool through which the Environment Agency works with other key decision-makers within a river catchment to identify and agree policies for sustainable flood risk management.

Climate Change A long term change in weather patterns. In the context of flood risk, climate change is predicted to produce more frequent and more severe rainfall events.

Critical infrastructure Infrastructure which is considered vital or indispensable to society the economy, public health or the environment, and where the failure or destruction would have large impact. This would include emergency services such as hospitals, schools, communications, electricity sub-stations, Water and Waste Water Treatment Works, transport infrastructure and reservoirs.

Department for Environment, Food and Rural Affairs (DEFRA)

The UK government department responsible for policy and regulations on the environment, food and rural affairs.

DG5 Register

A Water and Sewerage Company (WASC) held register of properties which have experienced sewer flooding (either internal or external flooding) due to hydraulic overload, or properties which are at risk of sewer flooding more frequently than once in 20 years.

Environment Agency (EA)	The Environment Agency was established under the Environment Act 1995, and is a Non-Departmental Public Body of DEFRA. The Environment Agency is the leading public body for protecting and improving the environment in England and Wales today and for future generations. The organisation is responsible for wide ranging matters, including the management of all forms of flood risk, water resources, water quality, waste regulation, pollution control, inland fisheries, recreation, conservation and Navigation of inland waterways. It also has a new strategic overview role for all forms of inland flooding.
Environment Agency Flood Zones	Flood zones on the maps produced by the Environment Agency providing an indication of the probability of flooding (from rivers and the coast) within all areas of England and Wales.
Exceedance flows	Excess flow that appears on the surface once the capacity of an underground drainage system is exceeded.
Flood map for surface water (EMFSW)	Environment Agency maps that give a broad indication of the areas that are likely to be at risk from surface water flooding – ie areas where surface water would be expected to flow or pond.
Flood Risk Regulations	Legislation that transposed the European Floods Directive in 2009.
Flood and Water Act 2010 (F&WMA)	The Flood and Water Management Act clarifies the Management legislative framework for managing flood risk in England.
Floods Directive	The EU Floods Directive came into force in November 2007 and is designed to help Member States prevent and limit the impact of floods on people, property and the environment. It was transposed into English law in December 2009 by the Flood Risk Regulations.
Fluvial Flooding	Resulting from excess water leaving the channel of a river and flooding adjacent land.

Lead Local Flood Authority (LLFA)	The authority, either the unitary council, or county council, with responsibility for local flood risk management issues in its area, defined in the Flood and Water Management Act.
Local Development Framework (LDF)	A non-statutory term used to describe a folder of documents which includes all the local planning authority's Local Development Documents (LDDs) such as the Sheffield Local Plan. The local development framework will also comprise the statement of community involvement, the local development scheme and the annual monitoring report.
Local Flood Risk	The risk of flooding from ordinary watercourses, surface water and groundwater.
Local Resilience Forums (LRF)	LRFs are multi-agency forums, bringing together all organisations which have a duty to co-operate under the Civil Contingencies Act, and those involved in responding to emergencies. They prepare emergency plans in a co-ordinated manner.
Main River	Main Rivers are watercourses marked as such on a main river map. Generally main rivers are larger streams or rivers, but can be smaller watercourses.
Ordinary watercourse	An ordinary watercourse is any other river, stream, ditch, cut, sluice, dyke or non-public sewer which is not a Main River. The local authority has powers to manage such watercourses.
Pitt Review	An independent review of the 2007 summer floods by Sir Michael Pitt, which provided recommendations to improve flood risk management in England.
Pluvial flooding	Pluvial flooding (or surface runoff flooding) is caused by rainfall and is that flooding which occurs due to water ponding on, or flowing over, the surface before it reaches a drain or watercourse.
Probability of flooding	The probability or chance of flooding is used to describe the

frequency of a flood event occurring in any given year, e.g. there is a 1 in 100 chance of flooding in this location in any given year. This can also be described as an annual probability, e.g. a 1% annual probability of flooding in any given year. (See AEP).

Preliminary Flood Risk Assessment (PFRA)	A high level screening exercise that brings together information on significant local flood risk taken from readily available information.
Resilience measures	Resilience measures are designed to reduce the impact of water that enters property and businesses, and could include measures such as raising electrical appliances, concrete floors etc.
Riparian owners	A riparian owner is someone who owns land or property adjacent to a watercourse. A riparian owner has a duty to maintain the watercourse and allow flow to pass through their land freely.
Risk	In flood risk management, risk is defined as the probability of a flood occurring combined with the consequence of the flood.
Risk Management Authority (RMA)	An authority that is able to exercise functions for managing flood risk as defined in the Flood and Water Management Act 2010.
Strategic Flood Risk Assessment (SFRA)	A planning tool that provides information on areas at risk from all sources of flooding.
Surface water flooding	<u>Flooding</u> that takes place from the 'surface runoff' generated by rainwater or snowmelt which is on the surface of the ground and has not yet entered a watercourse, drainage system or public sewer.
Surface Water Management Plan (SWMP)	A tool to understand, manage and coordinate surface water flood risk between relevant stakeholders.
Sustainable Drainage Systems (SuDS)	A sequence of physical measures for managing rainwater that are designed to mimic natural drainage processes by attenuating and conveying surface water runoff slowly compared to conventional drainage.
Water Framework Directive	The European Water Framework Directive (WFD) came into force in

December 2000 and became part of UK law in December 2003. It provides an opportunity to plan and deliver a better water environment, focussing on ecology. The WFD sets environmental and ecological objectives for all inland and coastal waters in the UK.

Local Flood Risk Strategy



Section 2: Action Plan

Business and Environmental Services

A responsive County Council providing excellent and efficient local services

2. The North Yorkshire Local Flood Risk Strategy Action Plan

2.1 What is the Action Plan?

The Local Flood Risk Management Strategy Action Plan sets out the practical measures that the county council and partners will deliver to help manage flood risk. It is the first action plan produced by the county council as a specific element of the Local Strategy, and as such it captures many of the tasks and activities associated with developing and setting up our Flood Risk Management functions.

This Action Plan builds upon the policy framework set out in the accompanying document 'Managing North Yorkshire's Flood Risk', and is a living document which is regularly updated and amended to reflect the progress we are making and other necessary changes to the way we deliver flood risk management services.

2.2 How will updates to the action plan be managed?

Regular updates to the Action Plan will be carried out to reflect significant progress or changes to specific actions. Interim reviews of both the Action Plan and the Policy Framework will also be performed annually, with a comprehensive review of both the action plan and policy framework carried out in line with the six-year cycle set out in the Flood Risk Regulations.

The action plan will also be reviewed and revised in response to the action plans and investment plans of other risk management authorities. For example, the Environment Agency will be publishing their Flood Risk Management Plans (FRMP) in 2015, and we will update our action plans to ensure that they remain fully aligned and complement one another.

2.3 How is the action plan structured?

The action plan has been developed and structured such that it links together and coordinates the actions of all risk management authorities. Each action is linked to our objectives, and is also related to the measures identified in the EU Floods Directive.

2.4 Integration with EA Flood Risk Management Plans (FRMP)

The first edition of this Action Plan precedes the full development, consultation process and publication of the FRMPs produced by the EA for compliance with the European Union Floods Directive (the directive transposed in to UK Law by the Flood Risk Regulations 2009).

The county council has identified considerable benefits from aligning our Local Strategy flood risk management action plan with those required for the Flood Risk Management Plans, particularly in terms of resource and investment planning. A review of our action plan will therefore be scheduled to coincide with the end of the Flood Risk Management Plan (FRMP) consultation period (expected to be early in 2015).

2.5 Actions for managing flood risk

There are different approaches to managing flood risk depending on the probability and consequences, as well as the technical nature of the risk. We have used the same structure that is used in the EU Floods Directive and that is being used in the development of the FRMPs. This will help with the integration of solutions, and make feedback and monitoring more efficient. The following terms are used to group and describe the kind of actions that can be pursued:

- **Prevention of risk:** for example, by not building homes in areas that can be flooded we can prevent risks from arising in the first instance.
- **Protection from risk:** for example, by using water proof boards over doors and airbricks people can protect their properties from the damage caused by flood water.
- **Preparing for risk:** for example, by improving awareness of flood risk, or by providing warning and forecasting for floods, people can take precautions to safeguard their property.
- **Recovery and Review of risk:** for example, by improving access to tradesman and other services, recovery after flooding can be improved.

To manage flood risk effectively it can take a single action, or a combination of actions, and this depends on many factors. This includes the complexity of the risk, what's at risk, and also affordability of the action. All these factors need to be considered before actions can be implemented effectively. In order to ensure that all of these factors have been properly assessed, and to ensure the most equitable and effective distribution of resources, it is important to ensure that appropriate mechanisms for information capture, assessment, prioritisation and delivery are in place.

2.6 Our Priority Objectives

This plan focuses on the development and delivery of those sources of information and delivery mechanisms, relating each action to the four broad categories of measures above, and to the six North Yorkshire Flood Risk Management priority objectives:

1. A greater role for communities in managing flood risk
2. Improved knowledge and understanding of flood risk and management responsibilities for all stakeholders, communities and the media
3. Sustainable and appropriate development
4. Improved knowledge of watercourse networks and drainage infrastructure
5. Flood risk management measures that deliver social, economic and environmental benefits
6. Best use of all potential funding opportunities to deliver flood risk management measures

Details about our priority objectives can be found in the Policy Framework in Section 1 our Flood Risk Strategy.

2.7 Local Flood Risk Strategy Actions

	Source	Relevant Local Strategy Objective/s	Action	Timescale	Priority	Lead Organisation	Support Organisation (s)	Estimated cost range
Prevention	Surface water (SW)	4	Collate and analyse data on local flood risk. Use this real life information to validate and augment most recently EA modelling data	Ongoing	High	NYCC	EA	£25-100k per annum
	SW	3 and 5	Develop standards, guidance and processes required to support planning authorities in the implementation of DEFRA and DCLG proposals for Sustainable drainage (SuDS)	2015/16	High	NYCC	District Councils	£250k
	Surface water, ground water & ordinary water courses (SW/GW/OWC)	3 and 5	Provide input to Local Development Plans. Respond to requests for input on planning consultations	Ongoing	High	Local Planning Authorities	NYCC as LLFA	£5k

	Source	Relevant Local Strategy Objective/s	Action	Timescale	Priority	Lead Organisation	Support Organisation (s)	Estimated cost range
Protection	SW/GW/OWC	6	Maintain a prioritised programme of flood alleviation projects in the context of the Regional Flood and Coastal Committee Medium Term (6 year) programme	2014 onwards Annually reviewed	High	LLFA	RFCC/EA	£50k
	SW/GW/OWC	6 and 5	Deliver a programme of prioritised catchment level flood risk management projects	2015-2020	High	LLFA	EA/ District Councils	TBC (£50million programme over 10 years identified)
	SW/GW/OWC	4	Develop a protocol and process for the recording and monitoring of assets implicated in significant local flood risk	2014/15	Med	LLFA	All RMAs	£50k

	Source	Relevant Local Strategy Objective/s	Action	Timescale	Priority	Lead Organisation	Support Organisation (s)	Estimated cost range
Preparedness	All sources	2 and 4	Create Catchment Plans – providing a high level assessment of flood risk and potential risk management actions/measures for each catchment within NYCC authority area	2013 - 2015	High	EA	NYCC	£50k
	All sources	2 and 4	Work with neighbouring LLFAs to Create/provide input to Catchment Plans for those catchments which cross into other authority areas – providing a high level assessment of flood risk and potential risk management actions as appropriate	2014 - 2020	High	LLFA	EA / Neighbouring authorities	£20k
	All sources	2	Provide support and updates to the Local Resilience Forum Response Plans	Ongoing	Med	LLFA	All RMAs	£5k per annum
	All sources	1	Develop a Flood Risk Management Toolkit of practical measures that can be used to support local communities to manage flood risk	2014/15	Med	LLFA	All RMAs	£30k
	All sources	1 and 5	Develop a programme of rollout of the Flood Risk Management Toolkit to communities across the authority area	2015 – 2020	Med	LLFA	All RMAs	£50k per annum
	All sources	1 and 5	Support Schools and other educational facilities to increase public awareness of flood anticipation, preparation and resilience	Ongoing	Med	LLFA	Emergency Planning / EA	£2k per annum
	All sources	1	Improve and maintain the LLFA Flood Risk Management web pages with the NYCC website – with relevant information and links to partner organisations	Ongoing	Med	LLFA		£2k per annum
	Ground Water (GW)	2 and 4	Develop a pilot monitoring and warning system for Ground water flood risk - with a view to deployment at appropriate key locations across the county	2014/16	Med	LLFA	EA / District LA	£30k

	Source	Relevant Local Strategy Objective/s	Action	Timescale	Priority	Lead Organisation	Support Organisation (s)	Estimated cost range
Recovery & Review	All sources	2	Develop clear protocols and processes for the assessment and investigation of flooding incidents	2014/15	High	LLFA	All RMAs	£10k
	All sources	2	Embed the protocols and processes for the assessment and investigation of flooding incidents within the authority	2014/15	High	LLFA	Highway Authority	£20k
	SW/GW/OWC	2 and 4	Refine data capture protocols and processes for capture and strategic analysis of flood incident data – including gather of information from other RMAs where appropriate	2014/15	High	LLFA	All RMAs	£30k

Local Flood Risk Strategy



Section 3: Reviewing Flooding Incidents

How we review and prioritise flooding incidents, and what
Happens next when a problem is identified

Business and Environmental Services

A responsive County Council providing excellent and efficient local services

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3 Reviewing and investigating flooding incidents in North Yorkshire

The Flood and Water Management Act 2010 identifies a crucial role for Lead Local Flood Authorities in the review and investigation of flooding incidents and flood risk. Whilst we can't investigate every case in detail, we are committed to helping communities and individuals to understand as much as possible about the nature of the risks they might face.

Our Flood Risk Management Investigation Protocol helps us to identify and prioritise those locations at the greatest risk from flooding.

However, we are also aware that communities that have suffered flooding in the past, though they might not now carry the greatest risk of future flooding, are often the most proactive in contacting the authority seeking help and protection.

This protocol sets out how we intend to strike the right balance between focussing on those communities that we believe are exposed to the greatest level of threat, whilst also recognising the importance of responding effectively to direct requests from communities and members of the public.



3.1 Establishing the scale of the issue

Flooding can cause a variety of problems, and our expertise is increasingly sought for a wide range of flood-related issues. The first stage in assessing an issue is to determine the scale of the flooding, to establish whether our involvement can be justified as Lead Local Flood Authority.

Though we can often provide valuable guidance and assistance to any flooding query, there is a significant amount of effort required to establish all the facts relating to a particular issue. We have to be satisfied that the impact of the flooding is significant enough for our resources to be diverted from the delivery of other planned flood risk reduction activities, before launching a more significant review.

It is not possible to determine a quantitative measure of significance, but the following features should be considered when determining the scale of our response:-

- Number of properties believed to be affected (internal flooding)
- Number of risk management authorities likely to be involved
- The scale of the impact on critical infrastructure
- The reported frequency of the issues
- The reported circumstances that generated the incident

3.2 Response Options

Depending upon the outcome of the desktop assessment of the initial evidence base, a wide range of potential responses can be considered, the most common of which are set out in the table below.

General description	What we will do
Flooding reported with no internal property impact, and no significant impact on infrastructure. One-off or relatively infrequent occurrences associated with heavy rain	Respond with a clear indication of our role, register the incident(s), request any further evidence, pass details to other relevant Risk Management Authorities (RMAs), refer to longer term strategic review, provide details of community planning, offer guidance for riparian owners, consider informing the elected member
Flooding reported with either limited internal property impact, or moderate impact on infrastructure as a one-off or relatively infrequent occurrences associated with heavy rain, OR, relatively frequent occurrences that are causing significant inconvenience or distress	As above, but with a more active exploration of the circumstances surrounding the issue, including direct discussion with RMAs. Generate a letter in response that sets out the current protection being provided, any initiatives that are currently being pursued, and where appropriate any future actions that could be considered Active engagement with elected members and senior management report
Flooding reported with either several internal properties impacted, or a significant impact on infrastructure as a one-off, OR, relatively frequent occurrences affecting a single property	As above, but in these circumstances the issue will be given greater priority and we would consider taking a more direct leadership role in the pursuit of solutions In these circumstances we would also consider raising a 'hot spot' scheme via the local levy, national partnership funding, or from our own flood reserve
Significant property flooding and impact on critical infrastructure	As above, but with a significant communication plan. It is likely that a formal investigation will be carried out in accordance with Section 19 of the Flood and Water Management Act.

3.3 Formal Investigations

Occasionally, the severity or nature of a flooding incident will generate the need for a formal investigation to be carried out. This section sets out the criteria that we consider when assessing whether a formal investigation under s.19 will be carried out.

The policy has been developed in partnership with the Environment Agency and Yorkshire Water, reflecting the critical nature of partner organisations in the investigation process. The policy recognises the benefits to lead local flood authorities (LLFAs) and their partners that a consistent platform across the region for the development of investigation policies can provide.

One of the key aspects of the policy is the suggestion that it should recognise and clearly articulate that not all flooding will require a formal investigation under the Act. Where the criteria for a formal investigation are not met, North Yorkshire County Council might nonetheless progress the flooding issue though not as a S19 investigation, recognising the broader responsibility to manage flood risk in its area as LLFA.

3.3.1 Background

In his review of the summer 2007 floods, Sir Michael Pitt recommended that local authorities should be given a duty to investigate flooding.

His recommendation came in response to complaints from flood victims that they had struggled to get satisfactory responses to their questions regarding the causes and responsibility for flooding affecting their properties and communities.

The Flood and Water Management Act 2010 received Royal Assent on 08 April 2010. The Act implements the recommendations made by Sir Michael Pitt which require primary legislation, including the recommendation that local authorities should have a duty to investigate flooding.

3.3.2 S.19 Lead local authorities: duty to investigate

Section 19 of the Act states the following:

Local authorities: investigations

(1) On becoming aware of a flood in its area, a lead local flood authority must, to the extent that it considers it necessary or appropriate, investigate—

(a) which risk management authorities have relevant flood risk management functions, and

(b) whether each of those risk management authorities has exercised, or is proposing to exercise, those functions in response to the flood.

(2) Where an authority carries out an investigation under subsection (1) it must—

(a) publish the results of its investigation, and

(b) notify any relevant risk management authorities.

3.3.3 Defining ‘Necessary or Appropriate’

The first test applied to a flooding incident in terms of the need for a formal investigation relates to the degree of support and openness being demonstrated by the relevant Risk Management Authorities. Wherever possible, it is our intention to carry out flood incident reviews in partnership with other Risk Management Authorities before we consider the application of the formal section 19 process.

Where we consider that a formal investigation might be necessary or appropriate, we will then consider the nature and scale of the incident against the following characteristics. This policy does not set specific quantitative thresholds.

3.3.4 Characteristics of a Flood

The following ‘characteristics of a flood’ have been identified which can be used to determine whether or not it is appropriate to generate a formal s.19 Investigation in response to a flood.

- Level of support and engagement from other Risk Management Authorities
- Number of properties internally flooded
- The depth, area or velocity of flooding reported
- The frequency of flooding in a given location
- The nature or extent of critical infrastructure impacted by the flood
- The nature or source of requests for an investigation received by NYCC
- Whether the flood relates to a known issue
- The extent and duration of any direct economic impact caused

Number of properties affected - Flooding which does not impact upon a property internally will not generally be considered to require formal investigation. At the other end of the spectrum, the internal flooding of more than 100 properties would seem certain to meet any LLFA's definition of necessary or appropriate. Due regard when determining these thresholds will also be given to the particular characteristics of the community impacted by the flooding, taking into account the degree of isolation, access to essential services and where appropriate, the overall size of the community.

Depth or velocity of flooding – NYCC will consider this characteristic of a flood to reflect the increased risk to life and limb associated with deep or fast flowing water

Frequency of flooding – Flooding that would not reach the threshold for investigation, when it occurred as an isolated incident, might warrant consideration if repeated incidents are experienced. The number of repeats required to trigger formal investigation would need to reflect the severity of the flooding.

Critical Infrastructure – NYCC will take into account the impact of the flooding upon critical infrastructure, including circumstances which could be considered to be a 'near miss'.

Investigation requests - To reflect democratic principles, NYCC may wish to consider whether requests made by their elected members, committees, or other democratically elected bodies, will be considered as a factor in determining whether a formal investigation should be carried out.

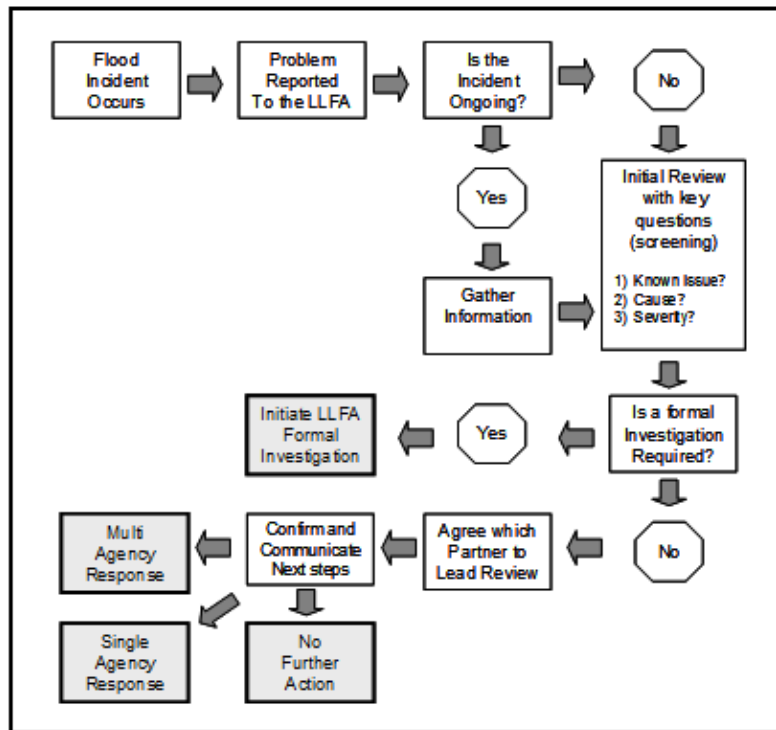
Known flooding - In relation to known flooding issues, an investigation may still be appropriate, but NYCC may wish to use its discretion and judgement to avoid the expense associated with a formal investigation in circumstances where the nature of the issue is already well established. An example of where this might be appropriate would be flooding from a main river for which the EA have already developed detailed models and a comprehensive suite of risk management responses.



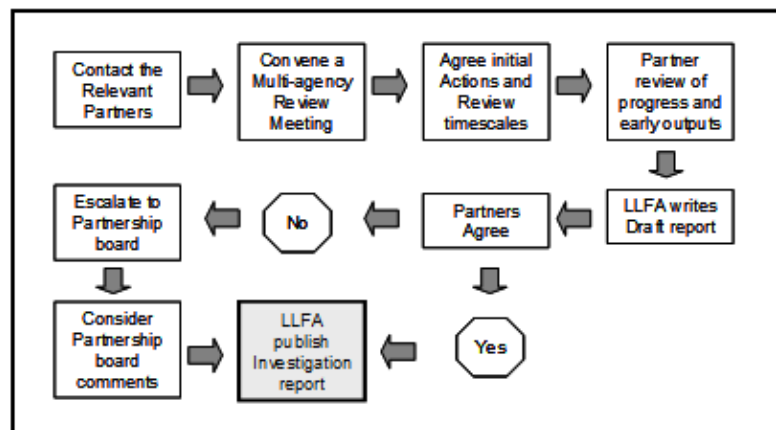
3.3.5 Process for Determining Whether a Formal Investigation is Appropriate

The investigation of flooding often requires input from partner organisations, and it may often be more appropriate for them to lead the investigation where the cause is believed to relate to their assets or areas of responsibility.

Establishing whether the formal process is required



NYCC Formal Investigation Process



3.4 Being clear about our role

3.4.1 Delivering our Statutory Duties Effectively and Efficiently

Flooding is often caused by a complex range of factors, and investigating flooding can therefore be a very time consuming and costly exercise. It is therefore critically important that the County Council uses the resources available in the most effective way possible, and in the way that the law requires us to.

Regrettably, this may mean that we will not always be able to investigate all incidents reported to us as flooding, or we may not be able to include in our investigations all the things that communities or individuals may want us to.

3.4.2 Who is responsible for flooding?

It is critically important that the extent and nature of our role in flood risk management is understood and appreciated by the communities and individual residents affected by flooding. It is equally important that we set out the roles that others, including riparian owners, are required to play. Section 6 of our Local Strategy provides a description of each of the organisations and other parties involved in the management of flood risk.

3.4.3 Capturing information about flooding

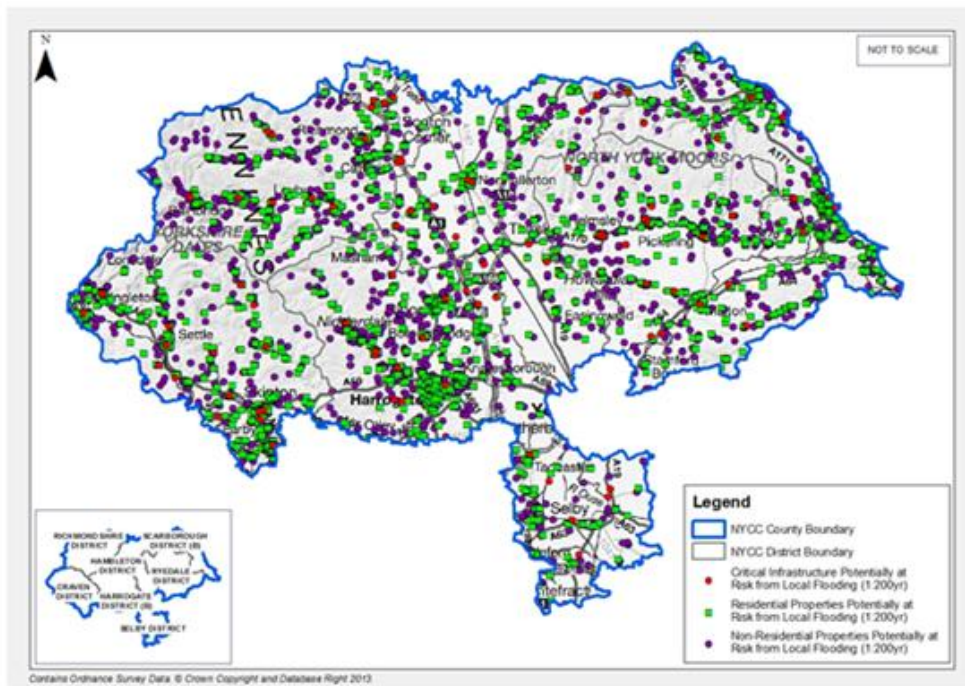
Whatever the scale or nature of a flooding incident, we are always keen to receive details and information regarding flooding incidents. Information on flooding incidents can really help us to understand how the drainage network operates and where weaknesses might exist.

This information is then used in conjunction with our own records and with predictive modelling to determine the nature and priority of our risk management activities, even if a specific project to deal with the flooding issues in a specific location is not possible straight away.

Information on recent or historic flooding incidents, including reports, photographs, maps and video clips can be sent to floodriskmanagement@northyorks.gov.uk



Local Flood Risk Strategy



Section 4: Flooding in North Yorkshire

Overview of the sources of flooding, and how they interact with our geography and our communities

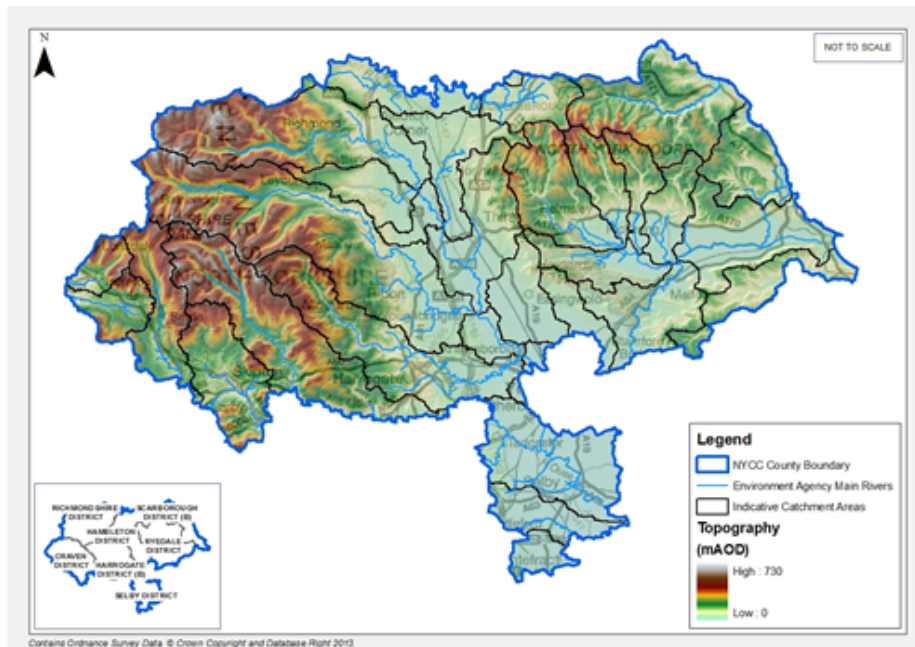
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4 Overview of the Authority Area

The County of North Yorkshire extends over 8,053 km² from the North Sea to Lancashire and from County Durham to Selby. The topography of the land varies from the high points of the Moors and Dales to the low lying Vales of Mowbray, York and Pickering.

The area is drained into the Humber Estuary to the south and directly into the North Sea to the east by over 1700km of main rivers and nearly 23,000km of ordinary water courses and land drainage.



North Yorkshire topography. Main Rivers and catchment boundaries are also shown

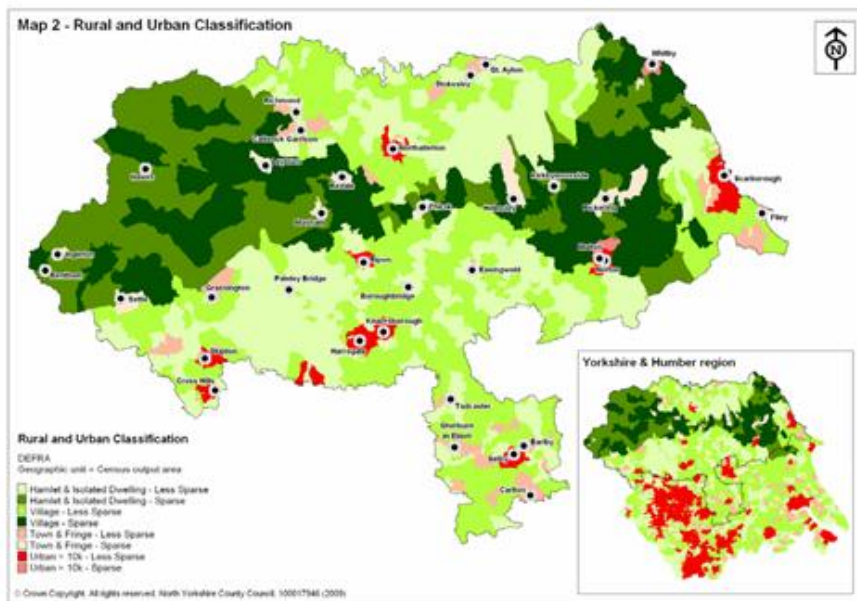
In the upper catchments the higher elevation and steeper terrain can lead to more rapid run off from the surrounding land, and a faster rise in the levels of local water courses. The flood risk tends to be from small watercourses and/or surface water occurring as a result of localised rainfall events and when specific local triggers within the catchment are reached. The duration of flooding that is experienced can range from a few hours to 1 or 2 days depending exactly where it occurs in the catchment. Particular challenges are associated with managing flood risk in upland catchments, where flooding incidents carrying a high level of hazard to the community can occur with very limited warning, and where the limited transport network, and isolated and dispersed nature of the population, can make emergency response difficult.

In the middle and lower parts of the catchments, the terrain becomes less steep and this is where several larger watercourses exist. The types of flooding that are experienced can be much more varied with complex interactions between different flood sources. Some of the larger watercourses can have high water levels for several days after rain has fallen on the upper parts of their catchments. These levels are monitored by a network of EA gauges throughout the county. <http://www.environment-agency.gov.uk/homeandleisure/floods/riverlevels>

The longer response times of the middle and lower parts of the catchments enable earlier and more accurate forecasting of flood risk from the river system in these parts of the county. However, the high river levels over these longer durations can lead to a complex array of other flooding issues in surrounding local drainage systems. These areas also tend to be more populous, and the extended duration of raised water levels tends to lead to much greater levels of loss and damage to property.

4.1 Land use and population

North Yorkshire has a population of 602,600 spread across a predominantly rural area. The 2004 Defra 'rural definition' study show North Yorkshire to be one of the most rural and sparsely populated counties in England with agricultural land, moorland and national parks making up approximately 77% of NYCCs administrative area.



Rural and urban classification in North Yorkshire

Within North Yorkshire the boroughs of Harrogate and Scarborough are home to 44% of this population between them; there are 38 market towns and larger settlements that have a population of over 2,750 and the remainder of the population live in small villages and hamlets. The county's size and the disparate nature of its population is a key challenge in terms of providing local government functions, including the provision of flood risk management services.

4.2 Economy

Due to the natural geography and history of the County, tourism and agriculture form a key part of the economy and are dominant in the market towns and coastal areas. Employment is also provided by manufacturing and the public sector and the Ministry of Defence also have number of their bases within the County, though these are still generally consistent with the picture of a highly dispersed population.

Since funding for flood risk mitigation typically favours areas where the concentration of risk is high, and is also weighted in favour of areas where indicators of poverty and deprivation are similarly concentrated, our County faces a particularly significant challenge in terms of attracting funding for flood risk management. The funding system also anticipates contributions from the beneficiaries of flood defence initiatives, and in particular significant business interests, which again are difficult to secure when the direct risks and benefits are so widely distributed.

4.3 Understanding flood risk across the county area

Many areas across the county have been impacted by flood events in the past. Records of many incidents have been captured and collated, though it is not a complete record. In particular, records from more localised events, involving smaller water courses, surface runoff and groundwater have not always been captured.

To provide a more consistent basis for our future flood risk management activities, we have undertaken a County wide assessment to identify areas at greatest risk of flooding and to identify the different sources of flooding. We have used those historic flooding records that do exist, provided by flood risk partners and impacted communities, together with predicted flood risk from modelling carried out by the Environment Agency for rivers, surface water and coastal flooding. In addition to this mapping, we also undertook a further modelling exercise to identify the most likely flow routes for surface water during and after extreme rainfall events.

The results of this exercise have provided us with an initial high level assessment of the risk, scale and characteristics of flooding that could occur at any location in the County, from which we have identified a prioritised list of further detailed studies and a series of interventions and projects in specific locations.

The exercise has highlighted a significant level of risk to property and critical infrastructure, including:

- Approximately 13,800 residential properties;
- Approximately 6,500 non residential properties;
- Many parts of the highways and rail network;
- Approximately 50 items of critical infrastructure (hospitals, emergency service facilities, national power, energy and water/sewerage infrastructure, government offices, schools and nurseries)

4.4 Flood Source Descriptions

4.4.1 Ordinary Watercourses

An Ordinary Watercourse is every river, stream, ditch, drain, cut, dyke, sluice, sewer (other than a public sewer) and feature through which water flows, which does not form part of a Main River.

4.4.2 Surface Water

Surface water is essentially the water that cannot infiltrate into the ground or find its way to a watercourse or drainage system. It is normally observed flowing across the land surface towards natural low points, or, ponding in such low points.

4.4.3 Groundwater

Water held and flowing within permeable rocks and within the soil below the normal ground level is termed groundwater. Groundwater flooding occurs when the level of the water in the ground – sometimes referred to as the water table - rises above the ground level, or infiltrates underground structure which is designed to be dry. Groundwater flooding won't typically occur unless ~~sustained periods of heavy rainfall over several months is~~ experienced.

4.4.4 Local Flooding

A term given specific meaning by the FWMA being flooding from either ~~one~~, or any combination of, Ordinary Watercourses, surface water and groundwater. NYCC as Lead Local Flood Authority has powers and duties for the management of the risk of flooding from these sources.

4.4.5 Main Rivers

Main rivers are the larger rivers and other critical watercourses, designated as such and managed by the Environment Agency. Main Rivers can also include any structure that controls or regulates the flow of water in, into or out of the channel.

4.4.6 Sewer Flooding

Flooding from any part of a sewerage system caused either wholly or partly by an increase in the volume of rainwater entering or otherwise affecting the system.

4.5 Ordinary Watercourse Flooding

North Yorkshire is drained by an extensive network of ordinary watercourses that are not classified as main rivers. They generally follow natural and historic drainage routes and range from being well-known and named becks, to underground networks of culverts and pipes which may have evolved over centuries, and for which there may be little or no record.

Landowners, be they individuals or organisations, are responsible for the upkeep of all watercourses and for maintaining the flow in them, as riparian owner (see Section 4.13). However, as many watercourses have been ~~culverted~~ or piped in the past, landowners may not be aware of their existence until a problem occurs. Lack of maintenance leading to blockages and collapse can pose a significant flood risk resulting in surcharge, overland flow and surface collapse.

Identifying these networks is a huge task that presents significant practical challenges and significant potential costs. Nonetheless, in areas where the flood risk is significant, the location and mapping of critical assets has a great potential for assisting in the management of flood risk by highlighting those risks and facilitating preventative actions. NYCC as LLFA intend to take a systematic, risk based approach to this task, identifying those areas of greatest risk and working with riparian owners and local communities to manage that risk. This will be supported by the gathering of information on local flood risk incidents and the development of the Asset Register (see section 5.3).

4.6 Surface Water Flooding

Surface water flooding is typically the result of high intensity, localised rainfall on either impermeable or saturated surfaces. The sheer volume of water over a short time period can surpass the rate at which the ground can absorb it and outstrip the capacity of the immediate drainage networks and watercourses.

The storm water will find and flow along the easier flow routes, often the road network and ponds in low points in the topography. Historically this kind of flooding has been associated more with urban areas where there are greater areas of impermeable surface. However, investigations into recent flooding events in the county have shown that surface water runoff is an increasing issue in rural areas.

This was particularly evident in 2012, when high rainfall, month on month from late spring and throughout the winter months meant that the ground became saturated such that, in places, even modest rainfall could not soak in, forming overland flow and causing property and highway flooding. In some areas this water carried high levels of silt and debris into highway and private drainage systems causing blockages which restricted the performance of a system already under great strain.

The localised nature of this type of flooding makes it difficult to predict with certainty. However the Flood Forecasting Centre, established following the 2007 floods, does provide extreme rainfall event forecasting (www.fcc-environment-agency.metoffice.gov.uk/services) and is now supporting partner agencies in planning emergency responses for such events.

4.7 Groundwater Flooding

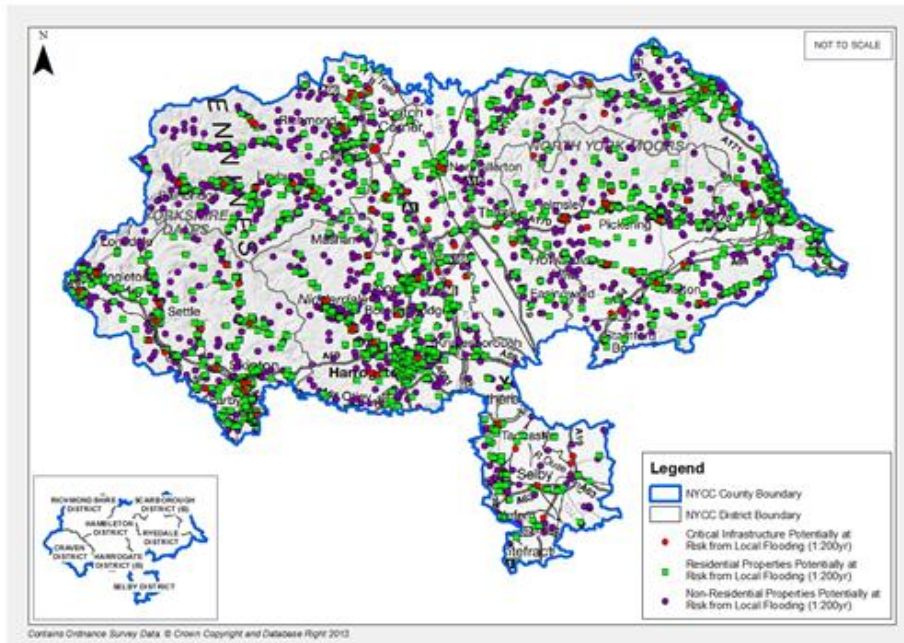
Groundwater flooding is less common in our County than other forms of flooding, but where it does occur the impact upon homes and businesses can be very significant. Groundwater flooding is often very difficult to address, and also tends to last for much longer than other types of flooding.

In North Yorkshire, groundwater flooding has occurred on the southern flank of the North Yorkshire Moors, where water levels in the underlying rock can lead to the activation of springs. Groundwater flooding has also been experienced adjacent to some of the larger rivers in the county.

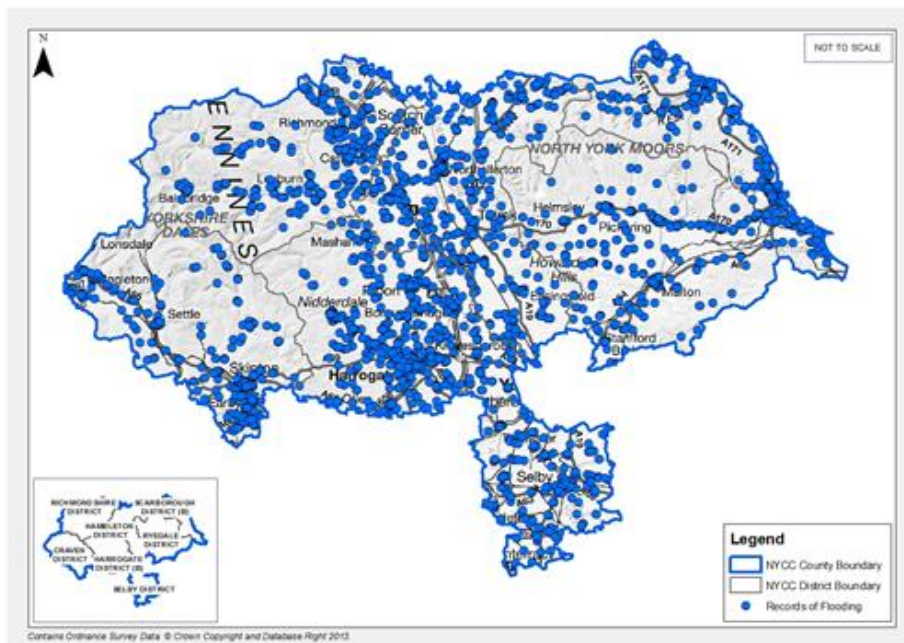
Locations where groundwater flooding occurs are often also at risk from other sources of flooding, and groundwater flooding problems can sometimes be masked by flooding from rivers and surface water.

4.8 Local Flooding

The scale and nature of local flood risk across North Yorkshire is significant and affects almost all parts of the County. We have carried out a series of hydraulic modelling exercises and surveys to help us to understand the risks, and we continue to build on this.



The map above shows the widespread distribution of flood risk across the County



The pattern of recorded flooding closely correlates with the flooding predicted by our modelling

4.9 Main River Flooding in North Yorkshire

North Yorkshire has experienced significant river or fluvial flooding events in its history, including several in recent years such as those experienced in 1999, 2000, 2004, 2007 and 2012. The Environment Agency manages the flood risk from the county's main rivers. The principle river systems in North Yorkshire are:

The Swale, Ure and Nidd – these rivers pass through the Yorkshire Dales and down through Vale of Mowbray to the Vale of York to become the **River Ouse**.

South of York, the **Ouse** is joined by the **Rivers Wharfe and Aire**, draining from the West, and the **River Derwent** from the East, before broadening into the upper reaches of the Humber Estuary at Goole.

In addition the Environment Agency publish flood risk maps, derived by using hydrological modelling techniques to establish the fluvial flood risk zones

4.10 Sewer Flooding

In England and Wales, the term 'public sewer' is specifically used to refer to the pipes and assets owned and operated by the local water company in their capacity as sewerage undertaker. Public sewers can be intended to carry foul flow, surface water or a combination of both.

However, it is important to note that the public sewer system exists alongside other drainage systems in most locations across North Yorkshire, the ownership of which is often private or can be the responsibility of the highway authority. These networks are often interconnected as a result of many different historical factors, meaning that it is rarely straightforward to establish a complete picture of the roles and responsibilities that each organisation or owner holds.



North
Yorkshire County Council

Local Flood Risk Strategy



Section 5: Flooding & Land Drainage Legislation and Guidance

Overview of legislation, guidance & bodies that govern flood risk management and drainage

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5 Flooding and Land Drainage Legislation

5.1 Introduction

The scope of Flood Risk Management in England and Wales has been shaped by a series of historic events, and by legislation laid down over many years in response to drainage issues and flood risk.

5.2 Flood and Water Management Act (2010)

The significant flooding that occurred in 2007 led to a review by Sir Michael Pitt which in turn gave rise to the Flood and Water Management Act (2010), which now forms the key piece of legislation overseeing flood risk management in England.

The Flood and Water Management Act 2010 (FWMA) determines that flood risk will be managed by a combination of national strategies for England and Wales and a series of local strategies.

The FWMA gives local authorities significant new roles and responsibilities to help manage flood risk in a more co-ordinated way. It helps reduce flood risk by:

- Defining who is responsible for managing the various sources of flood risk
- Enabling effective partnerships to be formed
- Encouraging more sustainable forms of drainage for new development

5.2.1 The National Flood Risk Management Strategy for England (2011)

The FWMA requires the Environment Agency to 'develop, maintain, apply and monitor a strategy for flood and coastal erosion risk management in England'.

Accordingly, the Agency has written the National Flood and Coastal Erosion Risk Management Strategy for England 2011 (the National Strategy)

- This National Strategy sets out the principles for how flood risk from all sources should be managed. It provides strategic information about the various kinds of flood risk and the organisations responsible for their management. The Strategy's guiding principles are: Community focus and partnership working
- An approach based on catchment cells, working with neighbouring authorities
- Sustainability – taking into account potential future risks and remaining adaptable to climate change
- Proportionate, risk-based approaches: A risk-based management approach targets resources to those areas where they have greatest effect.
- Added benefits including regeneration and socio-environmental benefits in as well as reducing the risk to people and property
- Beneficiaries should be encouraged to invest in local risk management

The FWMA requires risk management authorities (local authorities, internal drainage boards, sewerage companies and highway authorities) to act consistently with the National Strategy in carrying out their flood and coastal erosion risk management functions. The national strategy is available to view on the Environment Agency's website at:

www.environment-agency.gov.uk/research/policy

The North Yorkshire Local Flood Risk Management Strategy has been developed around these guiding principles to ensure that communities in North Yorkshire benefit from a coordinated and fully aligned approach.

5.2.2 Local flood risk management Strategies

The Act designates NYCC as the Lead Local Flood Authority (LLFA) for its area, with duties and powers to lead the co-ordination of flood risk management at a local level, as well as to carry out a specific role in managing flood risk from local sources – Surface water, groundwater and Ordinary Watercourses.

The FWMA places a duty on all risk management authorities operating in an area to act in accordance with the local flood risk management strategy when carrying out their flood risk management functions – outlined in section 5. These functions are subject to scrutiny in accordance with the LLFA’s democratic processes.

The statutory duties of the LLFA set out in the Act are detailed in section 5 but in summary are:

- Develop, maintain, apply and monitor a local flood risk management strategy (this document)
- Maintain a register of drainage and flood assets
- Investigate flooding incidents where appropriate
- Establish an approving body for sustainable drainage systems (SuDS)

Additional powers handed to the LLFA through the FWMA are:

- Designation of flood risk management structures when deemed necessary
- Permissive power to undertake works where deemed necessary
- Powers to consent works on ordinary watercourses

In addition to the specific duties and powers identified in the legislation for Lead Local Flood Authorities, the Act also requires that all the publicly accountable bodies named as a Risk Management Authority should act consistently with this strategy, and that the water companies should also have regard to the strategy in the delivery of their services.

Section 6 of this strategy describes the role that each organisation plays in the management of flood risk, and the partnerships that ensure these duties are delivered in a coordinated way that meets the requirements of this strategy.

5.3 The EU Floods Directive and the Flood Risk Regulations (2009)

The Flood Risk Regulations implement the requirements of the European Floods Directive which aims to provide a consistent approach to managing flood risk across Europe. The approach is based on a 6 year cycle of planning which begins with the publication of:

- Preliminary Flood Risk Assessments (PFRAs) by 22 December 2011
- Hazard and risk maps by 22 December 2013
- Flood risk management plans by 22 December 2015

North Yorkshire County Council’s Preliminary Flood Risk Assessment is available at <https://publications.environment-agency.gov.uk/skeleton/publications> .

The Hazard and Risk maps published by the Environment Agency can be found at <http://www.environment-agency.gov.uk/research/planning/135518.aspx>.

The Flood Risk Management Plan (FRMP) for North Yorkshire is currently being developed, and consultation is currently scheduled to take place from July 2014. The County Council is working closely with the EA and other organisations to develop a coherent and consistent set of measures and objectives for managing flood risk from all sources of flooding.

5.4 National Planning Policy Framework (NPPF) on development and Flood Risk Management

The spatial planning and development management process has a critical role to play in managing the risk of flooding by directing development to areas of lowest risk, by managing land use and by ensuring development on a site does not increase the flood risk elsewhere.

The planning process handles the delicate balance between the economic development of an area and potential risks of flooding in the future. Planning authorities and Developers have a key role to play in managing and mitigating flood risk in new developments and should have regard to this strategy. New development should also look for opportunities to make a positive, sustainable contribution to the overall flood risk of an area and realise both environmental and social amenity benefits.

In March 2012 the Government introduced the National Planning Policy Framework (NPPF). On matters relating to flood risk the NPPF replaces the earlier Planning Policy Statement 25 Development and Flood Risk (March 2010) with a technical guidance document.

The Government requires that the NPPF be taken into account in the preparation of local plans and is a material consideration in planning decisions. As LLFA, NYCC supports an approach by planning authorities in its area that reflects the presumption in favour of sustainable development contained in the NPPF.

5.5 North Yorkshire Planning Authorities & Local development plans

General planning development control and planning policy are the responsibility of the seven district councils and two National Park Authorities (North York Moors and Yorkshire Dales).

The county council has responsibility for planning only for waste management and mineral sites across the area and for its own developments such as schools and libraries.

Links to the local plans of each planning authority are available via the county council website by following this link: <http://www.northyorks.gov.uk/article/26340/Local-plans>

5.6 North Yorkshire Flood Resilience Forum

Under the Civil Contingencies Act 2004, the purpose of the North Yorkshire Local Resilience Forum (NYLRF) is to prepare and plan for emergencies to reduce the impact on the people of North Yorkshire when such events occur.

The NYLRF has the responsibility of developing plans for an effective response to a major emergency. This means working closely with emergency services, NYCC, District and Borough Councils, the National Health Service, and other agencies that can help to prepare and respond to any event.

The NYLRF partnership brings together expertise and resources from different organisations during a flood event. Whatever the original source or sources of flooding, this team will provide those communities and individuals affected by flooding with a coordinated multi-agency response that can support the people affected by flooding when it occurs.

The composition of the team comes from a wide range of disciplines, including emergency planning, flood risk management, sewerage, highways, communications teams and the voluntary sector. Other disciplines from within NYCC and other organisations can also be drawn upon in an emergency.

5.7 Land drainage law and regulation

The Land Drainage Acts 1991 and 1994 give NYCC as land drainage authority permissive powers to maintain the flow in ordinary watercourses and to ensure they are free from obstruction. An ordinary watercourse is every river, stream, ditch, drain, cut, dyke, sluice, sewer (other than a public sewer) and passage through which water flows and which does not form part of a main river.

The council can require landowners to carry out work to remove any obstruction and maintain the flow. It can also carry out works on ordinary watercourses and undertake drainage work on private land to prevent flooding. The Environment Agency has similar land drainage powers in relation to main rivers under the Water Resources Act and the Flood and Water Management Act

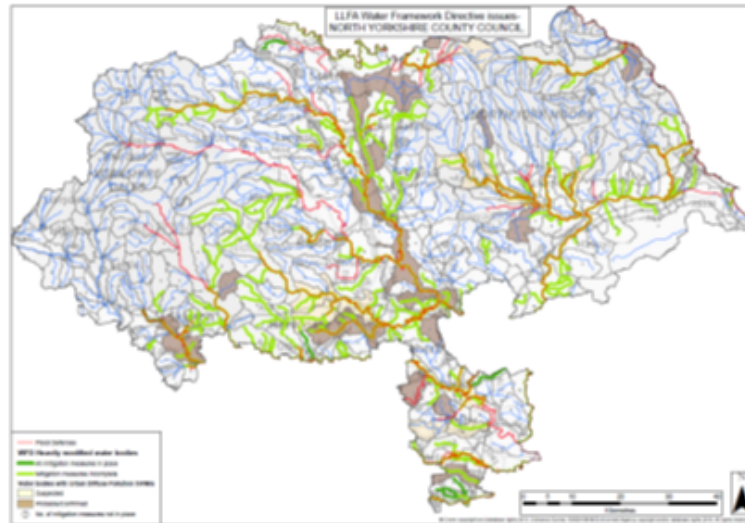
It should be emphasised that, although NYCC and the EA have permissive powers relating to the maintenance of flow in watercourses, these organisations are only legally responsible for the physical maintenance of watercourses where they themselves are the riparian owners.

5.8 Riparian ownership

Persons or organisations owning land or buildings next to or over a watercourse, or with a watercourse running through their land or buildings, are defined as riparian owners in common law. The Environment Agency's publication 'Living on the Edge' (<http://www.environment-agency.gov.uk/homeandleisure/floods/31626.aspx>) gives an overview of riparian owners' rights and responsibilities. In general terms, these responsibilities relate to the upkeep of watercourses and drainage infrastructure – allowing water to flow unhindered and free from pollution.

5.9 Water Framework Directive

The European Floods Directive is a sister directive to the Water Framework Directive (WFD). Both directives use the same unit of management (river basin districts) and are based on the same 6 year cycle of planning. There is a requirement to coordinate delivery of the two directives.



The objectives of WFD include:

- Preventing deterioration in the status of surface water bodies, protecting them and improving their ecological status.
- Achieving at least 'good' status for all waters by 2015, 2021 or 2027 depending on the criteria set out in the Directive.
- Promoting the sustainable use of water as a natural resource, balancing abstraction and recharge
- Conserving aquatic ecosystems, habitats and species
- Progressively reducing or phasing out the release of pollutants which present a significant threat to the aquatic environment
- Progressively reducing the pollution of groundwater and preventing or limiting the entry of pollutants
- Contributing to the mitigation of the impact of floods and drought on surface water bodies.

The Directive sets a target that all water bodies are to reach good ecological status or potential by 2015, 2021 or 2027. A target of Good Ecological potential applies to those water bodies that have been heavily modified, for example to provide water supply, flood protection or navigation. All new activity in the water environment requires assessing to identify any potential impacts which could hinder a water body from meeting its WFD objectives. However there is also opportunity for identifying flood risk management measures which can also deliver water body improvement and contribute to meeting WFD targets. A good example of this might be a scheme to provide upstream storage lagoons that retain both flood water and act as a sediment trap, thus reducing both flooding and pollution.

LLFAs and other RMAs have an important contribution to make in achieving WFD targets and objectives. Through effective coordination and planning of activities such as the consenting of works on ordinary watercourses, the promotion of sustainable drainage and working with communities and individuals to improve water body management, benefits can be realised for both water quality and flood resilience, as reflected in the Objectives for this Strategy

5.10 Links to North Yorkshires Council and Community Plans

The North Yorkshire Council Plan for the period 2013-2016 forms the cornerstone of the council's policy framework. It sets out the authority's vision and priorities for the next three years, and how they will be achieved. It has been developed in conjunction with the North Yorkshire Strategic Partnership (NYSP) North Yorkshire Community Plan 2011-14.

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

This commitment is underpinned by the three priorities identified in our community plan, and our Local Flood Risk Strategy has been developed so that it reflects this commitment:

- protecting and supporting vulnerable people
- supporting economic growth and employment
- enabling stronger local communities.



North
Yorkshire County Council

Local Flood Risk Strategy



Section 6: Who does what?

Overview of the flood risk management duties and responsibilities of organisations, businesses and individuals

Business and Environmental Services

A responsive County Council providing excellent and efficient local services

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6 Who does what? : Flood Risk Management in North Yorkshire

6.1 The Yorkshire Regional Flood and Coastal Committee

The Regional Flood and Coastal Committee (RFCC) is a committee established by the Environment Agency under the Flood and Water Management Act 2010.



The RFCC brings together members appointed by Lead Local Flood Authorities (LLFAs) and independent members with relevant experience for three purposes:

- To ensure there are coherent plans for identifying, communicating and managing flood and coastal erosion risks across catchments and shorelines
- To promote efficient, targeted and risk-based investment in flood and coastal erosion risk management that optimises value for money and benefits for local communities
- To provide a link between the Environment Agency, LLFAs, other risk management authorities, and other relevant bodies to engender mutual understanding of flood and coastal erosion risks in its area.

6.2 Partnership working and the functions of risk management authorities

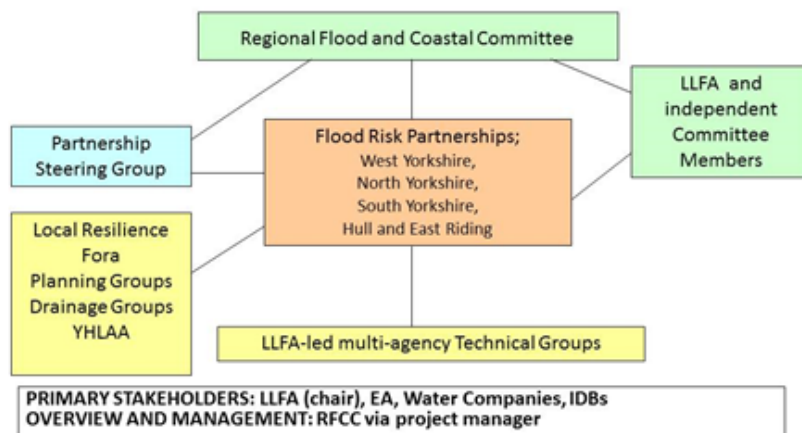
The Flood and Water Management Act 2010 (FWMA) defines certain organisations as ‘Risk Management Authorities’ with responsibility for management of flood risk.

In addition to the specific responsibilities and functions that each RMA is required to deliver, they also share:

- A duty to act consistently with the Local Flood Risk Strategy when carrying out flood risk management functions
- A duty to work in partnership to manage flood risk in the area and to co-ordinate flood risk management activities
- A duty to share information and data relating to their flood risk management activities
- A duty to be subject to the scrutiny of the LLFA’s democratic processes in respect of their flood risk management activities

In the Yorkshire region, four sub-regional partnerships have been developed to assist with the coordination of these flood risk management activities. The North Yorkshire Flood Risk Partnership comprises representatives from North Yorkshire County Council, City of York Council, the Environment Agency, Yorkshire Water, and representation from the Internal Drainage boards, the districts and the coastal authority in the sub-region.

FCRM Partnerships Model



The relevant authorities in the North Yorkshire Authority area are identified in the table below

Risk Management Authority	Organisation responsible within North Yorkshire
Lead Local Flood Authority	North Yorkshire County Council
Environment Agency	Environment Agency (Yorkshire - North East)
District / Borough Councils	District Councils: Craven, Hambleton, Ryedale, Richmondshire and Selby Borough Councils: Harrogate and Scarborough (Scarborough are also the coastal authority for their administrative area)
Water companies	Majority of County: Yorkshire Water Small areas near the northern border: Northumbria Water and United Utilities
Highways Authority	Trunk roads: Highways Agency Non trunk roads: North Yorkshire County Council
Internal Drainage Boards	There are six Internal Drainage Boards (within consortiums) that operate across the County

6.3 North Yorkshire County Council as Lead Local Flood Authority

NYCC recognises that it has an important and challenging role to play as Lead Local Flood Authority in facilitating the delivery of flood risk management in its area by co-ordinating the activities of all relevant agencies.

As well as this general responsibility the Act assigns specific management functions to NYCC relating to 'local flood risk' – defined by the Act as flooding from Surface Water, Ground Water and Ordinary Watercourses. These functions are expressed as 'Duties' – something we are legally obliged to do – and 'Powers' to be used at the authority's discretion.

NYCC's risk management duties are:

- To develop, maintain and apply a Local Flood Risk Management Strategy
- To develop and maintain information on flooding from ordinary watercourses, surface water and groundwater
- To investigate incidents of flooding in its area where appropriate and necessary and to publish reports
- To maintain a register of structures and features which have a significant effect on flood risk
- To establish and operate an approval body for sustainable drainage systems (SuDS) serving new development and redevelopment (expected to become effective in 2014)

NYCC's permissive powers are:

- The power to designate any structure or feature that affects flooding
- To consent to third party works on ordinary watercourses
- The power to carry out works to manage flood risk from surface water and from groundwater

NYCC's permissive powers under the Land Drainage Act are:

- Maintain and improve ordinary watercourses and build new works
- Serve notice on any person or body requiring them to carry out necessary works to maintain flow in ordinary watercourses

Although NYCC has powers to do works in ordinary watercourses, the responsibility for the maintenance lies with the riparian owner. Hence NYCC is only responsible for maintenance where it is the riparian owner.

6.4 North Yorkshire County Council as Highway Authority

There are approximately 9,000km (5,592 miles) of road, 4,400km (2,734 miles) of footway and over 2,000 bridges in North Yorkshire. North Yorkshire County Council is the local Highway Authority for the County and is responsible for the management of most of these roads (excluding Motorways and Trunk Roads such as the A1(M) and A64(T) which are managed by the Highways Agency).

The Highways Act (1980) places a responsibility on the council to drain the highway of surface water and to maintain the highway drainage systems. To meet this responsibility, the highway Authority may undertake works on the highway or on land adjoining it for the purpose of draining the highway or to prevent surface water flowing onto it and causing flooding.

Surface water from the highway drains either into the public sewer network (maintained by the Water Company), into separate highway drains (maintained by the highway authority) or into roadside ditches (maintained by the landowner). Much of this drainage is via drainage gullies which are cleaned out every six months, or annually, depending on need. This need is established through a risk based approach. Cleansing is carried out in order to ensure the free flow of water from the highway. More regular gully emptying takes place at sites across the county where poor drainage has been identified. This increased frequency of emptying reduces the risk of flooding and helps to reduce damage to the network whilst also maintaining access for transport users.



6.5 The functions of the Environment Agency

Under the FWMA the Environment Agency (EA) has a strategic overview role for all sources of flooding as well as an operational role in managing flood risk from Main Rivers, reservoirs and the sea. As part of this role the EA have developed a National Flood and Coastal Erosion Risk Management Strategy for England – ‘Understanding the Risks, Empowering Communities, Building Resilience.’

This national strategy outlines the EA’s strategic functions as:

- Ensuring that flood risk management plans (FRMPs) are in place and are monitored to assess progress. The plans will set out high-level current and future risk management measures across the catchment
- Publishing and regularly updating its programme for implementing new risk management schemes and maintaining existing assets
- Supporting risk management authorities’ understanding of local flood risk by commissioning studies and sharing information and data
- Supporting the development of local plans and ensuring their consistency with strategic plans
- Managing and supporting Regional Flood and Coastal Committees and allocating funding

The EA’s operational functions are/include:

- Risk-based management of flooding from main rivers including permissive powers to do works including building flood defences
- Regulation of works in main rivers through the consenting process
- Regulation of reservoirs with a capacity exceeding 10,000m³
- Working with the Met Office to provide severe weather warnings – available to Risk Management Authorities
- Provide warning of flooding on main rivers
- The maintenance and operational management of main river assets including flood defences
- Statutory consultee to the development planning process
- The power to serve notice on any person or body requiring them to carry out necessary works to maintain the flow in main rivers



6.6 Internal Drainage Boards

Internal Drainage Boards (IDBs) are local operating authorities established in areas of special drainage need in England and Wales.

IDBs have permissive powers to undertake works to secure clean water drainage and water level management in designated drainage districts. In managing water levels IDBs have an important role in reducing flood risk in areas beyond their administrative boundary.

IDBs are funded by special levies from local authorities, capital grants awarded by the Environment Agency and general drainage rates paid by landowners.

There are six Internal Drainage Boards whose geographical area of responsibility falls either partly or wholly in the administrative area of North Yorkshire County Council. They are:

- [The Kyle and Upper Ouse Internal Drainage Board](#)
- [Ouse and Humber Internal Drainage Board](#)
- [Shire Group of Internal Drainage Boards](#)
- [Swale and Ure Internal Drainage Board](#)
- [Vale of Pickering Internal Drainage Board](#)
- [York Consortium Internal Drainage Board](#)

6.7 Responsibilities of riparian owners in North Yorkshire

Landowners whose land is adjacent to a watercourse are known as 'riparian owners'.

A landowner can be an individual e.g. home owner or farmer, private business or an organisation e.g. the district council as park owner, on school grounds the county council as property owner.

A watercourse is defined as every river, stream, ditch, drain, cut, dyke, sluice, sewer (other than a public sewer) and feature through which water flows, but which does not form part of a Main River.

Riparian owners have legal duties, rights and responsibilities under common law and the Land Drainage Act 1991 for watercourses passing through or adjoining their land. These responsibilities are to:

- Pass on the flow of water without obstruction, pollution or diversion affecting the rights of others
- Accept flood flows through their land, even if these are caused by inadequate capacity downstream.
- Maintain the banks and bed of the watercourse and keep structures maintained
- Keep the bed and banks free from any artificial obstructions that may affect the flow of water including clearing litter, heavy siltation or excessive vegetation.

Guidance on the rights and responsibilities of riparian ownership are outline in the Environment Agency publication 'Living on the edge', available at

<http://www.environment-agency.gov.uk/homeandleisure/floods/31626.aspx>

Although risk management authorities do have permissive powers to carry out works to reduce flood risk related to Main Rivers and Ordinary Watercourses these will only be used as a last resort and do not replace the responsibilities of the riparian owner under common law and the Land Drainage Act 1991.

Where surface water runs off land or is managed via land drainage systems, this naturally contributes to flows in our drainage networks and watercourses. For much of the County, this runoff is managed by private landowners and farmers. As such, the effect of land management on local flood risk issues is often well understood by the communities and the people who live and work in them.

Where uncertainty exists in terms of responsibilities, or when disputes arise between adjacent landowners or authorities, a judgement from the [Agricultural Land and Drainage Tribunal](#) may be requested.

Given the size of the County, effective land management and stewardship by landowners therefore needs to play an important part in managing flood risk. Individual landowners can help reduce flood risk on a localised scale, but their collective effort can also assist RMAs by reducing the cumulative impacts, because runoff from several localised catchments may combine as the watercourses make their journey to the larger rivers and the sea.

We recognise the importance of sustainable and effective land management, and will work with communities and businesses to achieve this.

6.8 The function of the Water & Sewerage Companies (WaSC)

The water companies of England and Wales are both water supply service providers and sewerage undertakers. The water and sewerage industry is regulated by [Ofwat](#), through the Water Industry Acts 1991 and 1999 and the Water Act 2003, to ensure that consumers' interests are protected. The water companies' flood risk management responsibilities relate to their operations as sewerage undertakers, reservoir owners and provider of infrastructure to new developments.

There are three Water and Sewerage Companies that operate within the administrative area of North Yorkshire County Council. They are:-

- [Yorkshire Water Services Limited](#)
- [Northumbrian Water Services Limited](#)
- [United Utilities Limited](#)

6.8.1 Water company sewerage and flood risk management functions

Particularly in urban areas, some rainwater falling on buildings, impermeable surfaces and roads drains into public sewers owned by one of the water companies. In the NYCC administrative area these are Yorkshire Water, Northumbrian Water and United Utilities.

This water can then be conveyed:-

- Through the combined sewer network, where it mixes with foul water (including sewage) and passes on to sewage treatment works

Or

- Through surface water only sewers, to be discharged directly to rivers and streams

The water companies are risk management authorities and are responsible for the management of the risk of flooding from both combined and surface water public sewers due to excess rainfall entering them.

Responsibility for private sewers lies with the landowners (see section 5.11), but in 2011 the ownership of many private sewers was transferred to water companies. Yorkshire water gives advice and guidance on this 'big transfer' on their webpage www.yorkshirewater.com/the-big-transfer.aspx

6.8.2 Water company as reservoir owner and operator

The water companies maintain the 27 reservoirs in North Yorkshire in accordance with the Reservoirs Act 1975 and the Flood and Water Management Act 2010. Independent engineers appointed under these Acts use industry guidance to ensure the integrity of the reservoir when subject to flooding.

6.9 District and Borough Councils

There are seven borough and district councils in North Yorkshire, and the County Council works closely with each to manage flood risk.

- [Richmondshire](#) District Council
- [Hambleton](#) District Council
- Scarborough Borough Council
- Ryedale District Council
- Craven District Council
- Harrogate Borough Council
- Selby District Council

The information set out below highlights the range of mechanisms available to District and Borough Councils in the exercise of their flood risk management functions.

6.9.1 Responsibilities under the Flood and Water Management Act 2010

Section 6	District Councils are classed as Risk Management Authorities.
Section 11	In exercising its flood and coastal erosion risk management functions and any function that might affect a coastal erosion or flood risk, a district council must act in a manner which is consistent with the national strategy and associated guidance, and also act in a manner which is consistent with local strategies and associated guidance.
Section 13	A District Council must co-operate with other Risk Management Authorities in the exercise of their flood and coastal erosion risk management functions.
Section 27	In exercising a flood or coastal erosion risk management function, district councils must aim to make a contribution towards the achievement of sustainable development.
Section 39	A district council may carry out work (as specified by Section 3 (3) (a) to (e) of the Act) that will or may cause flooding, increase water below the ground or coastal erosion.
Schedule 1	District Councils are allowed to designate a structure, or a natural or manmade feature of the environment where the authority thinks that the existence or location of the structure or feature affects flood risk. The effect of designation is that a person may not alter, remove or replace a designated structure or feature without the consent of the responsible authority.

6.9.2 Responsibilities under the Land Drainage Act 1991

- Section 14A A District Council may carry out flood risk management work, where the authority considers the work desirable having regard to the local flood risk management strategy for its area, and that the purpose of the work is to manage a flood risk in the authority's area from an ordinary watercourse.
- Section 66 A District Council may make byelaws to secure the efficient working of a drainage system in the authority's district or area, to regulate the effects on the environment, to secure the effectiveness of flood risk management work within the meaning of section 14A and/or to secure the effectiveness of works done in reliance on

6.9.3 Responsibilities under the Public Health Act 1936

- Section 260 A district council may undertake works to manage statutory nuisances in connection with watercourses, ditches, ponds, etc as outlined by Section 259 of the Public Health Act 1936. This includes the clearance of any obstruction or impediment to the proper flow of water. Other provisions within the Public Health Act 1936 outline further provisions related to watercourses, culverting and land drainage.

4.20. Responsibilities under the Environmental Protection Act 1990

- Section 79 (Statutory nuisances and inspections therefore) outlines that the following would constitute a statutory nuisance; that any water covering land or land covered with water which is in such a state as to be prejudicial to health or a nuisance.

6.9.4 Responsibilities under the Localism Act 2011

- Section 9FH & 9JB A district council (as a risk management authority) must comply with a request made by a lead local flood authorities overview and scrutiny committee, in the course of its arrangements to review and scrutinise the exercise by risk management authorities of flood risk management functions which may affect the local authority's area. District councils must have regard to reports and recommendations of an overview and scrutiny committee in the course of arrangement outlined above.

6.9.5 Planning Legislation,

Borough and District Councils operate their development planning and control functions, having due regard to the National Planning Policy Framework and associated technical guidance. These duties also apply to the National Park Authorities.



North
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Local Flood Risk Strategy



Section 7: Financing the Strategy

Overview of the funding options for flood risk reduction and management

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7 Financing the strategy

7.1 Introduction

The avoidance of the significant costs associated with flooding, particularly when flood water enters homes and businesses, makes a compelling case for investment in defences and other measures that can help to reduce the risk.

But despite this compelling case, raising the necessary finances to fund improvements is one of the greatest challenges we face.

This section of the strategy sets out some of the principle sources of funding that can be used to fund flood risk reduction measures, and describes how the County Council ensures that the limited financial resources available are prioritised.

Each funding stream has a different, and in some cases only a specific part to play, but we are committed to unlocking the most flexible possible approach to funding flood risk reduction in North Yorkshire.

7.2 Flood and Coastal Resilience Partnership Funding

Formerly known as ‘Flood Defence Grant in Aid’, Partnership Funding is the name given to funding that can be made available from central government (The Department of Environment Food and Rural Affairs) for flood risk initiatives that meet their criteria. These criteria relate to the number of properties and businesses that will be protected, as well as factors that recognise any environmental benefits associated with the proposals and can be bid for by any RMA to manage all forms of flooding

As the name suggests, in addition to the government funding element, there is a requirement for projects promoted via this mechanism to seek and secure funding from other sources wherever possible (see sections below).

Some projects can be fully funded by the government grant, but in many cases we will need to secure other local sources of funding in order that projects can proceed.

7.3 Yorkshire Regional Flood and Coastal Committee levy funds

Each year, local authorities in the Yorkshire region pay into a fund that can be used to support or deliver flood risk projects. The fund is managed and allocated by the Regional Flood and Coastal Committee (RFCC), who have identified criteria for eligible projects or initiatives.

Levy funding can be used as a partnership funding contribution, as a means of funding investigations and other projects that do not attract central grant funding, or to fund regional initiatives that benefit all the authorities in the region.

7.4 North Yorkshire County Council funding

Lead Local Flood Authorities currently receive a small amount of grant funding each year from DEFRA to support the delivery of our statutory duties, and to a limited extent for supporting the delivery of some specific flood risk reduction measures and projects. Allocation of this funding is carried out in accordance with a prioritisation methodology which takes into account the following characteristics:

- The nature and scale of impact of the flooding
- How closely the proposals fit with our duties and responsibilities
- The availability of, and opportunities for, contributions from other sources
- How clear the proposals are, and how confident we can be about delivering the outcomes
- How fairly our resources will be distributed between communities at risk from flooding

Typically, the prioritisation of North Yorkshire County Council contributions to flooding schemes will be carried out as part of broader National and Regional funding prioritisation process. This helps to ensure that local contributions are allocated in the manner that maximises the total value of flood risk investment in the County and protects the greatest possible number of homes and other assets.

In exceptional circumstances, consideration may also be given to opportunities that occur outside the normal investment cycle, though this will typically be limited to occasions when significant contributions from other sources are contingent upon financial support from the County Council.

7.5 Environment Agency revenue funding

The Yorkshire RFCC receives a revenue grant from DEFRA to finance the revenue-based activities and staff costs of the EA'S Yorkshire region. The grant funds:

- maintenance programmes for the EA's regional assets and watercourse repairs
- revenue projects to cover legal requirements, investigations and studies in line with national guidelines
- the remaining revenue allocation covers EA's regional staff costs

7.6 Private and business funding

Funding from private sources and from businesses is becoming increasingly important to the successful delivery of flood risk reduction proposals. The government wish to see a greater contribution to projects from those that will benefit from the protection, and in many cases the grant available to pursue projects will not be sufficient in the future unless it is supplemented by funding from others sources.

Where new development is proposed, there may be the potential for developer contributions and planning obligations to also contribute. This may be achieved either through Section 106 Contributions, where the need for a particular measure can be directly attributed to a specific development; or more generally through the use of Community Infrastructure Levy receipts where the (district tier) Local Planning Authority within whose area the development is consented has such a regime in place.

7.7 Water Company Investment

The water companies have their own investment strategies, which are agreed with, and then monitored by, the water industry regulator OFWAT.

Where the outcomes of their regulatory targets can be aligned with wider flood risk reduction initiatives, we are committed to working with the water companies to ensure that the best possible value is secured for our residents, both as tax payers and through their water bills.

Appendix 2

Consultation responses summary

Issue Raised	Raised by	Mitigation	Reference
Balance between rural and urban issues (concerns that smaller communities and rural issues will suffer disproportionately)	Ryther and Tadcaster Parish Council Chairs and 3 residents	This was raised with specific reference to the prioritisation of investigations and reviews. A clearer reference to giving due consideration to the specific issues that increase the severity of consequences for small communities has been added.	Section 3 pg 6
District role not sufficiently described	Harrogate Borough Council Officer	Additional section setting out legislation that relates to District Council roles and responsibilities added.	Section 6 pg 11
Water Framework Directive	Environment Agency (Environment team)	EA suggestions for re-wording of the relevant section added	Section 5 pg 7
Riparian duties on Main Rivers	Environment Agency (Flood Risk team)	Duties clarified in the text	Section 6 pg 9
Priority given to planning responses in the Action plan	NYCC Planning	Priority given to planning responses raised from moderate to high at the request of NYCC planners	Section 2
Economic impact of flooding not clearly identified as a driver for formal investigation	NYCC Strategic Policy and Growth	Text amended to make this clearer	Section 3 pg 5
Potential for developer contributions not highlighted	NYCC Strategic Policy and Growth	Reference to s106 contributions and the use of CIL added	Section 7 pg 4

Organisations and bodies consulted

Name	Response
Craven DC	None
Hambleton DC	Verbal response
Harrogate BC	Structured interview and written response
North York Moors National Park	None
Richmondshire DC	None
Ryedale DC	Verbal response
Scarborough DC	Structured Interview
Selby DC	Written response
Yorkshire Dales National Park Authority	None
Northumbrian Water	Written response
Yorkshire Water	Verbal response
United Utilities	Written response
Environment Agency (Flood Risk team)	Written response
Environment Agency (Environment team)	Written response
All County Council Members	Members seminar feedback
Redcar and Cleveland Council	None
East Riding of Yorkshire Council	None
Middlesbrough Council	None
Stockton-on-Tees Council	None
Cumbria County Council	None
Bradford City Council	None
Durham County Council	None
Lancashire County Council	None
Darlington Council	None
City of York	Written response
Doncaster MB Council	None
NYCC Highway Operations Management team	Structured Interviews
NYCC Highway Asset Management	Structured Interview
NYCC Highway Development Control	Verbal response
NYCC Planning	Written response
NYCC Strategic Policy and Growth	Written response
NYCC Emergency Planning	Structured Interview
National Flood Forum	None
York Consortium Internal Drainage Board	None
Natural England	None
Shire Group Internal Drainage Boards	None
Yorkshire Local Council Association	None
Kyle & Upper Ouse IDB	None
Swale & Ure IDB	None
Vale of Pickering IDBs	None
Ouse & Humber IDB	None