

## The Report of the Executive

The Executive met on Tuesday, 26 May 2015 commencing at 11.00 am. Present: County Councillors Carl Les – Chairman, Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Janet Sanderson and Clare Wood.

The Executive met on Tuesday, 16 June 2015 commencing at 11.00 am. Present: County Councillor Carl Les in the Chair. County Councillors Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Chris Metcalfe and Janet Sanderson.

Also in attendance: County Councillors Elizabeth Casling, Jim Clark, Janet Jefferson and Mike Jordan.

The Executive met on Tuesday, 7 July 2015 commencing at 11.00 am. Present: County Councillor Carl Les in the Chair. County Councillors Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Chris Metcalfe and Clare Wood.

Also in attendance: County Councillors Val Arnold, Derek Bastiman, John Blackie, John Clark, Roger Harrison-Topham, Bill Hault and Elizabeth Shields

**1. Revenue Budget 2014/2015:** The report which was considered by the Executive 16 June 2015 together with appendices A to J is attached in the accompanying booklet to enable all Members of Council to have the information which was available to the Executive in arriving at the recommendations below.

To summarise the position: there is an overall £40m cash saving but this includes the unspent corporate Pending Issues Provision (PIP) of £20.6m, the release of earmarked reserves of £6.1m and funding outturn variations of +£0.2m. After removing the impact of these three items (totalling £26.5m) the resulting savings on operational budgets is £13.5m (3.6%) (**paragraphs 4.6 to 4.9**).

The key elements of the £13.5m operational budget saving are (**paragraphs 4.9 to 4.10**):

- £2.8m to be carried forward and earmarked for spending in future years on a range of projects and initiatives spread across all Directorates and Corporate Budgets
- £10.7m which increases the unallocated GWB consisting of £4.4m early achievement of Budget / MTFS and 2020 North Yorkshire savings; £1.3m unused HAS demographic growth provision; £1.2m bonus Government grants on Business Rates; £1.7m unused contingencies for Pension Fund deficit payments; £3.5m other one off windfalls; offset by £1.4m additional spending on 2020 initiatives.

A breakdown of each Directorate's outturn variance is provided in **Appendices C to G** with the outturn for SmartSolutions at **Appendix H**.

There is currently £23.2m of unallocated PIP funding up to 2018/19 including £20.6m that is available as at 31 March 2015 (**paragraph 4.16**).

The proposed overall treatment of the £40m saving is that £23.4m is being recommended for carry forward to future years (£20.6m unallocated PIP funding referred to in 1 + £2.8m earmarked for Directorate projects and initiatives referred to in 2) with the remaining £16.6m being transferred into the GWB in 2015/16 (**paragraphs 4.19 to 4.21**).

Savings targets reflected in Directorate's 2014/15 Budgets totalling £17.9m were fully

achieved in the year as were the residual One Council savings target (**paragraphs 4.22 to 4.27**).

The GWB of £91.7m at 31 March 2015 (£78.5m at 31 March 2014) consists of £23.4m earmarked carry forwards from 2014/15 and £68.3m remaining unallocated GWB which is £40.8m above the current minimum level of 2% of the net revenue budget plus a £20m buffer (£27.5m) (**paragraphs 4.33 to 4.36**).

The £68.3m unallocated GWB at 31 March 2015 excludes future commitments to 2019/20 as agreed in the MTFs in February 2015. Reflecting these commitments totalling £23.5m reduces the unallocated GWB to £44.8m at 31 March 2020 which is only £17.8m above the current minimum. These lower figures also do not reflect further potential future GWB commitments of £14,054k on capital financing (£10m), new investments being proposed in the revenue report (£2,754k in 11 below) and capital ICT hardware (£1.3m) (**paragraphs 4.35 to 4.36 & 4.44 to 4.45**).

In addition to future commitments against the GWB, its level should also be considered alongside the many future risks and uncertainties that the authority faces with the GWB providing opportunity to help mitigate these risks if they materialised as well as providing opportunities for future investment (**paragraphs 4.39 to 4.40**).

Total earmarked reserves (sums set aside for specific purposes which include financial commitments plus the GWB) have increased from £191.6m at 31 March 2014 to £207.6m at 31 March 2015 primarily as a result of 7 above (**paragraph 4.51**).

Three investments totalling £2,754k were agreed by the Executive 16 June 2015 to be funded from the GWB (effectively from the savings achieved in 2014/15). These are South Cliff Scarborough (£1,212k), Education in Scarborough (£750k over a 3 year period) and County Council locality budgets (£792k over a two year trial period) (**paragraphs 4.54 to 4.74**).

Detail is provided on the Statutory Statement of Accounts for 2014/15 and how the Revenue Budget 2014/2015 report aligns with those accounts (**paragraphs 4.75 to 4.81**).

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

That County Council:-

- (i) note the position on the draft outturn position for the County Council's 2014/15 Revenue Budget as summarised in **paragraph 4.6**
- (ii) approve the proposed carry forward of certain unspent budgets at Corporate and Directorate level totalling £23,397k as detailed in **paragraphs 4.19 and 4.20**
- (iii) note the latest position on the GWB (**paragraphs 4.31 to 4.45 and Appendix I**)
- (iv) note the position of other earmarked reserves as detailed in **paragraph 4.46 to 4.53 and Appendix J**
- (v) note the procedure that will be followed by the Audit Committee in respect of the approval of the statutory Statement of Accounts as described in **paragraphs 4.75 to 4.81**
- (vi) note the investments approved by the Executive (**paragraphs 4.54 to 4.74**) as below

- a) authority is delegated to the Corporate Director, Business and Environmental Services in consultation with the Corporate Director, Strategic Resources and the Executive Members for both Highways and Finance to agree terms as necessary to drawdown up to £1,212k of funding from General Working Balances for the South Cliff works in Scarborough as set out in **paragraphs 4.56 to 4.65**.
- b) authority is delegated to the Corporate Director, Children & Young People's Services to progress with the Education in Scarborough initiative as outlined in **paragraphs 4.66 to 4.69** with funding of £750k from General Working Balances.
- c) £792k is provided for County Councillor Locality Budgets from General Working Balances (in line with **paragraphs 4.70 to 4.73**) and that a further report is brought back to the Executive to agree a scheme for application of the locality budgets.

**2. Capital Outturn 2014/2015:** The report which was considered by the Executive 16 June 2015 together with appendices A to F is attached in the accompanying booklet to enable all Members of Council to have the information which was available to the Executive in arriving at the recommendations below.

To summarise the position: Gross Capital spend of £105.4m was £1.2m below the last Capital Plan update of £106.6m in February 2015 and £1.5m below the Original Plan in February 2014. After accounting for £2.4m additional capital income however there was a net capital underspend of £3.6m of which £1.4m is being requested for carry over into 2015/16 (**Paragraphs 5.4 to 5.13**).

Financing of the Capital spend (**paragraph 5.14 & Appendix F**) included £9m capital receipts (**paragraph 5.19**) consisting of £4.3m loan repayments and £4.7m receipts from the sale of land and property (of which £3.5m was from County Farms). After utilising other capital income (grants, contributions and revenue contributions), the balancing figure of £5.7m was funded from internal borrowing which has the impact of running down investments (**paragraph 5.17**).

£12.6m potential surplus capital resources up to 2017/18 achieved mainly from capital receipts of which £6.9m is in hand at 31 March 2015 (**paragraph 5.26**). This could be used to fund capital expenditure or to reduce the Council's outstanding debt.

The Executive 16 June 2015 approved a £3.8m capital investment proposal for ICT hardware (**paragraphs 5.32 to 5.34**) funded £1.3m from the revenue GWB and £2.5m from unapplied capital receipts, reducing the £12.6m of potential surplus capital resources referred to above, to £10.1m.

**The Executive RECOMMENDS:**

That County Council:

- (a) note the position on capital outturn as detailed in **Appendices A to E**;
- (b) approve the proposed carry forward to 2014/15 of the net capital underspend totalling £1,418k as set out in **paragraph 5.12**;

(c) note the financing of capital expenditure, as detailed in **paragraph 5.14** and **Appendix F** including the use of County Farms capital receipts to finance capital spending as explained in **paragraph 5.22**, approved by the Executive 16 June 2015;

(d) note the financing of ICT infrastructure as detailed in **paragraphs 5.32 to 5.34** approved by the Executive 16 June 2015;

(e) note that with the exception of (d) above that no action be taken at this stage to allocate any further additional capital resources (**paragraph 5.30**)

**3. Highways Infrastructure Asset Management Plan (HIAMP) Policy:** The Highways Infrastructure Asset Management Strategy describes the County Council's commitment to highway infrastructure asset management. The asset management strategy aims to demonstrate to the public and all stakeholders, including senior decision makers, elected members, practitioners and service providers, how Highways and Transportation (H&T) intends to deliver the recently agreed Highways Infrastructure Asset Management Policy. The adoption of the asset management Strategy is fully in line with the Department for Transport's Highway Maintenance Efficiency Programme.

The strategy has been developed in line with the Local Transport Plan 3, adopted in 2011 and will complement and further enhance our established asset management based approach to highways maintenance and management. The draft Strategy is attached as Appendix 1 in the booklet accompanying this report.

Having been reported to and agreed by Business and Environmental Services (BES) Executive Members on 5 May 2015, the Strategy was made available to the Transport, Economy and Environment Overview and Scrutiny Committee throughout May for comments. No comments were received so the next stage of the process was for the report to be presented to the Executive on 7 July 2015 who supported the proposals and now County Council is asked to approve adoption on 22 July 2015.

The formal adoption of a Highway Infrastructure Asset Management Strategy is a key part of the Department for Transport's (DfT) highway efficiency self-assessment questionnaire published in draft form earlier this month. The outcome of the self-assessment process later this year will determine part of the County Council's highway maintenance capital allocation for 2016/17. This will then become an annual process and ultimately has the potential for a reduction in the DfT allocation of approximately £5m annually by 2018/19.

The County Council, as highway authority, has a statutory duty to maintain the highway under Section 41 of the Highways Act 1980 and the development of this strategy will support the Council in fulfilling its duty.

Consideration has been given to the potential for any adverse equality impacts arising from the recommendation. It is the view of officers that the recommendation does not have an adverse impact on any of the protected characteristics identified in the Equalities Act 2010. A copy of the 'Record of decision that an Equality Impact assessment is not required is attached as Appendix 2. in the booklet accompanying this report.

**The Executive RECOMMENDS:**

That County Council approve adoption of Highway Infrastructure Asset Management Strategy.

**4. Working Together – North Yorkshire Compact:** The Compact is a written agreement between voluntary, community and social enterprise organisations (VCSEs) and the public sector, detailing how they will work together for the benefit of communities. The first national Compact was established in 1998, followed shortly afterwards by a North Yorkshire Compact. Both have played a vital role in defining the relationship and improving the partnership between public sector organisations and VCSEs. The current North Yorkshire Compact was adopted by North Yorkshire County Council as part of its policy framework in 2005. It has also been adopted by local district councils and NHS bodies. Since 2005 there have been a number of significant changes, in particular the shift from grants towards contracts, the growth of social enterprises and the dissolution of the North Yorkshire Strategic Partnership. Almost every local authority area in England has a local Compact. Similar ‘refreshes’ have been undertaken at the national level and in most local areas.

The North Yorkshire Compact was refreshed under the remit of the Thriving Third Sector Steering Group that brings together representatives of VCSEs, county and district councils, and clinical commissioning groups. It was drawn up using the framework for the national Compact agreed in 2010 between the Government and VCSEs, taking into account feedback from a 12 week consultation held in North Yorkshire involving VCSEs and the public sector between November 2013 and February 2014.

The significant changes to the Compact are that it is considerably shorter and more outcomes focused. This, coupled with greater accountability and an undertaking from the public sector to respect and uphold the independence of VCSEs, will be the platform to build strong relationships and improve communities and public services. The refreshed North Yorkshire Compact sets out undertakings for both VCSEs and the public sector to help achieve the following outcomes.

- A strong and diverse and independent civil society
- Effective and transparent design and development of policies commissioning, programmes and public services
- Responsive and high quality programmes and services
- Clear arrangements for managing changes to programmes and services.
- Improved community health and wellbeing
- An equal and fair society

The North Yorkshire Compact, like the national Compact, is not a legally binding document - it should be seen as a set of good practice guidelines. There is, however, a legitimate expectation that those who sign up to the Compact will abide by the commitments. It is part of the County Council's policy framework and can only be adopted or amended by full Council. The existing North Yorkshire Compact was adopted by North Yorkshire County Council in 2005 and needs refreshing to reflect current circumstances.

Consideration has been given to the potential for any adverse equality impacts arising from the adoption of the refreshed North Yorkshire Compact. None were identified during the development process or during the consultation by the Thriving Third Sector Steering

Group or subsequently by officers of the County Council.

The Executive considered and supported the refreshed North Yorkshire Compact at their meeting 7 July 2015, it is attached in the booklet accompanying this report.

**The Executive RECOMMENDS:**

That the County Council adopts the refreshed North Yorkshire Compact.

**4. Appointments to Committees and Outside Bodies** Following the previous meeting of County Council 20 May 2015, the Chief Executive Richard Flinton acted between meetings and exercised delegated authority to approve or clarify various consequential changes to appointments resulting from those approved at the last meeting, these were as follows:

**Care and Independence Overview and Scrutiny Committee**

County Councillor Bill Hout (Liberal Democrat) to replace Lindsay Burr (NY Independent)

**Scrutiny of Health Overview and Scrutiny Committee**

Vice Chairman - County Councillor Margaret-Ann de Courcey-Bayley (Liberal Democrat) to replace County Councillor Philip Barrett (NY Independent).

**Transport, Economy and Environment Overview and Scrutiny Committee**

County Councillor Chance removed from this Committee.

Clarification: County Councillor Jeffels retains his seat on this Committee although he is no longer Chairman.

**Young People Overview and Scrutiny Committee**

Clarification: County Councillor Shields retains her seat on this Committee although she is no longer Chairman.

Any further proposals for the reallocation of seats, if necessary to achieve political proportionality or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments put forward by the relevant political group, prior to or at the meeting of the Council, to be agreed including:

**Pension Fund Committee**

County Councillor Bill Hout to replace Lindsay Burr as the Liberal Democrat substitute.

**Pension Board**

County Councillor Mike Jordan, as Chairman of Audit Committee, to be appointed to the newly formed Pension Board as the North Yorkshire Council representative.

**Chief Officer Appointment and Disciplinary Committee**

One Conservative member to be appointed to the additional seat created on the Committee following the Constitution Review Tranche One report to County Council

20 May 2015.

**Scrutiny of Health - District Council Representatives**

Craven - Councillor Linda Brockbank

Substitute Councillor Wendy Hull to replace David Staveley

Hambleton - Councillor Kevin Hardisty to replace in place of Peter Bardon  
(no named substitute)

Harrogate – Substitute Councillor Paul Haslam to replace Helen Flynn

Richmondshire – Councillor Karin Sedgwick to replace Tony Pelton  
Substitute Councillor Jamie Cameron to replace Tony Duff

Ryedale – Councillor Bob Gardiner to replace John Paper

Selby – Councillor Judith Chilvers to replace Kay McSherry (no named sub)

**Health & Wellbeing Board**

District Councils Representative: Councillor Richard Foster, Leader Craven District Council - to replace Councillor John Blackie, Richmondshire District Council.

NHS England, North Yorkshire and Humber Area Team - Julie Warren to replace Matt Nelligan.

(For information: County Councillors Janet Sanderson and David Chance have replaced County Councillors Tony Hall and Don Mackenzie.)

**The Executive RECOMMENDS:**

- (i) That the appointments made and clarified by the Chief Executive using his delegated authority are noted;
- (ii) That the following appointments are approved:

**Pension Fund Committee**

County Councillor Bill Houtt to replace Lindsay Burr as the Liberal Democrat substitute.

**Pension Board**

County Councillor Mike Jordan, as Chairman of Audit Committee, to be appointed to the newly formed Pension Board as the North Yorkshire Council representative.

**Chief Officer Appointment and Disciplinary Committee**

One Conservative member to be appointed to the additional seat created on the Committee following the Constitution Review Tranche One report to County Council 20 May 2015.

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(For information: County Councillors Janet Sanderson and David Chance have replaced County Councillors Tony Hall and Don Mackenzie.)

Any further proposals for the reallocation of seats, if necessary to achieve political proportionality or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments put forward by the relevant political group, prior to or at the meeting of the Council, to be agreed

CARL LES  
Chairman

County Hall,  
NORTHALLERTON.  
13 July 2015