

## The Report of the Executive

The Executive met on Tuesday, 15 November 2016 commencing at 11.00 am. County Councillor Carl Les in the Chair. County Councillors Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Chris Metcalfe, Janet Sanderson and Clare Wood. Also in attendance: County Councillors Jim Clark, Patrick Mulligan.

The Executive met on Tuesday, 6 December 2016 commencing at 11.00 am. County Councillor Carl Les in the Chair. County Councillors Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Chris Metcalfe, Janet Sanderson and Clare Wood. Also in attendance: County Councillor Richard Welch.

The Executive met on Tuesday, 31 January 2017 commencing at 11.00 am. County Councillor Carl Les in the Chair. County Councillors Arthur Barker, David Chance, Gareth Dadd, Don Mackenzie, Janet Sanderson and Clare Wood. Also in attendance: County Councillor John Blackie

**1. The Council Plan:** The Council Plan is a key component of the County Council's policy framework, setting out the Council's objectives and how its resources are to be used to deliver those objectives. Ensuring the Plan is developed in a timely and robust manner is essential in order to drive forward the business of the Council and improve performance, including the County Council's contribution to the delivery of the North Yorkshire Community Plan. The process is closely allied to the budget setting process as this clearly demonstrates the golden thread running through the Council's objectives, priorities and allocation of resources. For this reason the Council Plan is submitted to the County Council in tandem with the budget report. The Council Plan is intended to be the public expression of the County Council's vision and a longer-term strategic document designed to plot the Council's course over the next 4 years. The format has changed slightly and now includes one section detailing four key ambitions with associated high level outcomes, links to key strategies, recent progress and priorities for the next four years. The more concise structure should make performance against the ambitions clearer. The funding section will be finalised once the County Council's budget is agreed. At the meeting held 31 January 2017 the Executive endorsed the Council Plan, and the report is shown in full in the **Appendices Booklet pages 1 to 28**.

### The Executive Recommends:

- That County Council approve the Council Plan 2017-2021;
- That County Council authorise the Chief Executive to make any necessary changes to the text, including reflecting decisions made by the County Council on the budget, Medium Term Financial Strategy and updated performance data.

2. **Medium Term Financial Strategy 2017/18 to 2020/21 and Revenue Budget for 2017/18:** The Executive considered this report on 31 January 2017 and this is shown in full in the **Appendices Booklet at pages 29 to 176.**

**Medium Term Financial Strategy** By the end of 2016/17 the County Council will have delivered £126.7m of savings. It is estimated, however, that a further £42.7m will be required from 2017/18 to 2020. The aggregate savings requirement of £169.4m broadly equates to a 34% reduction in the Council's spending power since 2011. It is therefore essential that the County Council has a sound medium to longer term strategy to address this financial challenge. Whilst savings proposals of £32.9m have been identified from 2017/18 to the end of the MTFs, there remains a projected residual shortfall of £9.8m by 2020/21 which will, subject to further refinement, need to be addressed in future years (**see Appendices Booklet page 34/35 paragraph 2.2**). £2.0m of Reserves is projected to be used in 2017/18 and £9.9m by 2018/19 in order to meet the residual shortfall after savings proposals and investments. This increases to £28.4m over the period up to the end of 2020/21 unless savings proposals are brought forward and delivered in the interim (**see Appendices Booklet page 45 paragraph 3.7.1**). The MTFs for the period 2017/18 to 2019/20 as set out in **Section 3 (see Appendices Booklet from page 35)** and **Appendix D (see Appendices Booklet page 76)** is recommended for approval (**paragraph 12.1 k, see Appendices Booklet page 66**).

**Reserves & Balances** Given the level of risks facing the County Council, it is proposed that the existing policy target for the minimum level of the General Working Balance is retained at £27.270m for all years of the MTFs (**paragraph 12.1q - see Appendices Booklet page 66**).

**Savings** Savings totalling £32.9m between 2017/18 and 2019/20 are proposed. £11.1m of these savings are new proposals and the remainder are broadly in line with the existing 2020 North Yorkshire Programme that was approved in last year's Budget / MTFs but provide for some re-profiling and a reduction in quantum of £3.7m (**paragraph 3.8.2 and Appendix E - see Appendices Booklet pages 77 to 93**). Further areas of opportunity are identified to address the residual savings gap of £9.8m. These areas will be progressed and any required approvals will be sought (**paragraph 3.8.7 - see Appendices Booklet page 49**).

**Investments** Investments are proposed as part of the 2017/18 Revenue Budget:-

- £1.5m is provided for Locality Budgets for the duration of the new County Council (2017/18 to 2020/21) subject to terms to be agreed with the Assistant Chief Legal & Democratic Services) in consultation with the Executive Member for Stronger Communities, Public Health and Legal & Democratic Services (**paragraph 3.9.1 and 12.1 g - see Appendices Booklet pages 50 and 65**).
- a further £250k is provided to fund the cost of elections in May 2017 (**paragraph 3.9.1 and 12.1 - see Appendices Booklet pages 50 and 65**).
- That £350k is provided to support community libraries (**paragraph 3.9.1 and 12.1 i - see Appendices Booklet pages 50 and 65**).
- £1.0m is earmarked for the 2020 North Yorkshire Programme to support delivery of the Programme in line with the proposed delegated authority as set out in **paragraphs 3.9.1 and 12.1 j - see Appendices Booklet pages 50 and 65**).

**Revenue Budget 2017/18** A net revenue budget of £359.203m, after use of Reserves, is proposed for 2017/18 (**paragraphs 4.1 and 12.1 d**) and **Appendix D - see Appendices Booklet pages 51-52 and 76**) and the allocation of the net revenue budget be allocated to

directorates, net of planned savings (set out in **Appendix E - see Appendices Booklet pages 77 to 93**), in line with **Appendix F, paragraph 12.1 d - see Appendices Booklet pages 65 and 76**.

**Council Tax** It is recommended that a general council tax increase of 1.99% is agreed in line with the existing MTFS and that this is supplemented with a 2% social care precept (total increase of 3.99%), resulting in a Band D council tax level of £1,189.50 for the Council in 2017/18 (**Section 5 and Appendix A - see Appendices Booklet pages 68 to 71**). The MTFS also assumes a 1.99% increase in general council tax and a 2% social care precept (total increase of 3.99%) for each year thereafter up to and including 2019/20 (**paragraphs 3.3.3 to 3.3.8 and 12.1 k - see Appendices Booklet pages 38 to 39 and 66**).

**Section 25 Statement** The Corporate Director, Strategic Resources is obliged to offer a view of the robustness of estimates used in the Revenue Budget 2017/18 and the associated level of balances/reserves. The Corporate Director, Strategic Resources is satisfied that the report meets such a requirement but notes the need for an on-going approach to develop a savings plan that provides the basis for addressing the residual savings gap and any further shortfalls that may arise given the degree of uncertainties in the current climate (**paragraph 8.17 - see Appendices Booklet page 62**).

**Other** The draft pay policy statement 2017/18 is set out for consideration at **Section 7 and Appendix G - see Appendices Booklet pages 56 to 57 and pages 95 to 101**). An assessment of the key financial risks to the County Council has been carried out in **Section 9 (see Appendices Booklet pages 62 to 64)**.

An overview of equality issues associated with the Council's budget proposals has been carried out and summarises the potential equality impacts in line with the Public Sector Equality Duty (**Section 8.2 to 8.6 and Appendix H - see Appendices Booklet pages 57 to 59 and 102 to 115**).

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

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|----|---|
| a) | That the Section 25 assurance statement provided by the Corporate Director, Strategic Resources regarding the robustness of the estimates and the adequacy of the reserves ( <b>paragraph 8.17 - see Appendices Booklet page 62</b> ) and the risk assessment of the MTFS detailed in <b>Section 9 (see Appendices Booklet page 62 to 64)</b> are noted.  |
| b) | That, in accordance with Section 42A of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011), a Council Tax requirement for 2017/18 of £271,548,611 is approved and that a Council Tax precept of this sum be issued to billing authorities in North Yorkshire ( <b>paragraphs 3.3.3 to 3.3.8 and Appendix A see Appendices Booklet pages 38 to 39 and 68 to 71</b> ). |
| c) | That, in accordance with Section 42B of the Local Government Finance Act 1992 (as amended by Section 75 of The Localism Act 2011) a basic amount (Band D equivalent) of Council Tax of £1,189.50 is approved ( <b>paragraph 3.3.7 and Appendix A - see Appendices Booklet pages 39 and 68 to 71</b> ).  |
| d) | That a Net Revenue Budget for 2017/18, after use of reserves of £359.203m ( <b>paragraph 4.1 and Appendix D, see Appendices Booklet page 51 to 52 and 76</b> ) are approved and that the financial allocations to each Directorate, net of planned savings, be as detailed in <b>Appendix F (see Appendices Booklet page 94)</b> .  |

- e) That in the event that the final Local Government Settlement results in a variance of less than £5m then the difference to be addressed by a transfer to / from the Strategic Capacity Unallocated Reserve in line with **paragraph 3.2.3 (see Appendices Booklet page 38)** with such changes being made to **Appendix B (see Appendices Booklet page 72)** as appropriate.
- f) That the Corporate Director – Children and Young People’s Service is authorised, in consultation with the Executive Member for Schools, to take the final decision on the allocation of the Schools Block (**paragraph 3.4.6, see Appendices Booklet page 40 to 41**).
- g) That £1.5m is provided for Locality Budgets for the duration of the new County Council (2017/18 to 2020/21) subject to terms to be agreed with the Assistant Chief Executive (Legal & Democratic Services) in consultation with the Executive Member for Stronger Communities, Public Health and Legal & Democratic Services (**paragraph 3.9.1, see Appendices Booklet page 50**).
- h) That a further £250k is provided to fund the cost of elections in May 2017 (**paragraph 3.9.1, see Appendices Booklet page 50**).
- i) That £350k is provided to support community libraries (**paragraph 3.9.1, see Appendices Booklet page 50**).
- j) That £1.0m is earmarked for the 2020 North Yorkshire Programme to support delivery of the Programme and that the Chief Executive is authorised to approve investments in consultation with the Corporate Director, Strategic Resources and the Executive Member for Finance (**paragraph 3.9.1, see Appendices Booklet page 50**).
- k) That the Medium Term Financial Strategy for 2018/19 to 2019/20, and its caveats, as laid out in **Section 3 and Appendix D (see Appendices Booklet pages 35 to 51 and 76)** is approved.
- l) That the Corporate Director – Business & Environmental Services is authorised, in consultation with the Executive Members for BES, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (BES 1 to 5), see Appendices Booklet page 81**.
- m) That the Corporate Director – Health and Adult Services is authorised, in consultation with the Executive Members for HAS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (HAS 1 to 10) see Appendices Booklet page 89**.
- n) That the Corporate Director – Children and Young People’s Services is authorised, in consultation with the Executive Members for CYPS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (CYPS 1 to 9) see Appendices Booklet page 85**.

- o) That the Chief Executive is authorised, in consultation with the Executive Members for Central Services, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix E (CS 1 to 16) see Appendices Booklet page 92.**
- p) That any outcomes requiring changes following **Recommendations l), m) n) and o)** above be brought back to the Executive to consider and, where changes are recommended to the existing major policy framework, then such matters to be considered by full County Council.
- q) That the existing policy target for the minimum level of the General Working Balance is retained at £27.270m in line with **paragraphs 3.6.4 to 3.6.6 and Appendix C, see Appendices Booklet pages 44 and 73 to 75.**
- r) That the attached pay policy statement (**Appendix G - see Appendices Booklet pages 95 to 101**) covering the period 1 April 2017 to 31 March 2018 (**Section 7 - see Appendices Booklet page 56 to 57**) be approved.

**3. Capital Plan:** At the meeting held 31 January 2017 the Executive considered and endorsed the Capital Plan, the report is available in full in the **Appendices Booklet pages 177 to 192.** The Council's Capital Plan to 2019/20 is put forward for approval **paragraph 4.1 (a) and Appendix E (see Appendices Booklet pages 183 and 189 to 191)** – it totals £118.6m in 2016/17, £103.1m in 2017/18, £93.8m in 2018/19, £62.7m in 2019/20 and £74.4m in later years. Since the update at Q2 there has been an overall re-phasing of expenditure from 2016/17 to later years as a result of slippage within the programme. There is an update on progress of some of the key capital schemes in the current Plan (**paragraph 3.7 see Appendices Booklet pages 179 to 181**). Financing of the Plan is set out in (**paragraph 3.8 and Appendix F, see Appendices Booklet pages 181 and 192**) with the majority from grants and contributions. Forecasts suggest potentially unallocated capital resources of £5.8m over the life of the Plan.

**The Executive RECOMMENDS:**

That the Q3 2016/17 Capital Plan, as summarised in **Appendices A to E, see Appendices Booklet pages 185 to 192,** be adopted.

**4. Treasury Management:** The Executive considered the Treasury Management Policy Statement (TMPS) on 31 January 2017, the full report is available in the **Appendices Booklet pages 193 to 246.** The TMPS put forward for approval is in line with Code of Practice requirements **paragraph 9.1 (a) and Appendix A (see Appendices Booklet pages 201 and 202 to 206).** The TMPS sets out the Council's approach to managing risk associated with investments, cashflows, banking, money market and capital market transactions. The Annual Treasury Management and Investment Strategy and Minimum Revenue Provision Policy for 2017/18 is put forward for approval in line with Code of Practice requirements as detailed in (**paragraph 9.1 (b) and Appendix B, see Appendices Booklet pages 201 and 207 to 246.** The key elements of the strategy are set out in **paragraph 4.2, see Appendices**

**Booklet page 194**, and amongst a number of limits relating to borrowing and investments include:

- an authorised limit (maximum amount that can be borrowed) for external debt of **£393.1m**;
- an operational boundary (the most likely level) for external debt of **£373.1m**.

Based on the Council's current capital spending plans, external debt is forecast to reduce from £328.2m in 2017 to £318.8m in 2020 (**paragraph 4.4 - see Appendices Booklet page 195**). The climate for investments remains challenging with the number of suitably rated counter parties reducing due to stringent credit ratings criteria. A number of options (**paragraphs 4.19 to 4.22, see Appendices Booklet pages 198 to 199**) could be considered should the need arise.

**The Executive RECOMMENDS:**

Approval of the following:

- a) the Treasury Management Policy Statement as attached as **Appendix A (Appendices Booklet pages 202 to 206)**;
- b) the Annual Treasury Management and Investment Strategy for 2017/18 as detailed in **Appendix B (Appendices Booklet pages 207 to 246)** and in particular;
  - (i) an authorised limit for external debt of £393.1m in 2017/18;
  - (ii) an operational boundary for external debt of £373.1m in 2017/18;
  - (iii) the Prudential and Treasury Indicators
  - (iv) 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;
  - (v) a 10% cap on capital financing costs as a proportion of the annual Net Revenue Budget;
  - (vi) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to Revenue in 2017/18
  - (vii) 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 (Appendices Booklet pages 202 to 246)** and submit any proposals to the Executive for consideration at the earliest opportunity.

**5. Revision of Prudential Indicators:** The Executive considered the revision of Prudential Indicators in order to ensure compliance with the Prudential Code and to synchronise with the Council's Capital Plan on 31 January 2017. The full report is available in the **Appendices Booklet at pages 247 to 260**. It is necessary to revise and approve a set of prudential indicators which cover the period 2017/18 to 2019/20 (**paragraph 4.1, see Appendices Booklet page 248**). The recommended indicators are set out in Appendix A of the report, **see Appendices Booklet pages 249 to 260**.

**The Executive RECOMMENDS:**

- (i) approval of the updated Prudential Indicators for 2017/18 to 2019/20 as set out in **Appendix A (see Appendices Booklet pages 249 to 260)**.
- (ii) approval of an Authorised Limit for External Debt of £373.1m in 2017/18 under Section 3(1) of the Local Government Act 2003 (**paragraph 3.4, see Appendices Booklet page 248**).

**6. Local Government Pension Scheme Requirements for Asset Pooling:** The Executive considered proposals on 31 January 2017 to ensure the Council as the Administering Authority for the North Yorkshire Pension Fund can meet its regulatory obligations for asset pooling through joining the Border to Coast Pensions Partnership (BCPP). The full report is available in **the Appendices Booklet pages 261 to 405**. This report was also considered at a special meeting of the Pension Fund Committee on 26 January 2017.

Following the Government's approval in December 2016 for BCPP to go ahead with pooling arrangements, each of the 12 administering authorities within the pool (that are to acquire a shareholding) will need to decide whether or not to formally commit to BCPP. In anticipation of this, these authorities have been reviewing their respective governance arrangements and determining the necessary changes. It is anticipated that the latest Full Council meeting of the 12 administering authorities will be on 21 March 2017 and that the necessary documents will be executed shortly thereafter. The administering authorities forming the BCPP pool will then need to push forward with these proposals and set up the regulated asset management company BCPP Ltd, ensure its FCA registration, appoint staff (including TUPE transfer where appropriate), find a suitable location to operate from, and implement the other necessary arrangements to facilitate pooling such as the appointments of a depositary and custodian.

**The Executive RECOMMENDS:**

That County Council, as the administering authority for the North Yorkshire Pension Fund, meet the regulatory requirements to pool Pension Fund assets by:

1. Agreeing to be a member of the Border to Coast Pensions Partnership and to adopt its arrangements, by:
  - i Entering into the Inter-Authority Agreement (Appendix 3 - **Appendices Booklet pages 284 to 310**) between the Council and the Administering Authorities of the other Pool Funds;

- ii entering into the Shareholder Agreement (Appendix 4 - **Appendices Booklet pages 311 to 355**) between the Council and the Administering Authorities of the other Pool Funds and Border to Coast Pensions Partnership Limited;
  - iii agreeing the Articles of Association to be adopted by Border to Coast Pensions Partnership Ltd (Appendix 5 **Appendices Booklet pages 356 to 381**);
  - iv approving the establishment of the Border to Coast Pensions Partnership Joint Committee as a formal Joint Committee under section 102 of the Local Government Act 1972 of in accordance with and to carry out the functions as set out in the Inter-Authority Agreement (Appendix 3 - **Appendices Booklet pages 284 to 310**).
2. Approving the subscription by the North Yorkshire Pension Fund of 1 Class A voting share in the asset management company, Border to Coast Pensions Partnership Limited.
3. Referring the nomination of the shareholder to the Executive.
4. Approving the subscription by the North Yorkshire Pension Fund for such number of Class B non-voting shares in the Border to Coast Pensions Partnership Limited as shall be necessary to ensure that the Council contributes by way of equity one twelfth of the minimum regulatory capital requirement of the company as determined in by the requirements of the Financial Conduct Authority.
5. Appointing the Chair of the Pension Fund to represent the Council on behalf of the Fund at the Border to Coast Pensions Partnership Joint Committee meetings.
6. Authorising the Assistant Chief Executive - Legal and Democratic Services to make the consequential changes required to the Constitution to reflect these new arrangements.
7. Authorise the Assistant Chief Executive – Legal and Democratic Services in consultation with the Corporate Director – Strategic Resources to finalise the approval and execution, where required, of all legal documents necessary to give effect to the above decisions.

**7. School Admission Arrangements for the School Year 2017/18:** At the meeting held 31 January 2017, the Executive considered and endorsed the proposed arrangements for 2017/18 - the full report is available in the Appendices Booklet commencing at page 406. 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. 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, in February each year the proposed arrangements are duly considered.



**The Executive RECOMMENDS:**

Approval of the proposed Admission Arrangements which 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 (**see Appendices Booklet pages 413 to 417**);
- the proposed co-ordinated admission arrangements appendix 3 (**see Appendices Booklet pages 418 to 438**);
- the proposed published admission numbers (PAN's) for community and voluntary controlled schools as show in appendices 4 (primary) and 5 (secondary) - **see Appendices Booklet pages 439 to 443 and 444 to 445**;
- the proposed changes to the catchment areas for Overdale CP and Wheatcroft CP schools, appendix 7 the proposed changes to the catchment areas for Graham School and George Pindar School, appendix 8 (**see Appendices Booklet pages 453 to 455**).

**8. Appointments to Committees and Other Bodies:** At the meeting held 31 January 2017 the Executive agreed that any proposals for the re-allocation of seats, if necessary to achieve political proportionality, or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments put forward by the relevant political group, prior to or at the meeting of the Council, including those set out below be commended for approval.

**The Executive RECOMMENDS:**

Approval of the following

- **North Yorkshire Fire and Rescue Authority** - County Councillor Helen Swiers to be nominated to serve in the vacant seat until the County Council election 4 May 2017.
- **Health and Wellbeing Board**  
  
Phil Mettam to be appointed as the representative of the Vale of York CCG and Andrew Phillips is to become the nominated substitute.  
  
Helen Hirst to be the appointed as the nominated substitute for Colin Renwick of the Airedale, Wharfedale and Carven CCG.
- **Scrutiny of Health**  
  
County Councillor Caroline Dickinson is to replace County Councillor Elizabeth Casling to serve until the County Council election 4 May 2017.

Councillor Wendy Hull and Councillor Linda Brockbank from Craven District Council are to exchange roles, with Councillor Wendy Hull to be appointed the member and Councillor Linda Brockbank to become the nominated substitute.

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

County Councillor Caroline Patmore to be appointed to the vacant seat until the County Council election 4 May 2017.

- That any other proposals for the re-allocation of seats, if necessary to achieve political proportionality, or for changes to memberships or substitute memberships of committees, or other bodies to which the Council makes appointments put forward by the relevant political group, prior to or at the meeting of the Council, be agreed.

CARL LES  
Chairman

County Hall,  
NORTHALLERTON  
7 February 2017