# NORTH YORKSHIRE COUNTY COUNCIL

## EXECUTIVE

**4 February 2020**

**Joint Report of the Chief Executive and the Corporate Director – Strategic Resources**

## EXECUTIVE SUMMARY

## Item 5 a. - MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2023/24 & REVENUE BUDGET FOR 2020/21

### Context

1. This report makes recommendations to the County Council regarding
    - Medium Term Financial Strategy (MTFS) for 2020/21 to 2023/24
    - The Revenue Budget 2020/21 and
    - Council Tax for 2020/21.

### Medium Term Financial Strategy

2. Whilst 2020/21 will see the first real terms increase in government funding since the start of austerity there remains a challenging and uncertain financial future for the County Council. By the end of 2019/20 the Council will have delivered £172.9m of savings. It is estimated, however, that a further £39.5m will be required from 2020/21 to 2023/24. The aggregate savings requirement of £212.4m broadly equates to a reduction of just under 40% 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 (**Section 2**).

3. Whilst savings proposals of £20.4m have been identified from 2020/2021 to 2023/24, there remains a projected residual shortfall of £19.0m by 2023/24 which will, subject to further refinement, need to be addressed in future years (**paragraph 2.3**).

4. £3.9m of Reserves is projected to be used in 2020/21 to support the underlying budget position which increases to £19.0m by 2023/24. The cumulative draw upon Reserves up to and including 2023/24 is estimated at

£52.3m unless further savings proposals are brought forward and delivered in the interim (**paragraph 3.6.10**).

5. This year's Budget / MTFS is again characterised by significant additional demand led pressures. This arises from pressures in adult social care and in Children's Services and particularly in the High Needs budget which funds Special Educational Needs & Disabilities. Demand now features as a greater financial challenge than the reductions in government funding (**Section 3.4**).

6. The MTFS for the period 2020/21 to 2023/24 set out in **Section 3** and **Appendix F** is recommended for approval (**paragraph 12.1 l)**).

**Reserves & Balances**

7. 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 £27m for all years of the MTFS (**paragraph 12.1r)**).

**Savings**

8. Savings totalling £20.4m between 2020/21 and 2023/24 are proposed. £10.1m 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 the quantum of £1.1m (**Section 3.8** and **Appendices A1** and **A2**).

9. The emerging Beyond 2020 Programme will play a key role in identifying the areas to address the residual savings gap of £19.0m. These areas will be progressed and any required approvals will be sought (**paragraphs 3.8.3** to **3.8.5** and **Appendix A**).

**Investments**

10. New Investments are proposed as part of the 2020/21 Revenue Budget:-

    a. £1.0m on a one-off basis to support schools capital planning (**paragraphs 3.9.2** & **12.1h**))
    b. £3.0m on a recurring basis for information technology to provide an annual refresh sum for hardware and software and to provide further cyber-security (**paragraphs 3.9.4** and **12.1i)**).
    c. £2.0m for a one-off provision in 2020/21 for redundancy costs reflecting the potential impact upon staffing of further saving proposals (**paragraphs 3.9.5** and **12.1j)**).

### Revenue Budget 2020/21

11 A net revenue budget of £389,489k, after use of Reserves, is proposed for 2020/21 (**Section 4.0)** and **Appendix F**) and the allocation of the net revenue budget be allocated to directorates, net of planned savings (set out in **Appendix A**), in line with **Appendix B** (**paragraph 12.1 d)**).

### Council Tax

12. It is recommended that a general council tax increase of 1.99% is agreed and is supplemented with a 2% social care precept (total increase of 3.99%), resulting in a Band D council tax level of £1,363.47 for the Council in 2020/21 (**paragraphs 3.3.6 and 12.1 c)**).

13. The MTFS assumes a 1.99% increase in general council tax for the years 2021/22 to 2023/24 (**paragraph 3.3.2**).

### Section 25 Statement

14. The Corporate Director, Strategic Resources is obliged to offer a view of the robustness of estimates used in the Revenue Budget 2020/21 and the associated level of balances/reserves. The Corporate Director, Strategic Resources is satisfied that the report meets such a requirement but notes the lack of visibility of funding beyond 31 March 2021; the dependency upon “temporary” funding; the unrelenting demand for some services; and the current forecast of a residual savings gap which will require further savings proposals (**paragraph 8.15**).

### Other

15. The draft pay policy statement for 2020/21 is set out for consideration and recommendation to County Council (**Section 6, paragraph 12.1 s) and Appendix H**).

16. An assessment of the key financial risks to the County Council has been carried out in **Section 9**.

17. A range of initiatives have taken place to engage with the wider public in order to consult on their views on the Budget. The results are set out in **paragraphs 5.1** to **5.11**.

18. 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 (**paragraphs 7.3.2** to **7.8.4**, **paragraph 12.3** and **Appendix I**).

## Item 5 b. - CAPITAL PLAN

19. The Council's Capital Plan to 2022/23 is put forward for approval (**paragraph 6.8 (a) and Appendices A-E**) – it totals £121.7m in 2019/20, £133.6m in 2020/21, £19.3m in 2021/22, £5.6m in 2022/23 and £30.0m in later years.

20. Since the last update at Q2 there has been an overall re-phasing of expenditure from 2019/20 to later years as a result of various updates within the programme. Key additions to the plan are set out at **paragraphs 3.4 – 3.6** and there is an update on progress of some of the key capital schemes in the current Plan (**paragraphs 3.7 to 3.22**).

21. Financing of the Plan is set out in (**paragraph 6.4 and Appendix E**) with the majority from grants and contributions. Forecasts suggest potentially unallocated capital resources of £14.3m over the life of the Plan.

## Item 5 c. - TREASURY MANAGEMENT

22. The Annual Treasury Management Strategy for 2020/21 (**Annex 1**) including Capital Prudential Indicators and Minimum Revenue Provision Policy (**Appendix A**), Borrowing Strategy and Treasury Prudential Indicators (**Appendix B**) and Annual Investment Strategy (**Appendix C**) is put forward for approval in line with Code of Practice requirements as detailed in **paragraph 3.1**.

23. The key elements of the strategy are set out in **paragraph 3.2** and include the key limits relating to borrowing:

    (a) an authorised limit (maximum amount that can be borrowed) for external debt of £576m in 2020/21;

    (b) an operational boundary (the most likely level) for external debt of £556m in 2020/21.

24. The Capital Strategy is included at **paragraph 3.3** and **Appendix D** of the report.

25. The Treasury Management Policy Statement (TMPS) is included at **paragraph 3.4** and **Schedule 1** - it sets out the Council's approach to managing risk associated with investments, cashflows, banking, money market and capital market transactions.

26. In order to ensure compliance with the Prudential Code and to synchronise with the Council's Capital Plan it is necessary to revise and approve a set of prudential indicators which cover the period 2020/21 to 2022/23 (**paragraphs 2.5.2** and **2.5.3**). These recommended indicators are set out in **Appendices A** and **B** and are consolidated in **Schedule 2** of the report.

27. The climate for investments remains challenging with the number of suitably rated counter parties remaining low due to stringent credit ratings criteria. A number of alternative investment options are included in the schedule of Non Specified Investments (**Schedule 4**).

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|---|---|
| RICHARD FLINTON | GARY FIELDING |
| Chief Executive | Corporate Director, Strategic Resources |
| County Hall | County Hall |

27 January 2020

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## NORTH YORKSHIRE COUNTY COUNCIL

## EXECUTIVE

## 4 February 2020

# REVENUE BUDGET FOR 2020/21 & MEDIUM TERM FINANCIAL STRATEGY TO 2023/24

### Joint Report of the Chief Executive and Corporate Director – Strategic Resources

## 1.0 PURPOSE OF REPORT

1.1 For the Executive to make recommendations to the County Council regarding:-

a) the Medium Term Financial Strategy (MTFS) for 2021/22 to 2023/24;
b) the Revenue Budget 2020/21; and
c) the Council Tax for 2020/21

## 2.0 INTRODUCTION AND CONTEXT

2.1 Following nine years of austerity the Council has delivered close to £173m of savings. Next year (2020/21) is the first year since austerity to see a real-terms increase in government funding yet, despite the Chancellor's statement that "austerity is ending", the Council's finances remain far from clear beyond 31 March 2021.

2.2 Demand for certain services within the Council remains a central feature of the Budget / MTFS particularly in adult social care; support to children with SEND; and in the provision of home to school transport. In addition, the sustainability of the market for social care remains a concern in terms of both price and availability of labour. Additional government funding for these areas is very welcome (see **para 3.2**) but, given the lack of visibility on local government funding (and the wider public sector as a whole barring the NHS and schools) beyond March 2021, it is extremely difficult to set out an accurate longer term financial plan; yet the risks associated with this position makes such a plan all the more important.

2.3 The MTFS set out in this report extends to 2023/24. Whilst this is 3 years beyond the current government planning cycle it does allow us to see the in-year pressures the Council faces before considering any subsequent changes in government funding. This situation arises as a result of:-

Increases in pay and prices increases
PLUS Increases in demand for services
LESS Council tax increase.

In previous years this has been referred to as the "new norm" and, as illustrated below, it is anticipated that each year will see an additional shortfall of upwards of £5m unless further government funding is provided:-

| | 11/12 - 19/20 £ m | 20/21 £ m | 21/22 £ m | 22/23 £ m | 23/24 £m | Ongoing £ m |
|---|---|---|---|---|---|---|
| **Savings as at Feb 2019** | **172.9** | **15.8** | **9.0** | **-** | **-** | **197.7** |
| New Demand Led Pressures | | 15.6 | 8.6 | 4.5 | 2.0 | 30.7 |
| Other Net Changes | | -3.6 | 0.6 | 3.0 | 2.8 | 2.8 |
| New Funding | | -24.9 | 1.5 | 0.8 | 0.8 | -21.8 |
| New Investments | | 6.0 | -2.0 | -1.0 | | 3.0 |
| **Savings as at Feb 2020** | **172.9** | **8.9** | **17.7** | **7.3** | **5.6** | **212.4** |

| **Directorate Savings** | | | | | | |
|---|---|---|---|---|---|---|
| CYPS | | 1.2 | 1.6 | 1.2 | 0.1 | **4.1** |
| BES | | 1.0 | 1.0 | 0.2 | - | **2.1** |
| CS | | 0.9 | 3.9 | 2.4 | 2.5 | **9.6** |
| HAS | | 1.9 | 1.7 | 0.9 | - | **4.6** |
| Shortfall | | 3.9 | 9.5 | 2.6 | 3.0 | **19.0** |
| **Total** | | **8.9** | **17.7** | **7.3** | **5.6** | **39.5** |

2.4 The Table above outlines the total quantum of savings (£39.5m) to be achieved between 2020/21 and 2023/24. The savings delivery programme is set out in this report and is detailed in **Appendix A**. Following this period, the Council will have delivered a total savings programme of over £212m. This is akin to a reduction in spending power of 40% – for every £1 that the Council had at the start of the decade it is now estimated that it will have 60p to meet the equivalent need.

2.5 The new government has yet to announce its timetable for a more Comprehensive Spending Round (CSR) but it is expected that this will take place sometime this summer and will set out an envelope for public spending for a further 3 years. In the meantime the Council, along with the local government sector as a whole, is faced with making decisions for a single year which will have an impact on future years without having any confidence on how some of the biggest financial challenges are to be addressed including:-

a) Adult Social Care – given the absence of a green paper how will sustainable funding for older people (and adults with learning disabilities) be addressed and how much of this will be funded from individuals and how much from the state? The condition of the market, both nationally and locally, are such that an answer must soon be provided.
b) SEND – what is the role of the Council in funding the exponential rise of Education & Health Care Plans (EHCPs) given they are funded by ringfenced DfE grant? The current ambivalent position of the DfE (one where deficits are recommended to be carried forward as negative reserves but without any indication as to how this is then resolved) is completely unsustainable and requires absolute clarity on roles and responsibilities.
c) Fairer Funding – to what extent are the inequities of higher council tax levels in counties going to be addressed through a fairer distribution of core government grant? And in that vein, what is the future of the adult social care precept – is this expected as a recurring feature beyond 2020/21?
d) Capital – increases in infrastructure have been heralded but how much of this will be available to councils for local capital investment rather than regional or local schemes? There is an increasing pressure on road and

school condition and the rise of EHCPs is highlighting an inadequacy of special and related provision across the county.

2.6 The issues set out above and particularly in **para 2.5** resulted in significant growth being built into the Budget / MTFS last year. This growth continues to be the main characteristic of this year's Budget / MTFS. This has also been borne out in the quarterly revenue budget monitoring reports where CYPS and HAS have both consistently been reporting significant overspends.

2.7 Unlike many other councils, the County Council has delivered a coherent savings plan on a timely basis and maintained reserves at a level that means it can tolerate a degree of turbulence and uncertainty. The savings plan set out in this report proceeds on the basis that, at this stage, the government will continue with its current levels of funding on a recurring basis and that national solutions will be sought for many of the issues raised in **para 2.5**. As a result, the savings plan put forward in this report seeks to protect frontline services as much as possible and, in the event of any significant decline in the Budget / MTFS assumptions then the Council will need to deliver more additional savings in relatively short order. Given the scale of savings delivered to date it is likely that any further savings will impact more directly upon frontline services should they be required. The default position is therefore that reserves will need to fund any shortfall as a result of timing differences between identification of shortfalls and realisation of savings (particularly in light of the numerous levels of consultation likely to be required).

2.8 The MTFS and the Council Plan are again presented to the Executive and County Council as a coherent package. The MTFS continues to provide the financial underpinning to deliver the core objectives as articulated in the Council Plan. This includes investing in what is required to ensure that the Council is a "fit for purpose" organisation for the residents and customers of North Yorkshire as we enter a new decade. That requires investment and, as well as delivering savings, the Council has been able to invest significantly in a number of areas including - highways maintenance; major highways schemes such as Kexgill; superfast broadband; flooding and coastal erosion schemes; extra care and education standards on the coast, etc. This report identifies further areas of investment through the use of one-off monies. Further requests for investment are likely to come forward in the near future, whether that is on an "invest to save" basis or to meet policy objectives.

## 3.0 THE MEDIUM TERM FINANCIAL STRATEGY

### 3.1 OBJECTIVES

3.1.1 A **Medium Term Financial Strategy** is not a legal requirement, but given the scale of financial challenges and risks/uncertainties, it is important that shorter-term decisions are seen in the context of a longer-term position and that there is clear line of sight on the financial sustainability of the Council. Given the well-publicised difficulties of a number of county councils this longer term view is more important than ever. The MTFS provides the strategic framework for managing the Council's finances and ensures that:

- resources are aligned to achieve corporate objectives over the medium/longer term, and;
- the Revenue Budget, Capital Plan, Treasury Management Strategy and required Prudential Indicators are appropriately aligned.

3.1.2 The objectives of the MTFS, as previously established by the County Council, are as follows:

- to support the achievement of the vision and corporate objectives expressed in the Council Plan;
- to meet and respond to the perceived needs and priorities of local people;
- to maintain and improve service quality and the Council's improvement planning priorities so as to secure high performance which is sustainable over the medium term;
- to manage and minimise the risks to local services and customers;
- to achieve effective use of all land and property assets.

3.1.3 The MTFS achieves these objectives by:

- enabling the Council to understand its medium to longer term financial position;
- providing clarity over the revenue and capital resources available;
- informing decision making on the distribution of resources to deliver the Council's objectives;
- ensuring the Council can set a Council Tax that avoids central Government intervention;
- enabling the Council to plan and manage its day to day spending within affordable limits without undue reliance on balances and general reserves;
- identifying future budget 'pressure points' in order to plan accordingly and avoid unnecessary remedial action;
- identifying financial decisions that need to be taken to inform action planning and the development of projects;
- supporting a prudent, affordable and sustainable level of revenue and capital investment;
- creating financial capacity to deal with uncertain, volatile and unforeseen funding and cost pressures.

3.1.4 As set out elsewhere in this report, there are many risks and uncertainties and it is appropriate and necessary to provide contingent funding where there is sufficient concern. In light of this a Corporate Savings Contingency was created over the life of the savings programme for potential non-delivery of the savings. This funding is recurring as failure to deliver the savings, as opposed to delays, results in a year on year shortfall. The Contingency currently stands at £7m and it is proposed that this remains unchanged at this stage.

3.1.5 The following sections consider the key assumptions within the MTFS and their impact on the County Council's financial position over the next three years. The proposed Directorate budgets for 2020/21 as set out in **Appendix B** are also summarised in the Table below.

**REVENUE BUDGET AT DIRECTORATE LEVEL**

| BUDGET REQUIREMENT | 2019/20 Budget/ MTFS £ '000 | Changes | 2020/21 Budget/ MTFS £ '000 |
|---|---|---|---|
| **Directorate Net Budgets** | | | |
| Business and Environmental Services | 79,920 | -6,764 | 73,156 |
| Children and Young People Services | 78,171 | 6,398 | 84,569 |
| Health and Adult Services | 157,586 | 13,087 | 170,673 |
| Central Services | 56,051 | 8,562 | 64,613 |
| Corporate Miscellaneous | 15,625 | -15,224 | 401 |
| **Net Expenditure** | **387,353** | **6,058** | **393,411** |
| Budget Shortfall | -5,335 | 1,413 | -3,922 |
| **Net Budget Requirement** | **382,018** | **7,471** | **389,489** |
| **External Corp Funding** | | | |
| Revenue support grant | - | | **-** |
| Business rates | | | |
| From Districts (Note 1) | -28,671 | | -19,323 |
| Top up from DCLG | -46,245 | | -48,441 |
| Council tax collection fund | -1,249 | | - |
| **External Corp Funding Total** | **-76,165** | | **-67,764** |
| **Council Tax Requirement** | **305,853** | | **321,725** |
| | | | |
| **Tax Base** | **233,269** | | **235,961** |
| | | | |
| **Band D Council Tax** | **£1,311.16** | | **£1,363.47** |
| **Year-on-Year Increase** | | | |
| £ | £62.31 | | £52.31 |
| % | 4.99% | | 3.99% |

*Note 1: Rural Services Delivery Grant was funded through the business rates pilot in 2019/20 but is a specific grant in 2020/21*

## 3.2 LOCAL GOVERNMENT FINANCE SETTLEMENT

### Provisional Settlement

3.2.1 The 2020/21 Provisional Local Government Finance Settlement was announced by Ministry of Housing, Communities and Local Government (MHCLG) on 20 December 2019. The key headlines of the announcement for NYCC were as follows:

- The Government reaffirmed that the referendum principle will allow local authorities to raise Council Tax by up to 1.99% in 2020/21;

- The ability to apply a social care precept of up to 2% has been extended to 2020/21 (raising an estimated £500m nationally and circa £6m per annum for NYCC should it be implemented);

- the additional £1bn (£8.9m for NYCC) was allocated for social care "supporting local authorities to meet rising demand, fund more care home places and social workers and protect the most vulnerable in society";

- continuation of a series of temporary grants from last year's settlement including the re-instatement of £3.7m of negative RSG;

- "a 4.4% real-terms national increase in council's Core Spending Power rising from £46.2 billion in 2019-20 to £49.1 billion" according to government. It should be noted that this includes government grant funding and an assumption that councils will take the maximum council tax increases without triggering a referendum;

- a modest increase in Settlement Funding Assessment (SFA) of £1.09m or 1.6%; and

- the 75% Business Rate Retention Pilot which included North Yorkshire as part of the North Yorkshire & West Yorkshire scheme has not been continued into 2020/21 but a 50% Business Rates Pool between North & West Yorkshire has been created.

- whilst not provided by MHCLG as part of the provisional finance settlement the Council is also to receive £6.6m of funding to support High Needs (SEND).

- the DfE has also indicated that they are to cease to allow councils to use the historic element of the central services schools block within DSG to fund central council costs. This results in a cut in funding in 2020/21 of £420k and the total funding of £1.8m is predicted to have been eroded by 2024/25.

### Future Council Funding Arrangements

3.2.2 For some time now there has been an on-going review of the arrangements for the funding of Councils by MHCLG. This includes two component parts:-

### Business Rates Retention

3.2.3 The government has proposed that core council funding is moved from core government grant to a combination of council tax plus a greater share of business rates. The theory is that councils are incentivised to promote local growth as the additional business rates yield is partly retained by the relevant council(s). These new arrangements were originally scheduled to begin in 2020/21 but will now be delayed until at least 2021/22 and there remain a number of uncertainties as to how this proposal would operate.

3.2.4 In 2019/20 the County Council, together with other North and West Yorkshire councils, has been part of a pilot scheme to test the retention of 75% of business rates. This was one of a series of national pilot schemes. However, the government has confirmed that, with a small number of exceptions around London and other 'devo' areas, these pilots will *not* be continued into 2020/21.

3.2.5 The Council has argued that there is no correlation between key demand-led services such as social care and business rates growth and too often it is luck or geography that are rewarded through retention of business rates rather than council's skill and / or ambition for growth. The announcement during the election campaign that there will be a fundamental review of business rates raises further questions about the sustainability and appropriateness of this as a key source of funding for local government services.

### Fairer Funding

3.2.6 The current needs assessment employed by government to calculate councils' spending need is incredibly complex and, the Council would argue, is unfair in particular in terms of the way it assesses the cost of delivering services in rural areas. In addition it takes into account council tax levels and counties, including North Yorkshire, tend to have higher levels of council tax which then is "equalised" by reduced levels of government funding. The government has proposed new formula approaches to funding councils. These were originally intended to operate from 2020/21 but this timetable has slipped and any changes are unlikely to impact before 2021/22 and, of course, there has been a general election in the interim which raises further questions about this particular government's approach to the Fairer Funding Review. The Council, along with its representative organisations, will continue to lobby for a fairer and more transparent process. Members will be updated as further details of the proposals are revealed.

### Final Settlement Announcement

3.2.7 At the time of writing it is still unclear when the Final Local Government Finance Settlement for 2020/21 will be announced although it is expected to be later than 4 February 2020.

3.2.8 It is envisaged that there will be little or no difference between the final and provisional settlements given the limited time post the general election to make any significant changes. It is therefore **recommended that any difference in overall funding is merely reflected in a transfer to / from the Strategic Capacity Unallocated Reserve so long as the value is no greater than £5m in 2020/21.**

3.2.9 Should the Recommendations in this report be compromised by any aspect of the Final Local Government Finance Settlement, then alternative recommendations would need to be formulated. Every attempt will be made to ensure that Members are advised of the implications of the Final Settlement and any proposed amendments on the part of the Executive.

## 3.3 COUNCIL TAX

### Tax Base

3.3.1 The Tax Base figures notified by billing authorities for 2020/21 are itemised at **Appendix C** - the total for NYCC is 235,960.69. This represents a provisional 1.15% increase in the anticipated Tax Base compared with 2019/20. A Tax Base growth rate of 1% year-on-year is assumed for 2021/22 onwards.

### Band D Charge

3.3.2 The previous MTFS assumed an increase in council tax of 1.99%. However following the indication that the government was proposing a further year of Adult Social Care Precept the Budget / MTFS report is now predicated on a 3.99% increase in council tax for 2020/21 (i.e. 1.99% general Council Tax and 2.00% adult social care precept). Thereafter an increase in general council tax alone of 1.99% has been assumed for each year up to and including 2023/24. Over the last decade council tax has proven to be the most important source of council funding and once in the base it is secure unlike government grant and business rates.

3.3.3 A 3.99% increase in 2020/21 would cost the average Band D household an additional £52.31 per annum (£4.36 per month or £1.00 per week) in relation to the County Council's element of the overall bill. The calculation is set out at **Appendix C** and would result in a Band D level of £1,363.47 in 2020/21.

3.3.4 Based on the Tax Base assumptions at **paragraph 3.3.1** and applying a 3.99% increase in the Band D charge in 2020/21, Council Tax income is forecast to rise from £305.9m in 2019/20 to £321.7m in 2020/21 (including £6.4m for Adult Social Care).

### Alternatives

3.3.5 The alternatives to the recommended 3.99% increase in Council Tax in 2020/21 would be to:

i) set the Council Tax increase at somewhere between 0% and 3.99% - each 0.1% below 3.99% equates to a reduction of approximately £290k per annum which would result in an equivalent increase in the savings requirement;

ii) increase Council Tax by more than the 3.99% referendum trigger which would require planning a second budget and incur the costs of undertaking a referendum (estimated to be £1m unless combined with an existing election by no later than the first Thursday in May of the year concerned).

### Proposed Council Tax 2020/21

3.3.6 In accordance with the proposed MTFS and 2020/21 Revenue Budget, the following Council Tax Requirement and Band D Council Tax Charge are proposed. More detail, including the other Council Tax Bands A to H, is provided in **Appendix C.**

| **Item** | **2020/21** |
|---|---|
| Council Tax Requirement | £321,725,322 |
| District Council Tax Base (equivalent number of band D properties) | 235,960.69 |
| Basic Amount of Council Tax per Band D property | £1,363.47 |
| Increase over 2019/20 (£1,311.16) | |
| £ increase | £52.31 |
| % increase | 3.99% |
| Of which: | |
| Adult Social Care Precept | £26.22 |
| Council Tax Precept | £26.09 |

From the total council tax requirement in 2020/21, £28.2m relates to the Adult Social Care Precept and £293.5m relates to the basic amount of council tax.

## 3.4 DEMAND LED PRESSURES

3.4.1 Last year's Budget / MTFS was characterised by significant increases in service budgets as a result of additional demand and this theme continues in this year's Budget / MTFS. The total level of additional Demand Led Pressures provided for in the course of this MTFS, and including last year's growth, is set out in the Table below and further detail is provided in the following paragraphs:-

| | 19/20 £ m | 20/21 £ m | 21/22 £ m | 22/23 £ m | 23/24 £ m | Total £ m | *Para Ref* |
|---|---|---|---|---|---|---|---|
| **Previously Agreed Demand Led Pressures as at Feb 18 and Feb 19** | | | | | | | |
| SEN Transport | 3.3 | 0.0 | 0.0 | | | 3.3 | *3.4.18* |
| Adult Social Care | 3.0 | 2.0 | 2.0 | | | 7.0 | *3.4.2* |
| High Needs | 6.0 | 3.6 | 2.0 | | | 11.6 | 3.4.13 |
| Schools in Financial Difficulty | 1.0 | 0.0 | 0.0 | | | 1.0 | 3.4.8 |
| Children and Families | 0.7 | 0.0 | -0.4 | | | 0.3 | 3.4.19 |
| | **14.0** | **5.6** | **3.6** | | | **23.2** | |
| **New Additional Demand Led Pressures (ie introduced in this report)** | | | | | | | |
| Home to School Transport | - | 2.6 | 1.0 | 0.5 | - | 4.1 | *3.4.20* |
| High Needs | - | 3.4 | 2.0 | 2.0 | - | 7.4 | *3.4.13* |
| Partners in Practice | - | 0.2 | 0.5 | | | 0.7 | *3.4.19* |
| Adult Social Care | - | 4.0 | - | 2.0 | 2.0 | 8.0 | *3.4.2* |
| Market Pressures | **-** | 5.1 | 5.1 | | | 10.2 | *3.9.7* |
| School Redundancies | **-** | 0.3 | - | - | - | 0.3 | |
| | **-** | **15.6** | **8.6** | **4.5** | **2.0** | **30.7** | |
| **Total Demand Led Pressures £m** | **14.0** | **21.2** | **12.2** | **4.5** | **2.0** | **53.9** | |

**Health and Social Care Funding**

3.4.2 Adult social care is now a nationally recognised issue and repeated attempts to address funding for social care have faltered. We await a longer term solution but, in the interim, various sources of funding (usually announced as one-off but often then repeated in later years) have been announced to allow councils to meet the service demands and to work in a functional manner with the health system. The £1bn additional funding announced in 2019 was hugely welcome but this approach of cumulative and different funding sources brings with it many unwelcome complexities and does not provide for longer term sustainable planning.

3.4.3 The Table below identifies the various tranches of external funding that have been provided by government to support adult social care in recent years. It does not include Adult Social Care Precept (an increase in council tax) but it demonstrates that current spending within the Council depends upon circa £44m of on-going funding from government. The government has indicated that all of these sources of funding will continue into 2020/21 and the MTFS has assumed that they will continue in perpetuity at this stage as any reduction in funding will have massive impact both locally and nationally. Clearly this assumption will need to be tested regularly and if there are reductions then further savings will be required possibly in very short timescales.

Adult Social Care Grant – Dependency upon Government Funding

| | 2019/20 £m | 2020/21 £m | On-going £m |
|---|---|---|---|
| Better Care Fund (BCF) | 14.3 | 14.3 | 14.3 |
| Improved Better Care Fund (iBCF) | 11.0 | 11.0 | 11.0 |
| iBCF (£1.9bn) | 3.4 | 3.4 | 3.4 |
| Winter Funding | 2.4 | 2.4 | 2.4 |
| Social Care Grant | 4.1 | 4.1 | 4.1 |
| New Social Care Grant (new £1bn) | 0 | 8.9 | 8.9 |
| | **35.2** | **44.1** | **44.1** |

3.4.4 The Council has committed to deploying elements of the funding to reduce delayed transfers of care within health and social care as well as to increase social care capacity and to stabilise the social care market. The impact of any sudden end to this funding would therefore be felt in the wider health and care sectors.

**Adult Social Care Precept**

3.4.5 2020/21 is the fifth year in which the government have allowed those councils who provide social care the opportunity to generate an additional "social care precept" of 2% on the local council tax for each year between 2016/17 and 2020/21 inclusive.

3.4.6 The government has stated that the additional social care precept should only be used for that purpose. The Council's Section 151 officer is required to evidence that the additional council tax has been allocated to adult social care. The Council has been able to demonstrate that a combination of inflation provision and demand for the service are well in excess of funds raised by the social care precept.

3.4.7 It is expected that there will be further national initiatives to identify how care is provided in a society which is growing older and with more complex needs. Any review will need to consider how such a system is funded whether through taxation or personal financial contributions. At this stage it is far from clear what outcomes there will be from any such review so no assumptions have been made beyond a continuation of the current arrangements and funding streams as identified above in **para 3.4.3**.

### Schools Funding

3.4.8 As in previous years, the Council will continue to receive a specific ring-fenced grant, the Dedicated Schools Grant (DSG), which funds all school-related responsibilities, including delegated budget shares.

3.4.9 The amount currently allocated for 2020/21 shows an increase in the baseline figure of £21.6m to £445.7m. This is due to the following factors:

- Additional funding allocated due to the new school funding settlement and the ongoing National Funding Formula (NFF) transitional arrangements
- Additional funding allocated nationally to support the significant and ongoing cost pressures associated with High Needs. The High Needs block funding from North Yorkshire has increased by £5.8m.
- An increase in the Local Authority early years funding rate of 8p per hour for 3 & 4 year olds and vulnerable 2 years olds

3.4.10 In summary, therefore, the change in DSG (before deductions for Academies and other direct funding of High Needs Places by the Education and Skills Funding Agency) shows:

| | **£'000** |
|---|---|
| 2019-20 base | 424,114 |
| New funding settlement - NFF | 22,296 |
| Primary and Secondary schools - population | -376 |
| Universal 3 & 4 yr old numbers | -480 |
| Working parents (3 & 4 yr olds) numbers | 187 |
| Entitlement for 2 year olds | 206 |
| Early Years Pupil Premium | 52 |
| Early Years Disability Access Fund | 14 |
| Maintained Nursery School Supplementary Funding | 25 |
| Central School Services Historic Commitments Reduction | -358 |
| | 445,680 |

3.4.11 After the deductions for High Needs, the DSG figure is revised to £443,076k. The final allocation is dependent on final early years' numbers and academy recoupment and therefore the total DSG will change throughout the financial year.

3.4.12 As in previous years, the DSG will be recalculated regularly throughout the year to take account of future Academy conversions, finalising High Needs and changes in Early Years numbers. For this reason, **it is recommended that Executive agrees that the Corporate Director – Children and Young People's Service, in consultation with the Corporate Director, Strategic Resources and Executive Members for CYPS and Finance, is authorised to take the final and any subsequent decisions, as a result of continuing amendments to the DSG, on the allocation of the Schools Budget including High Needs, Early Years and the Central Schools Services Block.**

**High Needs**

3.4.13 The number of Education, Health and Care Plans (EHCPs) continues to rise, with a projected underlying overspend of £8.0m in 2019/20. These cost pressures have been offset, in part, by a temporary transfer in 2019/20 from Schools Block funding of £3.3m (1.0%) and temporary funding announcements from the Department for Education. In 2020/21, the financial pressure is expected to continue despite the confirmation of an additional £5.8m in High Needs funding.

3.4.14 Given the scale and pace of the financial pressure in meeting our statutory obligations to fund EHCPs, a request was made to the Secretary of State for Education for a 0.5% transfer (c.£1.6m). The LA was notified on 16 January 2020 that the 0.5% transfer request was rejected by the Secretary of State. This is extremely disappointing as it fails to take account of local context and local democratic decision-making in dealing with the issues outlined earlier in this report. As a result of the decision by the Secretary of State, the cross-subsidy by North Yorkshire taxpayers and MHCLG for the shortfall in DfE funding will continue.

3.4.15 Despite the additional funds announced by DfE, High Needs funding for North Yorkshire remains insufficient to meet the statutory obligations arising from legislative reform in 2014. The reforms extended the age range of children and young people supported from 0-18 up to 25 years old. It also increased parental expectations about the packages of support that could be delivered through EHCPs. Since 2014, there has been a 68% increase in the number of EHCPs and this trend is expected to continue in 2020/21 and beyond.

3.4.16 Whilst a number of proposals have been progressed – and are included in the Medium Term Financial Strategy - to address this financial pressure, it is unlikely that these proposals will fully address this pressure and further actions alongside the Strategic Plan for SEND (approved in September 2018) - will be required over the next few years. Any accumulated overspend on the High Needs budget should be required to be repaid from future High Needs Block funding allocations. However, the current projections indicate a continued increasing demand for High Needs support and services.

3.4.17 The legal implications are set out in **Section 7.**

### SEN Transport

3.4.18 Although SEN Transport is a core funding statutory responsibility of the council, it is linked to the significant rise in the number of Education, Health and Care Plans. North Yorkshire has ten special schools but these are often at a further distance for families than they would otherwise be served by a local mainstream school. Financial pressures have continued to rise in 2019/20 with nearly 1,100 children and young people with special education needs requiring transport. Provision of an additional £3.3m had been included in last year's MTFS but this has now been increased by a further £1.5m as there are higher than expected increases in costs in 2020/21.

### Children and Families

3.4.19 For the last three years, North Yorkshire County Council has held "Partner in Practice' status, placing the County Council at the vanguard of innovation and sector-led improvement in children's social care. This has been funded by a grant which is time-limited and there has therefore been a need to make changes as part of an exit strategy including: funding new financial burdens of supporting Leaving Care (aged 21-25), developing a restorative practice academy and embedding a psychologically-informed practice model.

### Home to School Transport

3.4.20 There are a number of different budgetary pressures within this area. These include:-

a) Following the introduction of the Public Services Vehicle Access Regulations (PSVAR) the Council has had to make changes to the way in which it provides and charges for home to school transport where the vehicles used do not provide for accessibility in line with the PSVAR. The loss of income of circa £450k has been provided for within the Budget / MTFS

b) There is also likely to be an additional cost as the contracts seek to move to arrangements which comply with PSVAR. A provision of £1.6m has therefore been provided although discussions are still ongoing with government in an attempt to secure some relaxations given the difficulties of rural transport markets (whilst still ensuring that no children with accessibility issues are detrimented)

c) Additional growth pressures in SEN Transport have been offset by a reduced number of school days within the 2020/21 financial year. The Budget has therefore been increased by £550k in 2020/21 and £960k in 2021/22 to provide for this so the impact is smoothed for the CYPS budget.

## 3.5 KEY SPENDING ASSUMPTIONS

### Inflation

3.5.1 Inflation has been applied consistently across most budget heads and the general rate of 1.7% has been used. The Consumer Prices Index (CPI) rose by 1.3% in the year to December 2019. This national index does not necessarily reflect the local price pressures faced by local government but it is regarded as a reasonable general indicator.

3.5.2 Inflation provision has been reviewed and applied according to need on other more specific budget heads. This includes Highways (2.6%), Electricity (8%), Insurances (10%) and Children and Adult Social Care (3.46% – 4.0%).

### Fees and Charges

3.5.3 Income budgets have also been uplifted at 2.5% in accordance with the proposed new strategy for fees and charges (**Appendix M**). This offsets some of the inflation pressure on expenditure budgets and also acts as a discipline for directorates to review their levels of income and charges. Unless there are specific issues restricting increases it has been assumed that all income budgets will rise in line with general inflation.

3.5.4 The proposed new strategy will ensure a more uniform approach to setting and reviewing fees and charges. In summary the strategy will provide a framework which will:

- Maximise consistency across Directorates;
- Ensure Fees and Charges are robust and up to date;
- Ensure that Fees and Charges are clearly understood;
- Maximise Council income.

3.5.5 Wherever possible and appropriate the default charging policy will be full cost recovery although the strategy recognises the will be instances where the Council wishes to adopt an alternative approach, for example potentially subsidising service delivery. Where this is the case it is intended that this be as a result of a clearly documented rationale.

3.5.6 Following consultation with Audit Committee at their October 2019 meeting (the committee noted the strategy and made no suggested amendments). **The strategy is set out at Appendix M is recommended for approval as part of this report, with adoption from 1 April 2020**.

### Pay and the Living Wage

3.5.7 Pay award assumptions are included within the MTFS at 2.75% for 2020-21 and subsequent years with some larger increases for bottom scale points to reflect the impact of the National Living Wage.

3.5.8 The government have also confirmed the National Living Wage (NLW) will rise from £8.21 to £8.72 per hour from 1st April 2020, to meet the target of 60% of median earnings by 2020. The new government target is to set the NLW at 2/3rds of median earnings by 2024, provided economic conditions allow, which on current forecasts would see it increase to £10.50/hour by 2024. The new local government NJC pay spine starts at £9 an hour and would need to increase by 16.7% over 5 years to remain compliant with this NLW target which is likely to be above the annual pay award levels.

3.5.9 The NLW will also put further pressure in certain markets such as the care sector and is therefore likely to materialise in additional prices within the Council's supply chain.

## 3.6 RESERVES AND BALANCES

3.6.1 The County Council uses reserves to manage spending and savings delivery over the longer term. As part of the budget process (and during each year) a review of reserves is undertaken to ensure the reserves held are appropriate and aligned to the Council's strategy.

3.6.2 Reserves are crucial to sustainable financial management but money set aside must be appropriate to the risks facing the organisation and must support delivery of corporate objectives. To this end, the following categories of reserve are maintained:

- General Working Balance – this is the Council's funding of last resort. It provides the contingency to manage risk across the Council and is subject to a policy requirement;
- Operational (Directorate) – these reserves help to manage financial risk, commitments and support improvement within service directorates;
- Strategic – these reserves provide funding to support the corporate objectives and priorities set out in the Council Plan. These include: resources to support the long term viability of the Council; projects to improve infrastructure such as roads and broadband connectivity; provision in the event of non-delivery of savings proposals and funding to repay debt and/or generate cash returns.

3.6.3 A schedule of reserves is set out at **Appendix D** along with their planned movements and supporting notes.

### General Working Balance (GWB)

3.6.4 The current policy for the General Working Balance is:

i) Maintenance of a minimum of 2% of the net revenue budget for the GWB in order to provide for unforeseen emergencies etc. (broadly estimated at £7m for the whole of this MTFS period); supplemented by
ii) An additional (and reviewable) cash sum of £20m to be held back to support the revenue budget in the event of a slower delivery of savings targets.

3.6.5 **Appendix E** sets out the current policy and also includes a set of "good practice rules". Whilst the savings challenge is more intense over the next two years the progress made to date puts the County Council in a strong position and therefore this level of balance is considered appropriate at this time. This will of course be kept under review but, at this stage, it is proposed that this policy remains unchanged.

### Operational (Directorate) Reserves

3.6.6 Taking into account planned movements in 2019/20, the estimated total of Operational (Directorate) Reserves is £62.4m by April 2020. These reserves provide funds for a variety of issues – for example self-insurance and major highways schemes. In addition, there are specific earmarked reserves for schools and public health grant funding.

3.6.7 These operational reserves are reviewed both as part of this MTFS refresh and on an on-going basis. Where it is established that the need for a reserve no longer exists then those amounts are "un-ringfenced" and reported in the quarterly budget monitoring reports.

### Strategic Reserves

Strategic Capacity - Projects

3.6.8 A number of specific projects have already been identified, approved and funding allocated. After planned movements outlined above, the balance on these reserves is estimated to total £26.6m at 31 March 2020. The largest projects within this Reserve are £15.8m for Superfast Broadband, £2.0m for highways maintenance, £1.8m for Kex Gill and £3.1m for South Cliff Scarborough / Whitby Piers.

Strategic Capacity - Unallocated

3.6.9 This reserve provides the financial capacity to invest in projects and initiatives to support the Council Plan (including infrastructure projects across North Yorkshire) as well as cover for any anticipated budget shortfalls.

3.6.10 The unallocated balance at 31 March 2020 is estimated at £38.5m. This Reserve is used as the first call to support the revenue budget over the next four years in the event that a savings programme cannot be delivered to fund this residual savings gap. As can be seen from the Table below, the Reserve would be fully used if this projection was correct (using £52.3m over the MTFS period) and no other savings were found in the interim. Clearly it is desirable for an in-year break-even position to be reached as soon as practically possible or a potential 'cliff edge' is reached as the Reserve diminishes. Additional on-going revenue savings would reduce the call on this Reserve and provide capacity to support the Council's priorities.

| | 20/21 £k | 21/22 £k | 22/23 £k | 23/24 £k | **Total £k** |
|---|---|---|---|---|---|
| Net Revenue Budget | 389,489 | 400,186 | 410,175 | 420,450 | |
| Budget Shortfall (Savings Requirement) | 3,922 | 9,466 | 2,570 | 3,045 | **19,002** |
| Cumulative Use of reserves for Budget Shortfall | 3,922 | 13,388 | 15,958 | 19,002 | **52,269** |

Local Taxation Equalisation

3.6.11 As core grant funding reduces over time so the importance of Council Tax and Business Rates will grow. Whilst these income streams are certain they are also subject to volatility – namely Council Tax and Business Rates Collection Fund surpluses and deficits. In order to enable stability of funds this reserve receives these surpluses and deficits – providing an internal 'safety net' to smooth these income streams. Examples of volatility include Drax Power Station, Ministry of Defence facilities and challenges from Hospital Trusts (noting that the Hospital Trusts lost their latest legal challenge but an appeal is expected).

3.6.12 The balance of this reserve is estimated at £6.3m by 31 March 2020. This will be kept under review and resources released for alternative use as appropriate – a maximum balance of 2% of the County Council's precept and Business Rates Retention income is proposed - £7.8m for this MTFS.

Total Level of Uncommitted Reserves

3.6.13 It is worth reflecting that the projected level of uncommitted Reserves at 31 March 2020 (circa £65m consisting of Strategic Capacity Unallocated plus General Working Balances) equates to the operational cost of the Council for approximately eight weeks. This illustrates that whilst £65m is a significant sum, it has to be seen in the context of the scale of the organisation.

3.6.14 This year CIPFA published its Resilience Index which reviews the level of reserves, among a number of other indicators. This is picked up further in **paras 8.11** to **8.13** and **Appendix K** of this report.

## 3.7 FINANCIAL OUTLOOK TO 2021/22

3.7.1 The MTFS included in this report includes up to 2023/24 in full. It should be noted, however, that only 2020/21 is based upon government funding and related policy announcements. The financial years 2021/22 and beyond therefore need to be regarded as best estimates at this stage.

3.7.2 The Council now receives no Revenue Support Grant but it does still receive a share of business rates and (an ever increasing) number of specific grants. It is hoped that, following the 2019 general election, a longer term financial planning approach will prevail and a multi-year CSR can be published later this year. In the meantime, the Table below shows those areas and what assumptions have been made in the MTFS:

| **Grant Funding** | **Value in 20/21 £m** | **Included within Base Budget for future years** |
|---|---:|---:|
| Negative RSG | 3.7 | ✓ |
| Rural Services Delivery Grant | 8.3 | ✓ |
| High Needs Funding | 6.6 | ✓ |
| Social Care Support Grant | 4.1 | ✓ |
| Winter Pressures | 2.4 | ✓ |
| Better Care Fund (all rounds) | 27.8 | ✓ |
| New Social Care Grant (£1bn) | 8.9 | ✓ |
| | | ✓ |
| **Total £m** | **61.8** | |

3.7.3 Further uncertainty is compounded by:-

- Any impact following the UK’s withdrawal from the EU, particularly in the Council’s supply chain and workforce
- The risk of economic slowdown and reduced tax receipts resulting in a further round of austerity
- Other areas of the public sector, such as the NHS, taking a higher share than local government of any increase in quantum of funding – the gearing effect could result in higher public spending but reductions in councils’ shares
- The uncertainty on whether any changes are made to the local government funding system and, if they are, then what impact this has on the Council and the rural premium that it faces in delivering services.

3.7.4 Given the number of imminent changes facing the public finances it may be tempting to simply take a one-year position on the Budget / MTFS. However, the high levels of uncertainty make it even more important that the Council plans for, and is able to respond to, sudden changes which impact upon the finances and operational requirements of the Council. It is hoped that the next Spending Review will bring greater long term clarity but whilst the macro-economics of the UK remain uncertain, this can not be assumed. The MTFS therefore remains a key component in the Council's measured approach to financial planning and risk.

3.7.5 The table in **para 3.6.10** illustrates that £52.3m of reserves would be needed to balance the budget over the extended MTFS period if no further savings were delivered. This assumes that further "new" savings are not identified and delivered but also assumes that all existing government funding streams are set to continue. It does illustrate that the Council would need to use a significant amount of cash reserves (greater than the sum available within the Strategic Capacity Reserve) which could otherwise be used for investment and other council priorities. In addition, the Council will still have a recurring savings gap of £19.0m to address. It is therefore essential that consideration is given to filling this residual savings gap through the Beyond 2020 Programme which is described further below.

## 3.8 SAVINGS

### Existing Savings Programme

3.8.1 The 2020 North Yorkshire Programme has now been in place for seven years and its next iteration is set out below in **para 3.8.3** onwards. Further refinements are proposed to savings profiles which have been incorporated within the savings set out in **Appendix A1.** This Programme is effectively the Council's Savings & Efficiency Plan for the period 2020/21 to 2023/24 and is underpinned by a set of principles to ensure that there is coherency.

3.8.2 As is inevitable in a change programme, there have been some refinements to profiles and quantum of savings that were agreed in previous versions of the MTFS. They are set out in **Appendix A2** for completeness.

### Filling the Residual Savings Gap – Beyond 2020 Programme

3.8.3 The MTFS set out in this report identifies a recurring shortfall of £19.0m over the period to 2023/24. After nine years of austerity it is inevitable that savings proposals are harder to identify; involve some greater element of risk; and are then harder to deliver. The Beyond 2020 Programme is the Council's response to the on-going need for savings but also the need to ensure that it strives to improve and meet the increasing challenges it faces and the increasing expectations of customers.

3.8.4 Delivery of the Programme can be broadly split into 3 distinct areas:-

1. Transformational themes – initiatives to review how the Council operates as a whole and with partners ("top-down")
2. Focussed Reviews – intense reviews of specific areas of delivery to identify improvements and potential savings
3. Service Plans – annually produced plans that identify improvements and savings opportunities at specific service levels ("bottom-up").

3.8.5 The Programme is still in its relatively early days but significant work to date has identified a number of opportunities which it is believed will generate some financial savings in the near future. The Beyond 2020 phase of our transformation programme will be structured initially around four key themes. These include:-

Transformational themes:

**Assess & Decide** – will be a fundamental review of how the Council identifies demand for its services and how it carries out assessments which, in turn, inform decisions about service delivery maximising outcomes through efficient practice

**Wellbeing & Resilience** – will focus on prevention and early intervention, working with communities and individuals to support: Healthier lives, Independence and inter-dependence: individuals and communities helping each other, reducing inequalities and ensuring more people can live their best lives

**Modern Council** – equipping staff to do the best job they can in a working environment that helps to deliver the best outcomes for our customers (ie internally focussed) and making a positive contribution to carbon neutrality

**Infrastructure** – This theme brings together a number of significant programmes which invest in the infrastructure of North Yorkshire including:

a. Transport – Development of an integrated transport function, including commissioning practice and new ways of working
b. Waste - Implement the outcomes and proposals of the Government’s Resources and Waste Strategy
c. Highways – Implementation of a highways company to replace the current supplier
d. Commissioning – Delivering a consistent and strategically joined up approach to commissioned services ensuring better outcomes and VFM.

3.8.6 Focussed Reviews:
A number of focussed reviews have taken place including SEN transport; HAS assessments; and Home to School Transport. These have identified a range of improvements and opportunities that are feeding into some of the Transformational themes set out above and some are likely to feature in service plans that are currently being refreshed for 2020/21 and beyond.

3.8.7 Service Planning:
As part of the Council’s approach to service planning there is a requirement to identify savings opportunities that equate to 2.5% and 5% of the service’s net budget. This year’s Budget / MTFS report therefore incorporates a range of savings that have been produced from this year’s service planning cycle.

3.8.8 As a result, a provisional savings target has been made in the MTFS for £5m for the Beyond 2020 Transformational Themes (£1m in 2021/22; a further £2m in 2022/23; and a further £2m in 2023/24). This will, of course, be tested and further refined as work progresses and updates will be provided to future iterations of the Budget / MTFS.

3.8.9 The Budget and the MTFS are both plans which inevitable need to be able to accommodate change. This is achieved through a number of means including:-

a) A level of reserves available on a one-off basis to buy further time should difficulties be encountered in areas of spend or in delivering planned savings proposals
b) A Savings Contingency is provided on a recurring basis which can be applied to offset any savings which are either undeliverable or amended following policy changes. (Any headroom within this Contingency that is not required for this purpose can be used to reduce the residual savings gap)
c) A review of savings proposals which results in a re-profiling and / or a reduction in the quantum of savings proposals as set out in **Appendix A2** in this report
d) Regular budget monitoring reports to flag appropriate concerns and to consider any mitigations
e) Revisions to the MTFS on an on-going basis as part of strategic financial planning.

## 3.9 INVESTMENTS & PROPOSED USE OF EARMARKED RESERVES

3.9.1 Whilst the recurring revenue budget remains under severe pressure, the Council has committed one-off funds in order to maintain and develop essential infrastructure and projects across the County. A number of further areas of investment are proposed:

3.9.2 **Schools Capital Planning** – the level of capital funding for schools has dropped significantly in recent years and as a result there are a number of building pressures on school condition; sufficiency of places; and facilities to support SEND. It is **recommended that a one-off sum of £1m is provided in order to work up potential solutions which will help to advocate for capital funding for the Council and its schools – in particular, where this will ensure sustainable models of support for children assessed as requiring Education, Health and Care Plans (EHCPs).** This sum will clearly be inadequate to deliver any building projects but can help to shape plans so that government can better understand the nature of any capital funding asks.

**3.9.3** **Information Technology Roadmap** – in 2015 the Council made one-off provision for investment in new hardware. This is now in need of updating given the shelf-life of technology. In addition, there is a need to invest further in cyber-protection as this becomes an ever increasing threat whilst technology becomes more and more pivotal to the Council’s operations. It is **therefore recommended that a recurring sum of £3m is provided as an annual refresh sum for hardware, software and to provide further cyber-security**. It is **further proposed that this sum is subject to satisfactory business cases which will need to secure the approval of the Corporate Director of Strategic Resources in consultation with the Executive Members for IT and the Executive Member for Finance.**

3.9.4 **Elections** – there is a need to provide for the cost of County Council elections in May 2021 and £1m has therefore been provided for 2021/22 on a one-off basis.

3.9.5 **Redundancy** – the previous provision for redundancies as a result of savings proposals has now been fully utilised. It is expected that there will continue to be a number of areas of savings which will impact upon staffing and result in redundancy costs so it is **recommended that a further provision of £2m is created in 2020/21 on a one-off basis to fund potential future redundancy costs**.

3.9.6 **Market Shaping** – as reported nationally, the social care market is under strain. That strain is not, however, universal across all areas of the county. As a result, the Council will need to make different market interventions in different parts of the county in order to enhance the sustainability of the market as whole. This may result in price changes but may also result in the creation of in-house provision or alternative arrangements being commissioned. It is not intended that this investment is built into the base budget for HAS but is held separately as a corporate budget which can be accessed following business case reviews. It is therefore **recommended that a sum of £5.1m (based upon 3% of externally commissioned care) be provided in 2020/21 and a further £5.1m in 2021/22 in order to address sustainability issues in the care sector**. It is not yet possible to predict the scale or timing of any interventions at this stage so the suggestion is to roll forward any underspends on a year-to-year basis to optimise any interventions.

3.9.7 There may be further areas which require investment on the basis that there is return on that investment – through cashable savings and / or increased staff productivity. Further areas will be reported through the Programme and where additional funding is required it will be sought from the Executive and / or full County Council subject to the budget policy framework.

## 4.0 REVENUE BUDGET POSITION IN 2020/21

4.1 A summary of the 2020/21 proposed revenue budget is set out below with further detail (including initial forecast MTFS assumptions through to 2023/24 in **Appendix F**). The table below pulls together various strands including:

i) Increased spending requirements
ii) Savings and cost reductions
iii) Adjustments to funding
iv) Core Funding available

The resulting bottom line net surplus / shortfall and how that will be dealt with

| | £ k | £ k |
|---|---|---|
| **Net Budget Requirement from 2019/20** | | **382,018** |
| **Add back net budget funded from reserve** | | **5,335** |
| **Add short term Investments in 2020/21** | | **3,000** |
| **Add Inflation in 2020/21** | | **18,449** |
| **Add Increased Spend in 2020/21** | | **15,727** |
| **Council Tax Collection Fund Surplus/Deficit to reserve** | | **-1249** |
| **Savings and Cost Reductions in 2020/21** | | |
| 2020 Budget Savings As Approved in February 2019 MTFS | -6,059 | |
| Subsequent changes to the above | 2,371 | |
| New Savings Proposals | -1,330 | **-5,018** |
| **Adjustments to funding in 2020/21** | | **-24,851** |
| **Total Forecast Spend in 2020/21** | | **393,411** |
| **Core Funding Available** | | |
| Revenue Support Grant | 0 | |
| Council Tax at 3.99% | 321,725 | |
| Business Rates from District Councils | 19,323 | |
| Business Rates Top-up From DCLG | 48,441 | |
| | | **389,489** |
| **Total Core Funding Available (= Budget Requirement)** | | **389,489** |
| | | |
| **Funding Shortfall proposed to be met from Reserves** | | **3,922** |
| One-off Investments | 3,000 | |
| Underlying In-year Deficit | 922 | |
| | | 3,922 |

4.2 The 2020/21 Revenue Budget is balanced with a contribution from reserves of £3,922k.

4.3 An analysis of the 2020/21 Revenue Budget at Directorate level is attached at **Appendix B**.

## 5.0 CONSULTATION

### General Public

5.1 A consultation has been carried out with the wider public in two parts:

- Views on the council plan priorities
- Views on the council tax level

5.2 The Council Plan elements of the survey ran between 7th October and 18th November. The council tax elements ran between December 2019 and 20th January 2020. Both parts utilised an online survey which was publicised via social media, the council website, press releases, North Yorkshire Now and the Johnson Press pages.

5.3 The views on the council tax survey utilised an online quiz as the first half of the survey to highlight the challenges with the budget. The quiz was used to try and engage people in the facts in a different way. Further information on the budget was available on the website. Anyone responding to the first survey was then invited to take part in the second stage. Members of the former Citizens' Panel were also contacted and informed of the second survey. An easy read survey was developed and circulated to forum members.

5.4 At the time of writing the Council had received 1,507 responses to the budget survey and 226 responses to the council plan survey. This compares favourably to last year's exercise when we received 1,117 responses. It should be noted that the survey was open to all of the public and that includes Council staff although there does not appear to be any significant difference in results from analysis based upon geography (assuming Council staff will be higher in Hambleton, Harrogate and Scarborough).

5.5 The Council Plan directs how we prioritise our spending to achieve our outcomes within the constraints of our budget. Respondents were asked whether the outcomes for each of our council plan ambitions: -

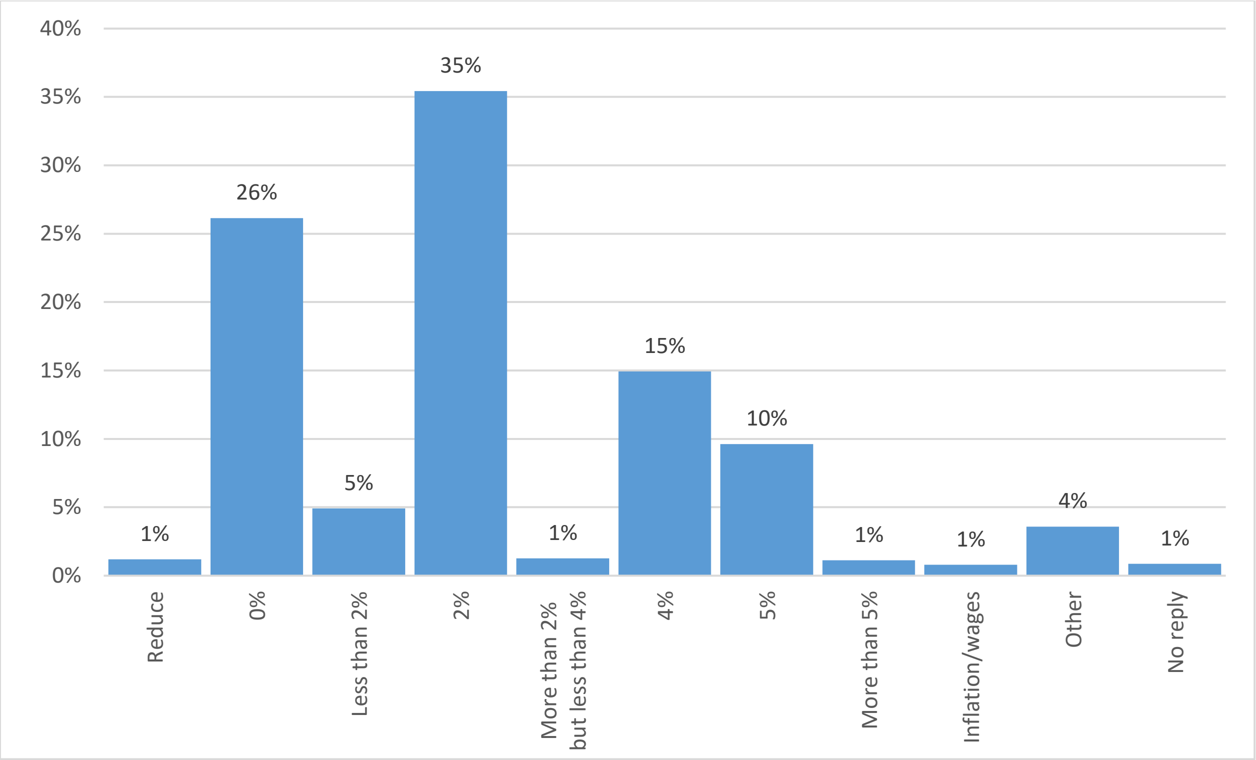
- Every Child and Every child and young person has the best possible start in life
- Every adult has a longer, healthier and independent life
- North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations.
- We are a Modern council which puts our customers at the heart of what we do.

There was overwhelming support for each of these areas and great detail is set out in **Appendix G**.

5.6 Respondents were asked to take our budget quiz before answering the budget question. This quiz provided a variety of facts and figures on the budget in order to provide the respondents with some information on how we spend our money.

5.7 Respondents were asked if completing the quiz, had given them a better understanding of the financial challenges we're facing in setting our budget? 71% of respondents stated that they felt better informed to some extent as a result of completing the quiz.

5.8 Respondents were asked "How much do you think we should increase council tax by?". After analysing and interpreting the responses which fell into the "other" category (which at 38% was the largest response category) the key findings were as follows:-



5.9 From the above the categories could be summarised as:-

| **Council Tax increase level supported** | |
|---|---|
| 0% or reduction | 27% |
| 0 – 2% | 5% |
| 2% | 35% |
| 4% or above | 26% |
| Other | 7% |

The proposed increase in council tax of 3.99% is supported by 26% of respondents but there is greater support for a lower increase of 2% or even at a freeze. The implications of this are set out earlier in this report at **Section 3.3**.

5.10 Further work is planned to help build upon the feedback from the public and help to provide further information on the Council's financial position.

5.11 Further analysis and detail of some of the comments from the survey are attached as **Appendix G**.

### Members Involvement

5.12 A number of Member's Seminars have been carried out during the year to include the Budget and MTFS in the run up to consideration of the Budget at County Council on 19 February 2020. These include:-

| | |
|---|---|
| 12 February 2020 | Briefing on 2020/21 Budget & MTFS Report |
| 8 January 2020 | Update on Budget / MTFS including Provisional Local Government Finance Settlement followed by sessions to discuss directorate savings issues |
| 6 – 15 Jan 2020 | Updates at 5 Area Constituency Committees with discussion on possible local financial impacts |
| 9 October 2019 | Update On Spending Round plus Schools Funding |
| 4 September 2019 | Prognosis on Future Funding for Councils |

## 5.13 Overview and Scrutiny and the Budget / MTFS

5.13.1 The Council's five thematic Overview and Scrutiny Committees undertake regular scrutiny of policies and strategies that have significant budgetary implications.

5.13.2 The committees also have ongoing dialogue with Corporate Directors, Portfolio Holders, Spokespeople and partners about departmental and service finances, budgetary pressures and what is being done to address them.

5.13.3 Formal scrutiny of the budgets for Children and Young People's Services and Health and Adult Services was undertaken throughout 2019 by the Young People's Overview and Scrutiny Committee and the Care and Independence Overview and Scrutiny Committee. This was in response to the projected departmental overspends in 2019/20 and the longer term demand and cost pressures being faced by services.

5.13.4 **Corporate and Partnerships Overview and Scrutiny Committee**
Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- The Council's approach to budget setting, key pressures, and options for the forthcoming year
- Partnership Arrangements and Traded Services, including the work of the Brierley Group
- The Council's Investment Strategy and investments made
- The Council's strategy for the management of the property portfolio and land holdings.

5.13.5 **Care and Independence Overview and Scrutiny Committee**
Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- Integration of health and adult social care services, including the Harrogate Rural Alliance partnership
- An evaluation of the 'Living Well' service and the impact that prevention and early intervention is having in social care
- The support that the Council provides to unpaid carers
- The provision of nursing and residential care and extra care placements in the county and the role of the Council in market intervention to help ensure that supply meets demand.

5.13.6 **Young Peoples Overview and Scrutiny Committee**

Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- The support that the Council provides to younger people who are unpaid carers
- Young people with additional needs transitioning to adulthood
- Education provision for children with medical needs
- Teacher recruitment
- Sustainability of smaller, rural schools
- Supporting underperforming schools, particularly those in Special Measures.

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

Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- The Local Enterprise Partnership and plans for economic growth and development in the county
- The potential impact of the UK exit from the EU, particularly leaving the Common Agricultural Policy
- Improving traffic flow and reducing congestion problems in the county
- The implementation of the SEND Home to School Transport policy changes in 2018
- Response to the government's consultation on the central government Resources and Waste Strategy
- Implementation of the Local Flood Risk Management Strategy
- The Annual Report of the highways improvement contractor and the actions being put in place by the highways maintenance to improve performance and communications.

5.13.8 **Scrutiny of Health Committee**

The Scrutiny of Health Committee has also undertaken key aspects of overview and scrutiny work looking at changes to health service commissioning and provision in the county, which in turn impacts upon a range of services provided by the Council, particularly adult social care. This has included:

- The development of the Integrated Care Systems and Partnerships that cover North Yorkshire
- The development of new ways of working across health and social care and the delivery of more integrated services in rural and more sparsely populated areas of the county
- Changes to mental health services in the county and a reduction in the use of in-patient beds
- Centralisation of specialist services at larger hospitals, many of which are outside of the county.

5.13.9 **Scrutiny Board**

Scrutiny Board brings together the Chairs of the five thematic overview and scrutiny committees at the Council and the Older Peoples' and Young People's Champions. It provides an opportunity for a whole council view of scrutiny activity, which avoids gaps and overlaps and helps establish a lead committee for areas of joint interest. Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- Council service performance and areas for improvement
- The Council's approach to reducing net Carbon Dioxide emissions and meeting the 2030 carbon neutral target
- The NHS 10-year plan and what it means for the Council.

5.14 In addition, five of the six Area Constituency Committees reviewed the Council's annual budget proposals at their January 2020 round of formal, public committee meetings.

5.15 The impact of the Budget / MTFS and associated Beyond 2020 Programme is such that on-going Member dialogue is essential. This is particularly the case in relation to initiatives to secure community support and activity, recognising the role of Member as community leader. Individual Members will therefore be kept informed of local issues and the wider Membership will continue to be communicated with through existing channels and further Members Seminars will be held on the Programme and / or further budget related developments.

## 6.0 PAY POLICY STATEMENT 2020/21

### Introduction

6.1 The first pay policy statement was published in April 2012 in accordance with the Localism Act 2011. It needs to be produced annually and can be amended in year on resolution by full County Council. It does not require schools staff to be included.

6.2 This report sets out the primary changes proposed to the pay policy statement that was approved for 2019/20 by full County Council.

### New appointments - Approval of salary packages in excess of £100k

6.3 The pay policy statement details the pay arrangements and salaries for Chief Officers and Senior Management. An appointment will not be made to an alternative pay and remuneration package without a recommendation being submitted by the Chief Officers Appointments and Disciplinary Committee to full County Council and agreed by it. Likewise any severance payments over £100k will not be made without a recommendation from the same committee to full County Council. It is expected that this will reduce to £95k although government implementation of expected legislative changes covering exit payments has been delayed.

### Amendments to pay policy

6.4 There is no expectation that this policy will need amending during the period it covers (April 2020 to end of March 2021). The policy complies with legislation and so will incorporate any new legal requirements on exit payments which need implementing during 20/21. However if circumstances dictate that a change of policy is necessary and appropriate during the year then a revised draft policy will be presented to full County Council for consideration. National pay settlements for the year 2020/21 apply as and when agreed for relevant staff groups at a national level.

6.5 The new grading structure implemented in 2019 offers further scope for progression in 2020 and beyond. Early indications are that the new pay structure has assisted with recruitment and retention, eliminated or reduced the need for additional market supplements, recruitment and retention payments, and reduced spend on agency staff and advertising. A full post implementation review is currently underway.

### Transparency

6.6 All the information provided in the attached pay policy statement (**Appendix H**) has been fully disclosed and accessible to the public for a number of years on the Council's website and published data and information as required in the Transparency Code.

## 7.0 LEGAL IMPLICATIONS

### General Legal Duties in respect of Budget

7.1 The legal duties upon the Council to calculate the budget, consider savings proposals, calculate council tax requirement and the amount of council tax are set out in the report and in the remainder of this section.

### Children's Services

7.2 There are very specific obligations in respect of Children's Services which are set out in this Section of the report.

7.2.1 The local authority has a legal duty under Section 19 Education Act 1996 to make arrangements for the provision of suitable education at school or otherwise than at school for those pupils of compulsory school age who by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless such arrangements are made.

7.2.2 Under Section 19 the duties placed on the local authority are to ensure young people who have been permanently excluded from school have access to full time educational provision from day six of the exclusion. The local authority currently commissions places via the PRS/AP providers to meet this duty.

7.2.3 Under Section 19 the duties placed on the local authority in respect of pupils with medical needs are to make arrangements for the provision of education as soon as it is clear that a child will be absent due to illness, for 15 days or more.

7.2.4 Part 3 of the Children and Families Act 2014 is entitled 'Children and Young People in England with Special Educational needs and Disabilities.' It places duties on Local Authorities in relation to both disabled children and young people and those with special educational needs (SEN). The strategic planning duties in the Act apply to all children and young people with SEND. The Special educational needs and disability code of practice: 0-25 years (2015) is the statutory guidance which underpins the legislation that the local authority must have regard to.

7.2.5 Section 27 of the Children and Families Act 2014 required local authorities to keep the education and training provision for children and young people with SEND under review. Local authorities must consider whether the educational, training and social care provision is sufficient to meet children and young people's needs. In carrying out this duty local authorities must consult children and young people and their parent/carers as well as education providers. It is noted that for the three areas of change to the High Needs Budget a full consultation exercise was carried out as detailed in the Executive report dated 15 January 2019.

7.2.6 Under section 42 Children and Families Act 2014 the Council must secure education provision in a child's Education, Health and Care Plan and the budget provides for the statutory duties to continue to be funded.

7.2.7 Under Section 11 Children Act 2004 the Council in delivering children services, must make arrangements for ensuring that their functions are discharged having regard to the need to safeguard and promote the welfare of children.

## 7.3 Further General Legal Implications

7.3.1 The legal duties upon the Council to calculate the budget, consider savings proposals, calculate council tax requirement and the amount of council tax are set out in the report and in the remainder of this section.

### Equality Implications

7.3.2 The Council must demonstrate that it pays due regard in developing its budget and policies and in its decision-making process to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities with regard to the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Council also takes into account of the additional compounding factors such as the rural nature of the county and the cumulative impact of proposals on groups with protected characteristics across the range of services. The impact of proposals and decisions on the Council's activities as a service provider and an employer must be considered.

7.3.3 At the earliest possible opportunity, significant proposed changes in service provision and budget are considered to identify whether there are likely to be any equality implications.

7.3.4 If potential equality implications are identified, the Council follows an Equality Impact Assessment (EIA) process to enable the collection of data and analysis of impacts and to try to reduce and mitigate any impact. EIAs are developed alongside savings proposals, with equalities considerations worked into the proposals from the beginning.

7.3.5 If a draft EIA suggests that the proposed changes are likely to result in adverse impacts, further detailed investigation and consultations are undertaken as the detailed proposals are developed. Proposed changes will only be implemented after due regard to the implications has been paid in both the development process and the formal decision-making process.

7.3.6 Where the potential for adverse impact is identified in an EIA, services will seek to mitigate this so far as it is possible to do so in a number of ways including developing new models of service delivery, partnership working and by helping people to develop a greater degree of independent living.

7.3.7 The Council has also carried out a high level equality assessment to highlight which protected groups are affected by the budget proposals in 2020/21, identify any emerging themes and cumulative impacts, and consider them within evidence gathering and more detailed EIAs. The high level equality assessment can be found at **Appendix I**. Members are required to read the individual EIAs to inform their decision making and ensure legal compliance with the public sector equality duty under the Equality Act 2010.There must be conscientious consideration by Members, as decision makers, of the impact upon the proposals on the relevant groups. This duty cannot simply be discharged by officers and due regard must be paid by Members.

7.3.8 Pursuant to Section 149 Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
(b) advance equality of opportunity between person who share a relevant protected characteristic and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

## 7.4 Overview

7.4.1 This section provides an overview of equality issues associated with the Council's budget proposals for 2020/21. It summarises the potential equality impacts identified in relation to the budget, and the steps taken to minimise any potentially adverse impact on protected groups during the development of the budget.

7.4.2 Individual equality impact assessments have been carried out for specific proposals identified as having potential equality implications.

## 7.5 Information used to analyse the effects on equality

7.5.1 This assessment is based on a process of consultation and equality impact assessment built into the Council's overall budget development process. This has included:

- Equality impact assessments (EIAs) for specific budget proposals where a potential equality impact has been identified
- On-going discussions between colleagues, partners and Executive councillors
- Additional consideration of cumulative equality and wider community impact of the proposals
- Responses to public consultation through a number of channels, including on our website.

7.5.2 Statistical information and research such as demographic data have been referenced where appropriate. Other information has informed equality impact assessments for specific proposals where appropriate.

## 7.6 Summary of impact

7.6.1 Funding provided by central government to local authorities to deliver services has been reduced significantly in recent years. Until national funding streams are clarified we know that the long term financial position for the Council remains uncertain and difficult. We will have delivered circa £212m of savings by the end of 2023/24, which is approximately 40% of the Council's spending power. This will be extremely challenging to achieve, but the Council will remain focused on maintaining a strong financial grip and on delivering further financial savings or income growth.

7.6.2 The Council, along with almost every eligible authority nationally, has taken up the government's offer to raise an additional social care precept of an extra two per cent on council tax in previous years and the recommendation is that this is repeated in 2020/21. This can only be used to fund extra costs of adult social care. Without this precept, the County Council would have to find additional savings as demand for adult social care is unrelenting and the costs of care packages are increasing.

7.6.3 The Council are aware that raising the council tax by 3.99% may have an adverse impact upon household budgets particularly for those of working age with protected characteristics e.g. disability and sex. In the current financial climate, however, a lower council tax increase would require even greater cuts to frontline services. It is likely that the impact will be minimal for most households as council tax does not constitute a large proportion of outgoings. However, the likely impact may be higher where the households are reliant upon social security benefits. More details of how protected characteristics may be affected are included in **Appendix I**.

7.6.4 Where possible savings to date have been achieved by improving the efficiency of our back office operations. This has helped us to keep the impact on frontline services to a minimum. However, as further savings are required, it becomes increasingly difficult to protect frontline services, which is why the Council is working with communities to find alternative ways of providing services. There is an increasing emphasis on preventative provision and a shift towards self-directed support.

7.6.5 Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the Council and more and more people require the Council’s support. Around a quarter of the county's adult population is over the age of 65 and 3.25 per cent are aged over 85. Every year the population of older people increases, and with it the demand for the care and support which the council provides.

7.6.6 Potential adverse impacts have been identified regarding the Special Educational Needs and Disability (SEND) High Needs Funding in respect of children/young people with disabilities. In previous years the Council commenced work on changes to the High Needs Budget which are ongoing:

1) Element 3 allocation Can-do to Banded model;

2) Changing the way provision for secondary aged pupils who are permanently excluded or at risk of permanent exclusion is commissioned and funded.

7.6.7 The rurality and sparsity of population in some parts of the county also present challenges for the council in provision of services.

7.6.8 **Among the efficiency savings are**:

- reducing the costs of human resources, finance, technology, property, legal and democratic services
- cutting the cost of our contracts with suppliers
- increasing income and introducing new ways of working.

7.6.9 **Among the frontline savings are**:

- replacing elderly persons' homes with extra care housing
- replacing streetlights with cost saving LED lights

- restructuring the teams working within the children and young people's inclusion service
- ongoing changes to the high needs budget as part of the Strategic Plan for SEND Provision in North Yorkshire
- changes to charging for adult social care

7.6.10 Reductions in budgets will inevitably have an impact on some citizens but measures are being taken to manage the changes in a planned way, consider cumulative impact, and seek to minimise any adverse impacts.

7.6.11 It should also be noted that significant growth has been incorporated into the budgets as set out in **Section 3.4** of this report. In addition, the Council does review its savings proposals and does re-instate budget provision where appropriate, recognising that there may often be issues that arise and require further review as proposals are being implemented; this can be seen in **Appendix A2**. Savings proposals are therefore part of a wider financial strategy to meet the Council's objectives.

7.6.12 Overall impacts for the protected groups relating to savings proposals are summarised in **Appendix I**.

### 7.7 Summary of overall action to decrease adverse impact or increase positive impact

7.7.1 Various programmes have been implemented to increase resilience in the communities of North Yorkshire and reduce demand on services. These should help mitigate the effects of service reduction, particularly on those with protected characteristics.

7.7.2 Our Stronger Communities team has been set up specifically to support communities to help themselves and to take on a greater role in the provision of services. This is particularly in the areas of community libraries, community transport, activities for young people, children and families, and support for older and more vulnerable people to remain involved and active within their community. During 2018/19 the Stronger Communities programme supported around 200 voluntary sector organisations who in turn have reached a diverse mix of over 40,000 North Yorkshire residents, and approved and part-funded 124 community projects in 110 locations across the county. The programme is currently being independently evaluated and the first year report found that the programme has ~~to~~ increased volunteering and the sustainability of the voluntary and community sector, providing a prudent return on investment of £1.88 for every £1 invested.

7.7.3 Also, as part of the wider prevention service, our Living Well Co-ordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals. Team members provide help with practical and emotional issues. Since the service was put in place in October 2015 there have been over 10,000 referrals, many of them for people over 75 years old (40%) and living alone (50%). 93% of people receiving Living Well support said it was successful, with almost three quarters showing a meaningful improvement in their well-being.

7.7.4 Through our Extra Care programme we are providing homes where people can live independently, but with care on hand when they need it. We also support people with the skills and equipment they need to live independently.

7.7.5 Recognition of the need for real change has galvanized a strong partnership with a strategic focus on making real and targeted improvement to the lives and learning outcomes for children and young people who live and learn on the North Yorkshire coast. This has resulted in the Scarborough Pledge which is dedicated to having a positive impact on the life chances for children and young people in the area, and empowering them to achieve the best for their futures.

7.7.6 The Scarborough Pledge has identified a number of key priorities which are being addressed through project based initiatives and supported by significant funding from North Yorkshire County Council. Central to the Pledge is the need to recruit and retain good teachers into our coastal schools by ensuring those wishing to start or develop their career in this area understand and appreciate the positive challenge and the reward and the support they will receive.

7.7.7 As part of the Strategic Plan for SEND provision, work has been ongoing to develop a new medical model - for delivering education tuition to children and young people who cannot attend mainstream school due to medical needs through:

- In-reach provision (school based, small group work currently commissioned through existing Enhanced Mainstream Schools and Pupil Referral Services)
- Out-reach provision (delivered in the child’s home by a tutor/teacher).

The new service will introduce greater opportunities to access learning when a child is too ill to attend school. The proposed new service will have a positive impact on children with disabilities in terms of access to education, personal support, contact with school, oversight of a medical co-ordinator to ensure education remains appropriate. Support will also be given to plan transitions back to school as appropriate. Families will be fully involved in the planning and review of provision.

7.7.8 The North Yorkshire Local Assistance Fund has been established to give one-off, practical support for vulnerable people and families under exceptional pressure. Awards are goods in kind, not cash, and do not have to be repaid. A dedicated team within Health and Adult Services also support people to ensure that they maximise their incomes.

7.7.9 The Council commissions practical and strategic support to voluntary and community organisations and volunteering from Community First Yorkshire. This helps support the needs of the wider voluntary and community sector, much of which provides support and prevention services for vulnerable members of our communities.

7.7.10 The Council has established an independent Rural Commission to give a fresh perspective on the challenges to our most rural communities and to find new ways to create opportunities for them to grow and prosper. The action plan and recommendations of the Commission, expected by summer 2020, will provide a refreshed evidence base for making North Yorkshire’s case to the Government for increased support for our rural communities.

## 7.8 Protected characteristics

7.8.1 **Appendix I** is a summary based on findings of EIAs carried out for specific proposals. It provides background information about the profile of the county and notes other factors likely to affect specific sections of the community. It then highlights any anticipated adverse (6.8% of total impacts) or mixed impact (6.8% of total impacts) for each group and notes steps taken to minimise impact. Where proposals are not specifically referenced, impacts are anticipated to be positive (11.8% of total impacts) or neutral (74.6% of total impacts). (NB. Percentages are rounded so may not add up to 100).

7.8.2 A number of other projects are also being progressed which aim to increase efficiency and improve customer experience. These projects are not intended to make cash savings in 2020/21 and therefore are not included in the information provided in **Appendix I**.

7.8.3 Specific details of how individual proposals have been adjusted to minimise impact and promote equality are set out in the EIAs for individual proposals which can be found at https://www.northyorks.gov.uk/equalities-assessment-and-consultation

7.8.4 Members are required to read the individual EIAs to inform their decision making and ensure legal compliance with the public sector equality duty under the Equality Act 2010.

## 8.0 Other Statutory Requirements Relating to Budget Setting

### Local Government Act 2003 - Section 25

8.1 Under the terms of Section 25 of the Local Government Act 2003 the s.151 Officer is required to report to the County Council, at the time when it is making its Precept, on two specific matters:-

**the robustness of the estimates** included in the Budget, and
**the adequacy of the reserves** for which the Budget provides

8.2 The County Council then has a statutory duty to have regard to this report from the Section 151 Officer when making its decision about the proposed Budget and Precept (see **paragraph 8.15** below for the Section 25 opinion of the Section 151 Officer).

### Robustness of the estimates

8.3 The Corporate Director, Strategic Resources, as Section 151 Officer, has undertaken a full assessment of the County Council's anticipated potential financial risks in 2019/20 (**Appendix J**) and the subsequent period up to 2023/24 as far as that is possible, including:

- the realism of the Revenue Budget 2020/21 estimates for
  - price increases (including provision for possible currency fluctuations resulting from Brexit)
  - fee / charges income
  - loss / tapering of the remaining specific grants and / or changes to their eligibility requirements
  - provision for demand-led services

  - the financing costs arising from the Capital Plan. The existing policy decision to establish a cap (proposed to continue in 2020/21 at 10% elsewhere on the Executive's agenda) on the level of capital financing charges as a proportion of the annual Net Revenue Budget provides additional assurance on this aspect of the Budget
  - the impact of current and forecast interest rates on the expected returns from investment of cash balances
  - the probability of achieving the necessary savings targets required to minimise any further likely drawdown on Reserves / Balances

- the realism of the Capital Plan estimates in light of
  - the potential for slippage and underspending of the Capital Plan
  - the possible non-achievement of capital receipts targets and its implications for the funding of the Capital Plan

- financial management arrangements including
  - the history over recent years of financial management performance including delivery / non-delivery of savings programme
  - the impact on current financial management arrangements of the budget savings required on management within services, and in finance and related functions across the Council, whilst at the same time retaining a capability to help achieve the necessary saving targets across the County Council as a whole

- potential losses, including
  - claims against the County Council
  - bad debts or failure to collect income
  - major emergencies or disasters
  - contingent or other potential future liabilities

8.4 An assessment has also been made of the ability of the County Council to offset the costs of such potential risks. The MTFS therefore reflects:

- the provision of a contingency fund in the Corporate Miscellaneous budget
- specific provisions in the accounts and in earmarked reserves
- a commitment to maintain the level of the General Working Balance at its policy target level of £27m.
- a Local Taxation Equalisation reserve to smooth surpluses and deficits from billing authorities' Collection Funds.
- A Corporate Savings Contingency in the event of non-delivery of savings
- comprehensive insurance arrangements using a mixture of self-funding and external top-up cover

8.5 Estimates used in the Budget for 2020/21 are also based on pragmatic assumptions, taking into account:

- future pay and price increases across all services
- anticipated levels of both specific and general grants
- the impact of the economic situation on future interest rates, the Council Tax taxbase, District Council Collection Fund surpluses and deficits, (including the

impact of reduced Council Tax Benefit funding) and the future levels of Business Rates collected in North Yorkshire
- policies and priorities as expressed in the Council Plan and associated Service Plans
- best estimates of continuing funding streams for services
- commitments in terms of demand for services

8.6 Whilst these estimates are based on pragmatic assumptions, some elements are inevitably subject to change. This change is likely to increase the further into the future the estimates relate to. As identified in this report, not all of the estimated recurring savings target has yet been met with proposed savings although there are some high level areas identified that will require further work. Given the many risks and uncertainties it is inevitable that there will be many areas of high estimation and uncertainty which will require constant re-calibration.

8.7 Given the unrelenting demand pressures set out earlier in this report growth has been built into both CYPS and HAS budgets to try and contain such levels of demand. Robust monitoring of demand is in place with the intention that directorates do manage within their overall budgets. The risk remains, however, that further overspends occur and contingencies within individual directorates have been deliberately eroded so they are managed at corporate level as a response to austerity.

8.8 These cost pressures and variances are monitored on a regular basis and reported, alongside other key performance information, to the Executive on a quarterly basis. The Budget process also provides an annual opportunity to comprehensively review and recalibrate the future years within the MTFS. These monitoring processes have been, and will continue to be, critical in identifying the progress of the County Council in achieving the savings targets that underpin the proposed MTFS.

### Adequacy of Reserves and Balances

8.9 Whilst the Council has a good track record on delivering planned savings and has managed well within overall budget over recent years, delivery has proven more challenging in recent years and there has been overheating in both CYPS and HAS. The availability of “one-off” funding from Reserves and Balances is therefore of crucial importance to support the in-year budget.

8.10 The added uncertainty for future council funding beyond March 2021 also means that there is greater merit in ensuring an adequate level of Reserves and Balances. The Council has a robust reserve policy and maintains both unallocated and earmarked reserves to manage risk and investment.

8.11 It should be noted that the level of Reserves and Balances has also ensured that the Council has been able to invest in a host of other initiatives / projects:-

- superfast broadband
- highway maintenance
- extra care provision
- coastal erosion schemes
- technology and property for council staff
- locality and environmental budgets for Councillors

- Kexgill highways major scheme

## CIPFA Resilience Index

8.12 CIPFA has now published its resilience index which seeks to provide councils with information to “facilitate constructive dialogue around financial decision making”. The Index is based upon balance sheet information which is historic so can only be regarded as a snapshot in time – it should therefore always be seen in the wider context.

8.13 The Index was produced, in part, as a response to Northamptonshire County Council’s financial plight in order to provide some objective assessment of the financial resilience of councils and to determine how close some may be to the cliff-edge. As you will see in **Appendix K** the Council does not have any areas that are towards the higher risk range and there is nothing by way of information in the Index that comes as a surprise or of concern to the s151 officer.

8.14 A more detailed comparison with Northamptonshire County Council’s financial position was carried out following publication of their Best Value Review in last year’s report. The conclusion of that was that there was little similarity and there is little to suggest that there are changes to that position albeit the challenges of reduced resources inevitably become harder. Overall, various factors indicate that the Council has a relatively high level of financial resilience:

- The County Council currently has a reasonable level of reserves relative to its revenue expenditure, although these are forecast to reduce significantly over the MTFS period if other funding or further savings are not identified;

- The County Council has maintained a relatively high level of budget provision for services outside of demand-led services (such as social care) meaning it has more flexibility to potentially identify further savings;

- The external auditor has given unqualified conclusions on the County Council’s arrangements to secure value for money in previous years. This means the auditor is satisfied that NYCC had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

## Section 25 opinion of the Corporate Director, Strategic Resources

8.15 Taking all of these factors and considerations into account the Corporate Director, Strategic Resources is satisfied that the:-

i) estimates used in the Revenue Budget 2020/21 are realistic and robust and that the associated level of balances / reserves is adequate within the terms of the proposed revised policy.
ii) associated level of balances / reserves for the MTFS period is adequate within the terms of the proposed revised policy noting that **there is little visibility beyond 2020/21 and the estimated shortfall over the MTFS period is in excess of available reserves. An on-going approach is therefore required to develop further savings options to address the**

**estimated residual savings gap and to prepare for the eventuality that the quantum of the funding gap may be even greater.**

**iii)** high level estimates used in the projections for the MTFS beyond 2020/21 are as realistic as can be assessed at this stage given the government has not committed to levels of funding for local government beyond 2020/21. **This short-term planning horizon gives rise to greater uncertainty but an increased need for longer term local financial planning. As in recent years, the decisions taken for 2020/21 and beyond need to be seen in the context of increased demand for services; rising costs; and an uncertain outlook on government funding in order to ensure that decision making is optimised.**

## 9.0 RISKS

9.1 The Corporate Risk Register is attached as **Appendix L**. It is, however, appropriate to consider a more detailed range of risks at this stage which could adversely impact upon the Council's Budget / MTFS.

9.2 **Appendix J** sets out some of the key financial risks and a ready reckoner to quantify certain potential financial impacts. This should not be regarded as exhaustive due to many national and local uncertainties.

9.3 A brief summary of the key risks is identified below:-

9.3.1 *Delivery of existing savings programme* – the increasing trend of savings areas having been reduced / cancelled / re-profiled has continued. This is as a result of incrementally more challenging areas being addressed with greater risks of non-delivery. This year's Budget / MTFS has continued with a "savings confidence factor" which estimates the impact of some non-delivery of savings proposals and provides for £7m in this year's Budget / MTFS (but still only equating to 18% of the total amount of recurring savings still to be delivered in the MTFS).

9.3.2 *Inability to identify further savings* – the residual savings gap will need to be filled and that is why further areas of opportunity are being pursued in line with the Beyond 2020 Programme (**paras 3.8.3** to **3.8.8**). The MTFS already assumes £5m of new savings through this Programme but further details are required so this remains a high risk area. Failure to identify further savings will result in an increased reliance on the use of reserves into the new decade which is not a sustainable position. The alternative is to make reductions to budgets with impacts upon service standards. The medium term strategy therefore continues to provide for a planned approach which reduces this risk.

9.3.3 *A further round of austerity reducing government grant / business rates funding* - whilst the Council now receive zero Revenue Support Grant, the government could still reduce ring-fenced grants or business rates levels in response to any economic shock or future policy decisions. The current lack of a Spending Round beyond March 2021 exacerbates this risk.

9.3.4 *Unfunded additional responsibilities* – the government may transfer new responsibilities to local government without the required funding. In the past the Council has not fared well when public health and concessionary fares were transferred with funding cuts from the start and the introduction of EHCPs did not bring any new burdens funding but it is clear now that the extra costs are very significant.

9.3.5 *Financial assumptions* – the MTFS includes assumptions around council tax levels and base; continuation of core funding streams; business rates levels; pay; and inflation (including cost of care exercise for adult social care).

9.3.6 *Supply chain* – the impact of Brexit and an uncertain economic outlook (nationally and globally) will have impact upon the Council's supply chain. Two key risks are from suppliers of services with significant exposure to workers from the EU and / or exposure to foreign currency. It is clearly extremely difficult to assess the impact with any precision and provision has therefore been made within the Budget / MTFS for a £3m contingency in 2020/21 which then reduces to zero again by 2023/24 for any unavoidable and unfunded extra costs. This will not, however, be able to fund any recurring inflationary pressures which will need to be assessed in future Budget / MTFS cycles.

9.3.7 *Demand for services* – certain services such as children's social care, EHCPs, home to school transport and adult social care will continue to be pressure points. Such services can also be subject to national news and events which can bring further financial and operational challenges (eg discharge rates from hospitals).

9.3.8 *Legal challenge* – savings proposals may be subject to legal challenge from third parties resulting in delays, expense and potentially ceasing implementation of some proposals.

9.3.9 *Health & Social Care* – this issue is picked up in greater detail earlier in the report (**paragraphs 3.4.2** to **3.4.7**). This issue remains a high risk and high profile area. The continuation of the various strands of the Better Care Fund are essential to avoid a local and national crisis. The outcome of the much-awaited longer term review of the sustainability of the social care system remains essential for the Council's finances; effective working with the health sector; and not least for the benefit of service users.

9.3.10 *Schools / DSG* – more schools are now operating with deficit budgets and the aggregate level of school balances is forecast to be fully deployed in the next two years. In addition, 2019/20 was the second year of the implementation towards the national funding formula for school funding arrangements which prescribes how DSG can be used. The Central School Services Block (CSSB) comprises two elements – historic commitments and ongoing functions. The Department for Education are reducing the historic commitments from 2020/21 by 20% with a view that any commitment will not be maintained indefinitely. This funds embedded Council services which support early help and intervention in partnership with schools and academies; any erosion of this funding simply places a greater financial burden on core council funding.

9.3.11 *Emergencies / incidents* – greater incidents such as flooding and severe winters will incur additional costs which it is simply not possible to predict. Reserves are an essential response to such incidents.

9.4 In some cases there is the ability to mitigate the financial impact (e.g. using GWB to fund unexpected expenditure incurred on emergencies) whilst in other areas it is simply necessary to plan and continuously review the Council's assumptions and respond accordingly.

## 10.0 DELEGATION ARRANGEMENTS

10.1 It is the responsibility of the Executive to ensure the implementation of the Budget once it is agreed by the County Council, and the Officer Delegation Scheme sets out the authority delegated to the Corporate Directors in relation to the implementation of the Budget within their services areas, subject to the Budget and the Policy framework.

## 11.0 CONCLUSION

11.1 The Council has made savings totalling £172.9m since the start of austerity. The vast majority of these savings have been made without detriment to frontline services. It is estimated that there is a further year on year savings requirement of £39.5m up to the end of 2023/24. This report includes savings proposals which total £20.5m, leaving a residual savings gap of circa £19.0m per annum.

11.2 Work will continue through the Beyond 2020 Programme to identify additional savings proposals as the current residual savings gap will otherwise result in the need to use £52.3m of reserves over the life of the MTFS to balance the budget.

11.3 This Budget / MTFS reflects an unrelenting increase in demand for services notably Special Educational Needs & Disability, SEN Transport and Adult Social Care. £39.9m of additional funding need has been provided for in this Budget / MTFS to reflect this additional demand (£30.7m of which was not previously included in last year's MTFS).

11.4 The report assumes that council tax is increased by 3.99% in 2020/21. This represents an uplift on the council tax base of 1.99% for general council tax and an additional 2.00% as a further adult social care precept.

11.5 The future of the Council's finances beyond 2020/21 remain deeply uncertain. A Spending Review is due sometime in 2020 and the Council, along with others, has a high dependency upon various funding streams which have been delivered as a series of one-off interventions by government.

11.6 The demand pressures; the need to deliver the existing savings programme; and the lack of visibility on government funding beyond 31 March 2021 all bring significant challenge to the Council. The Council is relatively well placed to meet these challenges in the next year but it is hoped that a longer term finance settlement is soon delivered to bring greater certainty to support longer term planning.

## 12.0 RECOMMENDATIONS

12.1 That the Executive recommends to the County Council:

a) That the Section 25 assurance statement provided by the Corporate Director, Strategic Resources regarding the robustness of the estimates and the adequacy of the reserves (**paragraph 8.15)** and the risk assessment of the MTFS detailed in **Section 9** 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 202021 of £321,725,322 is approved and that a Council Tax precept of this sum be issued to billing authorities in North Yorkshire (**Section 3.3** and **Appendix C).**

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 £1,363.47 is approved (**paragraph 3.3.6** and **Appendix C**).

d) That a Net Revenue Budget for 2020/21, after use of reserves, of £389,489k (**Section 4.0** and **Appendix F**) is approved and that the financial allocations to each Directorate, net of planned savings, be as detailed in **Appendix B.**

e) That in the event that the final Local Government Settlement results in a variance of less than £5m in 2020/21 then the difference to be addressed by a transfer to / from the Strategic Capacity Unallocated Reserve in line with **paragraph 3.2.8** with such changes being made to **Appendix D** as appropriate.

f) That the Corporate Director – Children and Young People's Service is authorised, in consultation with the Corporate Director, Strategic Resources and the Executive Members for Schools and Finance, to take the final decision on the allocation of the Schools Budget including High Needs, Early Years and the Central Schools Services Block (**paragraph 3.4.12**).

g) That the Fees and Charges Strategy set out at **Appendix M** be approved and adopted with effect from 1 April 2020 (**para 3.5.6**).

h) That a one-off sum of £1m is provided in 2020/21 to work up potential solutions which will help to advocate for capital funding for the Council and its schools as set out in **paragraph 3.9.2**.

i) That a recurring sum of £3m is provided as an annual refresh sum for the Council's IT capability in line with **paragraph 3.9.3**. and that such funding is released subject to satisfactory business cases resulting in the approval of the Corporate Director of Strategic Resources in consultation with the Executive Member for IT and the Executive Member for Finance.

j) That a one-off sum of £2m is provided in 2020/21 to fund potential future redundancy costs as set out in **paragraph 3.9.5**.

k) That a recurring sum of £5.1m be provided in 2020/21 followed by a further recurring sum of £5.1m in 2021/22 in order to address sustainability issues in the care sector in line with **paragraph 3.9.6**.

l) That the Medium Term Financial Strategy for 2020/21 to 2023/24, and its caveats, as laid out in **Section 3.0** and **Appendix F** is approved.

m) 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 A1** (**BES 1** to **6**).

n) 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 A1** (**HAS 1** to **12).**

o) 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 A1** (**CYPS 1** to **11**).

p) 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 A1** (**CS 1** to **10**).

q) That any outcomes requiring changes following **Recommendations m), n), o) and p)** 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.

r) That the existing policy target for the minimum level of the General Working Balance is retained at £27m in line with **paragraphs 3.6.4** to **3.6.5** and **Appendix E**.

s) That the attached pay policy statement (**Appendix H**) covering the period 1 April 2020 to 31 March 2021 be approved as set out in **Section 6**.

12.2 That the Executive notes and agrees the delegation arrangements referred to in **Section 10** that authorise the Corporate Directors to implement the Budget proposals contained in this report for their respective service areas and for the Chief Executive in those areas where there are cross-Council proposals.

12.3 That the Executive have regard to the Public Sector Equality Duty (identified in **Section 7** and **Appendix I**) in approving the Budget proposals contained in this report.

| | |
|---|---|
| RICHARD FLINTON | GARY FIELDING |
| Chief Executive | Corporate Director, Strategic Resources |

County Hall
4 February 2020

**4 February 2020**

# SCHEDULE OF APPENDICES TO MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2023/24 & REVENUE BUDGET FOR 2020/21

| Appendix | Title | Section Colour |
|---|---|---|
| **A**<br>**A1**<br>**A2** | Savings Schedule:-<br>Directorate Savings<br>Changes to Existing Savings Proposals | **Cream** |
| **B** | Directorate Spending Analysis | **Lilac** |
| **C** | Calculation of Council Tax Requirement | **Mid Green** |
| **D** | Reserves Schedule | **Light Blue** |
| **E** | Reserves & Balances Policy | **Buttercup** |
| **F** | Summary of MTFS to 2023/24 | **White** |
| **G** | Budget Consultation | **Pink** |
| **H** | Pay Policy Statement | **Dark Blue** |
| **I** | Equalities Impact Assessment | **Mid Green** |
| **J** | Risk Assessment | **Mint** |
| **K** | CIPFA Resilience Index | **Orange** |
| **L** | Corporate Risk Register | **Lilac** |
| **M** | Fees and Charges Strategy | **Cream** |

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## Savings proposals for Business and Environmental Services (BES) directorate

### Introduction

The BES Directorate consists of a number of service areas that complement each other in delivering services that promote strong and sustainable communities with a sustainable economy. There is a need to provide services that meet our statutory duties i.e. highways, transport, waste and regulatory services. Inevitably, living within our means in delivering services is crucial if we are to continue to provide essential services in the future.

An area of particular focus and priority over the MTFS is the development and successful mobilisation of the Highways 'teckal', NY Highways. The company will be introduced at the conclusion of the Ringway contract in April 2021. The vision is to ensure service levels are maintained for customers and other during the period of transition, then subsequently seek to transform the service delivery. For the savings programme, a number of the highlighted savings below are directly or indirectly as a result of introducing NY Highways.

### Proposals

#### Highways & Transportation

The H&T savings are made up of a number of initiatives:

- Continue with the final phase of the accelerated installation of LED street lights; this will enable delivery of the full £1.3m p.a. saving.
- Implement an expedited service for CON 29s (local authority searches) allowing customers to pay a premium for a faster service than the current. The increased savings are as a result of a higher charge for the service.
- Annual review of the levels of capital recharges to ensure the processes are efficient including recovery on third party claims.
- Route based forecasting and optimised salt spread rates for the winter service.

NY Highways related initiatives:

- A second 'lean' review of the basic maintenance service budget which seeks to improve the efficiency of the service thereby generating savings without impacting on the quality delivered.
- Complete a 'lean' review of the gully cleansing service without changing policy.
- A further reduction of the winter maintenance fleet whilst not changing policy.
- A range of other smaller efficiency savings continue to be explored within the service.

## Waste Management Services

The service continue to generate value for the Council through its relationship with City of York Council and Yorwaste by delivering to the waste volume ‘sweet spot’ at Allerton Waste Recovery Park. As part of that, the team – collectively – are reviewing value for money from each waste transfer station to ensure the overall operation is as efficient as possible.

## Integrated Passenger Transport

Whilst no savings have been included for the department in the MTFS. It is worth noting that work continues to review the status of the Scarborough Park and Ride sites following the change to seasonal closure and their effectiveness.

## Further Savings

A number of ideas continue to be developed to a position where a decision can be made, most of these ideas will require an upfront investment and therefore full analysis has to be undertaken prior to any decision being reached.

Item 6A

## Business & Environmental Services

Appendix A1

| Project No. | Savings Area | Description | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Highways & Transportation** | | | | | | | |
| BES 1 | Highways | Various Highways & Transportation initiatives including efficiency review of gully cleansing and basic maintenance. | 230 | 550 | 150 | 0 | 930 |
| BES 2 | Highways | A range of initiatives to help improve the efficiency of the winter service. | 175 | 305 | 0 | 0 | 480 |
| BES 3 | Highways | Accelerated LED street lighting project (final phase savings profiled across 2020/21 and 2021/22). | 518 | 0 | 0 | 0 | 518 |
| **Transport, Waste & Countryside Services** | | | | | | | |
| BES 4 | Waste Services | Various Waste Services initiatives including reviewing waste transfer station provision and reviewing the support arrangements to AWRP. | 60 | 100 | 0 | 0 | 160 |
| **Growth, Planning & Trading Standards** | | | | | | | |
| BES 5 | Heritage Services | Various small initiatives to improve the efficiency of the service. | 10 | 0 | 0 | 0 | 10 |
| BES 6 | Trading Standards | Various small initiatives to improve the efficiency of the service, including reviewing the pool car fleet. | 10 | 0 | 0 | 0 | 10 |
| | | | | | | | |
| | | | **1,003** | **955** | **150** | **0** | **2,108** |

## Saving proposals for Children and Young Peoples Service (CYPS) directorate

### Introduction

In developing these budget proposals, the Council has ensured that key principles are consistent with a positive, cross-council strategy and remains ambitious for children and young people in North Yorkshire:-

- Good and outstanding educational provision liberates individuals and can change the nature of both individual trajectories and communities;
- The Council, whilst maintaining a strategic overview of educational outcomes, recognises the evidenced improvement made through collaborative, sector-led arrangements;
- Families need to have access to high quality information, advice and guidance including web-based advice;
- High quality whole family interventions are increasingly provided through early help to those needing more targeted prevention to prevent those problems escalating;
- We continue to protect the provision of care and protection for those with higher level needs; and
- We aim for children to live safely with their families within communities but, where care is needed, that high quality provision should ideally be family-based and more locally available;
- We continue to seek further integration across services and opportunities to enhance partnership working and commissioning;
- We continue to seek opportunities for creative shared use of existing buildings.

### Proposals

The proposals are informed by the previous transformation of delivery arrangements for services but also recognises opportunities to provide more integrated services.

In developing proposals, we have continued to give priority to key statutory responsibilities to those children and young people who are at risk of harm and/or in need of care and protection.

<u>Children with special educational needs</u>

In September 2014, the **Children and Families Act** introduced new arrangements for assessing and supporting children with special educational needs and disabilities. Whilst this was broadly welcomed, the impact of the legislative change has been to bring greater expectation on local authority resources. Since 2014, the number of children and young people assessed as requiring Education, Health and Care Plans (EHCPs) has risen by 68%. Although additional funding has been announced for high needs – and this is welcomed – we believe there will still be an in-year gap for 2020/21 of £4-6m. This places financial pressure on alternative provision, funding for Special Schools and other inclusive education support services. The increase in EHCPs also significantly impacts on the cost of providing home to school transport.

In September 2018, the Council approved a Strategic Plan for SEND. Linked with this, the local authority continues to develop a systemic review across all areas of SEND including reducing the need for statutory assessment, building capacity in schools and confidence of parents/carers together with ensuring the right educational provision is in the right place to ensure children can be educated locally without the need for extensive travel.

| | |
|---|---|
| SEN Transport | £800k |
| PRS | £432k |
| Inclusion Restructure | £394k |

Children and Families

We have set challenging targets for **maintaining the numbers of children in care.** This is an ambitious challenge which reflects our values and principles in supporting children to remain at home or with family, where it is safe to do so. The approach seeks to safely reduce the unit cost of care. This should not impact upon either the rigour of our child protection arrangements or the quality of care provided for those that we have assessed as requiring it.

As part of these budget proposals we will have mainstreamed several national innovation bids including a transformation in delivery arrangements for adolescents with some of the most complex needs, development of psychologically-informed partnership approaches. This will provide a solid foundation for a review of the delivery model for the Virtual School and a fundamental review of the accommodation pathway for young people presenting as homeless.

Further savings are expected to be achieved through further efficiencies following a post-implementation review of Youth Justice services and Early Help.

| | |
|---|---|
| Young People’s Accommodation Pathway | £1,000k |
| Early Help review | £231k |
| Virtual School | £230k |
| Youth Justice Service | £75k |
| Placements | £50k |

School improvement and the role of the Local Authority in Education

Our School Improvement service is expected to operate within a smaller core funding envelope. This recognises that the strategic role of the local authority, in monitoring and oversight of education outcomes for children and young people throughout the county – and in all educational settings – is still relevant and vitally important. Following implementation of a new structure from January 2020, there will be a streamlined core service although the reach and quality of additional services will be secured through increased trading.

Our aim remains to ensure that every child in North Yorkshire has the chance to be educated in a good or outstanding school.

| | |
|---|---|
| School Improvement | £260k |
| ALSS | £72k |
| Strategic Planning | £75k |
| Transport | £300k |

**Children & Young People's Services** **Appendix A1**

| Project No. | Savings Area | Description | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| CYPS 1 | Assessments and Supporting Families | Review of the Safegaurding Unit | 60 | 0 | 0 | 0 | 60 |
| CYPS 2 | Support for school improvement and early years | Review of the School Improvement Service to define and deliver a core offer for North Yorkshire schools to meet statutory obligations and ambitions for support and monitoring of schools to ensure high quality educational provision for all children | 210 | 0 | 0 | 0 | 210 |
| CYPS 3 | Other school and LA support services | Review of a range of strategic LA functions including school place planning, pension provision, and a contribution for overheads | 66 | 141 | 0 | 0 | 207 |
| CYPS 4 | SEND & Mainstream Transport | Implementation of proposals to introduce greater opportunities for families to receive personal transport allowances, to change post-19 transport arrangement for young people with special educational needs and disabilities, and introduction of 16-19 charging to bring charging structures in line with mainstream transport provision. Further review of policy to identify efficiencies. | 390 | 240 | 100 | 100 | 830 |
| CYPS 5 | Children and Families | Review of Virtual School and accommodation pathways. | 150 | 500 | 500 | 0 | 1,150 |
| CYPS 6 | High Needs and SEN | Implementation of funding changes to PRS and Alternative Provision. Development of proposals to restructure the Inclusion service and review of specialist equipment funding arrangements. | 114 | 357 | 75 | 0 | 546 |
| | **Additional Projects** | | | | | | |
| CYPS 7 | Children and Families | Reduction in expenditure on family group conferencing arrangements. Post-implementation reviews of Youth Justice Service, Early Help and Virtual School. Reduction in expenditure on bespoke placement costs | 95 | 203 | 138 | 0 | 436 |
| CYPS 8 | High Needs and SEN | Reduction in mileage across the Inclusion Service. Independent review of Children's Resource Centres. Post-implementation review of SEND multi-discipinary locality hub model | 55 | 25 | 200 | 0 | 280 |
| CYPS 9 | SEND Transport | SEN Transport - review of, and anticipated reduction in, arrangements for solo travellers. Develop approach to Independent Travel Training. | 35 | 115 | 120 | 0 | 270 |
| CYPS 10 | Education & Skills | Reduction in mileage across Education & Skills | 50 | 0 | 0 | 0 | 50 |
| CYPS 11 | Other school and LA support services | Further savings from reduction in legacy pension provision | 0 | 0 | 30 | 30 | 60 |
| | | | 1,225 | 1,581 | 1,163 | 130 | 4,099 |

Appendix A1

## Saving proposals for Health and Adults Services (HAS) directorate

### Introduction

The Health and Adult Services directorate commissions and provides adult social care and public health services and leads on the Council's joint work with the NHS. Public Health is funded via a separate ring-fenced specific Grant from Government. The proposals set out here relate primarily to the social care element of the Council's budget.

Most people want to be supported to live at home and to use services at home, or as near as possible. They want to remain with their family, in their community and to contribute to the community and the economy. They also want information and advice, support for their carers and short-term services to get them back on their feet. To this end, a new model of social care has been introduced, focusing much more on prevention and keeping people as independent as possible, as well as providing long-term support where it is needed. The Council works with people who use services, carers, voluntary and independent sector colleagues and the NHS to deliver these services.

As part of this approach, we continue to expand our extra care housing provision across the County, with 23 schemes (1,200 apartments) already in place, 5 at build stage and a further 6 planned. We have invested in prevention through our Stronger Communities programme (which works with community groups and the voluntary sector) and our Living Well service. And we have developed our reablement service, working closely with the NHS, to help prevent unnecessary admissions to hospital and to support people back to independence following a hospital stay. We are also piloting new approaches to the use of digital technology to keep people well at home and to reduce social isolation. Moreover, we are implementing major changes to our social care practice, to an approach which is called "strength-based" practice: starting with what people's strengths are, how they can live independently and what support is available in the community.

Whilst significant savings have had to be made in social care over the past few years, the social care budget has had relative protection, accounting for an increasing share of the Council's overall budget. It is also important to note that provision is being made in the budget for continuing demand and market pressures, which is in addition to inflation for the cost of care and other pay / price increases. As a result, the cumulative impact is entirely consistent with the principles of the adult social care precept.

The service continues to work to reduce the impact of these pressures wherever it can, with a comprehensive deficit action plan in place. However its reliance on (at this stage) temporary funding from NHS to balance the books is a risk.

**Proposals – already agreed in 2019**

Full details of these savings can be found in last year's budget report, but a summary of some of the main themes is shown below.

## Social Care Practice, prevention and reablement

A key part of our work will be to make sure that wherever possible, people's support needs are met through prevention and reablement services and, where needed, longer-term support. This covers a number of our current 2020 projects including the strength-based practice, which is the biggest change to adult social care practice in a generation. We will focus on making our practice more consistent and ensuring that reablement services across the County match the performance and outcomes of the best teams in North Yorkshire. We will continue to develop and expand our Living Well service, including the roll-out into GP practices.

## Extra Care Housing and Elderly Person's Homes (EPHs)

This programme includes the current work on replacing the Council's own EPH estate with Extra Care Housing to improve accommodation choices for people who need support including those with complex needs. The overall target has stayed as it was but a new timescale is suggested which takes into account some issues…..

## Charges for Services

A full public consultation took place in 2018-19 to look at ensuring that the full cost of care was taken into account when people were asked to make a contribution and also to agree a fairer split of transport costs between individual users and the Council's budget. This has released £350k of savings in 2019-20 and a similar figure is expected in future years.

## New Projects for 2020 and beyond

The targets already agreed by the Council in 2019 have been increased by £1.4m, largely by looking at existing projects and investigating opportunities for further savings. This figure also takes into account the additional income from charging described above. We are also looking to ensure that the full cost of health care is funded by the NHS and the Council does not pick this up. However we have also made provision in the Public Health service to cover some of the health costs which are being passed on to us.

A target of £500k has been set for further contribution from the Public Health Grant to support corporate costs including preventative services. A piece of work is already underway to look at savings required by reductions in the Grant.

A Beyond 2020 Project has also been initiated which will look at how changes in technology and working practices will deliver some financial efficiencies over the next few years. This includes services for financial assessments and advising people on how to ensure they receive the benefits they are entitled to.

Item 6A

**Health & Adult Services**

Appendix A1

| Project No. | Savings Area | Description | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|---|---|---|---|---|---|---|---|
| | | | **£000** | **£000** | **£000** | **£000** | **£000** |
| HAS1 | Strength Based Assessments | We will have a greater focus on meeting people's support and recovery by using their strengths as well as community based assets, such as services run by community groups or voluntary sector partners, to meet their needs. We will also work with Health partners to deliver improvements in service delivery through integrated multi-disciplinary working. This project will have delivered | 110 | 320 | 0 | 0 | **430** |
| HAS2 | Extra care housing and EPHs | This project continues the Directorate's current work on its Extra Care Housing programme of ensuring that people can continue to live in their own homes within their localities whilst replacing its Elderly Person's Home (EPH) estate with Extra Care Housing to improve accommodation choices for people who need support including those with complex needs. | 497 | 1,023 | 350 | 0 | **1,870** |
| HAS3 | Supporting People | This project aims to maximise existing work with partners and other agencies to minimise duplication through service redesign to review and reduce spend on identified non-statutory services. Domestic abuse and mental health services will be prioritised for protection. | 250 | 0 | 0 | 0 | **250** |
| HAS4 | Reablement | Service review of Reablement to determine optimum capacity and service offer to support independence | 250 | 0 | 0 | 0 | **250** |
| HAS5 | Working Practices | Complete streamlining working practices innovation pilot in Ryedale and demonstrate improved efficiency of C&S operational practice. Investigate potential for countywide roll-out | 100 | 0 | 0 | 0 | **100** |
| HAS6 | Provider Services | Scope and deliver e-rostering solution for provider services | 0 | 150 | 0 | 0 | **150** |
| HAS7 | Brokerage | Look at potential for provision of brokerage services to partners | 50 | 0 | 0 | 0 | **50** |
| HAS8 | Welfare Benefits | We will look at ensuring we have the most efficient support in place to enable us to maximise the income due to residents of North Yorkshire | 0 | 50 | 0 | 0 | **50** |
| | Additional Projects | | | | | | |
| HAS9 | Health Funding | CHC Funding for people who are eligible | 300 | 100 | 0 | 0 | **400** |
| HAS10 | Public Health funding | Maximising use of Public Health grant, including covering some health-related spend not funded by NHS | 0 | 0 | 500 | 0 | **500** |
| HAS11 | Charging | Additional funding from charges following agreed change of practice to ensure that appropriate personal contributions are made towards the total cost of care and support. | 350 | 0 | 0 | 0 | **350** |
| HAS12 | Support Services | Review of services which support delivery of social care | 0 | 100 | 50 | 0 | **150** |
| | **TOTAL** | | **1,907** | **1,743** | **900** | **0** | **4,550** |

## Savings proposals for Central Services directorate

### Introduction

Central Services is split into three principal categories;

- Front line services including Library and Community Services,
- A range of support services; and
- Investment & commercial income generation

The savings proposals for central services are split between these areas.

The approach taken through 2020 North Yorkshire and now into Beyond 2020 has been to simplify, standardise and share services across the Council and to rationalise the "back office". The majority of support services have delivered savings early to date (for example in HR services, Business Support Services, Finance etc). However prioritisation of frontline services over support services presents the Council with challenges, as it faces a period of sustained change and demand for support services is at a premium.

### Strengthened Service Planning

Following the development of the Better Efficiency through Sustained Transformation (BEST) reviews, every service has been challenged to compare performance and unit cost against sector benchmarks. This renewed and strengthened approach to service planning has served to provide a fresh set of ideas to take forward into this MTFS. The areas generated by this are:

- Continue to automate transactional services such as processes within Business Support.
- Seek efficiency within the Legal & Democratic department through a review of spend areas.
- Completion of the reorganisation of Coroner's Service.

### Procurement & Contracts – Supply Chain Management

Building on the successful achievement of savings to date, the Corporate Procurement team are reviewing the approach taken to ensure NYCC are maximising opportunities to deliver savings through supply chain management. Following that review, the MTFS includes further savings in this areas from 2021/22 onwards.

### Commercial Investment

The Council continues to explore opportunities to invest into commercial property to generate a return. To date this has proved to be an effective way of generating a saving within a risk tolerance. The MTFS assumes this work will continue into the future, however is balanced in that it does not expect this area to significantly grow over that time period.

## Treasury Management

A combination of increased forecasts for interest rates and pursuing alternative investments should yield an increase in investment income.

## Beyond 2020 Transformational Themes

As detailed in paragraphs 3.8.3 to 3.8.8. of the main report a provisional figure of £5m has been included in the MTFS for savings linked to this programme.

## Central Services

**Appendix A1**

| Project No. | Savings Area | Description | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Strategic Resources** | | | | | | | |
| CS1 | Corporate Property | Rationalisation of property across Council as part of 2020 North Yorkshire Programme should reduce property related costs including repairs & maintenance. | 0 | 856 | 0 | 0 | **856** |
| CS2 | Technology & Change Services | Combination of contractual & BEST savings and restructuring of elements of service in light of anticipated reductions in number of separate systems and internal customers. | 26 | 360 | 0 | 0 | **386** |
| CS3 | Finance | Reductions and review of service on risk assessed basis and reflecting anticipated reduction in budget over longer term. Updating of systems and ways of working implemented to help with capacity, inclusing BEST savings | 0 | 0 | 0 | 204 | **204** |
| CS4 | Finance | Additional commercial investment returns | 100 | 100 | 100 | 0 | **300** |
| CS4 | Procurement & Contracts | A year-on-year target has been given to reduce the price of goods and services bought in across the Council by using category management and improved contract management. | 0 | 268 | 250 | 250 | **768** |
| CS5 | Treasury Management | A combination of increased forecasts for interest rates and pursuing alternative investments should yield an increase in investment income. | 618 | 1,142 | 0 | 0 | **1,760** |
| **Business Support & HR** | | | | | | | |
| CS6 | Business Support | Reductions in levels of service on risk assessed basis and reflecting anticipated reduction in staffing levels over longer term. Updating of systems and ways of working also implemented to help with capacity, including BEST | 115 | 60 | 0 | 0 | **175** |
| **Legal & Democratic Services** | | | | | | | |
| CS7 | Legal & Democratic | A range of measures including reviewing the number and reviewing spend areas | 0 | 20 | 0 | 0 | **20** |
| **Chief Executives Office** | | | | | | | |
| CS8 | Policy & Partnership | Various savings across each service including reorganisation of the Coroner's Service. | 0 | 50 | 65 | 0 | **115** |
| CS9 | Strategy & Performance | S&P Strategic Support phase 2 – further consolidation of functions. | 24 | 24 | 0 | 0 | **48** |
| **Corporate** | | | | | | | |
| CS10 | Cross-directorate | Focussed Review programme and other cross-cutting savings | 0 | 1,000 | 2,000 | 2,000 | **5,000** |
| | | | **883** | **3,880** | **2,415** | **2,454** | **9,632** |

## Re-profiling of Savings

The revisions to savings profiles over the MTFS period are now set out in the table below with explanation for the proposed changes. The schedules in this appendix have been amended on the basis that they are approved.

| Savings Review | | Notes | 20/21 £ '000 | 21/22 £ '000 | 22/23 £ '000 | 23/24 £ '000 | Total |
|---|---|---|---|---|---|---|---|
| **Re-Profiling** | | | | | | | |
| CS | Technology & Change – Contact Centre | 1 | -150 | 150 | 0 | 0 | 0 |
| CS | Technology & Change – System Support | 2 | -134 | 134 | 0 | 0 | 0 |
| CS | Finance | 3 | -102 | -102 | 0 | 204 | 0 |
| BES | Review of Salt Provision | 4 | -75 | 75 | 0 | 0 | 0 |
| CYPS | PRS/AP Transformation | 5 | -127 | 52 | 75 | 0 | 0 |
| CYPS | Home to School Transport | 6 | 0 | -50 | 50 | 0 | 0 |
| HAS | Welfare Benefits | 7 | -50 | 50 | 0 | 0 | 0 |
| HAS | Provider Services | 8 | -150 | 150 | 0 | 0 | 0 |
| HAS | Strength Based Assessments | 9 | -200 | 200 | 0 | 0 | 0 |
| HAS | Extra Care Housing & EPH's | 10 | -538 | 188 | 350 | 0 | 0 |
| **Changes** | | | | | | | |
| CS | Treasury Management | 11 | -815 | -308 | 0 | 0 | -1,123 |
| BES | School Crossing Patrols | 12 | -30 | 0 | 0 | 0 | -30 |
| **TOTAL** | | | **-2,371** | **539** | **475** | **204** | **-1,153** |

Notes:

1. **Contact Centre –** Saving delayed to allow scope for further channel shift and impact on contact centre.

2. **Technology & Change System Support Costs –** Re-phased to align with contract terms of major suppliers.

3. **Finance** – In order to support wider organisation initiatives, the savings have been re-profiled to later years.

4. **Salt Heaps & Bins** – Re-phased to accommodate further analysis on heap & bin locations to, as far as possible, minimise impact of reduction.

5. **Pupil Referral Service/Alternative Provision Transformation** – options for models in the Craven Area are in development and the profile reflects latest anticipated realisation of savings..

6. **Home to School Transport** – following Executive approval of proposed policy changes, reassessment of timing for the realisation of savings.

7. **Welfare Benefits** – this this has been re-profiled to the following year to enable the project to take place alongside a larger review of support services in the Directorate

8. **Provider Services** – this has been reprofiled by one year to accommodate revised timescales on scoping and delivery of an e-rostering solution for services

9. **Strength Based Assessments (Supported Living)** - this has been re-profiled into the following year to take account of some complexity arising during the review of properties

10. **Extra Care Housing and EPH's –** this has been re-profiled over two years to take account of planning issues and delays in land availability.

11. **Treasury Management –** Revised targets based on latest projections for interest rates and balances held.

12. **School Crossing Patrols –** saving to date achieved through budget headroom, no further saving anticipated.

## MTFS Savings Proposal Summary

| | **20/21<br>£ '000** | **21/22<br>£ '000** | **22/23<br>£ '000** | **23/24<br>£ '000** | **Total** |
|---|---|---|---|---|---|
| **Directorate** | | | | | |
| Business and Environmental Services | 1,003 | 955 | 150 | 0 | 2,108 |
| Central Services | | | | | |
| Service Areas | 265 | 1,738 | 415 | 454 | 2,872 |
| Treasury Management | 618 | 1,142 | 0 | 0 | 1,760 |
| Focussed Reviews & Other Cross-cutting areas | 0 | 1,000 | 2,000 | 2,000 | 5,000 |
| Children and Young People's Services | 1,225 | 1,581 | 1,163 | 130 | 4,099 |
| Health and Adult Services | 1,907 | 1,743 | 900 | 0 | 4,550 |
| Total | **5,018** | **8,159** | **4,628** | **2,584** | **20,389** |
| | | | | | |
| **New Savings proposals included within the above for Feb 2020 Budget/ MTFS report** | **1,330** | **2,891** | **3,603** | **2,280** | **10,104** |

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Appendix B

## 2020/21 REVENUE BUDGET AT DIRECTORATE LEVEL

| | | **Additional spending needs** | | | | | | | **Savings** | **Funding** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **BUDGET REQUIREMENT** | **2019/20 Original Budget £ '000** | In-Year Adjs £ '000 | 2019/20 Current Budget £ '000 | Inflation £ '000 | Adult Social Care £ '000 | Other Recurring £ '000 | Funding Adjs £ '000 | Other One-off £ '000 | 2020 £ '000 | £ '000 | **2020/21 Draft budget £ '000** |
| **Directorate Net Budgets** | | | | | | | | | | | |
| BES | 79,920 | -1,536 | 78,384 | 1,546 | - | 7 | - | -5,778 | -1,003 | - | 73,156 |
| CYPS | 78,171 | -215 | 77,956 | 2,038 | - | 9,980 | -4,980 | 800 | -1,225 | - | 84,569 |
| HAS | 157,586 | -490 | 157,096 | 6,784 | 2,000 | 9,100 | -2,400 | - | -1,907 | - | 170,673 |
| CS | 56,051 | 6,095 | 62,146 | 2,743 | - | 3,107 | - | -2,500 | -883 | - | 64,613 |
| **Directorates Subtotal** | **371,728** | **3,855** | **375,583** | **13,110** | **2,000** | **22,194** | **-7,380** | **-7,478** | **-5,018** | **-** | **393,010** |
| **Corporate Miscellaneous** | | | | | | | | | | | |
| Interest Earned | -1,988 | -254 | -2,242 | - | - | - | - | - | - | - | -2,242.40 |
| Capital Financing charges | 23,063 | 250 | 23,313 | - | - | - | - | - | - | - | 23,313 |
| Corporate Contingency | 7,000 | 1,643 | 8,643 | - | - | - | - | - | - | - | 8,643 |
| Brexit Contingency | 3,000 | - | 3,000 | - | - | - | - | - | - | - | 3,000 |
| Corporate Redundancy Fund | - | - | - | - | - | - | - | 2,000 | - | - | 2,000 |
| HAS Demographic growth | 3,000 | -1,000 | 2,000 | - | - | - | - | - | - | - | 2,000 |
| 2020 North Yorkshire | 2,000 | - | 2,000 | - | - | - | - | - | - | - | 2,000 |
| Business Rates Grants | -2,896 | - | -2,896 | - | - | - | - | - | - | - | -2,896 |
| New Homes Bonus | -1,743 | - | -1,743 | - | - | - | -287 | - | - | - | -2,030 |
| Rural Services Delivery Grant | - | - | - | - | - | - | -8,284 | - | - | - | -8,284 |
| Community Fund (affordable housing) | 400 | - | 400 | - | - | - | - | - | - | - | 400 |
| DSG Contribution to Corp Overheads | -1,149 | - | -1,149 | - | - | - | - | - | - | - | -1,149 |
| Council Tax Surplus to reserve | 1,249 | - | 1,249 | - | - | -1,249 | - | - | - | - | - |
| Apprenticeship Levy | 800 | - | 800 | - | - | - | - | - | - | - | 800 |
| Social Care Support Grant | -4,140 | - | -4,140 | - | - | - | - | - | - | - | -4,140 |
| Social Care Support Grant - Phase 2 | - | - | - | - | - | - | -8,900 | - | - | - | -8,900 |
| Traded Service Contribution to Corp Overheads | -1,405 | -90 | -1,495 | - | - | - | - | - | - | - | -1,495 |
| School Improvement Monitoring and Brokering Grant | -800 | -150 | -950 | - | - | - | - | - | - | - | -950 |
| PIP | 821 | | 821 | | | | | | | | |
| Other (incl funds ot be allocated) | -11,586 | -4,254 | -15,840 | 5,340 | - | 11 | - | - | - | - | -10,490 |
| **Sub total** | **15,625** | **-3,855** | **11,771** | **5,340** | **-** | **-1,238** | **-17,471** | **2,000** | **-** | **-** | **401** |
| **Net Expenditure** | **387,353** | **-0** | **387,353** | **18,449** | **2,000** | **20,956** | **-24,851** | **-5,478** | **-5,018** | **-** | **393,411** |
| **General Working Balances and/or Additional Savings** | | | | | | | | | | | |
| **Budget / MTFS shortfalls** | | | | | | | | | | | |
| 2015/16 budget | 7,171 | | | | | | | | | | |
| 2016/17 MTFS | -7,803 | | | | | | | | | | - |
| 2017/18 MTFS | -1,319 | | | | | | | | | | |
| 2018/19 MTFS | -4,329 | | | | | | | | | | |
| 2019/20 MTFS | 945 | | | | | | | | | | |
| **Subtotal** | **-5,335** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,414** | **-3,922** |
| **Net Budget Requirement** | **382,018** | **-0** | **387,353** | **18,449** | **2,000** | **20,956** | **-24,851** | **-5,478** | **-5,018** | **1,414** | **389,489** |
| **External Corp Funding** | | | | | | | | | | | |
| Revenue support grant | - | | | | | | | | | - | - |
| Business rates | | | | | | | | | | | |
| From Districts | -28,671 | | | | | | | | | 9,348 | -19,323 |
| Top up from DCLG | -46,245 | | | | | | | | | -2,196 | -48,441 |
| Council tax collection fund | -1,249 | | | | | | | | | 1,249 | - |
| **External Corp Funding Total** | **-76,165** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **8,401** | **-67,764** |
| **Council Tax Requirement** | **305,853** | **-0** | | **18,449** | **2,000** | **20,956** | **-24,851** | **-5,478** | **-5,018** | **9,815** | **321,725** |
| **Tax Base** | **233,268** | | | | | | | | | | **235,961** |
| **Band D Council Tax** | **£ 1,311.16** | | | | | | | | | | **£ 1,363.47** |
| **Year-on-Year Increase** | | | | | | | | | | | |
| £ | £ 62.31 | | | | | | | | | | £ 52.31 |
| % | 4.99% | | | | | | | | | | 3.99% |

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**Appendix C**

## CALCULATION OF COUNCIL TAX REQUIREMENT, PRECEPT AND BASIC AMOUNT OF COUNCIL TAX (BAND D EQUIVALENT) 2020/21

1. The County Council has a statutory duty as a major precepting authority in accordance with Section 42A of the Local Government Finance Act 1992 (as amended by Section 75 of the Localism Act 2011) to calculate its Council Tax requirement each year. Additionally in accordance with Section 42B of the Local Government Finance Act 1992 (as amended by Section 75 of the Localism Act 2011) it must also calculate the basic amount (Band D equivalent) of Council Tax for each financial year.

2. Based on the Government’s Provisional Funding Settlement figures announced in December 2019, the Council Tax and Precept position is set out below:-

| Council Tax Requirement | £k | £k |
|---|---|---|
| Net Expenditure Budget | | 388,075 |
| Contribution to Reserve | | 1,414 |
| Net Budget Requirement | | 389,489 |
| Funding from Business Rates | | |
| Share of BR income from District Councils | -19,323 | |
| BR 'Top up' from Government | -48,441 | -67,764 |
| Council Tax Requirement | | 321,725 |
| District Council Tax Base (equivalent number of Band D properties) | | 235,960.69 |
| Basic Amount of Council Tax per Band D property | | 1,363.47 |
| Increase over 2019/20 (£1,311.16) | | |
| £ increase | | 52.31 |
| % increase | | 3.99% |
| Basic Council Tax Increase (1.99%) | | £26.09 |
| Adult Social Care Precept (2.00%) | | £26.22 |
| Increase in Basic Council Tax (£k) | | 9,480 |
| Increase in Adult Social Care Precept (£k) | | 6,392 |
| Total Basic Council Tax (£k) | | 293,489 |
| Total Adult Social Care Precept (£k) | | 28,234 |

3. To produce a Council Tax per property, the amount required to be levied has to be divided by a figure representing the ‘relevant tax bases’. For the County Council, this figure is the aggregate of the ‘relevant tax bases’ of each of the seven District Councils.

4. Each District Council prepares an estimate of its ‘relevant tax base’ expressed as the yield from a Council Tax levy of £1 as applied to an equivalent number of Band D properties. This calculation takes into account the number of properties eligible for a single person discount, reductions for the disabled, anticipated property changes during the year and the extent to which a 100% recovery rate may not be achieved. The following information has been received from the District Councils:

| Billing Authorities | Tax Base (Band D Equivalents) 2020/21 |
|---|---|
| Craven | 22,617.00 |
| Hambleton | 37,256.42 |
| Harrogate | 63,427.74 |
| Richmondshire | 19,981.14 |
| Ryedale | 22,062.07 |
| Scarborough | 38,627.32 |
| Selby | 31,989.00 |
| **Total** | **235,960.69** |

5. Using the above information the County Council’s equivalent Council Tax precept for a Band D property would be as follows:

| | |
|---|---|
| Total Council Tax Requirement<br>Relevant Tax Base | 321,725,322<br>235,960.69 |
| @ Band D = | 1363.47 |

6. Using the appropriate ‘weightings’ for other property bands as determined by statute, the Council Tax precept for each property would be as follows[1]:-

| Band | 2019/20<br>£ p | 2020/21<br>£ p |
|---|---:|---:|
| A | 874.11 | 908.98 |
| B | 1,019.79 | 1,060.48 |
| C | 1,165.48 | 1,211.97 |
| D | 1,311.16 | 1,363.47 |
| E | 1,602.53 | 1,666.46 |
| F | 1,893.90 | 1,969.46 |
| G | 2,185.27 | 2,272.45 |
| H | 2,622.32 | 2,726.94 |

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[1] All figures are rounded to the nearest penny

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## APPENDIX D - Reserves Schedule

| | Est @ 31-Mar-2020 | Est & Plan Movement 2020-21 | Est @ 31-Mar-2021 | Est & Plan Movement 2021-22 | Est @ 31-Mar-2022 | Est & Plan Movement 2022-23 | Est @ 31-Mar-2023 | Est & Plan Movement 2023-24 | Est @ 31-Mar-2024 |
|---|---|---|---|---|---|---|---|---|---|
| **General Working Balances** | (27,640,000) | | (27,640,000) | | (27,640,000) | | (27,640,000) | | (27,640,000) |
| **Operational** | (62,441,004) | 8,701,135 | (53,739,870) | 3,262,648 | (50,477,222) | 290,780 | (50,186,442) | 458,949 | (49,727,492) |
| **Business & Environmental Services** | (9,840,873) | 1,898,880 | (7,941,993) | 716,600 | (7,225,393) | 25,000 | (7,200,393) | 458,949 | (6,741,444) |
| **Business & Environmental Services - Misc Grants** | (1,353,959) | 654,743 | (699,216) | | (699,216) | | (699,216) | | (699,216) |
| **Central Services** | (6,831,603) | 3,480,500 | (3,351,103) | 977,248 | (2,373,856) | 265,780 | (2,108,076) | | (2,108,076) |
| **Children & Young Peoples** | (3,337,768) | | (3,337,768) | | (3,337,768) | | (3,337,768) | | (3,337,768) |
| **Children & Young Peoples - Misc Grants** | (2,673,436) | 667,011 | (2,006,425) | | (2,006,425) | | (2,006,425) | | (2,006,425) |
| **Children & Young Peoples - Schools & DSG** | (9,436,024) | 2,000,000 | (7,436,024) | | (7,436,024) | | (7,436,024) | | (7,436,024) |
| **Corporate** | (12,080,542) | | (12,080,542) | | (12,080,542) | | (12,080,542) | | (12,080,542) |
| **Health & Adult Services** | (10,100,118) | | (10,100,118) | 1,568,800 | (8,531,318) | | (8,531,318) | | (8,531,318) |
| **Health & Adult Services - Public Health** | (1,870,265) | | (1,870,265) | | (1,870,265) | | (1,870,265) | | (1,870,265) |
| **North Yorkshire Education Services** | (4,916,414) | | (4,916,414) | | (4,916,414) | | (4,916,414) | | (4,916,414) |
| **Strategic** | (71,447,072) | 7,929,092 | (63,517,980) | 13,387,790 | (50,130,190) | 15,957,440 | (34,172,750) | 22,114,040 | (12,058,710) |
| **Strategic Capacity - Projects** | (26,620,117) | 3,987,622 | (22,632,495) | | (22,632,495) | | (22,632,495) | 3,112,000 | (19,520,495) |
| **Strategic Capacity - UNALLOCATED** | (38,492,407) | 3,941,470 | (34,550,937) | 13,387,790 | (21,163,147) | 15,957,440 | (5,205,707) | 19,002,040 | 13,796,333 |
| MTFS Shortfall | **11,615,310** | 3,921,670 | **15,536,980** | 13,387,790 | **28,924,770** | 15,957,440 | 44,882,210 | 19,002,040 | 63,884,250 |
| Strategic Capacity | **(50,107,717)** | 19,800 | **(50,087,917)** | | **(50,087,917)** | | (50,087,917) | | (50,087,917) |
| **Local Taxation** | (6,334,549) | | (6,334,549) | | (6,334,549) | | (6,334,549) | | (6,334,549) |
| Equalisation Reserve (CTax & BR) | **(6,334,549)** | | **(6,334,549)** | | **(6,334,549)** | | (6,334,549) | | (6,334,549) |
| **Grand Total** | (161,528,076) | 16,630,226 | (144,897,850) | 16,650,438 | (128,247,412) | 16,248,220 | (111,999,192) | 22,572,989 | (89,426,203) |

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## APPENDIX E

### COUNTY COUNCIL'S RESERVES/BALANCES

### 1.0 Introduction

1.1 As part of the Budget process all balances and reserves have been reviewed as to their adequacy, appropriateness and management arrangements.

1.2 A schedule of the Reserves/Balances held at 31 March 2019 together with forecast movements over 2019/20 to 2023/24 is provided at **Appendix D.**

1.3 All the Reserves/Balances listed are reviewed and monitored on a regular basis by the Corporate Director – Strategic Resources. The level of the General Working Balance (GWB) is specifically reported to the Executive as part of each Quarterly Performance and Budget Monitoring report. Reserves are reviewed to establish:

- The current justification of the need for the reserve together with its intended use and the timing of that use;
- The likely value of any potential liability and whether the Reserve is sufficient;
- Whether the liability is better met as part of a wider Council Reserve (i.e. either as part of GWB or another dedicated Reserve) thus eliminating the need for a specific earmarked reserve.

### 2.0 Reserve Classification

2.1 In order to provide clarity over the purpose and use of reserves they are categorised into the following types of Balances/Reserves:

- General Working Balance – this is the Council's funding of last resort. It provides the contingency to manage risk across the Council and is subject to a policy requirement;
- Operational (Directorate) – these reserves help to manage financial risk, commitments and support improvement within service directorates;
- Strategic – these reserves provide funding to support the corporate objectives and priorities set out in the Council Plan including: resources to support the long term viability of the Council; projects to improve infrastructure such as roads and broadband connectivity; and funding to repay debt and/or generate cash returns.

2.2 The operation of reserves and balances are subject to the following:

## General Working Balance

2.3 The current MTFS policy as agreed in February 2014 is to maintain the minimum level of GWB at:

a) A minimum of 2% of the net revenue budget (rounded to the nearest £m) in order to provide for unforeseen emergencies etc. supplemented by;
b) An additional (and reviewable) cash sum of £20m to be held back in the event of a slower delivery of savings targets.

2.4 The above policy is also accompanied by a set of "good practice rules".

2.5 These “rules” are as follows:

(a) that any underspending on the Corporate Miscellaneous budget at the year-end will be allocated to the GWB only if the balance drops below the target balance. Any other underspends will be allocated to the Strategic Capacity Reserve;

(b) that should there be any call on the GWB during a year such that the Target level (as defined in the MTFS) will not be achieved at the respective year end then:

  (i) that shortfall be addressed in the next Budget cycle; and/or
  (ii) that revenue or capital expenditure reductions be effected in either the current or following financial year, in order to offset the shortfall;

(c) that in order to implement (b) the Executive should review the position of the GWB on a regular basis as part of the Quarterly Performance and Budget Monitoring report process.

2.6 The estimated profile of the GWB to 2023/24 is summarised in **Appendix D**.

## Operational (Directorate) Reserves

2.7 These are specific funds for a range of initiatives and projects – current balances have been subject to challenge and work to establish appropriate spend profiles occurs as part of the council’s budget monitoring and financial management arrangements. Appropriations to and from these reserves will be considered on a case by case basis.

**Strategic Reserves**

Strategic Capacity – Projects

2.8 These are specific funds for individual initiatives and projects which support the County Plan. Appropriations to and from these reserves will be considered on a case by case basis and funds will be allocated from the Strategic Capacity Reserve.

Strategic Capacity - Unallocated

2.9 This reserve was created from available balances within GWB and Corporate Miscellaneous as at 31 March 2016. Appropriations to this reserve will be dependent upon in-year revenue surpluses (beyond those required to top-up GWB) and windfall resources. The first call on this reserve will be to fund any revenue budget shortfalls after planned reserve movements.

2.10 Subject to available resources, appropriations from this reserve to fund specific projects will be subject to approved business cases.

Local Taxation Reserve

2.11 This reserve was created in 2017/18 to receive the surpluses and deficits on the County Council’s share of Council Tax and Business Rates Collection Funds administered by the billing authorities (district councils) in North Yorkshire. The purpose of this reserve is to mitigate the risk of a significant Collection Fund deficit impacting on the revenue budget in a single year.

2.12 A maximum balance which is sufficient to provide a reasonable internal ‘safety net’ is proposed at 2% of these income streams – estimated at £7.8m for 2020/21.

2.13 Should this maximum balance be exceeded then the excess will be released to the Strategic Capacity Reserve for alternative use.

2.14 A minimum balance of £1m is held and if this is insufficient to meet an expected net Collection Fund deficit, then the Strategic Capacity (Unallocated) Reserve will be used to fund any shortfall and reinstate the minimum balance.

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Appendix F

## NORTH YORKSHIRE COUNTY COUNCIL
## MEDIUM TERM FINANCIAL STRATEGY (MTFS)
## 2020/21 to 2023/24

### EXECUTIVE SUMMARY

| | | | | 2020/21 £ '000 | 2021/22 £ '000 | 2022/23 £ '000 | 2023/24 £ '000 |
|---|---|---|---|---|---|---|---|
| A | **Starting Position** | | | **382,018** | **389,489** | **400,186** | **410,175** |
| B | **Inflation** | | | | | | |
| | | | Pay Awards | 4,108 | 4,246 | 4,360 | 4,481 |
| | | | Other Inflationary Costs | 13,341 | 12,045 | 10,000 | 10,100 |
| | | | Pay Review | 1,000 | 250 | - | - |
| | | | | **18,449** | **16,541** | **14,360** | **14,581** |
| C | **Increased Spending / Growth Requirements** | | | | | | |
| | | **BES** | | | | | |
| | | | LED Streetlighting | (5,418) | - | - | - |
| | | **Central** | | | | | |
| | | | Appropriation to Reserve - C Tax surplus | (1,249) | - | - | - |
| | | | Environmental Locality Budgets | (360) | - | - | - |
| | | | Technology and Change | 3,000 | - | - | - |
| | | | Partners in Practice | 116 | - | - | - |
| | | **Corporate** | | | | | |
| | | | Property | (2,500) | - | - | - |
| | | | Brexit Contingency | - | - | (1,500) | (1,500) |
| | | | Corporate Redundancy Fund | 2,000 | (2,000) | - | - |
| | | | Elections | - | 1,000 | (1,000) | - |
| | | **CYPS** | | | | | |
| | | | Children and Families | - | (350) | - | - |
| | | | High Needs | 7,000 | 4,000 | 2,000 | - |
| | | | Disabled Children's Services | (200) | - | - | - |
| | | | Transport | 2,610 | 995 | 500 | - |
| | | | CYPS Capital | 1,000 | (1,000) | - | - |
| | | | Partners in Practice | 129 | 515 | - | - |
| | | | School Redundancies | 250 | - | - | - |
| | | **HAS** | | | | | |
| | | | Adult Care | 2,000 | 2,000 | 2,000 | 2,000 |
| | | | Market Pressures | 5,100 | 5,100 | - | - |
| | | | Delayed Transfers of Care/Winter Pressures | 4,000 | - | - | - |
| | | | | **17,478** | **10,260** | **2,000** | **500** |
| D | **Cost Reduction / Savings Requirements** | | | | | | |
| | | **BES** | | | | | |
| | | | 2020 Budget Savings | (1,003) | (955) | (150) | - |
| | | **Central** | | | | | |
| | | | Central Services Budget Savings | (265) | (1,470) | (165) | (204) |
| | | | Procurement & Contract | - | (268) | (250) | (250) |
| | | | Treasury Management | (618) | (1,142) | - | - |
| | | | Focussed Reviews & other cross-cutting savings | - | (1,000) | (2,000) | (2,000) |
| | | **CYPS** | | | | | |
| | | | 2020 Budget Savings | (1,225) | (1,581) | (1,163) | (130) |
| | | **HAS** | | | | | |
| | | | 2020 Budget Savings | (1,907) | (1,743) | (900) | - |
| | | | | **(5,018)** | **(8,159)** | **(4,628)** | **(2,584)** |
| E | **Adjustments to Funding** | | | | | | |
| | | **Corporate** | | | | | |
| | | | New Homes Bonus | (287) | 1,101 | 466 | 463 |
| | | | Rural Services Delivery Grant | (8,284) | - | - | - |
| | | | Social Care Support Grant - Phase 2 | (8,900) | - | - | - |
| | | **CYPS** | | | | | |
| | | | School's Central Services DSG | 420 | 420 | 360 | 360 |
| | | | SEN Funding | (5,400) | - | - | - |
| | | **HAS** | | | | | |
| | | | Winter Pressures Grant | (2,400) | - | - | - |
| | | | | **(24,851)** | **1,521** | **826** | **823** |

| | | | | | |
|---|---|---|---|---|---|
| F | **Use of General Working Balances (GWB)** | | | | |
| | MTFS Balance/(Shortfall) | 1,414 | (9,466) | (2,570) | (3,045) |
| | | **1,414** | **(9,466)** | **(2,570)** | **(3,045)** |
| G | **Total Net Budget Requirement** | **389,489** | **400,186** | **410,175** | **420,450** |
| H | **Funding Sources** | | | | |
| | Business Rates Top Up | (48,441) | (49,167) | (49,177) | (49,178) |
| | Business Rates District Councils | (19,323) | (19,611) | (19,615) | (19,615) |
| | | **(67,764)** | **(68,778)** | **(68,792)** | **(68,793)** |
| I | **Balance Required from Council Tax** | **321,725** | **331,408** | **341,383** | **351,657** |
| J | **District Council Tax Base (Band D equivalents)** | 235,960.69 | 238,320.30 | 240,703.50 | 243,110.53 |
| K | **Basic Amount of Council Tax (Band D)** | **1,363.47** | **1,390.60** | **1,418.27** | **1,446.49** |
| | Annual % Increase (£1,099.98 in 2015/16) | 3.99% | 1.99% | 1.99% | 1.99% |

Blue highlight as per 'Summary Version Control & Movement' file / 'MTFS 1819 Version Control' Tab

| | | | | |
|---|---|---|---|---|
| Summary of In-Year Budget Shortfall | 1,414 | (9,466) | (2,570) | (3,045) |
| Cumulative Budget Shortfall | (3,922) | (13,388) | (15,957) | (19,002) |

# Your services, your say results

## 1.0 Introduction

We have received 1,507 responses to the budget survey and we received 226 responses to the council plan survey. This compares favourably to last year when we received 1,117 responses.

This document details the unweighted results of both surveys.

## 2.0 Aims

The consultation process aimed to:

- Engage people in setting the strategic direction of the Council, including where it prioritises its finite resources through on going austerity
- Raise awareness of the financial challenge and how the Council is dealing with budget reductions
- Ensure residents and local businesses understand the full range of services provided by the Council

The desired outcomes of the consultation were:

- A council plan which takes account of residents views
- Residents with a greater understanding of the financial challenges facing the council.
- Officers and councillors with a better understating of residents views on the priorities and council tax rise.
- Clear understanding of the level of support amongst residents of a council tax rise.

## 2.0 Background and methodology

The consultation was carried out in two parts:

- Views on the council plan priorities
- Views on the council tax level

The council plan elements of the survey ran between 7th October and 18th November. The council tax elements ran between December 2019 and 20th January 2020.

Both parts utilised an online survey which was publicised via social media, the council website, press releases, North Yorkshire Now and the Johnson Press pages.

The views on the council tax survey utilised an online quiz as the first half of the survey to highlight the challenges with the budget. The quiz was used to try and engage people in the facts in a different way. Further information on the budget was available on the website.

Anyone responding to the first survey was asked to provide their contact details if they wanted to take part in the second stage. These people were emailed once the second survey went live.

Members of the Citizens' panel were contacted and informed them of the second survey.

An easy read survey was developed and circulated to forum members.

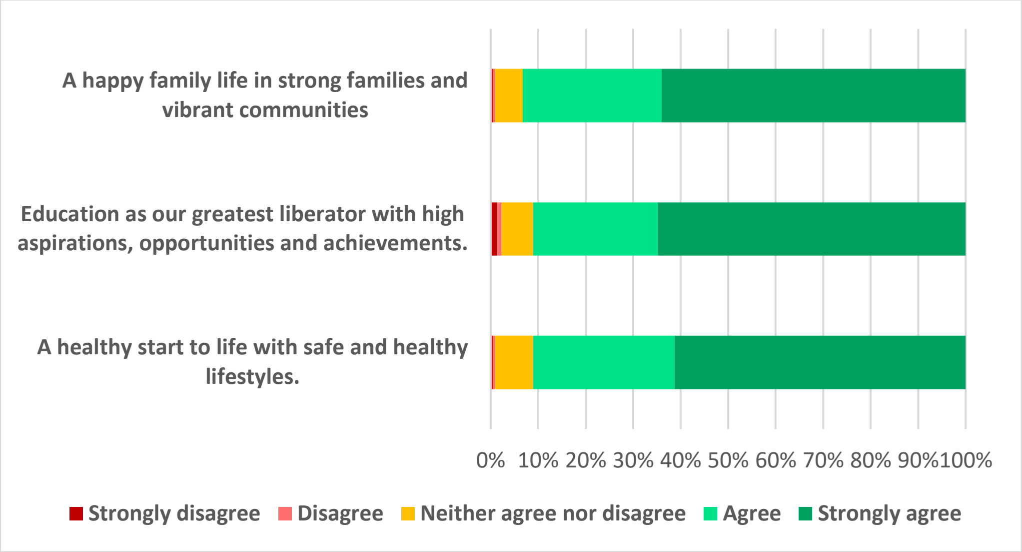
## Summary of main findings

### Council plan 2020 to 2024

The council plan directs how we prioritise our spending to achieve our outcomes within the constraints of our budget.

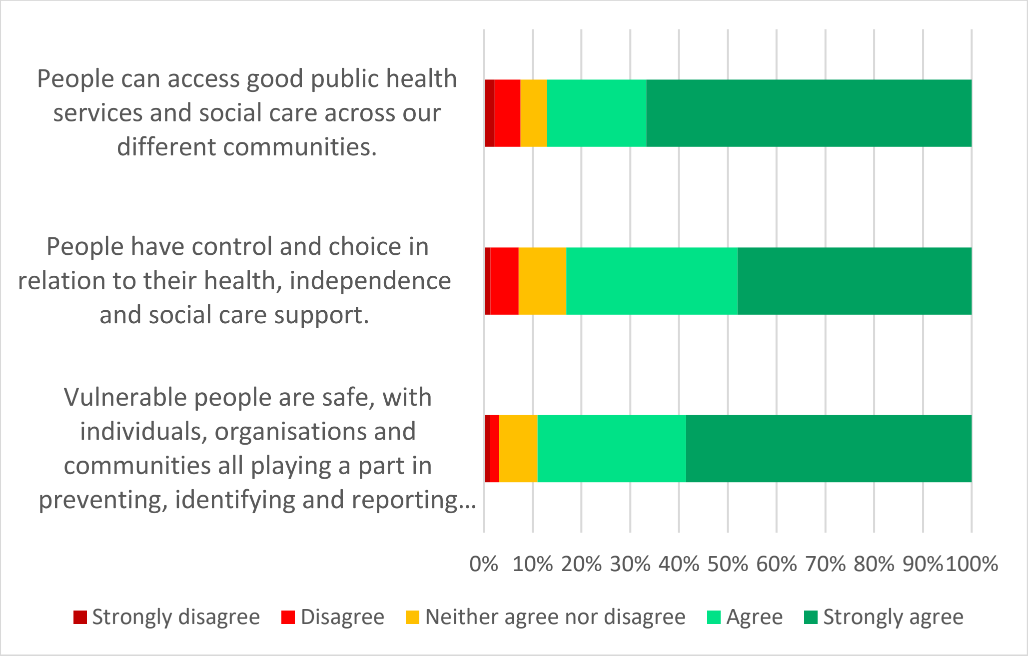
*Respondents were asked whether the outcomes for each of our council plan ambitions.*

***Council Plan ambition: Every Child and Every child and young person has the best possible start in life***



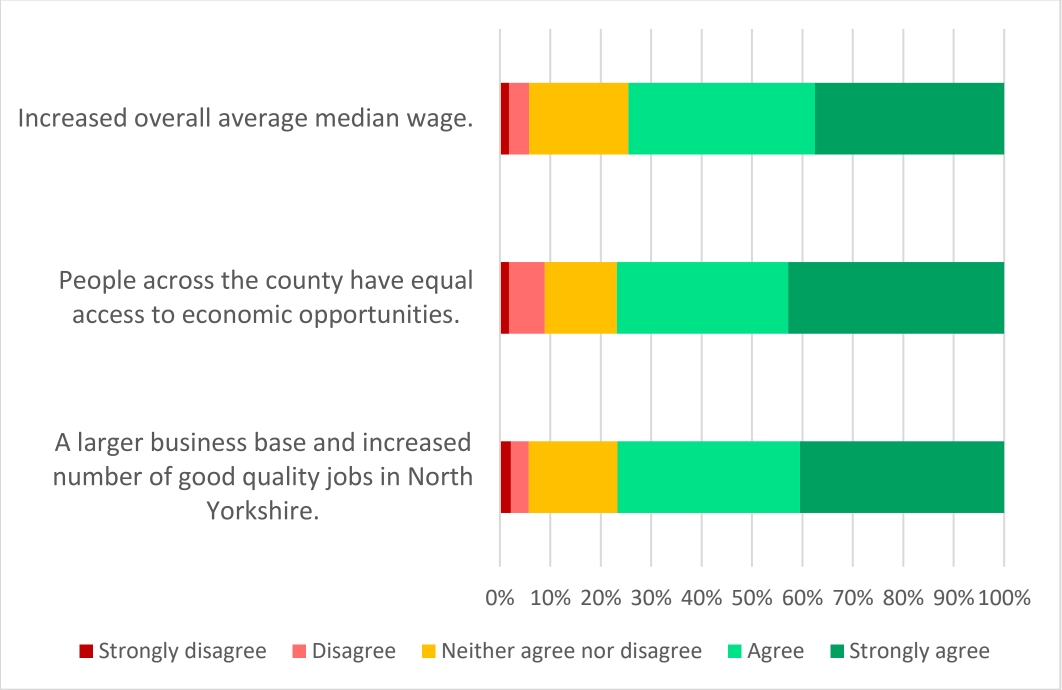
Over 90% of respondents agreed or strongly agreed with all our Child and Every child and young person has the best possible start in life priorities.

***Council Plan Ambition: Every adult has a longer, healthier and independent life***



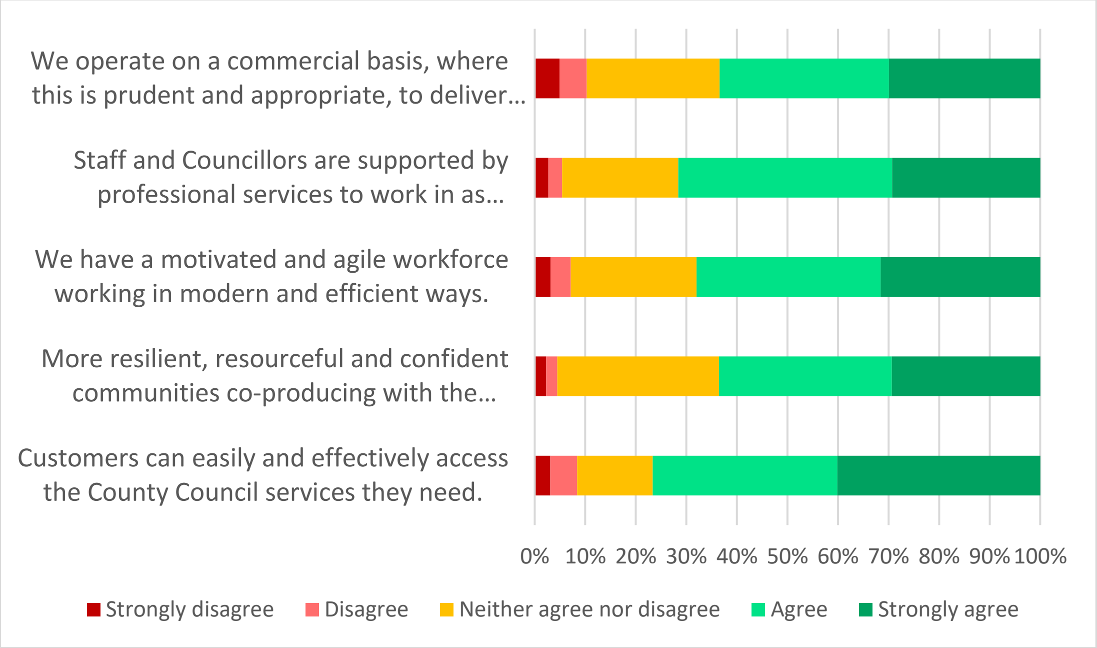
Over 80% of respondents agreed or strongly agreed with all our Every adult has a longer, healthier and independent life priorities.

***Council Plan Ambition: North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations.***



Over 75% of respondents agreed or strongly agreed with all our North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations priorities.

***Council Plan Ambition: We are a Modern council which puts our customers at the heart of what we do.***

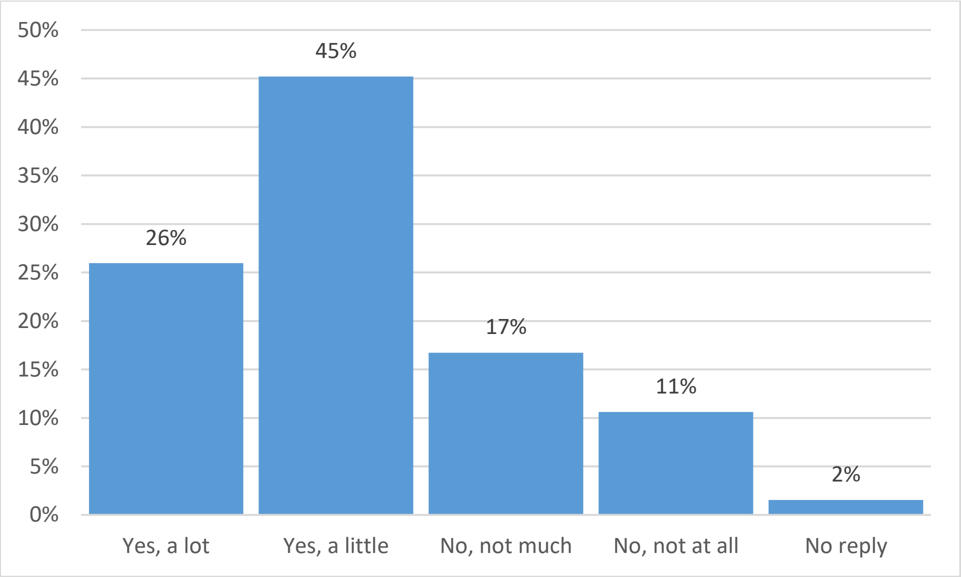


Our '*We are a Modern council which puts our customers at the heart of what we do'* priorities were agreed with the least. The least popular priorities were '*We operate on a commercial basis, where this is prudent and appropriate, to deliver a return which supports service delivery*' (63% agreed) and '*More resilient, resourceful and confident communities co-producing with the County Council* '(64% agreed). The highest rated priority in this area was, '*Customers can easily and effectively access the County Council services they need*' (77% agreed).

**Budget**

Respondents were asked to take our budget quiz before answering the budget question. This quiz provided a variety of facts and figures on the budget in order to provide the respondents with some information on how we spend our money.

*Respondents were asked if completing the quiz, had given them a better understanding of the financial challenges we're facing in setting our budget?*



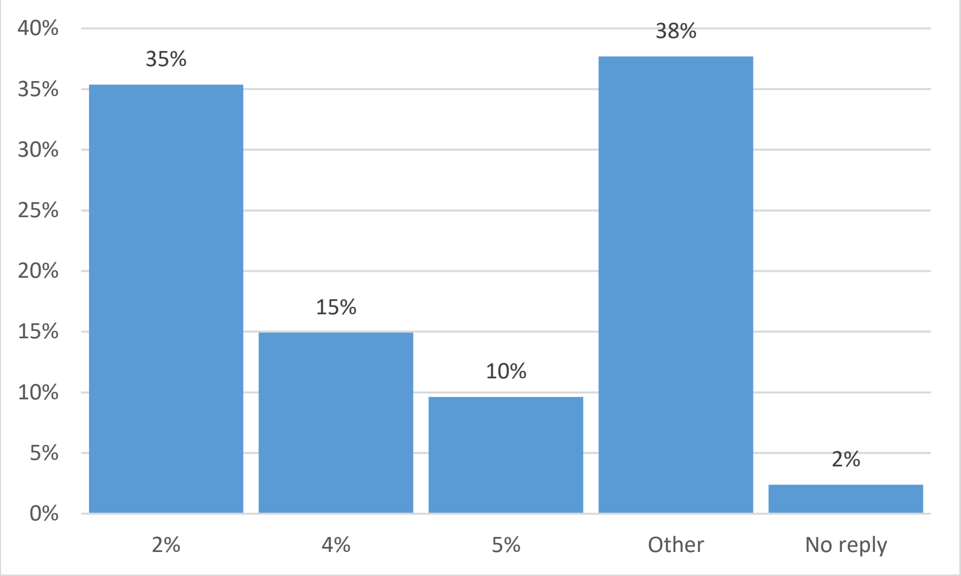
71% of respondents stated that they felt better informed to some extent as a result of completing the quiz.

Respondents were then asked what information would help you improve your understanding? 315 (21%) provided a free text response to this question. The most common responses were around:

- provision of more detail (67 responses),
- information on staffing and councillor costs and expenses (38),
- provision of updates (24),
- information on specific areas (24)
- comment on the survey itself (22)
- information on efficiency (20)
- comment relating to the government / government policy (19)
- comments relating to the council tax challenge (15)
- comments on the type of media to use to communicate (14)
- comments around transparency / truth (12)
- information on statutory and discretionary spending (11)

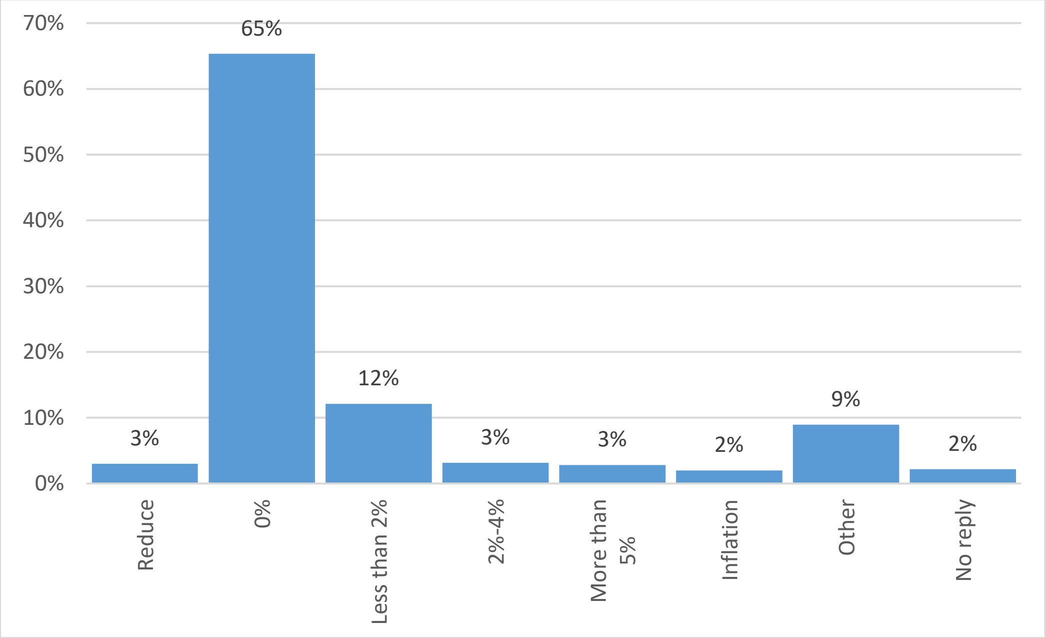
The full verbatim comments can be found in the appendix.

*Respondents were asked How much do you think we should increase council tax by?*

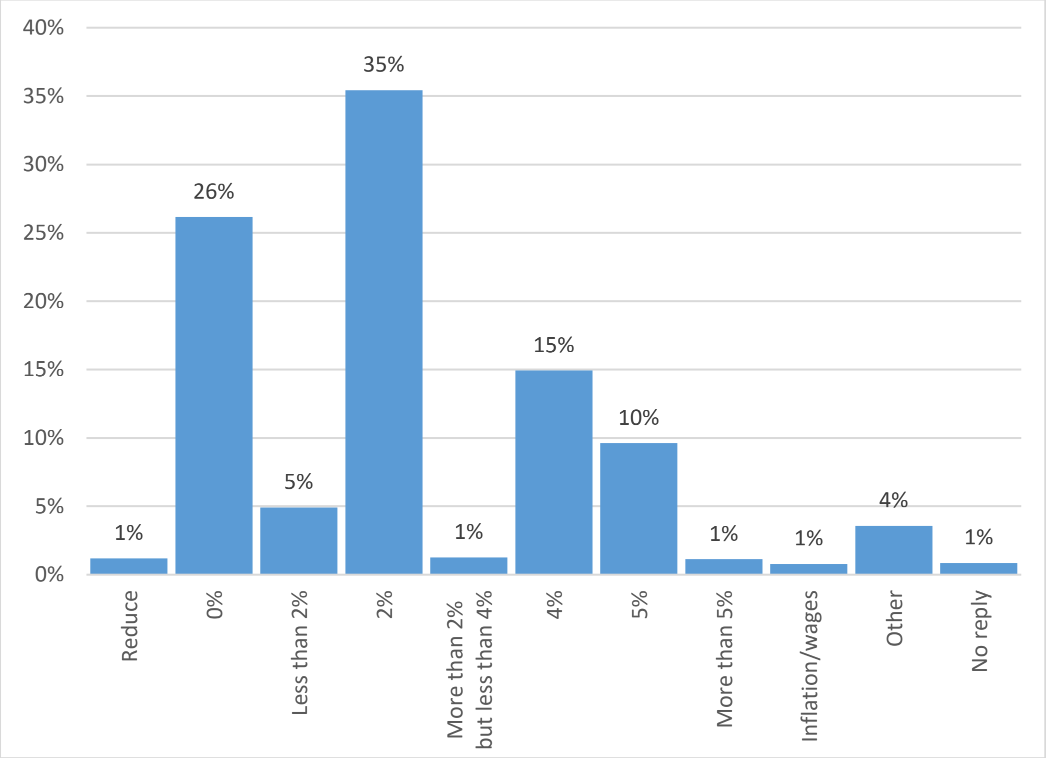


The most popular response was ‘other’ with 39% of respondents choosing this option, the second popular response was a 2% increase.

When the ‘other’ and ‘no reply’ responses are analysed in more depth it shows a that of these most would like to see no increase (65% - 394 of the 600 other responses), some would like to see an increase of less than 2% (12% -73), 3% suggested an increase of more than 2% but less than 4% and the same number suggested an increase of more than 5%. 11% did not indicate any level of increase.



When the other/no reply levels are incorporated into the overall results the most common option amongst respondents was a 2% increase (35%) followed by no increase (26%).



When the classifications for comments for this question are added to the answers to the question this shows 68% of respondents supporting an increase in council tax of some kind, with 35% choosing a 2% increase. However, 26% did not want an increase, 1% wanted a reduction and 5% did not provide any amount.

| | 16-29 | 30-39 | 40-49 | 50-64 | 65-74 | 75+ |
|---|---|---|---|---|---|---|
| Number | 145 | 253 | 251 | 479 | 220 | 58 |
| 2% | 35% | 32% | 34% | 37% | 41% | 53% |
| 4% | 8% | 8% | 15% | 20% | 22% | 14% |
| 5% | 8% | 6% | 9% | 11% | 14% | 17% |
| Other | 49% | 53% | 42% | 32% | 23% | 16% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

There is a difference in the results by age group. Those aged 50 and over where most likely to choose 2% whereas those aged 16-49 where most likely to choose other.

When other is analysed this shows that 39% of 16-29 years olds responded 0% and along with 44% of 30-39 year olds.

| | Craven | Hambleton | Harrogate | Richmond shire | Ryedale | Scar borough | Selby |
|---|---|---|---|---|---|---|---|
| Number | 106 | 338 | 342 | 138 | 129 | 266 | 92 |
| 2% | 30% | 38% | 37% | 42% | 39% | 30% | 45% |
| 4% | 16% | 17% | 16% | 11% | 19% | 12% | 18% |
| 5% | 11% | 9% | 9% | 12% | 9% | 9% | 14% |
| Other | 42% | 36% | 38% | 36% | 33% | 48% | 23% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

There is some variation in results across districts. Other had the most responses in Craven and Scarborough. Selby has the highest proportion choosing 2% (44%) and Craven and Scarborough the lowest (30%). When other is analysed in detail Scarborough had the highest proportion opted for no rise (35%).

Respondents who choose other were also able to provide a comment. The most common comments (excluding the amount) made were:

- the need to look at other solutions / spend money better (41 comments)
- affordability (24 comments),
- council tax being too high (24)
- about the council tax system (15)
- the need to keep in line with inflation and/or wages (15)
- central government (14)
- satisfied with paying more (if it improves services) (9)

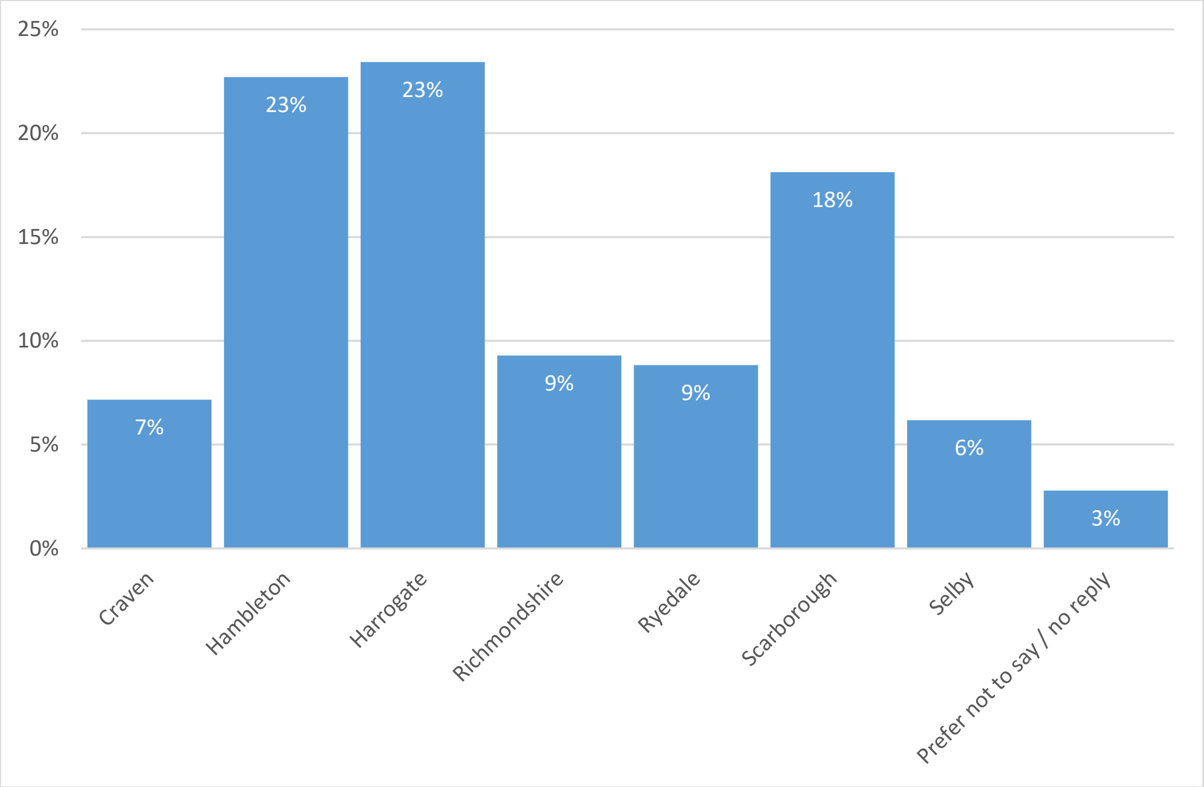
Full information on the comments can be found in the appendix.

The final question allowed respondents to make any comments they had. The topics that comments most commonly related to were:

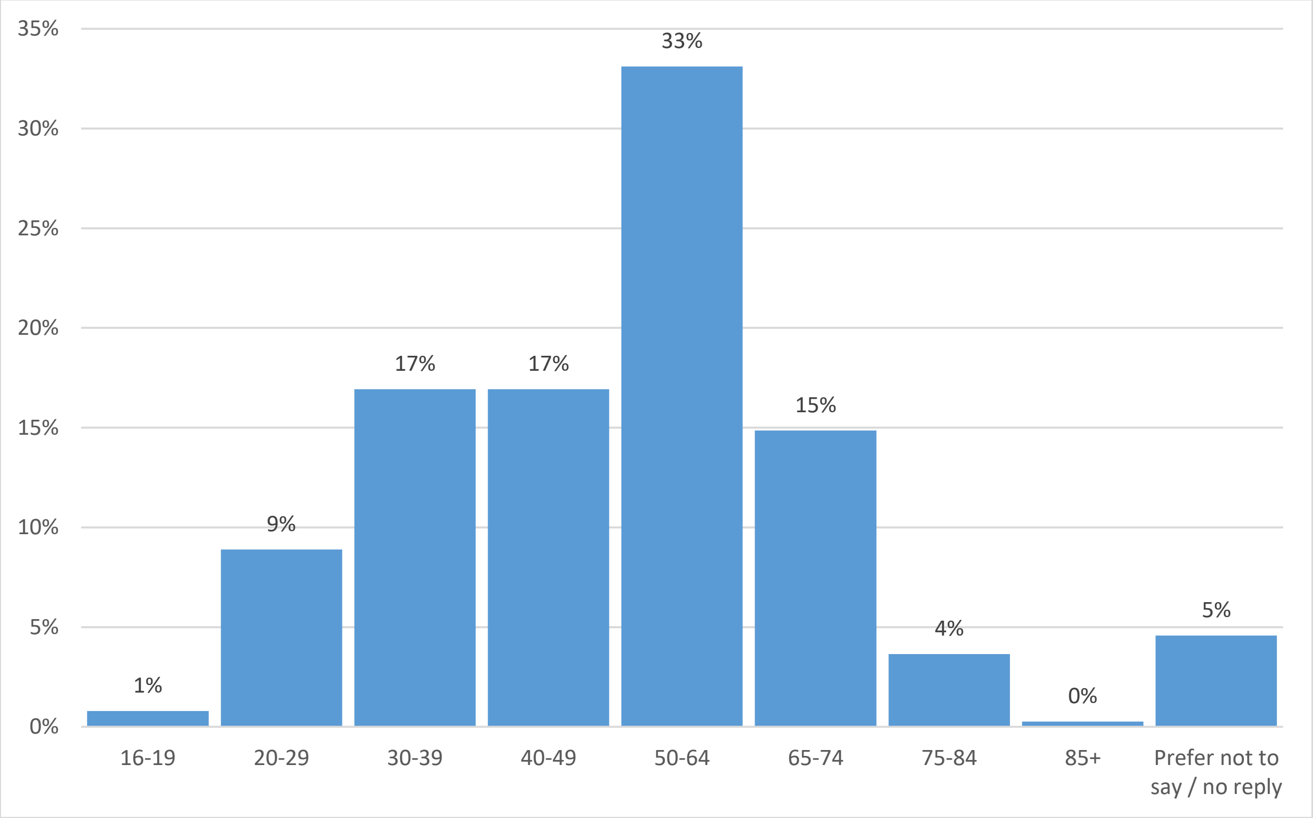
- affordability of an increase (140 comments)
- need to be more efficient through other solutions / spend money better (126)
- government policy (55)
- council tax too high (51)
- need to increase council tax (25)
- comments relating to the council tax system (19)
- social care related comments (17)
- comments relating to the survey (17)
- comments relating to highways (16)
- increase if use to improve (12)
- comments relating to children and young people’s services (11)
- higher council tax not resulting in a better service (9)

Full information on the comments can be found in the appendix.

**Respondents**



Respondents from across the county completed the survey. The highest proportion of respondents came from Harrogate, followed by Hambleton and Scarborough.



The majority of respondents were aged 50-64 (33%).

**Appendix - Your services, your say**

**Council Plan 2020 to 2024**

To what extent you agree or disagree with the importance our outcomes

| | Strongly agree | Agree | Neither | Disagree | Strongly disagree |
|---|---|---|---|---|---|
| **Every child and young person has the best possible start in life** | | | | | |
| A healthy start to life with safe and healthy lifestyles. | 146 | 59 | 15 | 2 | 3 |
| Education as our greatest liberator with high aspirations, opportunities and achievements. | 138 | 67 | 18 | 1 | 1 |
| A happy family life in strong families and vibrant communities | 144 | 66 | 13 | 1 | 1 |
| **Every adult has a longer, healthier and independent life** | | | | | |
| Vulnerable people are safe, with individuals, organisations and communities all playing a part in preventing, identifying and reporting neglect or abuse. | 133 | 69 | 18 | 4 | 3 |
| People have control and choice in relation to their health, independence and social care support. | 108 | 79 | 22 | 13 | 3 |
| People can access good public health services and social care across our different communities. | 150 | 46 | 12 | 12 | 5 |
| **North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations.** | | | | | |
| A larger business base and increased number of good quality jobs in North Yorkshire. | 92 | 82 | 40 | 8 | 5 |
| People across the county have equal access to economic opportunities. | 96 | 76 | 32 | 16 | 4 |
| Increased overall average median wage | 84 | 83 | 44 | 9 | 4 |
| **We are a Modern council which puts our customers at the heart of what we do.** | | | | | |
| Customers can easily and effectively access the County Council services they need. | 91 | 83 | 34 | 12 | 7 |
| More resilient, resourceful and confident communities co-producing with the County Council. | 66 | 77 | 72 | 5 | 5 |
| We have a motivated and agile workforce working in modern and efficient ways. | 71 | 82 | 56 | 9 | 7 |
| Staff and Councillors are supported by professional services to work in as effective and efficient a way as possible. | 65 | 94 | 51 | 6 | 6 |
| We operate on a commercial basis, where this is prudent and appropriate, to deliver a return which supports service delivery. | 67 | 75 | 59 | 12 | 11 |

| | Strongly agree | Agree | Neither | Disagree | Strongly disagree |
|---|---|---|---|---|---|
| **Every child and young person has the best possible start in life** | | | | | |
| A healthy start to life with safe and healthy lifestyles. | 65% | 26% | 7% | 1% | 1% |
| Education as our greatest liberator with high aspirations, opportunities and achievements. | 61% | 30% | 8% | 0% | 0% |
| A happy family life in strong families and vibrant communities | 64% | 29% | 6% | 0% | 0% |
| **Every adult has a longer, healthier and independent life** | | | | | |
| Vulnerable people are safe, with individuals, organisations and communities all playing a part in preventing, identifying and reporting neglect or abuse. | 59% | 30% | 8% | 2% | 1% |
| People have control and choice in relation to their health, independence and social care support. | 48% | 35% | 10% | 6% | 1% |
| People can access good public health services and social care across our different communities. | 67% | 20% | 5% | 5% | 2% |
| **North Yorkshire is a place with a strong economy and a commitment to sustainable growth that enables our citizens to fulfil their ambitions and aspirations.** | | | | | |
| A larger business base and increased number of good quality jobs in North Yorkshire. | 41% | 36% | 18% | 4% | 2% |
| People across the county have equal access to economic opportunities. | 43% | 34% | 14% | 7% | 2% |
| Increased overall average median wage | 38% | 37% | 20% | 4% | 2% |
| **We are a Modern council which puts our customers at the heart of what we do.** | | | | | |
| Customers can easily and effectively access the County Council services they need. | 40% | 37% | 15% | 5% | 3% |
| More resilient, resourceful and confident communities co-producing with the County Council. | 29% | 34% | 32% | 2% | 2% |
| We have a motivated and agile workforce working in modern and efficient ways. | 32% | 36% | 25% | 4% | 3% |
| Staff and Councillors are supported by professional services to work in as effective and efficient a way as possible. | 29% | 42% | 23% | 3% | 3% |
| We operate on a commercial basis, where this is prudent and appropriate, to deliver a return which supports service delivery. | 30% | 33% | 26% | 5% | 5% |

Item 6A

| **Are you responding on behalf of:** | |
|---|---|
| An organisation or group | 3 |
| Yourself | 223 |
| **Total** | **226** |

| **Which age category are you in?** | |
|---|---|
| 16-19 | 3 |
| 20-29 | 9 |
| 30-39 | 31 |
| 40-49 | 35 |
| 50-64 | 85 |
| 65-74 | 41 |
| 75-84 | 8 |
| 85+ | 1 |
| Prefer not to say | 11 |
| **Total** | **224** |

## 2019/20 Budget –

**Number of responses:** 1,321

**Do you feel better informed?**

| | Responses | % |
|---|---|---|
| Yes, a lot | 391 | 26% |
| Yes, a little | 681 | 45% |
| No, not much | 252 | 17% |
| No, not at all | 160 | 11% |
| No reply | 23 | 2% |

**How much do you think we should increase council tax by?**

| | Responses | % |
|---|---|---|
| 2% | 533 | 35% |
| 4% | 225 | 15% |
| 5% | 145 | 10% |
| Other | 568 | 38% |
| No reply | 36 | 2% |

**Which district of North Yorkshire do you live in?**

| | Responses | % |
|---|---|---|
| Craven | 108 | 7% |
| Hambleton | 342 | 23% |
| Harrogate | 353 | 23% |
| Richmondshire | 140 | 9% |
| Ryedale | 133 | 9% |
| Selby | 273 | 18% |
| Scarborough | 93 | 6% |
| Prefer not to say | 42 | 3% |
| No reply | 23 | 2% |

**Which age category are you in?**

| | Responses | % |
|---|---|---|
| 16-19 | 12 | 1% |
| 20-29 | 134 | 9% |
| 30-39 | 255 | 17% |
| 40-49 | 255 | 17% |
| 50-64 | 499 | 33% |
| 65-74 | 224 | 15% |
| 75-84 | 55 | 4% |
| 85 + | 4 | 0% |
| Prefer not to say | 50 | 3% |
| No reply | 19 | 1% |

Item 6A

| | Craven | Hambleton | Harrogate | Richmond shire | Ryedale | Scar borough | Selby | None | Prefer not to say | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2% | 32 | 129 | 127 | 58 | 50 | 81 | 41 | 8 | 7 | 533 |
| 4% | 17 | 56 | 55 | 15 | 25 | 33 | 17 | 1 | 5 | 225 |
| 5% | 12 | 32 | 30 | 16 | 12 | 23 | 13 | 2 | 4 | 145 |
| Other | 45 | 121 | 130 | 49 | 42 | 129 | 21 | 3 | 25 | 568 |
| Total | 106 | 338 | 342 | 138 | 129 | 266 | 92 | 14 | 41 | 1471 |

| | Craven | Hambleton | Harrogate | Richmond shire | Ryedale | Scar borough | Selby | None | Prefer not to say | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Number | 106 | 338 | 342 | 138 | 129 | 266 | 92 | 8 | 7 | 1471 |
| 2% | 30% | 38% | 37% | 42% | 39% | 30% | 45% | 57% | 17% | 36% |
| 4% | 16% | 17% | 16% | 11% | 19% | 12% | 18% | 7% | 12% | 15% |
| 5% | 11% | 9% | 9% | 12% | 9% | 9% | 14% | 14% | 10% | 10% |
| Other | 42% | 36% | 38% | 36% | 33% | 48% | 23% | 21% | 61% | 39% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

| | 16-19 | 20-29 | 30-39 | 40-49 | 50-64 | 65-74 | 75-84 | 85+ | Prefer not to say | (blank) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2% | 5 | 46 | 81 | 85 | 178 | 91 | 29 | 2 | 10 | 6 | 533 |
| 4% | 1 | 10 | 21 | 37 | 95 | 49 | 8 | | 4 | | 225 |
| 5% | 2 | 10 | 16 | 23 | 51 | 30 | 9 | 1 | | 3 | 145 |
| Other | 4 | 67 | 135 | 106 | 155 | 50 | 8 | 1 | 36 | 6 | 568 |
| Total | 12 | 133 | 253 | 251 | 479 | 220 | 54 | 4 | 50 | 15 | 1471 |

| | 16-19 | 20-29 | 30-39 | 40-49 | 50-64 | 65-74 | 75-84 | 85+ | Prefer not to say | (blank) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 2% | 42% | 35% | 32% | 34% | 37% | 41% | 54% | 50% | 20% | 40% | 36% |
| 4% | 8% | 8% | 8% | 15% | 20% | 22% | 15% | 0% | 8% | 0% | 15% |
| 5% | 17% | 8% | 6% | 9% | 11% | 14% | 17% | 25% | 0% | 20% | 10% |
| Other | 33% | 50% | 53% | 42% | 32% | 23% | 15% | 25% | 72% | 40% | 39% |

## Verbatim Comments – Website Survey

Comments as received, all obscenities have been removed. Comments may have been split when these refer to more than one topic.

### Comments

### QX. What information would help you improve your understanding?

***More detail / full breakdown***

- Council costs
- Annual and clear information about actual income (recycling and parking outside contracts councillor costs. etc.)
- Be more transparent about income and expenditure
- More detail of Income vs all expenditure
- A copy of the budget
- A more detailed breakdown between and within departments.
- Access to slightly more detailed accounts/budget information
- An overall presentation of areas the 2018/19 budget spends
- better break down of finances.
- break down
- Breakdowns of the budgets for each dept
- I already felt aware of how much social care would cost. It'd be interesting to have more of a breakdown like why it costs that account to support someone in their home. It felt too generalised for me
- More detail - though this was a really good oversight. What was the other money spent on?
- More detail of where the money goes!
- More detail on where council tax is spent and where funding is spent
- More detailed spending breakdown
- Some proper intelligible accounts and …
- The corresponding detail along with the answers
- To know how individual areas spent their budgets, how they are staffed etc, how bulk buying and purchasing of external services are monitored etc
- What happens to the other 126million?
- I'd like to see more analysis of striking figures - e.g. the 60odd% increase in children with special Education needs in the last four years.
- Trends in spending for each of the categories covered in the quiz
- To actually see where my earned cadh actually goes to. U can’t even empty my bins correctly which is a service that I pay for. LOWER council tax it’s an absolute rip off
- We would have to see full details of your overall budget. The figures in the quiz really meant little to our overall understanding.
- How much profit does the Council make from private enterprises? Why are the big savings from Devolution not mentioned?
- A breakdown of how you get to these ridiculous figures
- a full breakdown of how the money is allocated so that I can make an informed assessment of how it is being mismanaged
- Further breakdown of spend and income generated
- Detailed breakdown of figures
- A breakdown of how money is spent in each area and to understand why it's so costly in certain areas
- By informing residents exactly where money goes, not just in surveys on line.
- See the profit and loss accounts
- how that money is spent and in which geographical locations?

- The whole lot
- Figures on spending/costs
- A full analysis of council salaries, an in-depth review of your costing structure to identify exponential increases over the year, a full analysis of your 753 properties, etc
- I realise what challenges you face (I was a parish councillor for [ ] years); it would be useful to show how much you spent on libraries and the archive as well as business and tourism; some people don't care to support the vulnerable until it's their turn.
- full accounts for past ten years
- Where does the rest of the money go?
- How you decide what proportion should be spent on what.
- where the ACTUAL costs go and WHO is making a LOAD of money from providing those services!
- Further details on the subjects, which I assume can be found on the website
- Maybe if you included the other services you waste money on rather than just including the high profile services which we all know need to be kept in place.
- You need to fully disclose everything you spend our council tax on, because year on year you increase it then expect tax payers to tolerate less services, also I would suggest you re train your front line staff on how to treat tax payers, because I personally have been treated in an unacceptable way
- Access to financials
- Full outline of spending, wages, how decisions are made
- Specific breakdown of some of the spending by category i.e. spending on specific types of building etc and also by geographic area
- Easy access to annual reports making public more aware of how much services cost
- Further breakdown of services and better understanding of edibility for council tax reduction as it is extremely confusing.
- More specific details about how the money is spent.
- I would like to see separate costs for road maintenance, gritting and street lighting. Also vulnerable adults and public health, I can't see the connection between the two subjects.
- Greater details, i.e. you referred to building and maintenance, but what is the building portfolio and what is the cost of repairs? Do we get value for money for expenditure, i.e. the Futurist site when we will we see a profit return for investment?
- More detail on other areas not listed
- Detailed figures, less evasive categories, more information on support actually offered so everyone can apply for the offered help.
- a greater breakdown for each service provided
- Proper information not a silly quiz, we are adults not school children. A document with details including trends and projections
- Greater detail.
- Simple numeracy of budget headings
- A complete infantry of what the council tax is spent on.
- All the info on each section was very top level. Each challenge will have its own advantages/disadvantages and there is no real supporting info.
- How spending has changed, what the shortfall is and what the impact on vulnerable people has been. How much an average council tax bill is.
- Consistent messages, information about what is being done to consider impact of what is being spent and efficiencies are being planned. Longer term plan. Information on the other important issues such as parks, leisure, sports, all which help people's mental health and reduce strain on other services. At the end of this, to be honest I felt it was just a quiz to say 'look how expensive it all is' quite rhetorical and a little condescending. But interesting facts.
- Greater context of how each specific area has been impacted since 2010 (e.g. % reduction on road maintenance, waste disposal, care costs etc) and more information on what the opportunity cost of

spending reductions is (for example, if you had 10% more funding available for each element, what specifically would the council do differently or be able to achieve with this additional funding)

- All of it - I think that, if the public were more aware of this information, they would be more sympathetic to the Council.
- Further breakdown of spending
- I'd like to see it set out clearly showing total income and where it comes from, and what it is spent on.
- Summary as above, with further details for each category and funding has reduced for each

***Specifics***

- In a rural area like ours how little you spend on keeping the road network in good order and over charge me on road tax and give it to others free of charge
- Stop wasting money on pot holes. Re surface correctly in the first place and I’m not talking to current surfaces that are being laid, especially those onto. Of on top of ect ect . It seems that road / pavement repair companies are really taking the Mick regarding the makeshift repairs and the charges that they are making for them. Especially as they know that in 6-12 months they will need to be re tackled again. I suggest a new strategy which guarantees work from the companies perroad that they have signed off for 5 years. Ending in a free repair/ resurface-during that period With independent QA checks not from that company. If there is any more help you’ll be needing please contact me, I’ll be ready to make some good changes regarding money / level of finished work / guarantees and after care.
- Who decides on priorities? Road maintenance seems underfunded.
- Why it's necessary to grit dry roads just because the temperature drops when the clocks go back
- decisions such as maintenance of low to medium volume traffic road for events such UCI leaving inner city road in a deplorable state is down to the council. who oversees this process as damage to cars is seemingly no concern to the council?
- Why you spend so little on our road infrastructure and our public transport and why you waste so much money on education services
- Improvements to waste recycling and management
- Why do we not have a better refuse system like they have in the south? Surely this would save the council money in the long term!
- If you told me how the hell you needed 255m on adult social care and public health but only spent 15m on property even though we have homeless on the street. Split our money better and let us decide what to spend it for.
- why so much money is wasted on adult social care
- what you are doing to address the ageing population by creating skilled work opportunities for younger people that will reduce the migration of young people from North Yorkshire. reassure me as a tax payer that parents opting to send their children out of catchment are paying for that choice.
- Break down of adult care like drug addiction and refugee or social benefits care
- What are they actually doing to improve Ripon not Harrogate
- What is being done to encourage and incentivise better parenting, which will reduce some of the costs to the taxpayer
- What are the criteria for paid school transport? For instance, I understand that people choosing to send their children to distant schools for religious schools are funded. Is this true?
- A more balanced view: school transport has increased, but how many rural schools have closed?
- More about what is being done to reduce these costs, and counter upward trends e.g. in more children in need of help.
- The definitions of persons applicable to; vulnerable, or learning difficulties.
- how the population is increasing, by what percent?
- I don’t need to understand the percentages I need to know why you grant contacts to people that don’t do the job efficiently
- How has the population in the area changed since 2010 and employment levels?

- How much more spent in Harrogate than Ripon
- Why the costs referred to in terms of each older person, school transport are so high and who is responsible for commissioning as potentially private companies, care homes etc. making huge profits at council tax payers expense
- Information on where the 29% of funding not mentioned comes from and a breakdown of expenditure in terms of salaries and material expenditure.
- Why keep building stupid traffic lights on roundabouts gridlocking roads increasing the carbon footprint. Do you actually drive on roads at peak time. NAFD can't see half people getting to the event. Bring back proper roundabouts. How much of all this money is actually spent in Scarborough as don't think have many of these services located care homes 1xchildren centre schools local. Better breakdown needed

***Staffing and councillors***

- An organogram to illustrate council staffing levels and a breakdown of costs.
- A breakdown of staff costs against running costs for each budget area. Plus, top levels of salaries paid for each area
- Explain why the yearly salary for each district is in excess of £250,000.
- How much percentage of my council tax goes towards council pension schemes?
- How much you spend on wages, particularly the CEO and the rest of the executive. How much is spent on councillor expenses. How much is spent on travel, and foreign travel. How much on taxis, hospitality and other junkets? The waste is appalling. How much are you spending on trying to become carbon neutral. How much on grants. If you only have some much income best you live within the means of that income, those you are asking to pay this increase don't have the ability to instructed their employers just to pay them more, we have to make cuts to pay for your profligacy
- Knowing about expenses, cost of employing consultants.
- Reduce councillors pay. This would bring genuine people into the role. Stop lining the pockets of the wealthy using cash from the already needy.
- Salaries of the Executives in comparison to that of the general Council Staff
- Salary
- Telling us how much goes towards YOUR pensions
- what council staff get overpaid
- Your over staffed
- How much are the staff costs (inc pensions)?
- Clearer information on what exactly the council spends on staffing
- Information on wastage e.g. manager wages, external assessors, councillor expenses. I know the services the public receive!
- What is the difference between money spending on actual front line staff and bureaucratic staff?
- Knowing how much is spent on executive wages and councillor expenses
- Telling us how much counsellors are getting paid and why so much?
- Salaries and expenditure for your staff.
- The amount of unnecessary people at manager levels and bonuses paid to already well paid managers just for performing their role as they should. It would be good to see accountability for needless waste, poorly executed work from contractors specifically on roads.
- What you pay higher and middle management
- It would be useful to know how much you spend on staff wages, entertaining staff, paying for things for staff which may not be deemed necessary - like events, dats out ( if any) etc. Do you buy art work for your offices etc, if you are looking to make savings I feel you need to look at your staff wages, corporate spending etc also this is more a priority for cutting than cutting services? I would not have a problem with a fair rise in council tax but I want to make sure you aren't wasting my money!
- I'd like to know how much money is being spent on executives and cllrs.
- How much is wasted and how much is spent on too high salaries?

- Staff costs, especially the highest paid. Expenses of these people and councillors.
- I would like to know how much we pay Heads of Dept in the Council for a start, then working down the ranks
- Exactly where the money goes including council staff wages and bonuses.
- How much you spend on running costs? i.e. salaries of yourselves? new council buildings in Harrogate?
- an greater clarity on how much of the money is spent on wages at the highest end of the pay scale also outgoings on long term sick pay bonuses and expenses
- How much goes on council employees' pension I think it's 50 percent of budget kept that off the info share I wonder why
- More transparency about bureaucratic costs and expenses
- council employed staff pay bands from the very top down
- A breakdown of how much is spent on higher management and resources which are bought in, including stationery
- No mention of staff salaries particularly managers
- How much you pay executives within the council their pension and expenses cost and whether they provide the results their remuneration suggests
- What evaluated salaries are paid to the chief exec and directors etc
- Cut down on unnecessary waste and managers. Amount of waste of money I saw when I worked for NYCC was ridiculous!!!! And managers not fit for purpose!!
- Review the extortionate pay scales paid to local government officers

***Capital expenditure***

- How much is capital expenditure?
- Clearer information on what exactly the council spends on upgrading their own buildings

***Decision making***

- Your decision making process on what represents best value for money when looking at where to allocate funding
- What the council chooses to cut funding for and what it chooses to invest more in
- Would be interested to know how decisions are made on how to spend the budget

***Statutory and discretionary spending***

- How much is spent on discretionary projects / services?
- Other areas of council spending, I.E Arts and community projects, obscure housing bursaries etc. Areas of tourism spending especially.
- Details of discretionary services. Is there scope to increase commercial income?
- What discretionary services are provided?
- Explaining how you spend on local projects and where the funding comes from
- The amount of money spent on cycle racing events each year. Among other things.
- What are the statutory duties…?
- I am astonished at some of the expenditure!. Why are we spending those numbers? Is this statutory or 'nice to do'?
- To stop wasting it on sponsoring welcome to Yorkshire and lending it out
- What are essential/statutory services and what do they cost? What are discretionary and are their costs? The quiz is a complete waste of money and resources and I cannot see how it helps inform your decision making process.
- What your responsibilities are and how much they cost.

***Efficiency***

- How efficient the services are? How much you spend doesn't always indicate how effective the money is used.
- it gives no idea about how well you are using the money so if waste is 2 percent its good but if 40 percent you have a lot of fat
- Not convinced the money is spent sensibly.
- Stop wasting in on bureaucracy and coffee machines, streamline and train/employ better management teams, invest correctly instead of the "cheapest" and things will last. It's not rocket science, if private companies operated like councils they'd all go bust.
- Where this money is wasted
- I understand where the money should go but it does not explain why you waste money on other areas when it is clear that these are of high priority
- You need to waste less money and work more efficiently not just keep putting up our bills
- How much is spent on entertainment, how effective are the contracts, have you adopted LEAN which will identify savings, how do you deal with removing ineffective staff,
- explaining how you approach best value for money, efficiencies, collaboration to save money without impacting effectiveness
- What percentage is waste?
- The headline figures include nothing about wasted money and inefficiencies, spending isn't really a useful figure.
- How much money you “save” annually. Was NYCC one of the councils that lost a fortune when the Icelandic banks went bankrupt? What happens to any surplus? What cost cutting efforts have you made at County Hall to be more efficient?
- Information about how the council is reducing inefficiencies within its organisation and ensuring that its high-ranking staff represent good value for money. At present the roads are in a poor state and people’s money does not seem to be well spent.
- How you spend the money new and not how much you spend would be more informative. The fact you spend a lot of money doesn’t necessarily mean that this money is spent wisely. I don’t feel that roads are good quality, there is more litter and flytippin in the county that I have ever seen, more un-wise development decisions (in my opinion). Recycling opportunities in the county is inadequate. I wold like to see a change in the way you spend the money, more out of the box thinking, partnerships with charities and businesses to support some of the areas described in the survey.
- Info on the ways you save money plus what moneys you make from selling or recycling profits
- Seeing efficiency levels in spending and procurement pf goods and services
- Where NY the hunk and or plan to make savings (productivity, use of digital etc) over next 5 years. Yes, things are tough as they are for most families. However, as ever, the requirement is both an increase in savings and council tax to bridge gaps
- What you spend is not necessarily what it costs, or more precisely, what it SHOULD cost.
- You must waste most of this money as services are getting worse as contributions increase? Too many managers and not enough foot soldiers.
- Why are things costing the council so much? When in the real world there is massive savings that can and could be made.

***District council services***

- What % and success made in Chasing and prosecuting Fly Tippers?
- Publicise what money is “wasted” clearing up after crime: e.g. removing graffiti, criminal damage caused by drunks, removing litter and items left in roads and canal, and fly tipping etc - all avoidable
- An understanding of how much money is wasted by having a two tier system
- The costs to the public purse of running a two tier system in North Yorkshire, Including the lost opportunities for better strategic planning and investment and greater integration.

- A lot more communication through District Councils, who seem to paint the county council as the big bad wolf

***Government policy***

- The Tories promised more money for the North is this not included?
- Let's face it, a Tory government means we'll pay more tax and see less being done with it.
- Boris has promised extra funding from central government, why aren't you asking them for extra money instead of us, we can't afford year on year increases.?
- You will get increased government funding next year
- What NYCC and its District Councils are doing to lobby central government for change now that austerity is supposedly over. What extra funding is provided by central government to help compensate for the extra costs associated with our rural natur3?
- Annual clear explanations inc. Part of budget met NY central governed
- Why central government has cut funding. They promised not to increase income tax but they've just shifted it on to Council Tax.
- How is funding from government worked out is it per person? We in North Yorkshire need equal funding to other parts of Yorkshire
- Why has the government budget decreased so much?
- Will there be s programme of culling the old and disabled to cut costs? Or will the government start to subsidise?
- None really but you could put on information from the council budget and national spending and debt so people can realise why there is such limited funding and that cuts aren't being made just for the sake of it.
- How to pressurise national government to increase local government funding
- I already fully understand the challenges faced are due to under funding from the Government
- Details of how government decides its allocation and what lobbying NYCC has done to achieve a fairer allocation based on its individual set of circumstances
- Why is government grants so low?
- Action being taken to get more funding from the government central funding budget
- Petitions and community action events to raise awareness of the importance of non-council tax contributions to the budget. Empower residents to petition government to stop cutting funding etc
- Why you can't increase taxes on large business, and why we can't tell the government to reverse the cuts.
- Why, when record numbers are paying tax through employment, is the Government cutting funding?

***Info on how personally benefit***

- I cannot see any benefit I personally receive from council tax payments other than refuse removal
- A full detail of where my money goes each year, seems as I’m paying over £100 of my hard earned cash each month leaving me with no money for my own child but not entitled to anything
- As someone who doesn’t have any dependants or any need for care, I really do not know where my money is going.
- What is meant by adult social care? And why is it the council’s responsibility to finance this through my council tax payments when this service would never be offered to me if I ever needed it. As an independent person working, childless and a home owner yet again I will be paying my council tax to fund services that do not touch any aspect where you say funding is needed.

***Specific media***

- simple clear breakdown of percentages of council tax spent on each council department stated on council tax bill
- More on your website about cost and how money is spent so people have more of an understanding
- Posters in local supermarkets detailing spending

- Stats put on website
- Use social media to inform people about how much is spent on services.
- More information with Council tax bill
- Better information on website or sent out to us older people
- Updates on key budget facts on Facebook rather than some of the items posted promoting cycle races etc!!
- This info posted out to people
- Just be open about it and post all these facts 1 by 1 for everyone to see... On bus stops for example so people will understand. No one reads fliers, there are a waste. If the info isn't there en- route in day to day working and compact and concise and extremely easy to read, then people just aren't interested.
- Leaflets with Council Tax
- Better and more comprehensive information available via the Council website, information for Parish and District Councillors
- A leaflet or an email illustrating the facts
- A NYCC 6 monthly newspaper delivered or an online version

***Comparative information***

- NYCC appears to have an abnormally high number of properties. How does it compare with other local authorities?
- and comparison with other rural districts
- I'd like to know what we spend compared with other authorities with similar demographics.

**Case studies**

- Hearing from people that are at the receiving end of these services to hear how they are actually coping instead of being given a list of figures.
- Seeing how the spend manifests into real examples and case studies please
- … Why preventative schemes work - if possible showing trends in steering people/areas away from more expensive services

***Presentation***

- A bar chart of the total services
- Bullet point figures
- Graphical displays by email
- Publish the facts and figures in a visual way rather than columns and figures. Use bar charts, pie charts etc
- Same information tabulated rather than as a quiz. I simply want the information not to play with it
- Graphs of the big picture, large figures alone don't mean as much to ordinary household budgeters as a proportional representation
- A pie chart of spending
- Bar graph showing amounts spent/ accountability of funding charts
- Bullet point facts as above
- I think visual aids would help to illustrate the numbers e.g. pie charts, graphs etc., It would help the numbers stick!

***Updates***

- A monthly Council newsletter, giving information to the community about what you do!
- An annual reminder about 'the challenges the Council faces' will be sufficient ...... I think.
- An update on spending policy
- email an annual newsletter similar to the paper one you used to send out.

- Frequent emails about what is happening
- I think the information provided in your answers to this survey, in which I performed rather poorly, should be given out much more widely and publicly, so that the population of the County at large is much better informed.
- I wonder if this information is regularly published, say, in local newspapers or on Facebook?
- If every year, I got a letter or an email clearly stating where all the money had bed spent.
- Keeping me informed as this quiz has done
- Periodical emails.
- Regular financial updates on Council spending and what unforeseen spending has affected your budget predictions.
- Regular insight
- Yes, but I expect the council to bring out appropriate information at the time it might make a difference
- Having more information as provided in the quiz. It's easy to read and understand
- More information similar to this
- More frequent advice on where the money is planned to go and where it actually goes.
- Being reminded of every year with updates
- Updates (e.g. quarterly) as to each cost centre (e.g. vulnerable and elderly care) proportion of total NYCC spend; where additional funds come from and how much. What public projects cost e.g. information on site hoardings - and whether the projects are to budget - if not, where over/under spend comes from.
- A regular update on spending versus budget made available on the council website.
- Updates and information simplified for ease of understanding
- Having this into available on a regular basis
- More clear regular transparency.
- More transparency and more regular information from the council. Not just blanket statements like 'care is expensive'.
- Instead of this quiz, which I didn't actually find that helpful, some annual newsletter with the breakdown of spending in would help.

***Related to council tax decision***

- Still don't need more taxes
- how to lower council tax which is almost the cost of a mortgage monthly payment!
- will there be a cap on tax it can't keep going up every year? it's a week's wages for some. there has to be a limit at some point
- I don't agree on the amount that is spent or how it is spent. Money is wasted by not using modern technology to support and better planning
- The pricing /costs seem high. I'm sure money could be saved without impacting on residents
- Why every year do you have to make us put our hands in our pockets. Its bang out of order
- I feel that the council tax is too high and needs to be lowered or kept as is. At this moment I just feel the council tax I pay is for having my bins emptied.
- What a ridiculous survey. We the public are struggling to pay our bills yet you still whine on you want more money. I'm nearly [] and worked all my life yet you still want more and more. Take less pay stop expecting working class to always fork out. My health isn't the best but I keep going
- You are way overspending and need to negotiate to cut your costs instead of increasing the tax willy nilly.
- we pay over £200 council tax per month; rading about the increase makes me angry. I can't see that place I live in is taken care of as it should, and yet, I will be facing increasing council tax. Highly unsatisfied.
- Stop paying the highest bidder, or the lowest bidder that doesn't give a [****] bring things back in house and give our local people jobs instead of going further afield

- Looks to be lots of waste and poor management of many services. You should be there to serve efficiently
- Lead by example - if the council were more able to take on people's views and suggestions to improve services and implement them then more money could be saved and services improved.
- The amount of council tax we have to pay is unbelievable. No amount of information would help to improve my understanding. But you need to understand this. We are struggling to pay our bills as it is as are most of my friends and family, all of who are hardworking honest people. I also have friends living in Spain who pay 220 euros per year for their council tax. For that their bins are emptied every day. Street lights kept on through the night. Police patrols round urbanisations three times a day. The roads are kept to a far better standard and the local hospital has just been awarded world class status. So as a leading country in Europe how have we got in such a state that we have to pay so much tax and we see no benefit. It's all just doom and gloom and now surprise it looks like another big hike in council tax on the way.
- Council need Stop rip off people and find another way to get money from.

***Don't know***

- Not really sure
- Not sure. It is a complicated set up which everyone needs to understand more.
- Don't know because it's a vast and complex subject

***None***

- None
- Non
- none needed
- I have enough information to understand the funding shortfall. I have no need for more.
- Nothing, I was already aware of most of the information. I find the fact that the answer I gave makes the presumption I do not understand or am ill-informed an insult to be honest!
- I was already informed
- Nothing, that's helpful, thanks!

***Other***

- getting the right balance
- Stop moaning. You're Tories. You voted for this. Own it.
- I understand, the argument however is flawed, the ppl within your borders have experienced the same cuts to their personal finances and what they can afford making them more reliant on services meaning they will cost NYCC in the longer term if you take away further opportunities for them to save money and have independent resources.
- Physically seeing a difference. York is turning into a sham. Only the "posher" parts appear to be looked after
- It's not my job to manage your budgets for you
- Stop pen pushing and box ticking and endless reviews and consultations. These waste money with no tangible benefits for CT payers.
- As I am on a massive learning curve, I am not sure. I am pleased to hear about the recycling measures and always interested in ways to reduce bills by looking at alternative energy suppliers, turning the thermostat down a bit if possible, and looking for preventative measures to build individual health and resilience.
- Who/what needs to be 'understood' how money is spent most; council tax payers' desires or poor/awful council management?
- This needs to be circulated more widely if it is to be understood and accepted. I didn't know about this questionnaire until I stumbled on it whilst searching for something else. People need value for money and they need to see change. The dales is fraught with crime and dropping number of police.

This is not good as the communities are addressing crime themselves which is unsafe and inappropriate. Schools are struggling as there is no review of old practices changing transport catchment areas etc.

- I don't think the general public realise what the council spend their money on and often get them confused with borough councils
- Happy council tax payer
- What do you actually do. I have experience of your care services and do not see any relationship to the figures. You spent most of the time employing different social works to deny access. Start caring and I might believe you.
- Why do Conservative Councils' meekly accept such massive revenue cuts and then continue supporting that Party?
- A lot more than I do at present
- why we must prolong life when clearly the quality of life has long since departed

***Transparency / truth***

- Proof lol. Just cos you say you spend this or that does not mean it is true. I pay a lot of maintainiece for my property and all that is done is the grass is cut every fortnight. The bins get emptied. That's it.
- To be more transparent & honest
- More transparency in figures for amount spent.
- Truthfulness on where funding actually gets spent and not just figures to make the councils and government look better than they are. Most people are already struggling to keep a roof over their heads. An increase in council tax could be all they need to tip them over the edge. The big boys at the top should be paying their taxes properly so us at the bottom aren't suffering so much in our so called rich country.
- The truth
- I have no idea whether these figures you provide are true, it certainly doesn't feel like it,
- less bias !
- Transparency in the amount paid on regular basis, so people can continue to see the challenges we as a community face to meet our community's needs. If everyone takes responsibility for their own health and wellbeing, it can reduce their need for services. This needs to be shared from school age up to promote a more understanding generational community, this may also assist in the damage caused to building and infrastructure caused by intentional damage!
- Increased transparency.
- Proof on where the money goes.
- Transparency on the suggestion that by 2020, Central Government will no longer make any contribution to Local Authority budgets. This is precisely the type of mean-spirited, greed driven attitude one has come to know and despise in Tories. Be honest for a change
- Promulgation of financial Information-I scored badly in the quiz because in part, I have never got to grips with the numbers

***Survey itself***

- I didn't really bother with the quiz
- I thought this was our input on how money should be spent, our priorities, not information on how it is already spent
- Knowing the answers to the questions
- Not a stupid quiz
- What was the point of this? Hard to contextualise without understanding every facet of what the council is required to spend on. This represents a waste of my time and probably your budget. What do my answers inform you in terms of moving forward and better catering to me as a tax paying member of the community concerned about the new council priorities?

- The social media post says about seeking opinions regards council tax increase. This was a test for marketing!
- I do have an understanding but that was not the initial question or purpose of this engagement is it?
- You've just shared a lot of big numbers in an effort to justify yet another council tax rise
- None because no matter what we say you are going to still take the money off us anyway no matter what we say on here
- Make this survey legible on a phone and I might have been able to read the questions
- You adjusting your figures not telling me I'm wrong in my assessments. My figures are the amount I think you should spend
- Less gimmicky surveys. How much council tax was spent on this?
- This survey is just pointless. All you are trying to do is show how clever you are and how little the average person knows. How does this help achieve anything?
- How about how much you don't fund the fire service this is not a consultation it's a quiz
- This is a ludicrous exercise. Giving people abstract questions with no context neither furthers understanding nor helps justify cases to increase taxation.
- no more stupid quizzes
- I thought it was a survey of our opinions, not a series of questions supposed to validate why we have to give you more money every year
- I thought this was a survey, not a quiz! Besides, I doubt you spend more than £1m a year on SEND children like me.
- your figures don't add up. Social care & public health is either £255m or it is: £118m + £21m + £234m = £373m Figures for youngsters are also confusing
- More questions based on how we think the council could save money
- Not a consultation so much as an advert
- Hard to guess the figures. I knew central funding had been reduced.

**Q11 Other**

***Affordability***

- .5% as 1% is a lot of extra money to find for a single person. (I also feel we the residents don't get value for money).
- I am a single mum, working full time it is already hard enough to pay every month without having this increased
- As real wages have not increased. Any increase to tax would be unaffordable.
- Because you are not the only ones suffering, we are too
- Householders are not able to afford any increase in council tax.
- As a civil servant I have been limited to a 1% rise for years so if you ask for more I loose year on year and get poorer which means I may have to claim. Plus, you do waste money,
- As a maximum, uncertain times ahead not just for the council but also for its residents who will be affected by this government's austerity and brexit.
- Don't increase please I already can't afford it and this is the boat one tax I hate it is already high enough and forces me to live in either cheap crap rental property with no heating or to live in a house share with council tax included. I'm fed up of living like this but can't afford to live any other way if the 5% was to happen I would start looking at possibly relocating. I will never be able to save for a deposit on my first home nor will I ever be able to get a mortgage as I cannot save for a deposit I already lose most of my wages to tax it's just not fair
- Even though £13.11, 1% for a Band D property is not a lot of money over a year. But let's not forget the large increase in council tax for the county last year and also the year previous. This is affecting a mass of people, that will not be spending their money in the locality because they simply will not be able to afford it if everything increases again!
- Families just like the council are facing financial challenges. If the cost increases too much then council could find it has more vulnerable people to support when 5hey cannot pay their bills
- Family incomes have been static lately
- If the government had not taken my pension away, my answer would have been different I was born in 1957.
- No increase families are struggling enough to pay household bills and the majority of people haven't had a wage increase for years
- None as my wage hasn't gone up and I struggle with all my bills.
- None because my wages don't rise by this amount
- None, as a small business also suffering increase coasts and reduced income we can't just keep asking for more or we would go bust.
- None, people are struggling paying it as it is
- None. I simply cannot afford to pay anymore.
- Not at all there are families in Northallerton who cannot afford food or basic amenities so I don't think it should be increased unless you hold a public forum to discuss the level of poverty
- Nothing people can't afford it as it is.
- Think about pension increases of 2 percent £3 we are struggling
- Wages in Scarborough are lower than average. Pensioners are not in a position to pay large increases.
- You should reduce cut it. It has gone up almost 100 pounds since I have lived here. People are struggling you pay this regressive charge
- Zero can't afford to pay it as it is!!!!

***Council Tax too high***

- We pay way above average on Council Tax in this County. Look at all the other County's across the Country and see how much more we pay! Cannot keep rising and rising every year. The working people always get the hit every year.
- It's already far more expensive than some of the more affluent areas

- For where we live. We live in a rural village where council tax is band E and a feel we are already paying enough. The council have now decided not to grit our village anymore as it's not a major road Which now makes the village in accessible in snow for the residents leaving or people visiting. The village is now trying to get a private contractor in to do the gritting and this price to residents will be more than an increase in council tax so I wouldn't like to see any increase for our village
- We already pay a ridiculous amount as it is!
- We pay too much; you are having a massive impact. a fairer option would be to give a 0% increase
- Council Tax has already increased
- Council tax is already ridiculously high therefore it should be reduced not increased.
- I think we pay enough as it is. Increases over the last three years alone are unsustainable. Go ornament need to pay more.
- It should not be raised at all as we currently pay, what I view as to high amount already
- No increase we pay more than enough
- No increase. It's already ridiculously expensive!
- None our council tax is extortionate already and the services that we get for it are poor - our waste services are fortnightly and sometimes they don’t even take the collection, our roads are filled with potholes
- None we pay far too much and only get our bins collected, we are in a village with no street lights or anything just houses mostly owned by the estate and housing.
- None, its over bloody priced as it is
- None, the people pay enough as it is
- Not at all - in Harrogate it is already incredibly high and seems unnecessarily so. If there is any rise at all, it needs to be minimal.
- nothing it's already too high
- Nothing! It’s already too expensive as it is!
- Nothing, it's bad enough trying to make cuts without having bills increase year after year for very little benefit
- Nothing, the amount we pay right now is disgusting for where I live
- The council tax is already high in my area compared to the council tax in the City of York I cannot suggest an increase.
- we pay enough council tax so it should not increase
- Council tax is already expensive enough, even for lower banded properties.
- I think you shouldn't increase council tax because it's already very expensive and the council can work with the current tax inflow

***Council Tax system***

- Abolish
- Any more is above the RPI. However, we should tax 2nd / holiday homes much higher.
- Feel that we need to offer support for people who are working and a low income for some support. The council tax should be increased in proportion to needs, equality and the local area what the local area needs
- Freeze prices on lower income homes
- I don't think it should increase for some, but should for others. It should be based on a means tested basis.
- I think people who have not moved for years need to have their homes rebranded rather than raising it generally. There are substantial properties in the village where I live paying a lot less council tax than we do despite living in a smaller house
- Increase it for those that can afford it - reduce it for unemployed
- No increase. Council tax is unfair as if you save and buy a nice home you have to pay more tax even if there are only two in the house. Unfair system. I have an elderly dad in care and he is self-funding. Forced to sell his home and yet we have to pay for adult social care and a huge council tax bill!

- Nothing for people earning less than £25,000
- should NOT BE A FIXED PERCENTAGE ACROSS BOARD BUT HIGHER FOR TOP BANDS AND LOWER FOR OTHERS
- Should recalculate tax banding adding more levels
- As a Carer working part time with [ ] who has a mental illness and receives a shared rate which does not meet half of the rent, I feel it would be fairer not to assess on the postcode as finding property to rent in [ ] is hard enough and changing to a cheaper postcode is not feasible. I think it is time there was a rethink as I am not the only person with these circumstances, even with 25% discount I still pay £125:00. I hope my comment is taken on board.
- Divide the monthly payments by 12 not 10. But for that I want decent paving, grass cutting and edging, killing of weeds and pruning of shrubs and trees.
- Stop over charging bands F & G to subsidies band D
- Not a fair or equal Tax.

***In line with inflation/wages***

- Council Tax should rise in line with inflation (RPI) which is running at around 2.2%
- I do not think you should increase the council tax- unless in line with inflation- like ppl's wages as there is still austerity, people are struggling and the greater socio-economic deprivation ppl experience the more they rely on services and your budgets and demands will continue to raise.
- In line with CPI which is what most salaries rise by currently 1.7%
- In line with inflation
- In line with inflation (CPI)
- increase in line with CPI as at September as that is the rate that reflects the many pensioners increase
- Inflation only
- Inflation, no more no less.
- The increase should be approx 3% or as near to inflation as possible
- Up to 10%, but with future increases capped in line with inflation for the next 5 years
- in line with inflation and national minimum wage increases
- Increase by the same percentage you increase your average employees’ wages p.a.
- No more than the cost of living increase paid to Council Workers.
- Since it is peoples hard earned money link the increased or lack of with wage increases and lack of!
- The increase should go up by no more than public sector wage increases for 2020/21

***Satisfied with paying more (if it improves services)***

- As much as you think you can get away with
- As much as it needs to be
- No idea. Needs to be based on need. We can't face further cuts in services
- No-one would miss the tiny amount of extra paid each month
- Not against spending more as long as it is used widely and not triggered away
- Happy for a 4-5% rise in principle but I want to see something for this not have to fight triffid weeds down the road and be told there is nothing you can do.
- Is the council tax increase to improve services or to pay for the savings? If it’s the latter, I don't think it should be increased at all.
- I understand the need for an increase so I would suggest a compromise of 3%.
- More than 5% to provide a decent level of service.

***More from central government***

- Get more from Boris
- 1% and wait to see what the government has to offer following the general election
- A reduction, as we were promised more funding from central government as an election promise.

- Boris has announced a triple lock, if it's getting shifted on to Council Tax it's an increase in Income Tax by stealth.
- Council tax shouldn't be increased, it should be reduced and more money given from the government, considering how much of everything we buy is taxed, and how much tax we pay from our jobs, it's ridiculous to think we should pay more when we already pay enough as it is.
- If council tax keeps increasing to pay for social care people who are on the lowest incomes will suffer, the Government needs to fund social care properly.
- If the government won't fund, then the council needs to raise more tax
- In view of a new government being recently elected and a new budget due in March I would suggest no increase this year
- increase national funding
- Nil, as Government has promised more money for the north, let us see if they stick up to their promises
- No increase. Increase political pressure on Westminster to reverse local government cuts from the "Brexit Bonus".
- None. Get the money from central government.
- nothing. Central Government could, if it had the will, access masses of money which the 1% which holds over 90% of national wealth keeps to itself. How much will satisfy them; when they have 100% of wealth? What is the vast majority of the population supposed to do then? Ah, yes, we die, quietly, without protest.
- you should be fighting further cuts form central government not just accepting them

***Need more information***

- Not enough detail to make a proper decision
- Unable to answer without more information such as increase in other revenue sources, sale of non-essential assets, charges for services, cost benefit analysis, etc.

**Smaller increase**

- Clearly as little as possible.
- Small increases each year better than one big increase less frequently even if it equals the same amount.
- The 1% increase you give as the example so people can understand in real times how much more will be coming from their personal household budgets
- The minimum

***Other solutions / spend money better***

- It is unfair to keep raising at the rate it is going up, other solutions need to be found.
- The council need to be smarter about the way they spend the money. There is waste - find it and eliminate it.
- Look at better ways to spend what we have
- Find further savings through efficiency savings, the council was a business you'd go bankrupt
- Do less.
- Do not increase cut back on spending
- Do not increase lower costs at the top of the tree and work down pay the people who actually work like dogs a decent wage
- I believe we need to look at the waste in spending. Not simply increase Tax.
- I think you should look at what funding you have and be smarter with it
- Identify areas of waste in the council budget get rid of some of the empty buildings in your portfolio, have an efficiency drive,
- Is should NOT be raised you should make cut backs we pay far too much as it is and earn very little.

- Less. Make cut backs e.g. treat the Council as a business. Get innovative and generate income via the Dept e.g. Park should be self-financing or profit making
- Make efficiencies. Live within your limitations like hardworking families have to. We would all like a % increase to help with costs but we don't get it. We have, to live with constant cuts and conflicting priorities.
- Nil make more cuts money is wasted all the time
- Nil. Re distribution, and making sure we are not just throwing money up the wall
- No further increase, funding to be found within savings.
- No increase needed. Manage the budgets correctly.
- No rise, too many managers paid too much money
- None, I can’t go to my employer and say increase my wages because my bills have gone up, adapt, stop wasting money and give the town something back instead of ripping buildings down and putting Lego ones back up!
- None. Time the Councils were run more like a proper business. A lot of money gets wasted, too many "Chiefs”. People not doing their jobs properly etc etc
- Not at all, there is still far too many overpaid executives on fat salaries, it needs cutting to bring us in line with other parts of the country.
- Not more than 1% cut back on paying councillors money, this was once a calling for your community not a job. Cut back on managers, there is too much hierarchy
- Not one penny more; reduce the high salaries and poor management
- Nothing, as wages do not go up much and we as a nation are always paying out Taxis for this that and everything else.
- Nothing get more savvy spending stop time wasters and be more careful spending in the areas it is needed not building ivory towers for the fat cats
- Nothing live within your means, stop paying huge salaries to Executives and cut services. Stop giving grants and stop wasting money
- Nothing. Cut the services that don't benefit the community you serve. For example, the north eastern inshore fisheries regulators. There is national regulation. Duplication of work and costs here?!
- Spend less on children and make parents and single women take responsibility for having them.
- Stop rip off people and find other ways to get money.
- This should not rise and and the council should get its house in order first by making salary cuts to the big chiefs first and work its way down
- Would like to see clarity on how it will be spent to make clear judgement. How much will be wasted on admin, senior manager’s wages etc?
- You need to source the money you want from elsewhere. You are already starting to make Skipton an undesirable place to live.
- You should be looking to keep your spending within your income without looking to make any increase. Start by cutting the salary of the executive and the expenses of the councillors. No junkets or none essential spending. Stop wasting money on virtue signalling projects. Stop giving grants to local parish councils understand that those you are expecting to pay this increase will have to make cuts in order to pay your increased council tax.
- Zero - we need reform, we have town councils, district councils, layers of administration and there must be efficiencies in doing things as the whole of North Yorkshire
- Zero: you should negotiate cost reductions on the services you are receiving. This is the responsible thing to do!!!
- zero rise look to reduce wastage and inefficiency first
- Zero you have enough in reserves
- I think you should employ contractors and outside worker more carefully, and see if you can balance your books better it’s outrageous so much money goes on school transport
- The maintenance of roads, footpaths, bridleways etc is very poor in N Yorkshire. There is a lot of wasted expenditure on roads in this area. What justification is there to the amount of money that has been spent on Staxton roundabout modification? Why were traffic lights ever installed on the by-pass at Osgodby? Why isn't a major link road (Staxton, A64 to Driffield-Hull) being maintained instead? Staxton Hill Is Dangerous with the number off pot holes on this twisty downward stretch, particularly with the number of motorcycles that use the road.

- Non cut down on managers and wasting money.
- No increase from the costs stated even 5% and 15m will not create new services but support existing expenditure

***Other***

- I feel it would be dependent on what can be offered to Nidderdale. As it is, Nidderdale is generally neglected by our local councils and totally ignored by our local MP, Julian Smith.
- Sack the guy that set up the uci
- it shouldn’t go up every year
- Nothing theirs no mention of all the money you get from stuff that’s recycled
- This 2% increase should go entirely to funding schools and Special needs children.
- Paying north Yorkshire council tax ok, paying for Scarborough council on top is too much.

**Q12. Any comments**

***Affordability***

- A 4% increase should be absolute maximum. It has averaged around 5% for the last 2 years and is in danger of escalating beyond reason. It cannot be assumed that the average council tax payer has a commensurate increase in personal income.
- A large increase in council tax would impact on my already, limited disposable income.
- A rise in council tax will impact on the most vulnerable people in our communities. It will also stop young people gaining housing and certainly first time buyers. In areas that have many older communities it is important to attract younger first time buyers, but if council tax is more reasonable in other areas they will move there. You could raise business rates as you have stated that Yorkshire is a good economy.
- a struggle on my state pension I have to cut back my use of heating
- Already paying a lot and can’t afford more. Trying to save for a deposit to own our own home and constant increases are making it impossible.
- Already unaffordable
- Although we are not vulnerable, disabled or on any benefits whatsoever, we as a family do not earn an awful lot. We have [] children under [] to feed and we pay £158 a month for council tax as it is. That £158 would be more beneficial feeding our children. I work part time as we have no childcare available to us after a certain time of day but we cannot afford to pay someone to mind our children because I earn less than what it would cost for childcare, but I need to work to keep us scraping by every month and believe me, we are just scraping by with bills. My husband and I sometimes go without so we can afford milk for our youngest and food for our eldest. We earn too much to receive any benefits but we don’t earn enough to live comfortably because all our money goes on bills. Sometimes people have to be selfish and think about their own family because there are a lot of people who cannot afford to pay their council tax every month like us, and the money would be more beneficial to our family. But no one cares about what affect council tax has on people’s families as long as you get your money. We are not the only ones living like this and it’s about time something is done to help people like us. We never get handouts for our children just because we earn enough to not receive benefits to help pay our bills, but for us it’s not even worth dropping ours at work to receive benefits because we would be worse off than we are now. If council tax increases, there will be even more vulnerable people than there is now because people already cannot afford to pay so you would be making the situation worse in the long run. It’s about time people started thinking about what effect it would have on other people who aren’t vulnerable now but could be in the future because of rising costs of everything.
- An above inflation increase has been passed on to residents every year. It's not fair to keep passing the cost onto residents. Council tax is just one of many bills, taxes and cost of living expenses households have and it is unaffordable.
- As a public sector worker I’ve not had a proper pay rise since 2008. I can’t afford to pay more council tax.
- As a single person paying a mortgage even with 25% reduction meeting the demands if paying council tax is especially hard. What is more annoying is also having to pay for a brown bin licence despite increases in council tax every year? Wages for the ordinary worker in the private sector are not increasing, so why should council tax.
- As a single working family we already struggle to cover council tax on top of clothes fir kid’s food heating lighting water and a home no wonder so many are in arrears as working people are finding it hard especially if only work 30 hours for min wage you cannot get any help with anything so if was a more reasonable rate less court costs would be spent taking people for non-payment
- As a single working mother I struggle to afford my bills as it is. The government need to put less in their pockets and give more to the councils.
- As a working, tax paying, childless adult I can’t afford more and shouldn’t have to pay more

- As a young family the more you take off us means the less we have for feeding and looking after family. I feel it would be fairer for the increase to be for people who either earn over a certain amount or can afford to live in expensive houses the less well-off should not be made to suffer.
- As the cut backs continue many families on low incomes are also struggling to pay bills (Gas, Electric etc) those on Universal Credit struggle when their circumstances change and there is little help out there for them which they can access. A greater increase in Council Tax would add to these worries.
- Between a 2% and 4% increase (i.e. approx £26 - £52 increase p.a. per Band D property) - but no higher as would create tension - and possibly hardship for some, particularly those on fixed income.
- By choosing 3% the council still receives a slight increase whilst also looking like they are considering the fact that most people have not had a pay rise in years to match this increase. It also allows for the PR spin of showing they didn't take the full available amount.
- Can barely afford to pay it now any more would impact my family's quality of life. Currently sat in a freezing unable to afford to turn heating on
- Can’t pay it now too expensive!
- Cannot keep raising council tax as wages don’t increase by these amounts it’s becoming unaffordable
- costs of living in a rural community are high anyway, with costs of running vehicles, no access to gas for central heating etc. A big increase will just push some too far.
- Council Tax arrears is now the biggest debt problem dealt with by Citizens Advice. Even councillors have been named and shamed for falling behind with payments.
- Council tax has continued to rise whereby people’s incomes despite spin have not risen in the same proportion. Rises occur in every other daily expense.
- Council tax in affluent areas is already a huge expense for residents. Particularly those like ourselves as first time buyers on average wages.
- Council tax is a very large bill to pay. When all the different elements put an annual increase on, the bill jumps up dramatically, faster than wage increases.
- Council tax is already a large expense for many working households and the additional costs will be a great strain on these already struggling households
- Council tax is already a very hefty amount of my monthly costs, and I live in a tiny house with just two adult occupants. I CANNOT afford to pay more.
- council tax is already crippling and wages are increasing at the same rate!
- Council tax is already ridiculous - one tenth of my income for a terrace house - no I don't think it should be increased.
- Council tax is already too high, if we pay this tax we should expect better services as our bill is listed for all parts. And yet no improved services are seen. We now have more housing so the cost of getting more from those without added expense to others. Wages do not reflect the rises cost of daily living also which in term created more money stress in family
- Council tax is expensive enough. The cost of living vs many people’s incomes is not balanced and a lot of people struggle financially because of this. An increase on council tax is not going to help with that.
- Daily living can be difficult for the hard working
- Do we need another increase under the current financial climate?
- Hard enough as it is getting by without council tax going up again. Increase National living wage first
- Hard working families without additional needs pay enough
- Households are struggling to live as it is and the increase my put more pressure on some family’s
- Household incomes have not grown for many people - more charging at point of usage of services (demand-based) would be better than increasing for everyone
- Households are already stretched financially; I’m wondering if budget holders could be more diligent in the way they spend money across services. Home to school taxis for example are a large expense, scaling back on non-statutory services.
- I am a pensioner and whilst I have a decent company pension and state pension my council tax bill has increased by £230 over the last three years alone. I cannot afford increases of this magnitude any more.

- I am sick of year on year council tax rises with my salary still frozen at 2008 levels!!...
- I appreciate the challenges you face, but personal budgets are equally squeezed particularly for low to middle income homes where higher rises will have an impact on monthly budgets
- I can just afford my council tax at the moment. It's too much just 10 months a year why can't it be 12 months to make the monthly amount cheaper. With everything going up it's getting harder every month
- I can see the need for an increase in Council tax to meet budget demands. However, 4% would not be sustainable annually, year on year for most families.
- I cannot afford more, this is the second biggest bill and higher than gas and electric combined. We don't get council tax benefit anymore and it's too much as it is. Perhaps council tax should be like income tax the more you earn the more you pay protecting those on lower incomes.
- I cannot afford the council tax I have to pay now out of meagre benefits, never mind an increase.
- I feel due to the fact wages and benefits have not risen it is unacceptable to expect people to pay more council taxes.
- I feel like single occupancy, that pensioners should pay less as most only have a small amount to live on
- I get it your short of cash but our pay has been frozen for a decade and in real terms I get paid a lot less now that I used to
- I think it needs to be taken into account that the vast majority of people in this town haven't had an increase in pay for years. Not including minimum wage earners obviously. I think the council needs to make big cuts in the budget. The amount of money completely wasted on roundabouts in 2017 was obscene
- I understand money has to come from somewhere and with daily living prices increasing all the time it is possible that some people would no longer be able to afford to pay more, they might become depressed because of the continual battle to eke out their resources, they could become even more vulnerable and require even more help from other agencies, I am thinking of people of my age group ([70-80]) who are on a very tight budget (like myself) and have no way to increase their income. There really is a limit to what people can pay. But, at the same time as I commented at the beginning, the money has to come from somewhere and it is the vulnerable who are likely to suffer most.
- I'm already hard pushed to pay my council tax as it is. Increase it anymore whilst my salary and real take home stays the same and I won't be able to afford it at all. If it's a choice between paying my rent/buying food so I can house and feed my family or paying your council tax, I'll choose feeding my kids every time.
- In economic uncertainty and when people are struggling I don't think Council tax should be increased in the district
- in real terms many households in the area are poor in 2020 than 2019, as wages failed to Increase in line with inflation, unless you work in the public sector. It is not up to the residents of this region to bankroll the council when we are contending with our own challenges and had a significant increase in 2019.
- In the last 5 years, Council tax has doubled for me within the same tax band for my area. £55 with two people and now over £100 with single person's discount, I am not alone when I say that this increase is unaffordable for many.
- increases in council tax year on year can have a real impact on many families struggling with daily living costs.
- Increasing council tax for pensioners would make it very difficult already cutting back on heating and even food having less money to spend on. Making it incredibly difficult
- it is already a massive expense for people whose wages are not going up and have to pay for other services that are continuing to raise their charges.
- It is already a struggle to pay my council tax in full. Other strategies need to be explored to enable those in higher tax brackets to pay a further amount to help those on the breadline
- It is already very high and I struggle paying it

- It is making it un manageable for households the ever increasing rise in Council Tax, putting more and more pressure to find extra to pay the bills, which can lead to mental health issues with the worries and stresses it brings. This would then impact on the services provided by ASC and potentially CSC.
- It’s too much when salaries haven’t increased and everything else is costing more
- It’s a shame that we have to increase council tax especially when the wages don’t increase alongside this
- It's high enough as it is and an increase would have a detrimental effect to my life due to budgets and increase cost in energy and mortgage an increase in council tax will increase the likelihood of me losing my house and having to move out of the area
- It's the poor that will suffer increasing it. The banding needs revising too. We can barely afford to live as it is. An increase and we will get into major debt again. Which we've just spent 6 years getting out of with an IVA.
- Just like the council I have a limited income, pension, I would love to say 5% but I don't have the money.
- Look at this in the face of how much the majority of people’s pay increased in the last year - incredibly unlikely to be 4 or 5%. Prices of everything are increasing and it is us the residents that are being squeezed.
- Many people cannot afford a council tax rise again
- Many people’s wages have not increased by more than 2% and each year this section is becoming worse off so a higher increase will ultimately but more of a burden on resources
- MORE people than ever are using food banks, bills are increasing more than wages and surely there is a ceiling price on how much you can charge council tax... otherwise the cost will be obscene by 2030!!!
- Most People are not receiving salary increases that can cope with the ever demands of increasing bills therefore increasing council tax will only see the council having to assist more vulnerable people and why should those who work hard have to fund this
- My caveat would be that the Council Tax Benefit help needs to be fair and fairly applied so that those who are on low incomes are not affected
- NO MORE INCREASES WE Can’t AFFORD ANYMORE
- Not as much as my pension increases
- Our household cannot sustain an increase; I haven't had a pay rise in 5 years and my partner is barely paid above the minimum wage so if we have to pay more, we have less to spend on bills, school transport, school uniform, school activities etc
- People are getting poorer and cannot afford the cost increases
- People are hard up enough without having to spend more
- People are living on the borderline now with increased poverty council tax increases are pushing people further into despair, you really need to benchmark how European countries such as Germany use the money paid into their local government which is a hell of a lot cheaper than the uk & their Infrastructure is far more superior than here in the uk, it’s a vicious circle you’re charging for more but paying out more to support those who are living on the borderline. I know you believe the elderly need to be independent but residential villages may in the long run solve the money paid out on elderly care. term
- People are only just managing to pay all their bills without adding more pressure to struggling people.
- People are struggling as it is, we cannot afford any increase!
- People are struggling to pay as it is. It was put up last year, give us a break this year!
- People can’t afford to pay more taxes /increases especially if they are earning the minimum wage
- People can't afford to live at the moment stop spending money on county hall and cut down on your staff
- People can't afford to pay more council Tax, stop spending money on useless crap
- People have to live, not just exist. Council tax in Hambleton is already high.
- People on a limited income are struggling too and won’t be able to pay the council tax.

- People simply cannot afford yet another hike, maybe HBC shouldn't have got their fancy new offices???
- People struggle enough with their own bills, children, jobs and keeping their families fed.
- People struggling to survive themselves with high cost of living rents, Bill's and food and feel got to be careful how you make huge rise in council tax to cause further suffering. Think you need to find people throwing dog muck in bags and letting them poo on the streets. Litter dropping to make income.
- People's salaries are not keeping pace with above inflation council tax rises year on year. I already pay income tax, NI and additional increases in council tax mean that my spending power year on year diminishes and my tax increases
- Please consider freezing a rise this year- we have been subject to increases in bills, charges, fuel, food prices and have had no increase in pay. We are a working family and it is difficult to meet all our bills each month as it is. Please do not increase it this year and help all of the families like us in the county.
- preferably none as on low minimum wages can barely keep up with mortgage payments let alone any other tax on top of what we pay with electric water gas food, the has to be other ways to find money, maybe tax the rich and corporate businesses that way our lives will be easier to sustain a sub-standard living
- Regular hardworking people simply cannot afford large tax increases every year. It really is that simple.
- Scarborough is one of the most deprived areas in the country let alone the county and asking some of the lowest income families to pay more is abhorrent. There should be some way, those more affluent should pay more. Being wealthy does not mean you live in a high banded property.
- Self-employed workers and NHS workers have been getting below inflation rises for many years.
- Soon people in your council area will be choosing between paying council tax and eating it is very high other local authorities manage and have better roads for example! If all of the money went back to communities rather than a lot seemingly wasted. Maybe then a 2% rise any more is unfair on the people you claim to support
- The families that are on lower incomes cannot afford to pay another increase, let alone a 5% or more increase.
- The general public cannot afford any more on tax. We are taxed way beyond a fair amount and this is impacting the normal person's life. I want to put money into my local economy by restoring my home, which I can't do as any spare money I could have is taken by tax. Local councils need closing and all come under 1 local authority, I.e. scrap Ryedale council and Scarborough council and run more from county and out more power into parish councils. Do not just keep increasing taxes. The public will stop paying it and cancel direct debits,
- The ones hit the hardest are those of us just outside the cut off for benefits. I have to work longer hours to make up the loss of income from my partner who lost his job due to incapacity. My Bill's, work travel cost etc keep rising and I am having to choose less health food options, consider my heating Bill's more. We cannot keep being taxed to the point of our own health suffering. If I have to employ strict housekeeping and cut down on waste, then so should the three Councils I have to pay tax to.
- The working people of this country now pay at least 8o percent of their hard earned wages in tax and a lot of people have not had any kind of pay rise for over 5 years where do you suggest they get the extra percent you put up the council tax by
- There shouldn't be any increase at all. The rates are already extortionate! £146 a month I pay for a band B property in Scarborough. No wonder people get behind and into debt. You will, no doubt, increase the rates by 5% but what do I get out of this? You're even ripping people off by charging for green waste collection. It's disgusting.
- Wages and pensions are not keeping up with the cost of living. People who have worked hard to buy a nice house are finding it hard to pay ever increasing fuel costs and local taxes so risk being priced out of the family home.
- Wages are low it's a struggle to pay council tax

- Wages are not going up but household bills are, it cannot be maintained by working people
- Wages are not increasing but all other living costs are so affording more money for council tax is unachievable for most people
- Wages are not increasing so where are individuals in these circumstances meant to find the increase of 2%?
- Wages do not increase by over 2% and there are additional pressures on family income. People cannot afford higher increases.
- we are a family of 4 on a low income. we do not get free school transport but pay £40 out a week. more family slip throw the net and live on or below the poverty line but still don’t get council tax help. working family are hit the hardest as they can’t get council tax help. but slip throw the net in to poverty. with no help. it is not how much debt they are in but wat happens when the credit runs out? working families with children are living in poverty. (There is help if you are on benefits and low income but working families need help as well putting up council tax doesn't do this.)
- We are a young family. Hugely stretched with an already massive council tax bill. The road we use to our property is unadopted so we have to pay out to maintain this too.
- We are struggling as a low income family despite all three of us working long hours’ full time. A huge increase is not sustainable
- We can barely afford all of our bills already
- We cannot manage any more increases. Everyone is struggling financially and taking more money off people is not the solution. People are struggling, not eating properly or heating homes which is having a knock on affect with health services, people's mental health and wellbeing. People are struggling to make ends meet, feed and clothe their children.
- We cannot keep paying increased bills when our wages aren't rising in line. We are becoming poorer and poorer and struggling to merely survive
- We don’t have any more money. We haven’t had a pay rise for ten years, and we’re now skint. We can’t afford to pay you any more council tax. Find the money somewhere else.
- We don't have a bottomless pit of money or a money tree
- We like a lot of people struggle to pay the council tax.
- What comes in goes out every month in our family. We cannot claim any government financial aid and work for the NHS and a charity. We live in a village with expensive council tax banding. Why is this done on location and not income. Our village does not use a higher proportion of the budget than the towns so why do we have to pay so much. If you raise the council tax, we will struggle with other monthly outgoings such as food.
- Where do you expect people to keep getting money from?
- Whilst I understand budget challenges, as a single person household, I now pay out almost 20% of my salary in council tax, how on earth am I supposed to keep any quality of life, my wage hasn't gone up in over 5 years. I pay twice as much in council tax as I did when living in Leeds but with significantly less services.
- Whilst I understand that prices are going up, so is the cost of living. Pension increases do not match inflation, savings interest almost zero. Our income is going down faster. Almost every increase we have received this year is higher than inflation, including house insurance, car insurance, heating and lighting. As a retired couple we cannot pull money out of thin air. Even chasing cheaper alternatives is getting harder.
- Whilst I understand that you need to increase income, our personal income hasn't necessarily increased and this has an impact on what we pay.
- Year on year increases are not sustainable when 2.2 million people are already in arrears and haven't seen a pay rise in over a decade.
- You are about to price me and my parents out of our home. Just because it is a large house, it doesn’t mean we have lots of money. Perhaps you could do mean tested council tax.
- You cannot keep increasing the council tax every year as people are finding it harder and harder to live on pensions. Introduce a new council tax per person over eighteen in household.

- You do not take into account many many genuine people are struggling as it is, and it's about time the council spent more of its time chasing down the many people who do not pay their bills
- You have nearly half our council tax. We cannot afford more increases when a lot of us don't see the benefit of it!
- you need to understand that people have also not had extra income, so you are a long line of bill collectors, as well as food and fuel, that increase prices but wages don't change much
- The amount of people living in poverty and struggling to meet ends will not benefit from this.
- the rich get richer and the lower class who work get poorer as weeks wages is gone on tax
- This is my average pay rise over the last 5 years
- This is the difference between households being able to fund themselves or needing to access your services. Small rises each year would be more acceptable.
- An increase in council tax hits the people who can't afford it hardest.
- As the tax payers will be hit in the pocket again I would agree to a raise if everyone paid it but with rising living costs and no raise in wages many are already struggling
- Council tax is already expensive and has been increased recently. People already struggle to pay, and are having to use food banks etc just to get by.
- I haven't had a significant wage rise for many years, like many others - how are we supposed to fund higher increases???
- I pay enough in council tax for the services I receive I can't afford to pay anymore
- It's a joke it gets increased so much every year considering inflation across all areas of trying to live. What about the normal people that have to work every day and bringing up families off our own backs. We never get handouts.

***Burden should be shared by all***

- As a Local Authority worker I struggle to pay council tax already with so many other financial demands. Another way needs to be found to make every pay their fair share. Too many are exempt so the burden on payers becomes greater.
- As everyone uses the services provided everyone should pay. Too much is given away for those who supposedly cannot afford to contribute, however, Scarborough is notorious for under age pregnancy and living off the state, one generation after the next. People who have worked all their lives are fed up with supporting those who believe they have a right to be kept, as became evident in the last general election!
- As I do not avail myself of many of these, and live very rurally I sometimes feel I overpay on behalf of people who do not and take every advantage
- The trouble with council tax is the tax burden is an ongoing percentage irrelevant of usage and the same people who pay it don't get the benefit of it if they need it i.e. adult social care.
- Any increase should be equal for all. Not higher for high council tax payers

***Government policy***

- A 5% increase which a lot of people think would be excessive is really just a [ ] in the ocean - please ask Rishi (when he's back from his [ ] Beach House) for more money, as he may have some influence in the Treasury. However, don't hold your breath
- Ask Boris for a bigger roads grant to help northern transport links
- Ask the Tory government where the £1.4 TRILLION that they've borrowed in the last ten years has gone. Maybe they should be chipping in a bit more.
- Bills are increasing but salaries are not. There is only so much we can do to pay for things. Central government should contribute more
- Boris needs to dig deep.
- Central government funding could surely increase with better policy regarding larger corporation taxes, rather than taxing individuals/residents significantly.

- Central government need to pay more back to the public, council tax shouldn't be increased to make up a short fall. We pay enough taxes to government that it should make 50% of the council requirements. As a tax payer I am fed up with it all
- Central Government should be making a bigger contribution not the rate payers
- Central govt should fund social care instead of wasting money on hs2 etc
- Continually rewarding poor performance is not healthy or acceptable. School and NHS are in a complete mess due to budget cuts. Instead of bleating on to residents, lobby Westminster
- Funding needs to come more from central or commercial taxes
- Get the government to devolve money and resources to local areas
- Given that you are a Tory council under a Tory government with local Tory MPs you should be able to lobby to get more central government funding. You stated your funding issue is down to reduction in the proportion of your coats that can be funded from government funding streams. Go ask your Tory government to do this quiz and understand the issues their policies have caused.
- I have not had a pay rise of 2% as a public sector worker. I totally understand the pressures but central government needs to step up and meet the commitments.
- I pay enough council tax as I am on band G. In addition, I am charged for you to take away my recycling. There is only so much you can squeeze out of the residents, social care needs to be subsidised more by central government.
- I think councils need to lobby hard so that more national or regional funding is made available. Increasing council tax is an easy option but the issues are national ones and we need to see more spend per head up North from central government. Councils need to lobby hard rather than accept this situation
- I think the levels of Council Tax in North Yorkshire are ridiculously high and a clear indication that the government is not allocating an appropriate amount of funding to the County Council if it is having to rely on Council Tax payments to such an extent. I also do not think it is appropriate to increase council tax higher than anticipated wage increases.
- Ideally no rise, we are touching 3000 ctax a year we will be struggling soon, would be great if the government took care of the elderly care issue, this is a major factor for every family in the whole country and one we would happily pay an extra NI contribution for, which will in turn take pressure off our local councils and hospitals
- Ideally the Council could seek to recover falling income from the centre with local financial support
- Make a protest to Government to reduce foreign aid, and spend here in the UK. 13 billionaires last year
- More effort in lobbying central government is needed. NYCC has a peculiar quirk in relation to travel, population dynamics, compared to many counties. £ for £ based on population is not straightforward here as I am sure you know.
- more lobbying to government to provide funding for the basic services required.
- More money needs to come from national resources too.
- need to review how often jobs are repairs particularly to roads are carried out due to poor workmanship. Review skill mix and staffing levels in residential homes
- Never convinced people involved with local government, always spend money sensibly.
- Paying £2200 pa is far too much already for 2 ppl. More funding has to come from central government
- People pay enough. Just need to be more competitive when it comes to rewarding contracts. No one's salaries increase in line with costs.
- reluctantly i think council tax should be increased but I would like to know what councils are doing as a collective to challenge the government as this is where the money should come from in my opinioin.
- speak to central government and tell them to give you more money, Austerity is over so they tell us. people on the coast are poorer than those that live inland according to the government, so please stop punishing us and speak to the government
- The difficulties faced by councils for basic and vital care for vulnerable people, and schools are as a result of underfunding by central government decisions over the last decade, they should take the

lead in restoring this and ring fencing the spending and making it a legal responsibility to share the wealth equally across the regions, North Yorkshire is one of the largest and diverse areas of the country and therefore should receive additional support not less from central government

- The funding for many of these areas should be supported by central government and increases met by income tax increases. I do not agree with the government cuts in our funding and services. Income tax is incremental depending on income and so fairer, particularly where many people are low income or unemployed.
- The local authorities should be working with the government to reduce austerity measures which are obviously ineffective. The responsibility for these funding cuts are theirs. Not the local community. We pay enough taxes. People cannot afford to eat. It is not fair pushing the price of council tax up again in this area when the costs are so extraordinarily high. I pay a higher sum of council tax than anywhere else I have ever lived. It is more than my mortgage!
- The money for children and adult services should be coming from the newly elected government. People living in North Yorkshire will have less money than before under this government and should not have to contribute more to council tax because the government does not see the importance of funding social care. If we find it through council tax, they never will!
- We now have a conservative government that has promised austerity is ended and that they will fund essential services. There is plenty of money available for govt to ensure there are no more cuts to services and NYCC should not have to reduce spending any further.
- where would the council wish to spend the 'extra' 1% or £3m.? knowledge gives a better understanding etc.
- Whilst I do completely understand the plight of the council and how hard it is to deliver good services on such reduced central government income, I am taxed enormously already, taxed on income, taxed on spending, taxed on saving, taxed on fuel, and feel that central government should release more of the taxes already paid for local services. We pay a lot of tax, but then the things we need to live our lives comfortably in our local area aren't included in that, we are expected to pay for those on top.
- Why can’t central government contribute more. Householders are always hard hit in already challenging time
- Will the council be working with the elected MPs to get an increase from the government to cover the additional rural requirements? Why wait 5 years to increase the rates on an empty property? Why not increase rates on holiday homes and touring caravan pitches?
- Work central government harder. We need a better deal as a rural county with a significant elderly population
- I do not believe that throwing more money at services that are already under huge demand and failing will benefit anyone. Demand is not going to suddenly drop, therefore at what point does the council stop increasing? Wages are not rising at the rate of demand for services. The Council and the Government need to look at being more cost effective and really understand what each and every service is doing on daily basis before throwing more money at it. Money which I and I imagine many others can ill afford.
- I would not mind paying more CT if the income tax was to decrease. Being taxed from all directions is simply immoral.
- I’d like to find out what all the other Tax's we pay go to....... VAT, income tax, road tax etc.
- The council is. Conservative led council and heavily supports a conservative government who has cut spending heavily and we are suffering for the errors of the government every day
- We have already had increases year on year - it needs to be capped to prevent abuse of the system - any funding deficit should be made up by central government or savings within the council/police etc themselves.
- why are we paying for roads out of council tax? This begs the question on where the road tax and fuel tax money goes
- If people were misguided enough to vote conservative, then they voted for cuts to council services. Try putting that in your next newsletter.
- Central government need to contribute more.

- Central government should contribute more to local authority funding.
- Councillor s should lobby central government for an increased central grant, which outstrips the pace of inflation, to bring it in line with the level of grants before so called austerity measures.
- Government policies have produced significantly more pressure on local councils (e.g. cuts to education, welfare and health). It is unfair to expect the citizens of North Yorkshire to pay for decisions made to increase National budgets. More needs to be done to publicise how Westminster's decisions are costing local people.
- Government should increase their funding.
- I don't think Council Tax should need to be increased a I think Government should have more pressure put o them to provide additional funding for the things we need. I feel that the Council could still spend more wisely and make savings across the whole Council so that a Council Tax rise would ot be necessary
- Inflation is targeted at 2.00% and Central Government should stop avoiding responsible oversight at all levels of govt.
- It all depends upon how much central government is going to allocate to "sort out" social care
- It should be at least matched by an increase from central government.

***Council tax system***

- Consequences of non-payment, should not be based on taking already poor people to court, where they receive more financial hardship, the threat of bailiffs, and even possibly and prison sentence. Another solution to non-payers should be sought.
- Council tax is a complete rip off for ordinary families. It an extra nonsense bill brought in by the Tories to line their own pockets. It should be abolished and the council should look at decreasing wages ro save the money
- Council tax is a tax on income that has already been taxed, it is an invidious tax!
- Council tax is far too low for many people owing to the obscenely low rate charged on many properties, why don't the tax bands go up to z?
- I feel that rather than increase the council tax at a set amount, an extra set charge should be made per household whereby they can choose to which category they wish to donate it to.
- I think a premium should be paid by 2nd/holiday homes. Where such houses exist in significant numbers, therefore reducing the affordable housing stock for locals, communities are in danger of dying, especially in winter.
- Increase council tax for the millionaires living in their big mansions and leave the poor alone!
- Myself and my husband have a disabled child, we both work but can’t work full time. We live in a small housing association house with a small yard outside. We pay band C council tax because we live in a village, which almost cripples us, yet when we had a huge 3 bed house with a sprawling garden we were in band A because we lived on a council estate. I think council tax needs reforming.
- Other costs for example train fares, are also increasing substantially, everywhere is strained and to add further costs of living to households for example council tax increases pressures on families and budgeting. Council tax should also look at ways to increase households with more people, it is unfair a household with two people pay the same as a household with potentially 8-10 people who may all be working, driving, needing care, producing more waste etc. It should also take into account what is needed rather than what can be got, appreciate the maximum is 5% but is this needed or greedy, will it be the same issue next year too or can it be looked to increase 1% over a 3-5-year period.
- Our council tax is already exceptionally expensive. Household budgets are also hugely squeezed and we already have to pay extra to have garden waste collected. I think the financial challenges that residents face also require considerable. You have shown no acknowledgement of this whatsoever,
- Pensioners will find it hard to except any increase. Empty properties should be taxed at a greater rate if they have been empty for more than 6 months, I know of at least one house locally that has been empty for at least three years
- Rate needs to be above inflation. What we actually need is a local income tax protecting those who have the least money and making those with more money pay more.

- Re look at council tax banding in the area. Not a great way of collecting taxes really. Our band d property is tiny. Our income low. Our neighbours band c huge and their tax plays a tiny part of income. Live in an area with limited facilities (which I enjoy) yet pay same as someone with more running costs. Opportunities for greater revenue from different homes.
- Taxation should be based on the ability to pay. Property tax is unjust.
- The problem for Pensioners is generally on a FIXED income with any increases being less than inflation so total income falls significantly each year putting more pensioners into financial trouble each year. Suggest a split on increases between pensioners and those in employment who have the opportunity to increase annual earnings, be considered.
- The whole system is unfair. Tax should be levied on income not assets or simply charge for services used.
- We pay enough, I have two people in my household, my neighbours with six people in the household pay the same, totally wrong, that house will use theee time the services we do and pay the same, increase the council tax for homes with more people in them
- You should take into account inaccuracies in the band setting mechanism and the income of ratepayers
- There is another option. At least 2 more bands above band H to counter the blatant unfairness of the system.
- This council tax should be replaced by Local income tax

***Communication***

- I'm not sure if you speak to the wider public if they understand the full responsibilities of the county council. Could there be a communications campaign to raise awareness of what the council does, its achievements and challenges? Before I started working here my main association for NYCC was the libraries
- Make sure people know the figures!
- No matter how much people earn, people have their struggles as well and therefore 4% rise would be suitable as long as it is explained to those who pay these council tax, what the money will cover and why it is needed. When explaining these issues, keep it simple, don't go overboard, keep to the facts and I am sure the majority of people will understand.
- Nobody really wants to pay more Council Tax, but we have to be realistic. Giving people a breakdown on the expenses involved, and which the Council HAS to meet, might be like 'a spoonful of sugar that helps the medicine go down.'
- People need to know if they want the services it has to be paid for.

***Transparency***

- Again, be honest. Try behaving ethically for once and put the needs of the many ahead of self-interest
- Be transparent, open & honest with the public
- Happy for a 4-5% rise in principal but I don't trust what you will spend it on. if I pay more I want to see weeding done properly, all rubbish collected weekly, better street lighting, curfews for delinquents, better planting and social care that is not means tested. Highly unlikely I will see any if this so put it up by the bare minimum or preferably not at all

***Council tax base has increased***

- Every year council tax increases. With the recent massive increase in building new properties you will already be receiving more money. I now also pay for my garden bin to be collected which used to be covered by council tax! I also pay my child’s school lots of money because they don’t receive enough funding. I would rather give any extra money to the NHS not county council.
- New builds within the area are surely generating more money than you have forecasted.
- NYCC has an ever increasing ctax base, as you are developing commercial interests you can do what you need with this

- There are so many new residences being built in NYCC area that a large amount of additional revenue will be generated. The council tax is already very high across North Yorkshire if a 1% rise equates to over £13 per year
- With all the new houses been built they will bring in more than enough to cover the additional funding needed!

***Council tax too high***

- All ready very high council tax
- Council tax has risen by an extortionate amount over the eight years we have lived in Harrogate. Enough is enough.
- Council tax in Harrogate is obscenely high, should be looking at ways to reduce it not by how much you increase it
- Council tax is already too expensive
- Council tax is already very high in our area for the level of service we are provided. Other areas pay less council tax and have better services.
- Council tax is becoming stupid. All you do is raise tax rates for reduced services. So where's the money going. Oh probably on raising expenses for our MPs and councillors like they are in York. So I think you should have no raise in council tax
- Council tax is significantly higher compared to other parts of the country.
- Council tax is to high now and people feel that they are not getting value for money.
- Council Tax is too high already
- Council tax is very high in Ferrensby already especially for just 2 people, one with disabilities
- council tax should not be increased as it is already high enough
- Council tax should not be increased unless services are made better or increased. Roads are a mess, and the contractors used are pathetic. The council has to many managers and not enough people actually doing work.
- Don't put it any higher as we already pay more than some London people. And people are struggling
- I already consider my council tax to be far too high as it approaches £3k per annum. It is my highest monthly outgoing
- I already pay over £2200 in council tax each year and receive a mediocre service in return. The issues that do effect me are clearly the lowest of priorities and spending according to this survey. Any increase on top of the currently huge rates would be intolerable without improvement in more services than just social care
- Increased previously when other councils held theirs static. By increasing giving households less to spend in an already half empty town centre
- It costs a lot anyway
- It is already expensive and we are unable to choose how we best feel our council tax should be distributed
- It is expensive enough without it increasing
- It is high enough following last year's increase and there have been zero notable changes as the money just funds greedy councillors
- It's already too expensive and not always spent wisely, such as no
- Its already too high
- It's already too high
- It's enough we have to pay mortgages or rent let alone extortionate council tax.
- my tax is ridiculously high for the services we get compared to other council areas
- My understanding the council tax was raised above 2% last year for social care to raise it again would be unfair for people on fixed incomes so I say No!!!
- NO need to rise council tax again don't you think we pay enough
- North Yorkshire Council Tax is far dearer than other areas yet it does not seem to provide more than other areas.

- Our council tax has gone up substantially over the past few years and we are expected to pay extra charges for green waste collection. How are residents expected to pay for an increase when the current employment market is so volatile?
- Our council tax is already one of the highest in the country and we're not getting much for it. If you're wanting people to move away from the area, then carry on with your tax rises and you'll achieve just that. I personally think another tax rise is disgusting!
- Our council tax is already one of the highest in the country but we are still behind with recycling and road infrastructure is lacking
- Our council tax is already stupidly high. Stop wasting money on shit we don't need and budget properly
- Pay too much already and you close children's playgroup and get volunteers to run services
- Taxation is high enough already
- The tax is excessive. People who come to the area to retire should be funded by their previous council.
- Too much tax already given cost of living rises and wage freezes
- we already pay a much higher tax here than in many towns and cities also extra for green bins the highest increase considering a lot of towns pay nothing We would rather this extra money went to social care instead.
- We already pay too much and our road, street lights etc are never maintained.
- We are already being charged one of the highest total council tax rates. As well as paying extra for green bins collection.
- We pay enough council tax as it is. The prices are extortionate. You increase the price but yet we don't get an increase in money so we all left with less! I feel the council are good at wasting money so I wouldn't want to give more. Think about the families that are struggling financially before you try rob more money off people
- We pay enough! It is disgusting what Scarborough residents pay.
- we pay more tax every year, and seem to get reduced services
- We pay more than enough for council tax and seeing the council using money that's left over I'd proof we don't need an increase. It's time the residents of Scarborough were given something back rather than taken away from them.
- We're taxed too much already.
- You get to much money already and waste a lot of money
- Get more people working in better paid jobs stop funding drug addicts and lazy people
- It's not on that is in villages pay the same sometimes more for council tax than those that live in Malton and yet we have nothing??? Why is this???
- This is the next largest bill after the mortgage, already a massive consideration and has increased a lot already.
- Council Tax in North Yorkshire is very high compared to other parts of the country. The wages do not reflect this.
- Each year Council Tax appears to increase above inflation

***Projects***

- The NYCC should concentrate the scarce funds on providing the core services as listed in quiz NOT vanity projects such as cycle race funding etc
- Why should we pay you to waste money on welcome to Yorkshire that business can't afford to be hijacked by road closed wages haven't gone up so council tax shouldn't also who gave you lot lermision to lend money out are you a bank taking risks with public money
- Instead of focusing on fancy new initiatives spend a couple years allowing normal residents without extra needs being able to afford day to day life
- No more spent on circus style events until you have finances in place for the rate payers.

- Still furious money was spent on resurfacing the roads the bike race was completed on despite some of them being resurfaced less than 12 months prior, what a great use of tax payers' money that was.
- Surely hosting cycling events had a net financial benefit to the area, in which case use that. If no net benefit, then stop filtering our money away on vanity programmes
- The council has been ridiculous with money over the past several years. Paying for ludicrous 'tourism' boosts like that business with the Futurist Theatre. Instead of making the public pay more, look at limiting spending on arts, tourism and unnecessary town developments. There are millions to be saved, just look harder!

***District services***

- I'm unwilling to pay more Council Tax when so much is wasted by HBC. Eg. Sale of Crescent Gardens, Overspend on new council offices, UCI.
- NYCCs increase is only part of the Council Tax - Harrogate Borough Council consistently increases to the maximum. Other areas have had far less increases or remained static for a year.
- Suspect previous savings were down to lack of governance on spending. Maybe we ought not to have spent so much on new council building in Harrogate or wasted money on sale of old offices which subsequently fell through
- Why do we pay additional for our green bin, total rip off
- Meanwhile you can guarantee that Harrogate will be in full bloom with the gardeners planting bulbs and bedding plants every year or wasting money on sticking discs in the road for a parking app - we are all able to find where the spaces are without this unnecessary expense. Rent for commercial units in town are ridiculous if these were lowered more businesses would be able to afford to be on our high streets and then they would pay rates which would help to contribute more money to the pot

***No increase***

- Do not raise
- Still cannot see justification for any increase

***Don't get anything for council tax***

- I don't think council tax should be increased again. It is unfair to people who do not use many services to have to keep increasing the amount of tax they have to pay.
- only get rubbish collected, the rest of the money? well who knows
- People in rural areas see very little for their council tax
- People without children should get discount as we don't use schools, or school transport.
- The street lights go off every evening, the roads are not maintained, we see no police,
- We live in Grassington. We have no police station anymore, no street lighting where we live. You don't grit our lane and you now ask us to take the bins down a mile track now once a week. Your a joke!
- Where I live I only get my bins emptied for what I pay in council tax! Police go home at 5pm, called them several times about drug problems and they aren't interested! Also we have one grit bin to serve 50 houses and our street is on a hill!! My other concern is that there has been so many new houses built in towns such as Northallerton, Bedale, Ripon & Harrogate etc, surely this is a massive increase in revenue to councils so shouldn't we be having a REDUCTION in our rates? Also in one of your final questions about maintaining buildings, why do NYCC have farms? Although this maybe an asset to NYCC, farms and land are in high demand so why not cash them in if your struggling for cash?!!

***Higher tax not resulting in better service***

- Yes, council tax is our biggest outlay and the poorest return for the money. Such huge sums to maintain an empire.

- 2%, us tax payers should not be paying for what we are paying for. You do a lot for the elderly and young people but not enough for Yorkshire. The roads are shocking all around Yorkshire and damage cars which costs us lots more, even tho we pay our tax for the roads to be safe to drive on.
- Council tax has been increasing but no services appear to be improving or indeed being maintained. The Police and Crime Commissioner appears to be increasing the number of senior roles, including expanding their office but there is still little visibility of policing. The quality of road surfaces are below what I would expect and services such as recycling centres are reduced in hours
- perception is that council taxes rise every year but residents are getting less for it.
- Year on year, we pay more tax but receive less in the way of service. WHY?
- You give us sweet nothing in return other than cuts to services, reduced hours at recycle centres, little to no litter picks in the town and a council that is only interested in feathering its own nest and lining the pockets of the fat cats at the top. How about a tax cut for a change? Oh but that would be against policy wouldn’t it as there would not be enough money to give the bosses hefty pay rises while making the underlings redundant. Maybe you should all watch A Christmas Carol and take some of the story home with you and think about what you actually do to the public. Council Tax is daylight robbery these days, you should be ashamed
- You take enough money off the working people and what for? Where I live our roads are shocking but you’re happy to spend a fortune in the posher areas of Scarborough.
- I don't think it should be raised, as I have seen no improvements in service.

***Need to increase***

- A blind man can see the need for more funding, above the rate of inflation, living wages etc for social care, for both adults and children.
- An increase in council tax is a small price to pay for the magnificent work NYCC does protecting vulnerable people
- As a family man I am more than willing to pay, services are very important to everyone, 5% on band D is fair in my opinion
- At 4% for a band D property this equates to about £1 per week even in retirement I think I can afford that it’s not even a half of beer which people are quite willing to spend on
- Austerity is destroying our country; I would rather pay a bit more if it means the less fortunate struggle less.
- Austerity NEEDS to end, we need to start reinvesting in our country if we are to succeed post brexit!
- By my calculations a rise of 4% equals an extra £1 a week. I can afford that but I’m concerned for those who can’t. However, we need to pay more for better services and sadly a Tory government is unlikely to help us much.
- Funding from central government will doubtless continue to shrink. We should increase council tax so that we are properly able to care for the vulnerable and disadvantaged in our community
- I hope that an increase of £1 per week (Band D) would be manageable for most people but would give the Council some flexibility.
- I would only be happy with an increase if we saw a corresponding increase in services.
- If there is no additional money forthcoming from the government via increased taxation, then in my view, council task must be increased to compensate
- Increase so you don't have to carry on cutting services
- It is clear that there is a need to significantly increase income from council tax with £13.11 per year for each 1% not being significant to most people
- My Council Tax is Huge and I pay 2 lots. But I am happy for it to go up by 5%
- Prices go up. People understand that. And as long as the increases are proportional, they don't grumble too much. There's no political capital in proudly announcing zero Council Tax increases year after year, and then suddenly finding yourself facing a financial abyss. I voted for 4% which equates to £1 per week. No-one should quibble about £1 if you spend it wisely across your crucial services.

- The council tax will need to be increased if possible to make better use of the services and better secured funding to improve for the future.
- This was my initial thought before reading the quiz. It’s above inflation but fair
- We all need to understand that to have the services we want we have to be taxed more
- We can't afford the services we, as a community need, without council tax generated money. I wouldn't resent paying more even if meant tightening the purse strings at home a little bit more.
- Unfortunately, with growing demand for services due to population increase etc the main way to fund the council will be through tax increases
- we cannot expect services if we as a whole community do not pay for them. But it needs to be from those of us who can afford it, not the poor and needy
- Keep up the great work. We live in such a wonderful part of the country.
- Local Government services are vital.
- Needs must
- Provide staff with a guaranteed salary increase to match the increments received during the last 10 years by Brexit consultants.
- I think the Council spends money wisely and a 10% increase will help address the challenges we are facing.
- If people complain, how many old people do they feel should be left to die? How many youngsters to be abused?
- North York’s is relatively wealthy area and there are many many people, including me, who can afford more to ensure services are provided with the right quality and access.

***Increase if use to improve***

- However, any increase should be qualified to where that additional monies is spent as some percentage of those paying will see little benefit. again waste collection and road maintenance is deemed a low priority based on my recent experiences.
- I am happy to pay more to support old people in need, and younger people with disabilities. However, there seems to be too much spent on people who could do more to help themselves, particularly resulting from irresponsible parents whose children require support because of their parents failings. We should not reward failure nor encourage dependency.
- I think you should vote for a left-wing government next time in order to reduce these public spending cuts.
- If you really spend the money on services and do not use to increase on management
- In Boroughbridge we have no police while our football club is continuously vandalised. The potholes and state of roads are nothing short of dangerous. As a social care manager I don't see an increase in fees to support my clients when they need it or would benefit from it so nothing would improve in my life to warrant an increase. My bins are barely collected on time and council tax is already higher than my native [ [. To increase again people would expect to see significant change to services namely youth to prevent offending and falling into that cycle, road maintenance and social care.
- It needs to be enough to make a worthwhile difference to the services provided.
- It needs to be enough to make a worthwhile difference to the services provided.
- Pay fairly, receive fairly. And be scrupulous and genuine about not wasting money. Employ motivated staff who are enthusiastic about their jobs
- Personally I am happy to pay more council tax, providing the money is spent appropriately and results in a proportionate increase in services. I would prefer to just see one big increase to address any gaps or shortfall and then have future increases capped at a particular level to ensure there is not an ongoing call for additional funding
- The revenue from any increase should be spent on services not on wage increases.
- 5% is about £65 per year. There is not much choice is there? Services cost money and I understand that. It is important to maintain TRUST with members of the public; we need to illustrate that taxes are being spent carefully and thoughtfully.

***In line with inflation/wages***

- Council tax should not increase more than inflation. as this would be more than any increase in the salaries of most residents.
- I believe it should be at inflation or just above by 1%
- should be within inflation
- The council tax should be linked to the RPI. This generally governs what most private companies use as a guide for salary reviews. Council tax rise should not be higher than this.
- The increase must be CPI or less, this is to avoid an ever increasing burden on homeowners. Budgeting is the council's core responsibility. The ever increasing 'needs' require careful balancing.
- There is always a need to get more money, but any increase has to be related to the increase in income ratepayers will have seen.
- You need consider inflation which stand at 2% all peoples wages are affected at the same time.

***Other solutions / spend money better***

- 31k to keep a person in a nursing home - bring that back into being council run, workers would get a decent paying job with a good pension and value for the tax payer
- A lot is wasted on middle management and better use of resources
- A more efficient Council is required, not spending on luxury offices and high Councillors salaries!
- A proper and effective review of staffing levels, remove dead wood posts and those who are ineffective, reduce the red tape, do more for business.
- A very large proportion of Council Tax is used for pension contributions. I will make an FOI request to find out exactly how much.
- Any increase in tax MUST be dependent on a total clear out of all waste and stupidly high salaries.
- As an ex-employee of a local council I have seen exactly how money is spent on ridicules things and a better approach to spending your current budget should be found
- AWRP services outside counties too charge these counties more. Within NYCC organisations there is so much money wasted, tenders dismissed favouring historical companies. In my view your outsourcing in whatever area they be in an amount of skimming is occurring by these companies you award contracts to.
- Be more efficient, save money through saving energy, reducing transport costs and looking more innovatively at new modern solutions for e.g. transporting pupils to school. Think about reducing overheads more. There are lots more savings to be made in reducing heating costs, staff travel costs for work, school energy costs and looking to be a more modern proactive council who actively invest in e.g. renewable energy, electric cars and buses and generate an income to help secure the future rather than relying on the government. Think outside the box in a more commercial and cost effective manner.
- Besides increasing Council Tax, look at other ways to raise revenue. For example, NYCC is home to a great many holiday lets. There are 114 of these in Hawes, Bainbridge and Askrigg alone. These are run as businesses so do not pay Council Tax. 89% of them benefit from Small Business Rate relief. In other words, they make no contribution to NYCC. What are the figures for the whole NYCC? This is not only significant lost revenue, but also unfair when second homes do pay Council tax (and have been threatened with punitive increases in Council Tax).
- Can you look at changes/efficiencies instead
- Combine authorities at the district and county level to remove pointless duplication in back office spending. Tell central government enough is enough and you cannot be expected to provide services with less and less budget for larger and larger demand. The people of North Yorkshire should not have to take this burden every year forevermore. 3 years, 3 x 4% increases. No one is getting this increase in wages. I feel for the County Council as I know this is not something staff take pleasure in doing, but I am sick of being taxed to death for everything, by everyone for no visible change in the quality or quantity of services provided to me as a taxpayer or any improvements to my quality of life.

- Compared to other Local Authorities in the region NYCC still has capacity to make savings from existing services
- Continue to review potential savings and wastage
- council is still inefficient/ contracts are very expensive putting money in private firms
- Council tax could be better used if better systems were put into place and improved systems/products used - avoiding unnecessary old style 'this is the way it's always been done, so we'll carry on'
- Council tax should not be put up. You should manage the money better and put council tax up is just the easy option.
- Councillors and directors take a 50% pay cut
- Cut fat cat bosses and reduce staff. In the real world one person would do the work of two council workers
- Cut pensions, and focus on taxing the population less.
- Cut waste and buy better. Peoples budgets have been squeezed for years.
- Don't pay executives so much
- Drive revenue and investment, accelerate decisions around planning and infrastructure. you have to strike a balance in preserving the past and building the future.
- Example of wastage one person blew all of the leaves along our road into the gutter two days later road sweeping machine cane along by which time leaves all over the road again allot the drains on our road are totally blocked sent photo of one of them several weeks later that drain was unblocked rest were left as they were few days later recently unblocked drain blocked up again by all the leaves
- first sort out service then think on increasing tax
- Free parking discs could be charged for. The funds could go to a local charity like Idas or the council. I don't think councils have a lot of money but I don't think they are good at promoting all of the good things they do. Instead people think about potholes, bins and cycling when there is more. Perhaps get rid of the Borough council and then there might be more money.
- Funds need to be better managed as do systems
- Further savings need to be made, I can still see waste within spending.
- Further savings should be made, especially on management and administration. Like most public sector organisations there is a complete lack of accountability at County Hall. Efficiency improvements and cost savings are always possible - you just need the will to find and implement them
- Get rid of management with salaries over 50k
- Get rid of some managers of this/that saving £££'s and don't vote another increase in councillors payments!
- Get rid of some of the high earners and stop wasting public money on consultation exercises
- Get rid of some top brass to find your money. To many staff at NYCC sitting waiting for their final salary pensions.
- Get rid of very expensive people who put together a survey, save that money and pay the people who do the dirty end of the stick the money they are worth
- Having seen the figures, you have quoted in this quiz/survey I am quite appalled you would consider any increase. It is quite typical a council body blaming central government for their failures to manage budgets, then want more from the people for a lesser service and a poorer quality on services we get whilst council executives and managers benefit from excessive huge wages and bonuses.
- Having worked for many years in the Civil Service, I've seen first-hand and heard about so much needless waste and inefficiency its time it was sorted.
- I am not convinced that what you do spend is spent efficiently or that you adequately challenge impositions by Government.
- I believe an overhaul of how the council currently spends its budget as I see lots of wastage
- I do not at all deny that the county council faces many challenges around its budget, however raising Council Tax is not necessarily the answer to raising or maintaining funds. Firstly, the County Council

should look at revenue making areas and follow these ideas through. The Local authority is very good at thinking up ideas, but never puts them into action. Furthermore, the staffing levels and quality at NYCC are to be frank terrible. Staffing is a huge cost to the authority, and the quality of staff does not reflect the wages it pays. Until NYCC is in a position to manage its existing budget without raising council tax, it should not increase pay by the rate it has, especially for executives. The rates of pay for senior staff is astonishing. We operate in a way that is slow and inefficient, but pay wages for senior managers that reflect the private sector. Furthermore, we get very little out of senior management. Those who will have to pay the most in council tax, are those that use the least services. Moreover, Council Tax is disproportionate. An individual who works hard and buys their own home is taxed on its value, this is wrong. Local authorities have always faced cost constraints in times of boom and bust, and they always want more money. You cannot tax your way into prosperity. Further cuts are in my opinion needed, and more innovative approaches to the way we work and function as an organisation. While it may be controversial, NYCC is too large, and geographical areas of the county should be removed from NYCC control and placed under the control of other authorities.

- I don’t think it should go up any more, your making the poor even more poor. How about the councillors take a pay cut and use that money towards everything instead
- I know your budgets are hard. However we have a young family in a small village, with hardly anything. We could not afford a massive raise in rates. The company I work for now has half the staff and managers it had 5yrs ago with more work to complete. You need to raise funds from services such as pest control, rentokil have made a massive business out of this but you have not. I could go on such as car parks, your road teams could be charged out to other councils. You need to turn it into a self funding business as that's what everyone else has to do. I work over 40hrs a week and complete the work of two people. I don't like it but I keep a job as the business still makes money. Stop blaming funding cuts and work it out. Everyone else has had too.
- I think better negotiation of contracts and control of wasteful spending is required together with improved efficiencies and modern processes
- I think major savings could be made in certain areas - like not putting up pointless new signs.
- I think that council tax is mis spent and it would serve the community better if councillors took a pay cut instead of being greedy and showed the public first hand that they are willing to help. You can only tax the people so much before you are knowingly pushing people into very real poverty
- I understand that Central government is limiting funding, but the people are also struggling. We pay the least in the country but we don't have services other counties have. You need to do what a private business would do and look at efficiencies within your organisation. If my firm was in a similar position to you I'd expect additional responsibilities but no extra pay. Maybe start managing instead of covering over.
- I work for NYCC and there are further efficiencies in running costs could be made in NYCC buildings.
- If the executives didn't get paid as much there would be more money to spend.
- Increase income from commercial services, including where possible passing on part of the cost that service users incur to them directly
- Increase your commercial income. More led street lighting. Better quality road repairs to prevent constant repairs after only a few months. Review your office use and empty unused buildings such as Kirkbymoorside Children’s Centre, empty most of the time but still heating, lighting and caretaking costs, what a waste of money. There must be plenty buildings to be disposed of or reorganised to reduce running costs. Consider less bin collections in some areas.
- Instead of increasing the tax it should be used smarter
- It is easier to spend less than generate more. Stop contracting out all your work. Stop wasting money on layers of administration and duplication of departments. Reduce your printing costs. Don't look to council tax payers first.
- Commercial aspects of NYCC could be expanded further to help negate some of the expenditure on front line service provisions.
- It should be redistributed rather than raised

- It should be reduced, the figures in the quiz have demonstrated a truly shocking waste of funds, as I can believe how poor
- just too many tiers of government in North Yorkshire which is a muddle for tax payers to work through and must be difficult to provide a cohesive service
- Keep control of your costs. It's so easy spending other people's money.
- Live within your means, stop paying huge salaries to Executives and cut services. Stop giving grants and stop wasting money
- Look at waste and inefficiency in operating the council!
- Make yourself more efficient, cut unnecessary management and look at every cost
- Manage the money better and stop squeezing people.
- Money should be managed better.
- No need to raise it. Spend what you have better
- No one else has extra money either so why expect us to fund extra. Just cut services to suit your budget
- Please can you explain the excessive pay of your senior staff? The local authority is a government ran organisation paid 100% by tax payers like myself. So despite the message from this survey suggesting only half of the yearly budget is funded by council tax, where do you think the grants from government come from?....maybe other taxes!
- Please ensure you aren't wasting our money on massive wages, entertaining staff etc or the unnecessary purchase like flowers for buildings etc, if you want to raise council tax we the public have a right to demand you are thrifty in all areas!
- please make savings with transparency and true value for money
- Putting costs up without basic professional negotiation. Is ridiculous, a basic negotiator could easily save you millions
- Reduce or remove Executives and their associated salaries
- Reduce your costs by reducing overpaid managers increase front line staff and do not cut services - waste management changes to bin collection are disgraceful, causing elderly people major worries
- Run the council like any other business look at spending, it's our money you waste
- Salaries of top staff too high! No mention of that in info
- Save money by not doing unnecessary road improvements/calming and road gritting when there is no frost.
- Savings could be made by axing frivolous activities such as Tour de Yorkshire. Serious consideration should be given to axing District and parish councils which add no value but consume resources
- Savings could be made with more 'joined up' thinking. Eg. Departments working together. Turn off some lights at night.
- Seriously look at how it's being spent.
- Spend it more wisely and stop wasting what you get, better financial management and purchasing
- Spend it more wisely, I don't feel I get good value for money on my Council Tax.
- Spend more wisely
- Spending priorities need to be reviewed. There is still a lot of wasted money that does not benefit the majority of residents.
- Start spending the money we pay wisely. Splodge it and bodge it road and path repairs is a waste of finances and terrible housekeeping.
- Still savings can be made via offices, rents, services and the management levels.
- Still see waste in council services due to inappropriate staffing and services run at significant cost without contribution from users - e.g.. transport - bus services provided by the council
- Stop asking us to dig you lot out of spending cuts. Lower your executive pay.
- Stop council final salary pensions no one except public workers have them
- Stop rip off people and find other ways to get money.
- The money you have just now is not used effectively. Too many consultations, corporate meetings where money is wasted. If you need to raise additional cash sell off some of your properties (farms)

and therefore reduce your burdens. Adult social care, whilst important, should be funded partially by the persons

- There are many areas of expenditure like 6months full pay sick leave which should be cut to be in line with non council businesses. There is still plenty to trim back in social care where staff are paid considerably more per hour than other care providers. Some 'real world' thinking and negotiation with Unions needs to go on.
- There are savings to be made if you try. I work for HMRC and our funding has been slashed over the last 15 years. HMRC staff numbers slashed, offices closed. Programmes cut back. HMRC is still operating even if at a smaller less effective level. You can do the same.
- There is a lot of wastage in Public services and this needs to be addressed before considering raising Council Tax. Why is there not a 0% button?
- There is a massive amount of waste in council services. As a user of services we see this. Ask the people who use the service where savings can be made.
- There must be the capacity for more efficient spending?
- There shouldn’t be any increase. The amount of money that the council wastes is ridiculous. For example road repairs filling pot holes they are done by monkeys and tons very poor standard. There should be someone checking the work that’s been done and if it’s not up to scratch they shouldn’t be paid. If the council was run like a business it would be a lot better by people who know how to run a business not by people who couldn’t run a bath.
- there will never be enough money to do everything for everyone. Prioritise.
- Think hard about pensioners increase which is 2 percent £3 per week £150 per year or the government will be paying our raise straight back to you concentrate improved improving internal office efficiency and staffing
- Too many gold plated pensions in the public sector.
- Try getting rid of managers or your gold plated pension funds then you can decrease the Council Tax!
- until council staff actually do a full day's work and you spend less money on things that are unnecessary such as supporting tourism the council tax should not be increased
- We are all dealing with austerity and increasing the cost of the tax on regular working people is not the correct solution to this issue. Look inwards not outwards.
- Where do you think we get it from? Try taking a pay cut and stop claiming for things that you could afford with your own wages. We have lived in our property for 21 years and seen our CT go up every year and get less for it. Our roads are in a terrible state of repair and you seem to obsessed with putting traffic lights in everywhere. The other thing would be to stop contracting work out to companies and keep it in house. You would have more control of cost that way.
- Why should we yet again be asked this. I work within NYCC the waste I see daily around staff roles that's really are not required, high levels of management, buildings that are out of date, too many offices still.
- Work within a budget. I have too. And stop giving yourselves pay rises.
- You are still wasting millions every year. I have first-hand experience of how your highways wastes money and how you make grants available to local organisations and parish councils. none of this is essential spending so stop it. Stop closing schools if you don't like bussing pupils about but also look to make the parents of these children pay for their transport. I suspect you could cut another £50m from your spending if you simply concentrated on what service is essential and not just go about spending money that is really not necessary.
- You get enough. Cut your cloth accordingly. Start by making your own offices and operations lean.
- You must continue to be frugal and looking for value for money together with efficiency of delivery.
- You need to be more cost effective with your spending
- you should set your council tax rate after completing an exhaustive and rigorous 'zero budgeting ' exercise. And sell off many of your underused properties
- Your robbing people and wasting the money on stupid things
- Your top staff getting to much of our rates

- Just make sure that you don't waste the money that you get e.g. by poor administration, unnecessary lights left on etc
- No increase needed
- Stop bleeding people dry and spend more effectively. Stop promising to provide services that lefties and liberals are asking for, when they probably aren't funding those requests. Sick and tired of funding nonsense.
- where to start? sat in A&E after a minor accident I was shocked to see how many resources were taken up by the elderly, overweight and people under the influence of either drugs or alcohol. surely earlier intervention with these people would result in a reduced demand for expensive A&E care? obviously that is one very small part of a very large picture. More incentives for people to recycle? penalties for those who don't? Highways -buy cheap buy twice... do a decent, well planned out job in the first place and save money in the long run? elderly people -there should be something in place so that those who can pay for additional care DO pay for it. same applies to people who smoke and drink heavily and lead sedentary lifestyles - when they need medical care it should be questioned WHY - if its self-inflicted a charge should be made. I know it's not all that simple, I get it, but it's just some thoughts to throw in the mix.
- As a director of a private business, I see a lot of waste and silo mentality in the way north Yorkshire is run. If departments do not spend all of their budget, staff believe they will get less money the following year. Consequently, I hear numerous stories of them just using budget up. Council departments need to work together with each other to reduce costs and work more with local businesses and charities.
- Cut your wage & pension bills & curb salaries
- How much money is wasted? Do you have adequate fraud detection?
- I have no way of influencing you efficiency or any way of influencing spending decisions
- More efficient working rather than increases
- No information provided on improvements and cost savings to existing services
- who listens anyway? The amount ot money wasted when I worked for social services was disgusting!!

***Reduce***

- Decrease Council Tax
- we should get a rebate of ten persent
- You should reduce council tax levels by 5% as an annual target
- The council should be committed to reducing council tax, not increasing it.
- Tories cut tax, quit putting it up

***Re-organisation***

- The problem with everything going people have less money to spend. The problems with the council tax is the public are paying more and services are getting worse. The other problem is there are to many levels of charge, NYCC, Hambleton DC, Stokesley PC, NY Police & NY Fire and Rescue.
- There is also the increases from other public sectors to take into account such as Police and Fire and Rescue, their increase was 10% last year.
- North Yorkshire county council area is far to big & the number of people who live in the county have reduced over the years. There I do indeed to take up with various government departments to reduce the size of the council area to reduce costs & make the area more cost effective. I will hopefully do this after Brexit.

***Children & Young People's Services***

- Home to school transport for people choosing to live at remote properties (non agricultural/land working families) should not involve taxis door to bus,
- would you like schools to become academies

- North Yorkshire CC could save a lot by assessing SEN cases PROPERLY from the outset, rather than doing half a job and ending up at in incorrect conclusion. Parents then appeal (successfully) to tribunal. This wastes so much Officer time and creates bad feeling.
- Yes, the council is feeling the strain but families are too - NYCC has cut SEN services this year and will continue to next year. Families are being left with no support for them or their children in the home or school. More and more is being put upon schools - they have to be a food bank, a social worker, a health care professional, a counsellor as well as an educator all this due to the cuts across the county.
- Yes, I am very concerned by the number of term time only contracts that are being issued throughout the education system across north Yorkshire particularly for teaching assistants. As the parent of a child with SEND I know only too well what good support can do. The lack of paid time during school term closure periods means that some candidates will not apply for the role of a TA thus reducing the potential quality of available support.
- Valuable services like community youth workers cut what evidence is needed to ensure appropriate spending to those that need it most
- Funding of schools, vital to providing quality education for our children, should be included in the data. School budgets are decreasing, many in deficit, the quality of education suffering. Cutting council services impacts on schools and on the future of our children
- If you increase please add a youth centre or something for the youngsters
- People do not see or hear of value for money, when children in schools who are needing help are not getting any, mental health for teenagers is on the increase and yet there is even less on offer to help them and the help that is out there is not advertised. All we hear is you need more money for less services and we are the ones making sacrifices not the councillors. More and more new housing estates are being built without new schools etc being built by the builders.
- There is more to life than schools and ADULT social care...what about CHILDREN'S social care? There is a big gap here!

***Social care***

- 4% based on 2% going to adult social care
- 5% with 3% specifically for adult social care.
- Adult social care in the Harrogate area is appalling - especially for mental health
- Adult social care needs to be a priority it is in crisis
- Adult social care should be cut as they (in care settings) have too much money and spend it on going out all the time to cafes and restaurants
- Adult social care should be fully funded by an increase in taxation or national insurance, with each area being given scores of deprivation etc these scores to include access to and distances to services etc
- I work in adult social care and I see the budget being squeezed. If we want good services we have to pay for them.
- If central government renege on their responsibility to look after our venerable and disadvantaged, we should fill the gap
- Must improve Social Care
- My personal view is that many adult social care services should be funded by central government under the umbrella of NHS and should NOT be the burden of local government
- Sorry, the government has kept my state pension - it should fund adult social care from that (backto60)
- Spend more on social care
- We need improved social care in the community to help alleviate and reduce the need for hospital admission
- We need to pay for the service the council provides and we need to ensure that social car is up to scratch

- We all need to understand that if we want the care to be available those that can need to contribute more.

***Waste***

- We need better recycling facilities in Harrogate the black boxes are not big enough and blue bags get stolen and it is blown all over the roads
- force District council to properly enforce waste and recycling, in turn that would increase recycling and reduce the amount of fly tipping and the reduce the cost of disposal. Currently, most businesses don't recycle and put their waste in domestic bins at a cost to the tax payer not the business.
- I would like to know how much energy is produced from the AWRP at Allerton and where it is subsequently used.
- It is important that the public understand how their money is used and how they can help by reducing the costs for areas such as waste collection etc. Frustration for many is, I expect, handing over hard earned cash and losing control of how it is used.

***Highways***

- Because some roads need sorting out, potholes everywhere in some streets
- Highway and foot path repairs, when they are carried out the repairs are very poor leading to repetitive repairs year on year this does not seem cost efficient and you should review this.
- I don't mind it increasing slightly if things like roads were improved. I live on [ ] with 2 schools and a bus route and the toad has been patched multiple times it's shocking!
- Please can we use some of the millions on council tax to improve the A59, ideally dualing it.
- Roads are atrocious is one not enough space for all the other complaints
- Too many quick fix jobs done on roads - they don't last long enough and waste money.
- Use it to create better transport links for our economy e.g. Helmsley to Thirsk station bus service
- We don't seem to get our roads repaired, street lights repaired or thought about from Northallerton
- Why not open up the Park and Rides you have closed to save money, just for parking. Most park and rides have a general service bus on the main road or close by. You could charge £2 a day to raise extra money
- I'm sure Nidderdale wouldn't mind paying a little extra council tax if you could subsise the No. 24 bus service which has been brutally slashed by the Harrogate Bus Company, causing residents to be unable to travel to and from work/places of education and forcing others to have to use cars or move away from the area. A couple of young people even lost their jobs. The area is desperate and no one will help.
- My road is never cleaned or maintained, I have no bus service even though I have a bus pass, no street lights, parking charges should be abolished in town because at the moment it is cheaper for me to buy online
- No improvement in potholes and condition of the main road which services Malton hospital and Malton school whilst other more rural roads are fully resurfaced.
- Again it's the roads that are an utter disgrace. Foreign visitors must cringe at them after the great roads in Europe.
- And fix the roads
- I do not mind an increase in Council Tax if the roads are improved. Some of them are almost unusable

***Need more information***

- This quiz feels a rather manipulative way to inform the population you are increasing council tax-seemingly at the lowest by 2%. I think it would be helpful for NYCC to share information on council tax % increases year on year since 2010 in comparison to the % increase they pay their employees year on year during the same time period.
- How can I understand how efficient the services are. Without that information I can't judge.

- How many jobs are created by the money spent?
- How much does a 2% increase add on to a band D property
- it’s hard to give an answer to this unless we know how well the money is spent
- the figures you quoted come to 466 million what happens to the other126million?
- Please explain the figures, you seem to be double counting some services.

***Survey***

- I found this really interesting as someone who works for NYCC I think we should know what services cost and I will make sure my team take the survey.
- I thought this was a useful way to do a consultation with info first before the question.
- I feel this is an unfair question. I would be more prepared to answer How much of an increase would you be prepared to pay?
- I have no comments because you are going to do what you want anyway
- Looks likes you have already made your mind up to increase it. No matter what people say. Survey waste of time.
- This is a loaded question. Every year you have put up council tax by more than the rate of inflation. Despite various reports, very few people have had even inflation level pay rises, never mind above inflation rises. You can’t keep putting further financial pressures on people who are already struggling. Perhaps you should share with us what efficiency savings you have been making - how are you using IT in particular, how are you reducing that outrageous cost of school transport?
- This isn’t getting people’s opinions its justifying you over spending
- Very leading question. If most people answer 2 you will then raise by 1.9 and say you have increased it less than the public have suggested in a cynical miss use of statistics
- Very loaded questions
- Waste of time. You'll charge whatever you want anyway. And atm none of the things you spend money on benefit me or my family. And none of it will benefit me when I'm at an age to need the elderly care
- What an utterly pointless survey. Am sure you will raise it by whatever you want, and I expect there will be even more people using food banks. WE ARE ALL SUFFERING FINANCIALLY. THE ROADS AND SERVICES WHERE ARE LIVE ARE APPALLING. YET I'M PAYING MORE ANF GETTING LESS
- What sort of survey was that, I feel cheated - it was more like a NYCC propaganda leaflet
- Would have better asking question on how people would like to spend the money than the quiz and then just one question to gather our feelings. It all seems a bit contrived to get people to charge more. As a process improvement expert I wouldn't have passed this as data gathering to give you information you could use to help you.
- Year on year inflation busting rises are unfair. Where is the no increase option. Deliberately misleading consultation where all options more than inflation
- Year on year we see inflation plus increases to fund inflated salaries and pensions. Budgets are spent to justify further increases the following year. I cannot believe that you have not already determined the increase at such late stage an this is just a token gesture to the people who pay your wages.
- You are doing what you always do, assuming increases without any basis in fact. Get the fundamental figures defining any increase before trying to determine any tax increase. To do otherwise is misrepresentation and thievery.
- Don’t understand all these percentage figure. Try starting with figure you get per person and explain in monetary. Does this above thing mean you want 2 pound a person

***Other***

- Please, Please, Please start a grant scheme to help insulate our homes. There are a lot of conservation and historic areas in NYCC such as my home which is solid wall construction and it’s too expensive to insulate so we waste lots of energy keeping it warm

- Campaign to promote healthy lifestyle and walking to school - maybe even a congestion or parking charges for those driving less than a mile for school pick up/drop off (have observed many in Richmond)
- A staged approach, 2% per annum., is more likely to carry public support
- And at least 1% should go to the fire service
- As a [45-55] year old man with no job prospects the council should budget its money better scrap the parish council precept and lower bills and be accountable for its failures like cctv in Skipton not working£50000and lost mayoral chain diamonds
- as a pensioner my pensions haven't changed, nor have my demands on the council.
- As someone who has to pay private property management fees for the upkeep of the local community I find it extremely frustrating that the council chose to enforce the private management rather than adopting the workload and yet the bills keep rising. My property management fees have doubled since moving in and I have no option but to pay them. I also face increases in council tax yet homeowners elsewhere do not have the burden of management fees. I appreciate I still have services such as waste disposal but between a family of 3 we produce only one bin bag per fortnight, although our recycling is well used. Stop building houses that include property management and take responsibility, young families are being extorted.
- Don't forget about rural areas, we need funding too
- I think that if there a rise of more than 2% we should be able to assign that to things we want.
- Much of what you call "savings" are in fact cuts to services or where you have passed the costs on down the line to local councils or individual householders.
- Own your mess.
- Public sector wages have been eroded by inflation over the last 10 years, you need to reflect this in council tax.
- Stop cutting key frontline services
- Thank you for the hard work you do
- The amount of budget allocated to some areas seems excessively high and on initial read, disproportionate.
- There are no devices outside of towns and cities
- use of more volunteers within the community
- We are not an endless pot of money for you
- Work out customer need not demand
- Yeah. Stop been muppets
- Enforcement officers seem to be non-existant in N Yorkshire. Look at the number of caravans setting up home on waste ground. People are setting up homes, not paying council tax and not contributing to the area. The council are letting people get away with this. Within a short distance from us [ ], there are a number of illegal caravans, maybe 8 where people are not paying council tax.
- I don't believe that the [Response Not Completed}
- I think the police budget shouldn't go up at all
- If I believed you would spend it wisely I would give you 10% but you're not giving any value for my money. You're ruining businesses and not adding anything additional to my life but expect more money. You have over spent for decades and for the last few years have been pulled back in line. Yet you still rob the taxpayer. You're all overpaid so if you all really cared you would take a pay reduction but you will increase by 5% and say it's for services but still give yourselves a pay rise. Disgrace.
- It is a bit confusing for me.
- Population growth must decrease to save our planet
- Priorities must be children, elderly and most vulnerable
- Stop making savings that are clearly unreachable

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Item 6A
Appendix H

# NORTH YORKSHIRE COUNTY COUNCIL
# PAY POLICY STATEMENT ON PAY STRUCTURE, GRADING AND CONDITIONS FOR SENIOR MANAGERS COVERING THE PERIOD 1ST APRIL 2020 TO 31ST MARCH 2021

**1.0** This policy statement covers the following posts:

- **Head of Paid Service**, which is the post of Chief Executive.
- **Statutory Chief Officers:**
  Corporate Director Children and Young Peoples Services
  Corporate Director Health and Adult Services
  Corporate Director Business and Environmental Services
  Corporate Director Strategic Resources
- **Senior Managers on the Management Board** who report directly to the Head of Paid Service:
  Assistant Chief Executive, Business Support
  Assistant Chief Executive, Legal and Democratic Services (Statutory Monitoring Officer)
- **Assistant Directors (All Directorates)**

The pay and grading of all posts are provided at Appendix 1. Pay for management board posts is detailed below and the Assistant Director details are provided at Appendix 2 as at 1st April 2020. The spinal point pay values are at 2019-20 rates as the national pay rates for 1st April 2020 to 31st March 2021 have not yet been agreed.

| SCP | Pay 19/20 | Grade |
|---|---|---|
| 84 | 180,423 | CE1 |
| 83 | 176,300 | |
| 82 | 172,000 | |
| 81 | 168,000 | |
| 78 | 137,249 | DIR2 |
| 77 | 133,261 | |
| 76 | 127,250 | |
| 75 | 122,543 | |
| 74 | 118,000 | |
| 71 | 110,950 | DIR1 |
| 70 | 109,100 | |
| 69 | 104,889 | |
| 68 | 101,000 | |

| Grade | | SCP | Salary* |
|---|---|---|---|
| CE1 | Richard Flinton | 84 | 179,430 |
| | | | |
| DIR2 | Stuart Carlton | 78 | 136,494 |
| DIR2 | Richard Webb | 77 | 132,528 |
| DIR2 | Gary Fielding | 77 | 132,528 |
| DIR2 | David Bowe | 77 | 132,528 |
| | | | |
| DIR1 | Justine Brooksbank | 71 | 110,340 |
| DIR1 | Barry Khan | 71 | 110,340 |
| | Total: | | 934,188 |

***The above figures reflect the 2 days' unpaid leave which has applied since April 2012.**

In addition Janet Wagstaff and Stacey Burlett are employed by Selby and Ryedale District Councils respectively in joint leadership roles as their Chief Executives and also have part time Management Board roles for NYCC as Assistant Chief Executive (0.2fte), paid £21,953 and £21,400 for their NYCC role.

In providing details on the pay and conditions for these senior managers this policy covers the pay structure and terms and conditions for the whole council workforce.

## 2.0 Pay Principles

2.1 The Authority has a clear and transparent pay structure and approach which applies consistently to all (non-teaching) Council staff including Chief Officers and senior managers.

2.2 All pay related decisions are taken in accordance with relevant legislation.

2.3 NYCC operates a pay system based on objective criteria as part of a job evaluation approach implemented in 2007. Job evaluation determines the relative worth of posts in comparison with all posts. The Job evaluation score is then set within a pay structure which determines what posts are paid.

2.4 Local pay and terms and conditions arrangements are reviewed as necessary. Small changes are made locally via the collective agreement. Larger changes are made in response to legal or national requirements. In April 2007 national equal pay requirements and the introduction of job evaluation schemes required a wholesale review of local terms and conditions. Again in 2018 the introduction of a new NJC national pay spine resulted in a fundamental review of the Council's grading structure. Local pay, terms and conditions are based on a "one employer" approach which does not permit varying benefit arrangements for different staff groups such as senior managers. The approach is to have a pay and benefit structure which;

- Is fair and equitable for all staff,
- Addresses the County Council's need as an employer to link pay to performance
- Has the ability to address staffing difficulties where and when they occur.
- Incorporates the application of national and local collective agreements and any authority decisions on pay

2.5 NYCC is part of the national pay framework with annual pay awards determined by the various national bodies (NJC, JNC for Chief Officers, and Soulbury). This pay policy reflects the last 2018-2020 2 year pay settlements for NJC staff, Chief Executives and Chief Officers which increased pay for all grades by a minimum of 2% each year, with higher sums for those in the lower grades. No agreement has yet been reached for any staff group for 2020-2021.

NYCC in common with many other authorities has a locally determined extended pay spine that extends beyond SCP 43 where the current national pay spine ends. The Green Book which sets out national NJC terms and conditions confirms that any national pay award applies to NJC staff on points SCP 44 and above where they are not covered by separate JNCs for Chief Executives and Chief Officers.

The national pay frameworks determine certain terms and conditions, notably sick pay, maternity pay and provides minimum entitlements for others including, annual leave and paternity leave. Apart from the JNC for Chief Officers and Soulbury the bodies also set out the pay spine and points to be used by local authorities in determining their pay arrangements. It is for local authorities to decide how their pay bands fit onto the national pay spine and what jobs and roles are paid based on job evaluation results.

2.6 There has been increasing flexibility in national agreements over recent years resulting in greater discretion for local determination. This resulted in 2007 in the introduction of a formal locally integrated pay and conditions framework contained in a "Collective Agreement" between the County Council and recognised unions (non-teaching). This sets out the local pay framework and all local terms and conditions. It applies to all staff equally including Chief Officers and senior managers and is incorporated into all contracts. It is reviewed annually as part of the local consultation arrangements with trade unions and is available to all staff via the intranet. It was significantly amended in 2011 to implement changes to terms and conditions to save £2m.

2.7 The 2018-20 NJC pay agreement included a new pay spine which was implemented in April 2019. Working jointly with Unison a new grading structure was developed to apply the new pay spine. This work adhered to the principles of the council pay policy set out in 2.4 above. The new structure had to avoid removing and significantly eroding pay differentials across pay grades so pay continues to reflect the job evaluated value of the different size, scope or responsibility of roles.

## 3.0 Pay Structure

3.1 Staff are paid at monthly intervals at the end of the month worked. Pay is one twelfth of the annual gross salary less NI, tax and pension.

**Pay Bands** - The pay and grading structures in place set out the number of increments (based on national pay spine) for each pay band. Pay and Conditions for senior managers (who are not Chief Officers) is determined by the Head of Paid Service.

3.2 Pay bandings were initially determined in 2007 based on job evaluation and reviewed again and changed in 2018 to implement the new pay spine and structure and can be reviewed at the request of management or staff in post, as and when required due to role changes and restructuring.

3.3 In 2007, as part of job evaluation implementation, the pay bands for senior managers were benchmarked externally and set at the median quartile plus 20%, considered a reasonable level based on NYCC's size and complexity, the need for salaries to be competitive, and the fact NYCC was a well performing authority which needed to recognise managers' efforts in achieving this. Further benchmarking reviews were undertaken in 2009, 2011 and 2014, and AD pay bands extended by 1 (AD1) and 2 (AD2) points respectively.
Extensive benchmarking frontline and hard to fill posts which included some senior roles was carried out in 2018 and used to inform the positioning and length of the new grades, and value of the pay points above the national pay spine for senior managers. Professional and senior management posts at NYCC have a pay maximum at around the median for the benchmarked role.

The benchmarking of pay data for posts is carried out as needed using national pay information supplied either by IDS (Income Data Services) or Hay in addition to independent benchmarking of specific local authority pay data for senior staff using the current pay information published on Councils websites and information.

3.4 **Increments -** Staff are usually appointed at the bottom of the pay band and progress one increment a year if they meet the increment criteria. This criterion applies to all staff (non-teaching) as set out in the Increments policy. In summary, the following needs to be satisfactorily met over the previous 12 months, as assessed by the line manager, in order for an annual increment to be received:

- Attendance (no more than 7 days sickness absence in the last 12 months or averaged at 21 days over the previous 3 years)
- Performance/Capability – no performance or capability concerns
- Conduct – no disciplinary process or sanctions
- Appraisal – satisfactory appraisal with all targets achieved.
- Mandatory training – to be undertaken within specified timeframes

The Chief Executive's appraisal and assessment against the above criteria in order to receive an increment or retain the last increment if at the top of the grade, is undertaken by the Leader in consultation with members of the executive and other group leaders.

For staff already on the top spinal column point in the pay band, the same criterion applied from April 2012 and if not met the top increment is removed resulting in a pay reduction.

On appointment staff can be appointed at the top or midway through a pay band based on their previous experience and salary.

3.5 **Additional Payments -** There is provision for additional payments to be made to staff as detailed below. These provisions apply in the same way to all staff with no separate or additional pay supplements or arrangements for senior managers or chief officers.

- **Recruitment and retention payments** – these additional payments can be made to staff in hard to fill posts. A business case is required and has to be approved by the Corporate Director. These payments are not permanent and are subject to regular review. They are used on a limited basis as needed.

- **Market supplements** – these can be made when the job grade as determined by the job evaluation outcome is less than the median market rate. This is payable as a monthly allowance, rounded to the nearest £100. It is not subject to any uplift resulting from the national pay award and is usually reviewed at least every 2 years. The need for these payments has to be clearly evidenced by market data and approved by Management Board. Use is limited.
- **Incentive payments** – made to staff at the discretion of their manager if merited by excellent performance. Payments are in the form of an accelerated incremental or an honorarium payment (limited to equivalent of 1 or 2 increments) or a £100 thank you payment.
- **Acting up payments** – made where staff take on additional duties or responsibilities beyond the remit of their substantive role. Such payments are used regularly to cover staff gaps due to vacancies, maternity leave etc.

It should be noted that enhanced payments for overtime was removed in April 2012.

3.6 All other pay entitlements are the same as for all NYCC staff as detailed in the national and local agreements. These include;

- Mileage and limited subsistence expenses
- Annual leave (23 – 33 days based on service) and 2 days unpaid leave (with some exemptions for frontline staff where cover for leave is needed)
- Sick pay (up to 6 months full and half pay)
- Maternity, adoption, paternity and shared parental leave.
- Other leave mostly unpaid (compassionate, time off for dependants, extended and special leave)
- Pay protection for staff moved to a lower graded role on redeployment/restructuring for 1 year at a maximum of £6k.

There are no additional payments or discretions for Chief Officers or Senior Managers.

3.7 **Termination payments** for Chief Officers and senior managers follow the same arrangements and policies for redundancy, redeployment and pension payments as applicable for all other NYCC staff. Staff pension contributions are in accordance with the LGPS and employer contributions as determined through each Triennial Valuation of the North Yorkshire Pension Fund. The Local Government Pension Scheme provides employers with discretion to make monetary awards including additional benefits, payments and shared cost ATC arrangements that can add significant value to members' accrued pension benefits. However, the NYCC Discretion Policies (updated in 2014 and 2019) state that no such award will be made to any member of staff. NYCC redundancy payments are calculated for all staff as per the Redundancy Modification Order based on one week pay for every years' service (1.5 weeks for years worked over the age of 40) up to a maximum of 30 weeks. In line with recent case law redundancy calculations now include employer's pension contributions up to the statutory maximum of a week's pay for redundancy purposes (£525, 2019).

**4.0** **Remuneration Committee** - The Chief Officers Appointments and Disciplinary Committee is responsible for determining and amending as necessary the terms and conditions of Chief Officers. Remuneration, terms and conditions will apply with the Pay Policy Statement and any proposed amendments will from now on be submitted to Full Council for approval. The Committee determined the Chief Officer pay package in 2007 as part of the Council-wide job evaluation grading process and had only made one amendment since then to reduce the Chief Executive's salary in 2010 from £179k spot salary to a pay band range at the time of £155k - £170k. The Committee met again in 2018 to determine the new Director 2 grade points for the 4 Chief Officers. It has been the Council's policy, as yet not utilised, that severance payments for Chief Officers and senior managers over a cost of £100k will be considered and if deemed necessary recommended by the Chief Officers Appointments and Disciplinary Committee to Full Council for approval. The components of any such package will be clearly set out and may include pay in lieu of notice, redundancy payment, pension entitlements and holiday pay. Statutory changes originally due to be introduced in 2017 are still awaited, which would require

Full Council approval for termination payments at or above £95k. If they are introduced during 2020/21 the threshold will be reduced to £95k.

## 5.0 Pay Multiples and Wider Pay Structure

The complete pay structure and examples of jobs at each band is detailed at Appendix 1. The lowest paid staff are at new SCP 1 on a salary of £17,364 as of 1st April 19 (a £1,000 increase on 2018). The highest paid salary is £179,430 paid to the Chief Executive. The median average (excluding schools) in this authority is £21,589 per annum (equivalent to 2nd from the top of Grade F). The ratio between the median and the highest i.e. the 'pay multiple' has reduced again to 8.3:1, which compares well with the recommendation in the Hutton Report that the multiple should not exceed 20. NYCC does not have a policy on maintaining or reaching a specific pay multiple, but is conscious of the need to ensure that the salaries of the highest paid employees are not excessive and are consistent with the needs of the authority as expressed in this policy statement and its wider pay policy and approach.

## 6.0 Senior Teaching Staff

The pay and grading of all teachers including Head teachers is determined nationally. There are currently just 2 Head teachers paid above £100k. In addition, there are 44 Heads and Deputies in posts with salaries equivalent to Assistant Director pay bands. This does not include Academies which set their own pay for Head teachers and all other staff.

## Appendix 1

| New scp | April 19 Salary | **NYCC NJC pay structure proposal for implementation 1st April 2019:** | |
|---|---|---|---|
| 1 | £17,364 | | GRADE A - 217-258 |
| 2 | £17,711 | GRADE B - 259-308 | GRADE C - 309-345 |
| 3 | £18,065 | | |
| 4 | £18,426 | GRADE D - 346-369 | |
| 5 | £18,795 | | |
| 6 | £19,171 | | GRADE E - 370-397 |
| 7 | £19,554 | | |
| 8 | £19,945 | GRADE F - 398-422 | |
| 9 | £20,344 | | |
| 10 | £20,751 | | |
| 11 | £21,166 | | |
| 12 | £21,589 | | |
| 13 | £22,021 | | GRADE G - 423-447 |
| 14 | £22,462 | | |
| 15 | £22,911 | | |
| 16 | £23,369 | | |
| 17 | £23,836 | | |
| 18 | £24,313 | GRADE H - 448-474 | |
| 19 | £24,799 | | |
| 20 | £25,295 | | |
| 21 | £25,801 | | |
| 22 | £26,317 | | |

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| | | | |
|---|---|---|---|
| 23 | £26,999 | | GRADE I - 475-509 |
| 24 | £27,905 | | |
| 25 | £28,785 | | |
| 26 | £29,636 | GRADE J - 510- 550 | |
| 27 | £30,507 | | |
| 28 | £31,371 | | |
| 29 | £32,029 | | GRADE K - 551 - 587 |
| 30 | £32,878 | | |
| 31 | £33,799 | | |
| 32 | £34,788 | GRADE L - 588-624 | |
| 33 | £35,934 | | |
| 34 | £36,876 | | |
| 35 | £37,849 | | |
| 36 | £38,813 | | GRADE M - 625-713 |
| 37 | £39,782 | | |
| 38 | £40,760 | | |
| 39 | £41,675 | | |
| 40 | £42,683 | GRADE N - 714 - 941 | |
| 41 | £43,662 | | |
| 42 | £44,632 | | |
| 43 | £45,591 | | |
| 44 | £46,503 | | |
| 45 | £48,000 | SM1 - 942- 1043 | |
| 46 | £50,000 | | |
| 47 | £51,875 | | |
| 48 | £54,275 | | |
| 49 | £55,840 | | |
| 50 | £57,933 | | SM2 1044-1190 |
| 51 | £60,105 | | |
| 52 | £62,359 | | |
| 53 | £64,500 | | |
| 54 | £66,000 | | |
| 55 | £67,500 | | |
| 56 | £68,850 | | |
| 57 | £70,250 | | AD1 1191-1320 |
| 58 | £72,955 | | |
| 59 | £75,763 | | |
| 60 | £78,680 | | |
| 61 | £82,500 | AD2 1321-1600 | |
| 62 | £85,676 | | |
| 63 | £88,975 | | |
| 64 | £91,400 | | |
| 65 | £94,000 | | AD3 1601-1760 |
| 66 | £95,880 | | |
| 67 | £98,000 | | |
| 68 | £101,000 | DIR1 1761-2015 | |
| 69 | £104,889 | | |

| | | |
|---|---|---|
| 70 | £109,100 | |
| 71 | £110,950 | |
| 72 | £113,170 | |
| 73 | £115,430 | |
| 74 | £118,000 | DIR2 2016-2700 |
| 75 | £122,543 | |
| 76 | £127,250 | |
| 77 | £133,261 | |
| 78 | £137,249 | |
| 79 | £141,500 | |
| 80 | £146,000 | |
| 81 | £168,000 | CEX - no change |
| 82 | £172,000 | |
| 83 | £176,300 | |
| 84 | £180,423 | |

NB the above figures do not reflect the 2 days unpaid leave element which is effectively a reduction in pay.
2 days unpaid leave has been applied since April 2012.

## Appendix 2

| Directorate | Grade | AD Job Title | FTE | 20/21 SCP | Salary* | Notes |
|---|---|---|---|---|---|---|
| BES | AD3 | Highways & Transport | 1.0 | 66 | 95,353 | |
| BES | AD2 | Waste & Countryside | 1.0 | 65 | 93,483 | |
| BES | AD2 | Growth, Planning & Trading Standards | 1.0 | 63 | 88,486 | |
| BES | AD2 | Economic Partnership Unit | 1.0 | 62 | 85,205 | |
| CS | AD3 | Technology & Change | 1.0 | 66 | 98,000 | Excludes £4.4 market supplement (to be reviewed) |
| CS | AD2 | Strategic Resources | 1.0 | 65 | 93,483 | |
| CS | AD2 | Strategic Resources | 1.0 | 64 | 90,897 | |
| CS | AD2 | Strategic Resources | 1.0 | 62 | 85,205 | |
| CS | AD2 | Strategic Resources & SDC CFO | 1.0 | 63 | 88,486 | Employed by NYCC, part funded by SDC as s151 officer and business partner |
| CS | AD2 | Policy, Partnerships & Communities | 1.0 | 62 | 85,205 | |
| CS | AD2 | Commercial Director | 1.0 | 62 | 85,205 | |
| CS | AD1 | Head of HR (York) | 1.0 | 60 | (78,247) | Employed by NYCC, funded by CYC |
| CS | AD1 | Head of Communications | 1.0 | 58 | 69,864 | |
| CYPS | AD3 | Children & Families | 1.0 | 66 | 98,000 | Excludes £3k acting up payment (to be reviewed) |
| CYPS | AD2 | Education & Skills | 1.0 | 65 | 93,483 | |
| CYPS | AD2 | Inclusion | 1.0 | 64 | 90,897 | |
| HAS | AD3 | Director of Public Health | 1.0 | 66 | 95,353 | Excludes £11.9k Public Health supplement |
| HAS | AD2 | Health & Integration | 1.0 | 65 | 93,483 | |
| HAS | AD2 | Care & Support | 1.0 | 65 | 93,483 | |
| HAS | AD2 | Care & Support | 1.0 | 63 | 88,486 | |
| HAS | AD2 | Commissioning & Quality | 1.0 | 63 | 88,486 | |
| HAS | AD1 | Public Health Consultant | 1.0 | 60 | 78,247 | |
| HAS | AD1 | Public Health Consultant | 0.61 | 60 | 47,731 | |
| HAS | AD1 | Public Health Consultant | 0.8 | 60 | 62,598 | |
| HAS | AD1 | Public Health Consultant | 0.61 | 60 | 47,731 | |
| HAS | AD1 | Alliance Director HARA | 1.0 | 59 | 75,346 | Joint funded with NHS |

| | | |
|---|---|---|
| AD Total | 2,112,196 | Excl. supplements |
| MB Total | 934,188 | |
| Total | 3,046,384 | |

*The salary figures reflect the 2 days' unpaid leave which has applied since April 2012.

*Market supplements and other temporary payments such as merit and incentive payments eg thank you payments are excluded.

**CHANGES FOR POSTS AT AD1 AND ABOVE:**

BES: AD Economic Partnership Unit grade increased from AD1 to AD2
CS: NYES Commercial Director AD2 appointed to
HAS: AD1 Alliance Director, Harrogate and Rural, new post jointly funded with HDFT

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Appendix I - Cumulative equalities impact assessment

**Cumulative equalities impact assessment – Budget 2020/21**

All proposals will be subject to individual equality impact assessments.

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| Age | North Yorkshire has a lower proportion of young people than the national average – 29.9% under 25 compared to 31.25% nationally.[1] In 2016 1.7% of 16 – 17 year olds were identified as NEET (Not in Employment, Education or Training). The percentage across the UK who were NEET was 4.3%[2]. Nationally the unemployment rate for 16-24 year olds is high. The unemployment rate for people aged 16 and over for the UK was 4.3%, for the period August to October 2017.[2]<br>In 2019 24.73% of the county's adult population was over the age of 65. This is higher than the national percentage of 18.39%. Every year the population of older people increases, and with it the demand for the care and support which the council provides. By 2035, 32.60% of North Yorkshire's total population will be aged 65+ and 5.97% will be aged 85+. | **Older people**<br>Proposals to require people who are assessed as having sufficient personal finances to pay a fair charge for the total cost of care support and/or transport relating to social care, are also more likely to impact on older people due to the greater likelihood that they will have care needs. As people age they are more likely to develop a long term condition or disability which requires care and support.<br>Proposals to review the provision of salt/grit bins across the county have the potential to impact adversely on older people if bins are reduced in certain areas as this may reduce access to services for those with poor or limited mobility. A full equality impact assessment will be carried out as part of the review.<br>Work to prevent or delay reliance on social care by supporting people to live more independently and fostering community provision may provide positive impacts for older people. Our Stronger Communities team has been set up specifically to support communities to take on a greater role in the provision of services, and has as one of its priorities support for older and more vulnerable people to remain involved and active within their community. In addition, our Living Well Co-ordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in |

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[1] Office for National Statistics Population Estimates mid-2017

[2] GOV.uk end 2016

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | Nationally 23.26% will be 65+ and 4.05% will be 85+ by 2035. | their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals.<br>Similarly, continuing to replace Elderly Persons Homes with Extra Care Housing where people can live independently whilst being in a supportive community could produce positive impacts for older people.<br>**Younger people**<br>Proposals which may have specific impacts for younger people include:<br>• Ongoing implementation of reviewing the way that we meet the needs of children and young people with SEND and those at risk of exclusion.<br>• Reviewing the provision of home to school transport for solo travellers.<br>The changes to home to school transport review of solo travellers are identified as having potentially adverse impacts in respect of age, given the nature of those children/young people using the service. However, as this is a review of statutory services, it will focus upon how the Council is fulfilling those statutory services in a sustainable manner.<br>Provision for excluded pupils is anticipated to have mixed impacts, and there may be negative impact in the shorter term during implementation which will be mitigated by transitional support as the changed model is implemented, and by work undertaken with an independent research organisation to develop new provision models within the new budget model. Furthermore, for those young people with an Education, Health and Care Plan we have a statutory duty to make the provision as contained in the plan, and for those young people who are permanently excluded there is a further statutory duty for the Council to provide education. Further mitigation throughout the process will include clear |

| **Protected characteristic / additional characteristic monitored by NYCC** | **Local context and related factors** | **Potential adverse impacts of budget savings proposals and steps taken to minimise impact** |
|---|---|---|
| | | communication and ongoing review. The new model is not implemented until September 2020, giving more time for robust transitional arrangements.<br>**Working age people**<br>Given that 57% of people who access the service are between 26-49 years old, changes to the provision of homelessness support are likely to impact on working age adults. However, services for the most vulnerable – those with mental health issues, victims of domestic abuse and complex housing accommodation needs - have been protected.<br>The proposed rise in the council tax may have a larger adverse impact upon these residents due to the effect of inflation in relation to wage growth as this category of residents is not protected from inflation in the same way that older people are due to uprating of state pensions.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Disability | North Yorkshire has a lower proportion of people with a disability or long term limiting illness whose day-to-day activities are limited a lot of 19.3%, against the national average of 23.69%.[3] However this will rise to 20.89% of the 65+ population in North Yorkshire, against a national average of 24.86%. | Proposals to require people who are assessed as having sufficient personal finances to pay a fair charge for the total cost of care support and/or transport relating to social care, are also more likely to impact on people with a disability due to the greater likelihood that they will have care needs.<br>Work to prevent or delay reliance on social care by supporting people to live more independently and fostering community provision may provide positive impacts for people with disabilities. Our Stronger Communities team has been set up specifically to support communities to take on a greater role in the provision of services, and has as one of its priorities support for more vulnerable people to |

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[3] Poppi 2019

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | remain involved and active within their community. In addition, our Living Well Co-ordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals.<br>The changes to homelessness prevention services are likely to impact on those with a disability due to the fact that 31% of people accessing the service have a stated disability. The largest group within this are people with mental health problems. However, services for the most vulnerable – those with mental health issues, victims of domestic abuse and complex housing accommodation needs - have been protected.<br>Proposals to review the provision of salt/grit bins across the county have the potential to impact adversely on disabled people if bins are reduced in certain areas as this may reduce access to services for those with poor or limited mobility. A full equality impact assessment will be carried out as part of the review.<br>The ongoing changes to home to school transport were identified as having potentially adverse impacts on those with a disability, due to the proposal to adopt a single charge for all discretionary transport. This proposal is, however, currently suspended until further notice.<br>Managed transition and flexible responsive services such as independent travel training will be also implemented. Transport assessments will be carried out consistently and all needs will be identified and addressed regardless of the new transport model. The reviews of solo travellers will mitigate the initial impact of change, there is no proposal to remove any transport, there will be changes made to those arrangements where appropriate. |

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | Changes to the high needs budget are anticipated to have mixed impacts on young people with a disability, with potential negative impacts during implementation, although these are more likely to impact on schools' budgets than the individual young people, given that there may be reductions in the funding allocated as a result of a more robust system. As the new bandings have been allocated and implemented, we have been considering the impact on each individual school budget and have been looking to mitigate any negative impact through transition funding. There has been an increase to special schools funding however, as we are allocating to funding within mainstream schools during Annual Reviews of a child's Education, Health & Care Plan this is still an emerging picture, which we are continuing to monitor. Overall there appears to be savings made, largely as a result of the efficiencies and consistencies moving to the banded model, and there does not appear to be an adverse impact on any individual mainstream school. There has been no impact on individual pupils as there is a statutory duty to deliver the provision within the EHCP.<br>Impacts in relation to changes to provision for excluded pupils with disabilities are anticipated to be mixed, with potential negative impact during transition. This is being managed by working closely with parents, carers, children and young people, the Pupil Referral Service and local schools. Mitigation actions will be in line with those detailed in the Age category above. In addition, the change to the timescale for the proposal post-consultation will mean that there is more time to embed some of the wider developments in provision to support children with SEND including embedding the new model for enhanced mainstream schools, building capacity in the specialist sector and the delivery of the Opportunities Area project in the East.<br>The proposals for changes to purchasing of specialist paediatric equipment highlight potentially mixed impacts for disabled children. The changes involve a review of existing contractual matters and are ensuring that health providers and Governing Bodies of schools are fulfilling their duties. It is envisaged that efficiencies within the delivery will have positive impacts on children and young |

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | people in relation to speeding up the delivery of equipment. It is also envisaged that the potential to hire radio aids will allow savings to Governing Bodies of schools. While there is potential for adverse impact in respect of disability, it is highly unlikely that there will be any impact on any individual. There are mitigations in place in that a review of all individual requests will be undertaken to ensure that no person requiring equipment goes without.<br>The proposed increase in council tax could have a disproportionate adverse impact upon those with a disability due to the fact that disability benefits have reduced over time as thresholds for support has increased.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Sex | At county level the proportion of females is slightly higher (50.7%) than that of males (49.3%)[4]. This pattern is reflected across all districts, with the exception of Richmondshire where the large number of predominantly male military personnel have the effect of reversing the proportions.<br>There were 13,648 lone parent households in North Yorkshire in 2011[5], of which 11,958 had a female lone parent (87.6%). | The proposed increase to council tax could have a disproportionate adverse impact upon females as women are likely to have lower incomes than men in later life due to working patterns when they were younger, and may therefore be more likely to be impacted by increased costs. They are also disproportionately more likely to be lone parents. For lone parents, even those working full time have a 42% risk of being below Minimum Income Standard[6], up from 28% in 2008/09. Nationally 151,000 out of 356,000 people in households headed by lone parents working full time are below the minimum.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human |

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[4] Office of National Statistics Mid-2016 population estimates

[5] Census 2011

[6] Joseph Rowntree Foundation Minimum Income Standard 2017

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Race | North Yorkshire has a much lower proportion (2.65%) of Black or Minority Ethnic (BME) citizens than the national average (14.57%)[7] according to the 2011 census. | There are no anticipated adverse impacts on people with this protected characteristic.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Religion or belief | North Yorkshire has higher levels of Christians (69%) than the national average (59%), and lower levels of all other religions than the national average. Percentages of those with no religion or not stating their religion are broadly similar to the national average. (2011 census) | There are no anticipated adverse impacts on people with this protected characteristic.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Sexual orientation | The government estimates that 5 – 7% of the population are gay, lesbian or bisexual. We have no evidence to suggest that this is not the case in North Yorkshire. | There is very little reliable information about housing support needs for gay, lesbian or bi-sexual people or current client numbers. However, disclosure of sexual orientation may result in family conflict and therefore risk of homelessness.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Gender reassignment | The Gender Identity Research and Education Society (GIRES) suggests that across the UK: 1% of employees and service users may be experiencing some degree of gender variance. At some point, about 0.2% may undergo | There is very little reliable information about housing support needs for transgender people or current client numbers. However, disclosure of sexual orientation may result in family conflict and therefore risk of homelessness. |

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[7] 2011 census

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | transition (i.e. gender reassignment). Around 0.025% have so far sought medical help and about 0.015% have probably undergone transition. In any year 0.003% may start transition. | Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Pregnancy or maternity | In 2017 there were 5441 live births in North Yorkshire. The conception rate per 1000 for 15 – 17 year olds was 12.9. This is below the rate for England (18.2). In 2017 4786 live births (88%) were to mothers born in the UK. 654 live births (12%) were to mothers born outside the UK. | Proposals to review the provision of salt/grit bins across the county have the potential to impact adversely on pregnant women if bins are reduced in certain areas as this may reduce access to services for those with reduced mobility. A full equality impact assessment will be carried out as part of the review.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Marriage or civil partnerships | A higher percentage of North Yorkshire's population is married or in a civil partnership (53.7%) than the national average (46.8%).[8] (2011 census) | There are no anticipated adverse impacts on people with this protected characteristic.<br>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met. |
| Rural areas | The population in North Yorkshire is generally sparser than the national average (0.76 people per hectare as opposed to 3.14 nationally). In some parts of the county this is lower still (Ryedale 0.36, Richmondshire 0.40)[6]. Distance travelled to access services is further than the national average. The Lower Super Output | Any restructure of services which aims to physically consolidate service provision in locations of greater population density may impact disproportionately on people living in rural areas. However, our Living Well Co-ordinators work on an individual basis with people (and their carers) who are on the cusp of becoming regular users of health and social care services, including those who live in rural areas, to help them access activities and support them to find their own solutions to their health and wellbeing goals. |

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[8] 2011 census

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | Area (LSOA) which covers the Dales ward in Ryedale is the most deprived in England for Geographical Barriers to Services.[9]<br>Rurality can also mean higher costs for such things as fuel for heating. | Ongoing changes to provision for excluded pupils may negatively impact on those in rural areas due to the transport costs which can sometimes be limiting in terms of access. Schools are responsible for paying for transport which may become problematic as schools' budgets are under pressure. This will be mitigated by ensuring options are fully explored as new models are being shaped in localities.<br>Dependent on the nature of a particular service, access may be online following our digital by default approach, and this can also be challenging in some rural areas where broadband provision can be variable. The Superfast North Yorkshire programme, however, aims to ensure that 95 per cent of all homes and businesses in the county will have access to superfast broadband by the end of 2021.<br>Actual impacts, if any, will be dependent upon details of any specific changes to staffing and service structures which will be developed further and subject to individual equality impact assessment.<br>The changes to home to school transport covering collection from pick-up points rather than door-to-door mean that families are expected to bring their child to the safe pick up point, which could be more challenging in rural areas. However, consideration of the safety of the route to the collection point will be made in determining the offer, and door-to-door service will still be available where medical, mobility or special educational needs require it.<br>Proposals to review the provision of salt/grit bins across the county have the potential to impact adversely on people living in rural areas if bins are reduced in certain areas. A full equality impact assessment will be carried out as part of the review. |

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[9] Index of Multiple Deprivation, Indices of Deprivation 2015

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | There may be some adverse impact on County Council staff living in rural areas where restructures and consequent changes to work locations take place, in that travel to work time may increase and there is disruption to childcare arrangements, for example. Due consideration will be given to the degree of disruption likely to be caused by a proposed change in location and additional expense and travelling time incurred in circumstances where an alternative offer of employment is made, as per the County Council's redeployment Policy. |
| People with low income | At local authority level North Yorkshire is among the least deprived in England[7]. Figures for long term unemployment in North Yorkshire (0.1%) are lower than the national average (0.4%)[10]. However, North Yorkshire has a number of lower super output areas within the 20% most deprived in England (23 in 2015, rising from 18 in 2010) and three LSOAs in Scarborough town are within the most deprived 1% in England.[7]<br>The percentage of the working age population who claim out of work benefits in North Yorkshire is 1.7%, compared to a Great Britain percentage of 2.9% (Nomis – ONS November 2019) | People with low incomes will potentially be adversely impacted by a number of the changes to services. They are often also least able to compensate by using other providers or options, in the private sector for example, due to issues of cost.<br>The impact of proposals to require people who are assessed as having sufficient personal finances to pay a fair charge for the total cost of care support and/or transport relating to social care would be dependent on threshold limits set. Proposals will be developed further and will be subject to individual equality impact assessment.<br>Changes in staffing may have an adverse impact on staff on lower incomes due to the possibility of being offered a lower graded post than their current role. In the event of this occurrence, affected staff may, dependent on individual circumstance, be eligible for pay protection in line with the County Council's redeployment policy, to mitigate adverse impacts.<br>The changes to home to school transport relating to increased charges for discretionary transport and introducing a fee for replacement school bus passes were identified as having potential adverse effects on low income families. However, these proposals are currently suspended until further notice. |

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[10] November 2017, ONS

| Protected characteristic / additional characteristic monitored by NYCC | Local context and related factors | Potential adverse impacts of budget savings proposals and steps taken to minimise impact |
|---|---|---|
| | | The profile of people who access the homelessness support service shows that 90% are seeking work, on long term sick, not seeking work or in part time work. Low income coupled with one or more other factors such as disability provides the main causal factors in requiring support to sustain housing. Any reduction in support is likely to impact on their ability to manage on their already limited income. However, services for the most vulnerable – those with mental health issues, victims of domestic abuse and complex housing accommodation needs - have been protected.<br>The proposed increase to council tax may have a disproportionate adverse impact upon those residents receiving low incomes. For example those on benefits have seen inflation rises which mean that for the first time since the benefits freeze the real value of benefits has started to decline[11]. |
| Carers | Carers' allowance claimants make up 0.9% of North Yorkshire's population.[12] This is lower than the average for England (1.3%) but there are variations across the county with the highest percentage being in Scarborough (1.4%). It is likely, however, that these figures do not reflect the true number of people carrying out caring roles in the county as many do not claim allowances. | Carers are likely to be impacted in similar ways to older and younger people and disabled people i.e. the people for whom they are caring, although the impacts may be more indirect. Carers may also have lower incomes as in many cases they will be unable to work due to their caring responsibilities. Some carers will, of course, have protected characteristics themselves, such as young carers.<br>Staffing restructures which involve a change of locality base may impact adversely on home / work balance. Flexible working is in place to provide mitigation where this is feasible. |

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[11] Joseph Rowntree Foundation Minimum Income Standard 2017

[12] May 2017, ONS

Item 6A

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**APPENDIX J**

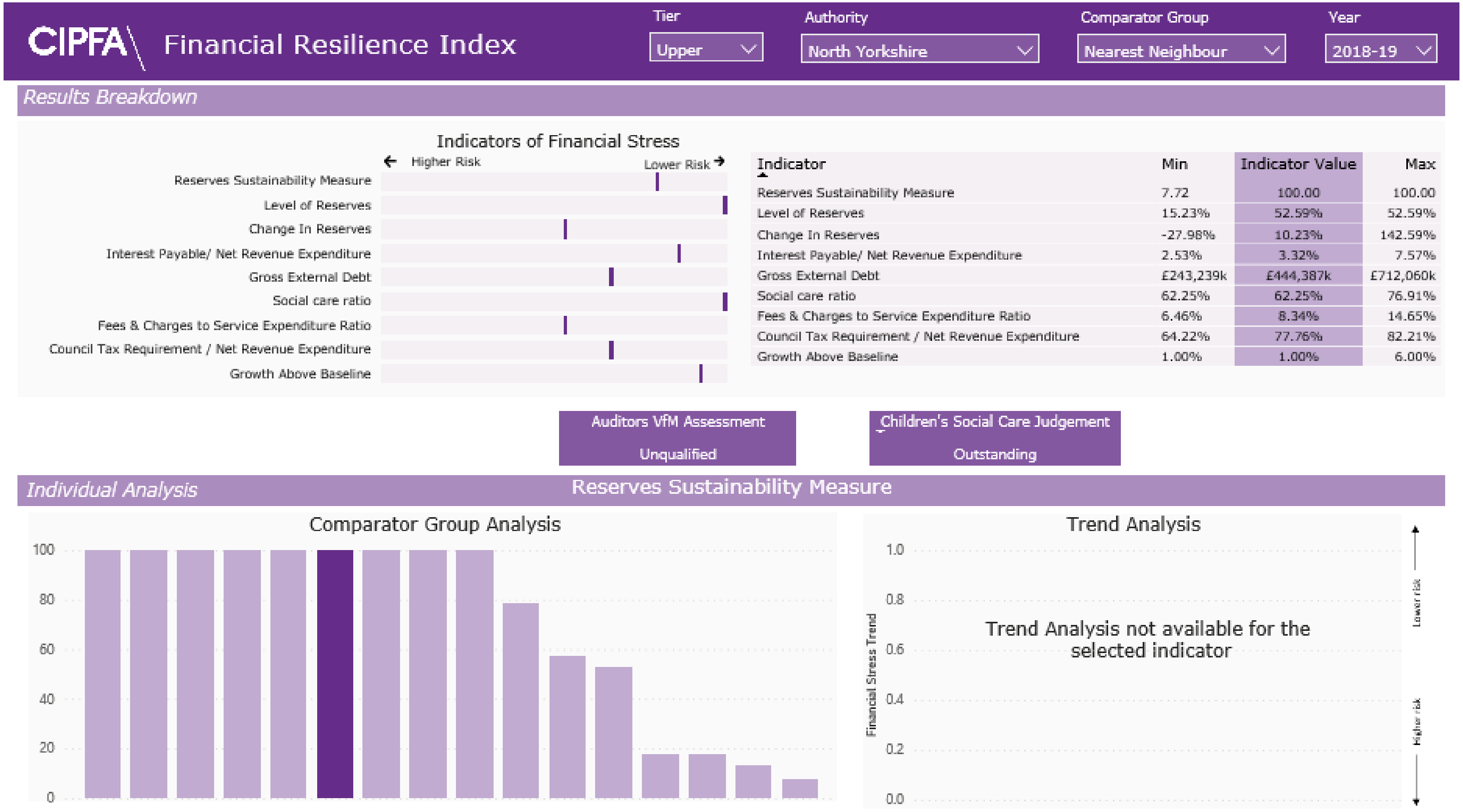
# BUDGET RISK ASSESSMENT

There are always a number of significant risk factors which it is necessary to consider in determining the Budget / MTFS. This Appendix seeks to give some indication of the potential financial consequences of some of the key risks assessed in formulating the 2020/21 Budget / MTFS:-

| Risk | Quantification | Likelihood (H/M/L) | Impact (H/M/L) | £m | Recurring? |
|---|---|---|---|---|---|
| Non-delivery of full value of savings 2020/21 to 2023/24 | £40m savings programme over next 4 year period and the savings challenges are harder – confidence factor | H | H | 7.0 | Depends |
| Further funding cuts from government | 10% additional cut on all government funding through Business Rates and grants | M | H | 13.7 | Yes |
| Risk of adverse weather conditions | Extreme spend on adverse weather in excess of budget and / or emergencies | M | L | 4.0 | No |
| New unfunded responsibilities | Dependent upon individual proposals and element unfunded | M | H | ? | Yes |
| Acceleration of inflation above assumptions on supplies and services within the MTFS | 1% increase in inflation (in single year) | M | M | 3.0 | Yes |
| Pay awards above assumptions in Budget / MTFS | 1% increase in pay awards (in single year) | M | M | 1.5 | Yes |
| Potential shortfall on Council Tax yield based upon MTFS assumptions | 1% Council Tax variation | L | M | 3.0 | Yes |

| | | | | | |
|---|---|---|---|---|---|
| Potential increase in Looked After Children (LAC) | 10% increase in LAC | M | H | 1.0 | Yes |
| Government funding towards Social Care – protection of Social Care | 100% of Fund used to underpin adult social care in 2019/20 | M | H | 30.2 | Yes |
| Potential increase in demand for Adult Social Care | Additional 2% demand | H | H | 2.5 | Yes |
| Potential increase in demand for SEND | Additional 2% demand over and above contingencies in budget | H | H | 1.0 | Yes |
| Reduced collection of Business Rates | 5% less Business Rates generated | M | H | 1.0 | Yes |
| Erosion of DSG to underpin council services to schools | Complete loss of DSG to council | M | H | 3.0 | Yes |
| Commercial Investments | 10% reduction in treasury management and commercial investment returns | M | L | 0.5 | No |

Item 6A
Appendix K



CIPFA Financial Resilience Index

Tier: Upper
Authority: North Yorkshire
Comparator Group: Nearest Neighbour
Year: 2018-19

Results Breakdown

| Indicator | Min | Indicator Value | Max |
|---|---|---|---|
| Reserves Sustainability Measure | 7.72 | 100.00 | 100.00 |
| Level of Reserves | 15.23% | 52.59% | 52.59% |
| Change In Reserves | -27.98% | 10.23% | 142.59% |
| Interest Payable/ Net Revenue Expenditure | 2.53% | 3.32% | 7.57% |
| Gross External Debt | £243,239k | £444,387k | £712,060k |
| Social care ratio | 62.25% | 62.25% | 76.91% |
| Fees & Charges to Service Expenditure Ratio | 6.46% | 8.34% | 14.65% |
| Council Tax Requirement / Net Revenue Expenditure | 64.22% | 77.76% | 82.21% |
| Growth Above Baseline | 1.00% | 1.00% | 6.00% |

Auditors VfM Assessment: Unqualified

Children's Social Care Judgement: Outstanding

Individual Analysis

Reserves Sustainability Measure

Trend Analysis not available for the selected indicator

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Item 6A
Appendix L

# Corporate Risk Register

Risk Register: **month 0 (November 2019) – summary**
Next Review due: **April 2020**
Report Date: **19th November 2019 (pw)**

| Identity | | | Person | | Classification | | | | | | | | | | | | | | Fallback Plan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Change** | **Risk Title** | **Risk Description** | **Risk Owner** | **Risk Manager** | **Pre** | | | | | | **RR** | | **Post** | | | | | | **FBPlan** | **Action Manager** |
| | | | | | **Prob** | **Obj** | **Fin** | **Serv** | **Rep** | **Cat** | **RRs** | **Next Action** | **Prob** | **Obj** | **Fin** | **Serv** | **Rep** | **Cat** | | |
| ◀▶ | **20/235 - Brexit Arrangements** | The UK leaves the European Union with sub-optimal arrangements resulting in difficulties in recruitment, data protection, price uncertainty and supply chain difficulties, price pressures from contractors, increased demands on services from customers and businesses; and adverse impacts upon the local economy and infrastructure and environmental standards. | Chief Exec | All Mgt Board | H | H | H | H | M | **1** | 24 | 31/01/2020 | H | H | H | H | M | **1** | Y | Chief Exec |
| ▲ | **20/187 - Information Governance** | Ineffective information governance arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc | Chief Exec | CD SR | H | M | M | M | H | **1** | 9 | 31/12/2019 | H | L | M | L | M | **2** | Y | CD SR |
| ◀▶ | **20/207 - Transformation Programme** | Failure to design and implement a coherent transformation and savings programme "Beyond 2020" which delivers the improvements and forecast funding shortfall resulting in short term and sub optimal savings decisions ie service cuts | Chief Exec | CD SR | H | H | H | H | H | **1** | 14 | 31/01/2020 | M | H | H | H | H | **2** | Y | All Mgt Board |
| ◀▶ | **20/1 - Funding Challenges** | Inadequate funding available to the County Council to discharge its statutory responsibilities and to meet public expectation for the remainder of the decade resulting in legal challenge, unbalanced budget and public dissatisfaction | Chief Exec | CD SR | H | H | H | H | H | **1** | 9 | 31/01/2020 | M | H | H | M | M | **2** | Y | All Mgt Board |
| ◀▶ | **20/194 - Major Failure due to Quality and/or Economic Issues in the Care Market** | Major failure of provider/key providers results in the Directorate being unable to meet service user needs. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety. | Chief Exec | CD HAS | H | M | H | M | H | **1** | 15 | 30/04/2020 | H | M | M | M | M | **2** | Y | CD HAS |

North Yorkshire County Council

# Corporate Risk Register

Risk Register: **month 0 (November 2019) – summary**
Next Review due: **April 2020**
Report Date: **19th November 2019 (pw)**

| Identity | | | Person | | Classification | | | | | | | | | | | | | | Fallback Plan | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Change | Risk Title | Risk Description | Risk Owner | Risk Manager | Pre | | | | | | RR | | Post | | | | | | FBPlan | Action Manager |
| | | | | | Prob | Obj | Fin | Serv | Rep | Cat | RRs | Next Action | Prob | Obj | Fin | Serv | Rep | Cat | | |
| ◀▶ | **20/236 - Opportunities for Devolution and Growth in North Yorkshire** | Failure to take advantage of Devolution opportunities and to deliver the ambition of Sustainable Economic Growth, through for example the delivery of the right housing and transport whilst protecting the outstanding environment and heritage, resulting in reduced investment and impact on the growth and jobs, inability to attract, retain and grow businesses and raise living standards across North Yorkshire | Chief Exec | CD BES | H | M | H | H | H | **1** | 13 | 31/03/2020 | M | M | M | M | M | **4** | Y | CD BES<br>Chief Exec |
| ▼ | **20/239 - Schools Funding Challenges** | Inadequate revenue and capital funding available for good quality schools, maintenance of school infrastructure and to ensure the sustainability of small rural schools; poor financial management or failure to act in a timely manner by governors/head teachers DfE impose further restrictions on LA financial freedoms, results in potential accumulated deficits. Lack of investment in special provision such as special schools results in potential increased costs. | Chief Exec | CD CYPS | H | M | M | H | H | **1** | 10 | 31/12/2019 | M | M | M | M | M | **4** | Y | CD CYPS |
| ◀▶ | **20/47 - Partnership and Integration with Health** | Failure to shape and drive the configuration of the NHS from both a Commissioner and Provider perspective resulting in suboptimal maximisation of integration across the NYCC footprint, a negative impact on the customer experience and the possibility of fragmented care and poor outcomes | Chief Exec | CD HAS | M | M | H | M | M | **2** | 17 | 31/01/2020 | M | M | H | M | M | **2** | Y | CD HAS |
| ◀▶ | **20/189 - Safeguarding Arrangements** | Failure to have a robust Safeguarding service in place results in risk to vulnerable children, adults and families and not protecting them from harm. | Chief Exec | CD HAS<br>CD CYPS | M | H | M | M | H | **2** | 16 | 31/03/2020 | L | H | M | M | H | **3** | Y | CD CYPS<br>CD HAS |

| Key | |
|---|---|
| ▲ | Risk Ranking has worsened since last review. |
| ▼ | Risk Ranking has improved since last review |
| ◀▶ | Risk Ranking is same as last review |
| **- new -** | New or significantly altered risk |

North Yorkshire County Council

NORTH YORKSHIRE COUNTY COUNCIL

Executive

5 February 2020

# Fees and Charges Strategy

Report of the Corporate Director – Strategic Resources

## 1.0 PURPOSE OF THE REPORT

1.1 To seek approval for the proposed Fees & Charges strategy that has been developed for North Yorkshire County Council.

## 2.0 BACKGROUND

2.1 Fees and Charges income for the County Council totalled £59.8m in 2018/19. Within the Council's Constitution, directors are responsible for establishing and reviewing Fees and Charges within their directorate. With the ever increasing budget pressures facing the public sector it is important for NYCC to increase resilience and independence wherever possible and one of main areas this can be explored is through Fees and Charges. To ensure a consistent approach to Fees and Charges across the Council's Directorates, and to ensure this area is regularly reviewed and updated, the proposed strategy has been developed.

2.2 Ensuring that a robust charging strategy is in place for the council will help to ensure that a more equitable approach to service provision is in place, thereby ensuring that the costs of provision for a service are increasingly charged to the users of said service. With the increasing budgetary pressures indicated above, adopting such an approach will help ensure that services the council provides on a discretionary basis have as minimal impact on the Council Tax requirement as is possible.

## 3.0 FEES AND CHARGES STRATEGY

3.1 A Strategy document to inform a Council-wide approach to Fees and Charges is something that is in place in a number of other Local Authorities. These existing strategies have been used to inform the development of North Yorkshire's Fees & Charges Strategy.

3.2 The main body of the Strategy (see Appendix A) contains the background to the document and why a guiding strategy is deemed relevant. A major benefit envisioned through the adoption of this strategy is to allow for a more uniform approach to this area across the Councils Directorates, as research into this area has identified certain inconsistencies.

3.3 In summary the strategy will provide a framework which will:

- Maximise consistency across Directorates;
- Ensure Fees and Charges are robust and up to date;
- Ensure that Fees and Charges are clearly understood;
- Maximise Council income.

3.4 Wherever possible and appropriate the default charging policy will be full cost recovery although the strategy recognises the will be instances where the Council wishes to adopt an alternative approach, for example potentially subsidising service delivery. Where this is the case it is intended that this be as a result of a clearly documented rationale.

3.5 If approved, responsibility for implementing this strategy will lie with the various Council Directorates. Complementary documentation to assist this process has been developed, including a list of all existing Fees and Charges in operation across the council, and an optional calculator for frontline staff to utilise when reviewing and setting charges. This supporting documentation will be provided to Council Directorates to help implement the strategy if approved.

3.6 The impact of the strategy will be reviewed annually to ensure the objectives are being met. Any amendments that may be identified as required will be passed to the Corporate Director – Strategic Resources for review.

## 4.0 RECOMMENDATION

4.1 Members are asked to comment on the Fees and Charges strategy for North Yorkshire County Council.

GARY FIELDING
Corporate Director – Strategic Resources
25 October 2019

**Appendix A – Fees and Charges Strategy 2019**

**North Yorkshire County Council**

**Fees & Charges Strategy - 2019**

## 1. Introduction and Context

The principle aims of a Fees and Charges Strategy are to support future Budget / Medium Term Financial Planning Processes and to provide a framework for the Council's approach to charging for services. The Strategy is to be reviewed annually and any required amendments will be passed to the Corporate Director – Strategic Resources for final review and the Strategic Resources Management Team for approval.

### 1.1. What is the Strategy about?

1.1.1 Within the Council's Constitution, Directors are responsible for establishing and reviewing fees and charges within their Directorate. Fees and charges should be reviewed annually unless one of the four conditions apply;

- they are regulated by an existing contract, or set by Government legislation or regulations; or
- there is a specific agreement between the Council and relevant third parties setting a different frequency; or
- a different frequency is agreed by the Corporate Director-Strategic Resources; or
- there is a particular need to review them in advance of the next annual review.

### 1.2. Why is a Fees and Charges strategy necessary?

1.2.1 An effective Fees and Charges strategy will help to raise income & lower the burden to Council Tax payers of providing various council services, instead ensuring that it is the users of these services who are making the appropriate contribution towards the costs of these services

1.2.2 It is also important to ensure that the fee charged for a council service are reflective of the council's costs of provision, to ensure that services are not being inadvertently subsidised without a positive decision to this effect.

1.2.3 From 2019/2020 service income budgets will rise in line with inflation. As budgeted income targets are set to increase it is important fees and charges are regularly reviewed and updated to help in meeting this increased level of budgeted income.

1.2.4 With this in mind, this strategy has been developed, to provide Service Managers with a centralised framework to consider when reviewing their fees and charges. A centralised framework will also help to ensure a consistent approach and policy across NYCC.

### 1.3. What is in and out of scope?

1.3.1 This Strategy applies to:

- Non-Discretionary (Statutory) Services that a Local Authority is mandated, or has a duty to provide, where the maximum permissible fee is prescribed in legislation.
- Discretionary Services: Services that an authority has the power, but is not obliged, to provide. These charges are limited to cost recovery which includes a fair share of overheads.

1.3.2 This Strategy does not apply to:

- NYCC Traded Services, traded through North Yorkshire Education Services (NYES)
- NYCC wholly controlled companies

1.3.3 The entities covered in paragraph 1.3.2. have separate charging strategies in line with their governance arrangements.

## 2 Objectives of the Strategy.

2.1 With the ever increasing budget pressures facing the public sector it is important for NYCC to increase resilience and independence wherever possible and one of the main areas this can be explored is through fees and charges.

2.2 Whilst it is acknowledged that a full review of each charge implemented by the Council will not be required each financial year, it is considered that as a minimum the Fees and Charges already charged by the Council are to be adjusted in line with inflation each year. This will ensure that any inflationary change to the costs of providing a service will be matched by a corresponding change to the charge made for said service.

2.3 In line with the Council’s savings requirements and commercial stance, it is vital to regularly review the continuing provision of those discretionary services where the council is unable, or unwilling, to recover the full costs of service. It is also important to ensure that where there is an opportunity to introduce new fees and charges, this opportunity is investigated fully to understand the implications of doing so.

2.4 The Fees and Charges strategy therefore has the following objectives:

2.4.1 Maximising consistency across Directorates:

- To move towards a more consistent "council wide" approach to fees and charges, the implementation strategy below has been developed. Furthermore, to this end a list of Fees and Charges currently in place for each directorate has been compiled, which requires standard information to be input for each fee or charge. This new approach is to be adopted from 25/10/2019.

2.4.2 Ensuring Fees and Charges are robust and up to date:

- All Fees and Charges to be reviewed on an annual basis, using the Implementation strategy below to inform this review. Any departure from the agreed strategy should be clearly documented and clearly explained, the standard list of Fees and Charges will allow Directors and Service Managers to record when a charge was last reviewed and what was considered. This new approach is to be adopted from 25/10/2019, whereupon each Directorate will establish a prudent time to review each Fee and Charge it has in operation. To assist with this process, an optional fees and charges calculation tool has been developed.

2.4.3 Ensuring that Fees and Charges are clearly understood:

- As part of the annual review of Fees and Charges, the cost of providing each service, & any legislation pertaining to this service is to be considered as part of this review. The optional Fees and Charges calculation tool will allow Directors and Service managers to calculate the cost of providing a service, and record any relevant legislation and store this information for future reference.

2.4.4 Maximising Council income:

- When reviewing existing fees and charges, or when considering the implementation of a new charge, the charge should be set at such a level as to maximise the income received by the Council. Please see section 3.1.2 for further guidance on the approach to use when determining a Fee and Charge.

## 3 Implementation – How do we plan to get there?

3.1 Unless an alternative approach is agreed by the Corporate Director - Strategic Resources, the following approach to Fees and Charges should be adopted:

3.1.1 Regularity of Review:

- All Fees and Charges are be reviewed annually unless a compelling reason not to do so exists, e.g. a decision has been made to subsidise a service for four years in support of another council priority. Should an annual review of a fee or charge not take place, then as a minimum any such charges should be reviewed every three years.
- Unless limited by Statute, as a minimum this review should consist of uplifting each fee and charge by inflation, to match the corresponding increase in providing each service.
- As part of the annual review, any opportunities to introduce new Fees and Charges should be investigated to ensure that the council is not failing to recover any costs.

- NYCC’s Commercial agenda requires all staff to become more “cost-savvy” to ensure we can save money which can be used to protect front-line services. Ensuring all fees & charges are reviewed regularly, & exploring any viable opportunities to trade commercially will ensure this agenda can be achieved

3.1.2 Costing approach:

- Fees and Charges should be aimed towards full-cost recovery, including an appropriate share of corporate & departmental overheads.
- If a Fee or Charge is determined by statute, then the statutory charge will apply.
- If the Council is unable, or unwilling, to recover the full costs of providing a discretionary service, then as part of the annual review the continued provision of this service should be considered along with the rationale of the charging policy adopted.
- When finalising the costs of each Fee and Charge, consideration should be given to any wider implications of setting the charge at the proposed rate, to avoid any unintended consequences.

3.1.3 Utilising benchmarking:

- Fees and Charges should be benchmarked against other local authorities to help identify potential best practice. When appropriate to the Fee and Charge in question, benchmarking against other relevant competitors should also be undertaken.

3.1.4 Understanding legislation.

- When setting/reviewing a charge, all relevant legislation should be identified and its impact on the charge documented for future reference.

3.2 An optional Fees and Charges calculation tool has been developed to help guide the implementation of the Fees and Charges strategy, as has a list of all current Fees and Charges in place across each Directorate. Each Directorate is responsible for ensuring that their Fees and Charges are appropriately monitored and up to date. Each Directorate’s list of Fees and Charges is to be overseen by the Directorate’s lead business partner.

3.3 Once the review of existing fees and charges has been completed, or any proposal for a new fee and charge has been developed, then these will still need to pass through each Directorate’s agreed approval process before implementation.

3.4 It is envisioned that there will be a regular review of each list of Fees and Charges being maintained by the Directorates, to ensure that the strategy is being followed, that the objectives of the Strategy are being met, and to allow feedback on the strategy and its implementation.

## 4 **Appendix**

4.1 Policy Documents:

4.1.1 NYCC MTFS: https://www.northyorks.gov.uk/our-key-strategies-plans-and-policies

4.1.2 NYCC Constitution: https://www.northyorks.gov.uk/council-constitution

4.1.3 NYCC Council Plan: https://www.northyorks.gov.uk/council-plan

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# NORTH YORKSHIRE COUNTY COUNCIL

## EXECUTIVE

## 4 February 2020

# CAPITAL FIVE YEAR SPENDING PLAN

## Report of the Corporate Director – Strategic Resources

## 1.0 PURPOSE OF REPORT

1.1 To approve an updated (Quarter 3 2019/20 to 31 December 2019) Capital Plan and recommend its adoption to County Council on 18 February 2020.

## 2.0 OVERVIEW

2.1 The Capital Plan sets out the County Council's longer term capital investment plans. These plans support the Council's strategic and service objectives by maximising the assets and infrastructure necessary to support service delivery whilst minimising the impact on the revenue budget. Sitting behind the Plan is the Council's Capital Strategy which provides a high level overview of how capital expenditure, capital financing and treasury management contribute to this end.

2.2 The County Council's Financial Procedure rules empower the Executive to modify the Capital Plan during the year by means of the Capital section of the quarterly monitoring reports or, if urgent changes are needed, ad hoc reports at other points in the reporting calendar. These powers, however, imply that a Capital Plan must be approved by County Council before the start of the financial year.

2.3 In order to obtain a County Council approved Capital Plan for 2020/21 before the start of the financial year, an updated Capital Plan is submitted to Executive alongside the other 2020/21 budget-related reports. This updated Capital Plan (Quarter 3 2019/20 to 31 December 2019) is recommended for approval by Executive at this meeting followed by adoption by the County Council on 18 February 2020 and will therefore form the base Capital Plan for subsequent modifications approved by Executive throughout 2020/21.

2.4 This latest Capital Plan impacts on the Revenue Budget 2020/21 and MTFS outcome as well as Treasury Management related activities in terms of the:

a) Financing costs (interest and principal) required to finance the Capital Plan being reflected in the 2020/21 Revenue Budget and MTFS within Corporate Miscellaneous;
b) Prudential Indicators; and
c) Treasury Management arrangements.

As a result of these close links, reports on the above are also included on this agenda and need to be reported to the County Council as part of the “Budget Set”.

## 3.0 REFRESHING THE CAPITAL PLAN

3.1 In November 2019, the Q2 2019/20 Capital Plan was approved by both Executive and County Council.

3.2 The schemes and programmes within the Capital Plan are regularly reviewed to track whether or not they are being delivered to both schedule and budget. Refreshed on a quarterly basis, this report details the Capital Plan for Q3 2019/20 and reflects the additions and adjustments, including the reprofiling of budgets, since the Q2 version was approved.

3.3 The Council is currently planning to invest £121.8m on capital schemes across the County in 2019/20 and £309.5m, in total, over the entire 5 year Plan.

3.4 The latest Capital Plan is set out, by directorate, at Appendices A-D with the gross expenditure, by directorate, summarised in the following table:

| | Quarter 3<br>1 October to 31 December 2019 | | | | | |
|---|---|---|---|---|---|---|
| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Later Years | Total |
| | £k | £k | £k | £k | £k | £k |
| **Business & Environmental Services** | 81,365.3 | 72,938.3 | 645.0 | 55.0 | 6,917.6 | **161,921.2** |
| **Children & Young People's Service** | 24,813.2 | 38,567.9 | 9,630.1 | 4,740.0 | 15,921.8 | **93,673.0** |
| **Central Services** | 12,870.7 | 20,387.0 | 1,785.0 | 600.0 | 3,963.4 | **39,606.1** |
| **Health & Social Care** | 2,657.7 | 1,660.1 | 7,241.8 | 253.5 | 3,199.4 | **15,012.5** |
| | **121,706.9** | **133,553.3** | **19,301.9** | **5,648.5** | **30,002.2** | **310,212.7** |

### Additions to the Capital Plan this Quarter

3.5 Only individual additions to the Capital Plan that are of a value in excess of £250k are included in this report and are shown in the table below along with schemes requiring funding approvals:

| Directorate | Scheme Heading | Scheme Detail | Budget £k |
|---|---|---|---|
| Central | Loans to Limited Companies (Brierley Homes) | A further draw down against the approved loan facility of up to £25m to support the purchase of land and subsequent construction phase in 2020/21. This brings the total draw down amount to £22.9m. | 14,900.0 |
| BES | NY Highways Ltd (HighwaysTeckal) | As reported at Q2, a budget, funded from Capital Receipts, has been added to the 2020/21 budget to support the procurement of capital vehicles in advance of the Highways company go-live date of April 2021. | 2,000.0 |
| Central | Property Rationalisation | A programme of refurbishment works at Council-owned property across the county with a view to ending lease arrangements and realising subsequent revenue savings. The first tranche of three properties is estimated to cost c £350k and generate savings of £208k per annum.<br>Funding source: capital receipts. | 1,500.0 |
| Central | Traveller Sites | A programme of essential drainage work to resolve issues at four sites across the county that remain in the ownership of the County Council so that they remain operational.<br>Funding source: capital receipts. | 250.0 |

3.6 As outlined in paragraph 3.2, this does not preclude further subsequent refinements.

## Reprofiling of Approved Schemes within the Capital Plan

3.7 The following table sets out the reprofiling and accelerated spend since the last Plan was presented to Executive (reduction (-) or increase in the annual profiled spend) with details of those of a value in excess of £250k:

| | REPROFILED EXPENDITURE AS AT Q3 2019/20 | | | | | |
|---|---|---|---|---|---|---|
| | Quarter 3<br>1 October to 31 December 2019 | | | | | |
| | 2019/20<br>£k | 2020/21<br>£k | 2021/22<br>£k | 2022/23<br>£k | Later Years<br>£k | Total<br>£k |
| **Business & Environmental Services** | | | | | | |
| Structural Maintenance of Roads & Bridges | -5,464.5 | 5,464.5 | 0.0 | 0.0 | 0.0 | **0.0** |
| Major Highways Schemes | -81.5 | -142.6 | 27.4 | 40.0 | 156.7 | **0.0** |
| Waste Services | -761.1 | 761.1 | 0.0 | 0.0 | 0.0 | **0.0** |
| Local Enterprise Partnership | 2,000.0 | -2,000.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| | **-4,307.1** | **4,083.0** | **27.4** | **40.0** | **156.7** | **0.0** |
| **Children & Young People's Service** | | | | | | |
| **Schools** | | | | | | |
| Basic Need programme | -1,013.6 | 697.6 | -2,900.0 | 0.0 | 3,216.0 | **0.0** |
| School Condition Programme | -943.2 | 943.2 | 0.0 | 0.0 | 0.0 | **0.0** |
| Capital Maintenance Programme | -500.0 | 500.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| General Compliance and Healthy & Safety | -114.0 | 114.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Self Help Schemes in Schools | -573.7 | 573.7 | 0.0 | 0.0 | 0.0 | **0.0** |
| | **-3,144.5** | **2,828.5** | **-2,900.0** | **0.0** | **3,216.0** | **0.0** |
| **Central Services** | | | | | | |
| Property | -726.8 | 726.8 | 0.0 | 0.0 | 0.0 | **0.0** |
| Loans to Limited Companies | -1,592.7 | 1,592.7 | 0.0 | 0.0 | 0.0 | **0.0** |
| | **-2,319.5** | **2,319.5** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Health & Social Care** | | | | | | |
| | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total Capital Expenditure** | **-9,771.1** | **9,231.0** | **-2,872.6** | **40.0** | **3,372.7** | **0.0** |

3.8 Structural Maintenance of Roads and Bridges: Work is progressing to repair the bridges damaged as a result of the July 2019 flooding with the majority of the work now expected to be completed in 2020/21. As a result, £2,370.0k has been reprofiled from 2019/20. The balance of £3,094.5k relates to grant-funded schemes in relation to Safer Roads and NPIF. These are large and complex packages which are now expected to run into 2020/21.

3.9 Replacement Household Waste Recycling Centre (HWRC): Following the completion of feasibility work to identify a suitable site to replace the Catterick Bridge HWRC, work is progressing to develop a site at Gatherley Road, Brompton-on-Swale in 2020/21. Funding has been reprofiled from 2019/20 to reflect this.

3.10 Local Growth Fund: In response to a request from the Department for Transport, the County Council is drawing down the 2020/21 Maintenance of Rural Connectivity grant in lieu of this year’s local contribution. This results in a reprofiling of expenditure and grant this quarter of £2,000.0k.

Basic Need Schemes:

3.11 The proposed new build primary school at Manse Farm, Knaresborough, is due to commence on site in May 2020 whilst funding which had been allocated for the provision of a new school or major expansion in the North of Scarborough is now envisaged to be required at later date than originally projected. Following discussions with the affected schools, and with the risks to school budgets of over provision of school places in mind, it was decided that the most appropriate course of action was to utilise existing capacity across Scarborough Town before constructing additional places. As such, £443.4k has been reprofiled from 2019/20 to 2020/21 and £4,000.0k from 2020-2022 to Later Years.

3.12 Tender evaluation is now underway in relation to the proposed 4 class expansion of the PFI primary school at Barlby. Prior to the awarding of the contract, the PFI contractor requires the Council to certify the contract. The proposed expansion is subject to a Deed of Variation to the PFI contract, approved by Corporate Director CYPS and signed by both parties. This is required by the PFI provider to be certified pursuant to the Local Government (Contracts) Act 1997. Whilst this certification may be given by the Assistant Chief Executive Legal and Democratic, it is a requirement of the Council's Constitution that the certification is approved by Executive. The provision of a certificate is a personal undertaking by the Officer involved and, accordingly, the Authority indemnifies that officer in respect of any potential liability on giving the certificate. Once a contractor is chosen, the legal paperwork will be completed and a schedule of works produced. Analysis of anticipated costs in 2019/20 has required the reprofiling of a further £250.0k into next year.

3.13 Further to a successful tender exercise by Harrogate Grammar School to undertake an expansion of teaching space, S106 developer contributions earmarked for the school are to be transferred to the Academy Trust. This has resulted in the reprofiling of S106 budget (£310.5k) from Later Years to 2019/20.

3.14 Unallocated Basic Need Contingency of £663.7k has been reprofiled from 2019/20 to 2020/21 and will form the basis of the contingency in the new year.

3.15 School Condition Schemes: Unallocated funding relating to the PCU replacement programme has been reprofiled to 2020/21 and will form the basis of the next programme. The value of this funding (£646.5k) is higher than had originally been expected due to a combination of underspends, a change in funding source (S106 developer contribution in lieu of grant) and a review of current programme priorities. The balance is made up of unallocated Special Capital Grant funding (£91.5k) and Schools Access Initiative funding (£120.0k) which will form the basis of the 2020/21 School

Condition Programme and a small number of reprofiled works (£85.2k) which are due to be completed early in the new year.

3.16 Capital Planned Maintenance Programme: A prudent view has been taken with regard to the reprofiling of funds held for contingency purposes (winter maintenance) and works that have been reprogrammed from 2019/20 to 2020/21.

3.17 Self Help Schemes in Schools: Eskdale School has been awarded funding by the Football Foundation to construct a 3G pitch. The school is working with Scarborough Borough Council to resolve “significant planning issues” with the County Council which have delayed progress. It is unlikely that the scheme will commence on site before Summer 2020, resulting in budget of £573.7k being reprofiled to 2020/21.

3.18 Property: Following the awarding of the contract and commencement of the redevelopment work at County Hall, the budget has been reprofiled to reflect the revised spend profile. Whilst the tenders were significantly lower than had been originally estimated, the final costs for work on the Data Centre are yet to be finalised but are expected to be much higher than originally anticipated.

3.19 Loans to Limited Companies (Brierley Homes): As a result of timing issues, there are likely to be further land acquisitions before the end of this financial year. Surplus budget has been reprofiled from 2019/20 to support the anticipated development expenditure in the new financial year.

3.20 The changes to the Capital Plan outlined above are summarised in the table below:

| SUMMARY OF CHANGES SINCE THE LAST CAPITAL PLAN UPDATE | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Later Years | Total |
|---|---|---|---|---|---|---|
| | **£k** | **£k** | **£k** | **£k** | **£k** | **£k** |
| **Capital Plan as at Q3 2019/20** | 133,674.9 | 105,535.9 | 21,424.5 | 5,608.5 | 26,629.5 | 292,873.3 |
| **Changes this Quarter:** | | | | | | |
| Total reprofiling between years | -9,771.1 | 9,231.0 | -2,872.6 | 40.0 | 3,372.7 | 0.0 |
| Total variations in the funding of schemes | -2,196.9 | 18,786.4 | 750.0 | 0.0 | 0.0 | 17,339.5 |
| **Updated Gross Capital Spend** | 121,706.9 | 133,553.3 | 19,301.9 | 5,648.5 | 30,000.0 | 310,212.8 |

## Other Updates Since the Last Quarter

3.21 Street Lighting LED Project: Due to complete this financial year, this Reserves funded scheme is expected to come in under budget by £3.0m as a result of the procurement element coming in lower than originally anticipated. This has been removed this quarter.

3.22 Mobile Infrastructure Programme: Funded from £1.0m Local Growth Fund, the decision has recently been taken to stop this scheme due to lack of take-up by the mobile companies. Grant of £871.2k is to be returned to the Local Enterprise Partnership for reallocation.

## 4.0 RISKS

4.1 Every effort is made to identify, assess and minimise the level of risk associated with a scheme or programme within the Capital Plan. Larger schemes and programmes are subject to assessment and monitoring under the Council's Risk Management Strategy.

### Current Identified Risks

4.2 The table below sets out the types of risk that have been identified against current schemes and programmes within the Capital Plan, all but one of which were addressed in the Q1 report to Executive.

| | Over-Programming | Costs | Funding | Time | Receipts | Delivery |
|---|---|---|---|---|---|---|
| Business & Environmental Services | | | | | | |
| Structural Maintenance of Roads | x | x | | | | |
| Kex Gill Realignment | | x | x | | | |
| Junction 47 Improvements | | | x | | | |
| Children & Young People's Service | | | | | | |
| Basic Need Programme | | x | x | x | | |
| School Condition Programme | | x | x | x | | |
| Capital Planned Maintenance Programme | | x | x | x | | |
| Central Services | | | | | | |
| Property – Data Centre | | x | x | | | |

Updates on existing risks are provided below.

4.3 Structural Maintenance of Roads Update: As advised at Q1, Business and Environmental Services set a rolling two-year capital works programme for Highways which includes additional schemes that, on paper, would result in an over-programming of works against available funding. In reality, this is unlikely to result in a budget overspend as approved schemes will either be (i) programmed together as a single scheme thereby reducing costs, (ii) reprofiled into the following year or (iii) dropped from the programme altogether.

4.4 The upper limit for over-programmed amounts at any point in the financial year is set at 10% of the total value of the annual Local Transport Capital

Block and Pothole Action grant funding. The programme is continuously under review to maintain this level. The current level stands at 8.0%, a slight increase from 7.3% last quarter. By Q4, the programme is expected to breakeven.

4.5 Kex Gill Realignment Update: The Full Business Case was submitted to DfT on 4 November 2019 but a decision, expected on 9 December, was delayed due to the General Election. The decision is now unlikely before mid-January 2020. In the meantime, tender documents are being finalised with a view to issuing at the end of January. Subject to there being no Public Inquiry, the scheme will be due to start on site in summer 2020. The current overall scheme estimate is now £49.6m, £4.95m of which is being funded from the Council's Strategic Capacity Reserve. The increase in estimate is due, in the main, to additional structural work and the need to undertake piling. There remains a risk that the successful tender will be higher than available funding. An additional risk is that the DfT will not agree to fund the additional costs and that this will fall to the County Council.

## 5.0 CAPITAL FORWARD PLAN

5.1 A summary of the Capital Forward Plan is shown below:

| Directorate | Scheme | Detail |
|---|---|---|
| BES | Car Park at Cayton Low Road | Proposed commercial development near Seamer Railway Station and Business Park to create additional off-road parking. |
| BES | Rural Connected Communities | Bid to DCMS for funding for 5G testbeds and trials (£1.0m) awaiting announcement. |
| Central | ICT Infrastructure & New Ways of Working | Current funding approvals for both budgets are due to expire at the end of this financial year. Officers are preparing proposals to extend these programmes of work which will be brought to Executive later this financial year. |

## 6.0 Capital Financing

6.1 The financing of the Capital Plan is realised, primarily, through the receipt of Government grants. In addition, the Council can utilise revenue contributions, reserves, capital receipts from the sale of assets such as surplus land and buildings, and, as a last resort, it can borrow from either the Public Works Loan Board or money markets.

6.2 The main grants received and included in the Capital Plan relate to Highways and Schools and, as such, the Council's Capital Plan can be heavily influenced by Government department priorities. Grants, in total, fund 65% of the total 2019/20 Capital programme. Where confirmed, grants have been added to the Capital Plan in the years to which they are due to be received.

6.3 Revenue contributions, whilst reflected in capital budgets, are also addressed in the associated revenue budgets.

### Financing the Refreshed Capital Plan

6.4 The table below indicates that there is potentially £14.3m of unallocated capital funding that might become available over the Capital Plan period (depending upon the realisation of forecast capital receipts).

| Source | 2019/20 £k | 2020/21 £k | 2021/22 £k | 2022/23 £k | Later Yrs £k |
|---|---|---|---|---|---|
| **Forecast Sources of Finance** | | | | | |
| Borrowing | 6,052 | 23,994 | -3,082 | 464 | -8,473 |
| Grants and Contributions | 85,177 | 100,113 | 7,146 | 2,000 | 17,016 |
| Schemes financed from Revenue | 27,370 | 11,261 | 4,309 | 2,795 | 3,777 |
| Capital Receipts | 2,762 | 3,572 | 10,849 | 389 | 26,994 |
| **= Total Forecast Capital Funding** | **121,361** | **138,940** | **19,222** | **5,648** | **39,314** |
| - Updated Capital Plan | -121,707 | -133,553 | -19,302 | -5,649 | -30,002 |
| **= Potential Unallocated Capital Resources** | -346 | 5,387 | -80 | -1 | 9,312 |
| Total potentially unallocated available over full capital reserves resources Capital Plan period | 14,272 | | | | |

6.5 Some of the forecast receipts making up this 'Corporate Capital pot' are not expected to be realised for some time yet. As a result, the availability of this unallocated funding is speculative in terms of both timing and amount. 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 its being 'overdrawn'. Such a scenario would result in the requirement for additional Prudential Borrowing to finance the existing Capital plan.

6.6 Assuming that the forecasts remain accurate, the options for this unallocated resource are:

a) To retain, resulting in the earning of short term interest within Corporate Miscellaneous; or

b) To make available for either new capital investment or for reducing Prudential Borrowing which would, in turn, result in financing cost savings in the Revenue Budget.

6.7 The current position, as previously agreed by Members, remains to retain any surplus capital funding for the time being.

## 6.8 RECOMMENDATIONS

6.8.1 The Executive is recommended to:

a) Approve the refreshed Capital Plan summarised at **paragraph 3.4**;

b) Agree that no action be taken at this stage to allocate any additional capital resources (**paragraph 6.7**); and

c) Authorise the Assistant Chief Executive Legal and Democratic Services to issue the certificate under the Local Government (Contracts) Act 1997 to confirm the County Council's powers to enter into the Deed of Variation in respect of the proposed expansion of Barlby Community Primary School and that an indemnity be given by the County Council to the Assistant Chief Executive Legal and Democratic Services, against any claim that may arise out of or in connection with the issue of the certificate under the Local Government (Contracts) Act 1997 as outlined at **paragraph 3.12**.

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# APPENDICES TO THE CAPITAL PLAN

A BUSINESS & ENVIRONMENTAL SERVICES

B CHILDREN & YOUNG PEOPLE’S SERVICE

C CENTRAL SERVICES

D HEALTH & ADULT SERVICES

E FINANCING OF THE CAPITAL PLAN

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**APPENDIX A**

## 2019/20 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2019

## BUSINESS AND ENVIRONMENTAL SERVICES

| ITEM | Total £000 | Expenditure to 31.3.19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|
| **GROSS EXPENDITURE** | | | | | | | |
| **HIGHWAYS & TRANSPORTATION ANNUAL PROGRAMME** | | | | | | | |
| Structural Maintenance | 98,672 | - | 52,683 | 45,989 | - | - | - |
| Integrated Transport | 8,815 | - | 4,991 | 3,824 | - | - | - |
| New and Replacement Road Lighting Columns | 4,658 | - | 4,658 | - | - | - | - |
| Regional Funding Allocation | 633 | - | 69 | - | - | - | 564 |
| Overprogrammed Works | 3,651 CR | - | 3,651 CR | - | - | - | - |
| Flood Risk Management | 2,113 | - | 350 | 1,193 | 570 | - | - |
| **HIGHWAYS & TRANSPORTATION MAJOR PROJECTS** | | | | | | | |
| Kex Gill Realignment | 4,950 | 1,064 | 2,137 | 1,750 | - | - | - |
| A1 Dishforth to Leeming | 18 | 18 | - | - | - | - | - |
| Junction 47 Improvements | 5,233 | - | 650 | 4,583 | - | - | - |
| Bedale-Aiskew-Leeming Bar Major Scheme | 25,513 | 24,662 | 112 | 80 | 60 | 40 | 558 |
| A174 Sandsend Slope Stabilisation | 7,005 | 7,005 | - | - | - | - | - |
| **WASTE & COUNTRYSIDE SERVICES** | | | | | | | |
| Waste Management Service | 1,351 | 245 | 40 | 776 | 15 | 15 | 260 |
| Waste Procurement Project | 5,632 | 4,094 | 1,429 | 110 | - | - | - |
| **ECONOMIC PARTNERSHIP UNIT** | | | | | | | |
| Mobile Infrastructure Programme | 129 | 79 | 50 | - | - | - | - |
| **GROWTH, PLANNING & TRADED SERVICES** | | | | | | | |
| Local Growth Deal | 83,987 | 52,540 | 16,815 | 14,633 | - | - | - |
| LEP Growing Places Fund (Grant) | 8,938 | 8,793 | 145 | - | - | - | - |
| LEP Growing Places Fund (Grant Reinvested) | 6,424 | - | 889 | - | - | - | 5,535 |
| **TOTAL GROSS SPEND** | **260,420** | **98,499** | **81,365** | **72,938** | **645** | **55** | **6,918** |
| Last Update | 261,018 | 98,596 | 88,672 | 66,355 | 618 | 15 | 6,761 |
| **CAPITAL GRANTS & CONTRIBUTIONS** | | | | | | | |
| Capital Grants | | | | | | | |
| - Local Transport Plan Grant | 71,577 CR | 2,242 CR | 35,115 CR | 34,220 CR | - | - | - |
| - National Productivity Investment Fund | 4,203 CR | - | 3,509 CR | 694 CR | - | - | - |
| - Safer Roads Fund | 11,552 CR | 494 CR | 457 CR | 10,601 CR | - | - | - |
| - Highways England Grant | 563 CR | - | - | 563 CR | - | - | - |
| - RFA Grant | 12,515 CR | 12,376 CR | 69 CR | - | - | - | 71 CR |
| - BALB | 23,140 CR | 23,140 CR | - | - | - | - | - |
| - EA Grant | 5,143 CR | 4,763 CR | 200 CR | 150 CR | 30 CR | - | - |
| - Waste Capital Grants | 446 CR | - | 25 CR | 421 CR | - | - | - |
| - LEP Growing Places Fund | 8,790 CR | 8,645 CR | 145 CR | - | - | - | - |
| - DfT Grant | 1,991 CR | - | 1,991 CR | - | - | - | - |
| - Local Growth Deal | 109,635 CR | 70,377 CR | 20,854 CR | 18,404 CR | - | - | - |
| Capital Contributions | 1,893 CR | 51 CR | 502 CR | 1,340 CR | - | - | - |
| S106 Contributions | 494 CR | - | - | - | - | - | 494 CR |
| LEP Growing Places Fund Loan Repayments | 11,700 CR | 3,276 CR | 753 CR | - | 2,000 CR | - | 5,671 CR |
| Revenue Contributions | | | | | | | |
| - Road Lighting Columns | 7,696 CR | - | 7,696 CR | - | - | - | - |
| - Structural Maintenance of Roads | 17,247 CR | 9,185 CR | 6,015 CR | 2,048 CR | - | - | - |
| - Kex Gill | 4,950 CR | 1,064 CR | 2,137 CR | 1,750 CR | - | - | - |
| - Flood Risk Management | 893 CR | - | 150 CR | 203 CR | 540 CR | - | - |
| - BALB (PIP) | 2,263 CR | 1,413 CR | 112 CR | 80 CR | 60 CR | 40 CR | 558 CR |
| - Other Revenue Contributions | 1,227 CR | 673 CR | 74 CR | 355 CR | 15 CR | 15 CR | 95 CR |
| **TOTAL GRANTS AND CONTRIBUTIONS** | **297,916 CR** | **137,698 CR** | **79,801 CR** | **70,828 CR** | **2,645 CR** | **55 CR** | **6,889 CR** |
| Last Update | 298,465 CR | 137,747 CR | 87,108 CR | 66,245 CR | 618 CR | 15 CR | 6,732 CR |
| | | | | | | | |
| **TOTAL NET EXPENDITURE** | **37,496 CR** | **39,199 CR** | **1,564** | **2,110** | **2,000 CR** | **-** | **29** |
| Last Update | 37,447 CR | 39,150 CR | 1,564 | 110 | - | - | 29 |

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APPENDIX B

## 2019/20 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2019

### CHILDREN AND YOUNG PEOPLE'S SERVICE

| ITEM | Total £000 | Expenditure to 31.3.19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|
| **GROSS EXPENDITURE** | | | | | | | |
| **NYCC MANAGED SCHOOL SCHEMES** | | | | | | | |
| Basic Need Schemes | 54,878 | - | 6,193 | 28,801 | 4,581 | - | 15,303 |
| School Condition Schemes | 13,738 | - | 9,107 | 3,826 | 296 | - | 510 |
| Capital Maintenance Programme | 3,433 | - | 2,933 | 500 | - | - | - |
| General Compliance & Health and Safety | 314 | - | 200 | 114 | - | - | - |
| School Reorganisation | 199 | - | 199 | - | - | - | - |
| Strategic Management of Capital | 600 | - | 600 | - | - | - | - |
| **SCHOOL MANAGED SCHEMES** | | | | | | | |
| Self Help Schemes | 12,574 | - | 3,000 | 3,574 | 3,000 | 3,000 | - |
| Devolved Formula Capital Grant Funding | 5,748 | - | 1,221 | 1,513 | 1,513 | 1,500 | - |
| **NYCC NON-SCHOOL MANAGED SCHEMES** | | | | | | | |
| Catering Equipment | 960 | - | 240 | 240 | 240 | 240 | - |
| Prevention & Commissioning | 569 | - | 460 | - | - | - | 109 |
| Children & Families | 210 | - | 210 | - | - | - | - |
| Aiming High for Disabled Children - Short Breaks | 450 | - | 450 | - | - | - | - |
| **TOTAL GROSS SPEND** | **93,673** | **-** | **24,813** | **38,568** | **9,630** | **4,740** | **15,922** |
| Last Update | 92,483 | - | 27,676 | 34,832 | 12,530 | 4,740 | 12,706 |
| **CAPITAL GRANTS & CONTRIBUTIONS** | | | | | | | |
| **NYCC MANAGED SCHOOL SCHEMES** | | | | | | | |
| Capital Grants | | | | | | | |
| - Basic Need Grant | 20,441 CR | - | 2,057 CR | 13,369 CR | 2,188 CR | - | 2,827 CR |
| - Devolved Capital Grant | 292 CR | - | 292 CR | - | - | - | - |
| - School Condition Grant | 15,810 CR | - | 11,008 CR | 4,506 CR | 296 CR | - | - |
| - Special Provision Capital Fund Grant | 754 CR | - | 502 CR | 253 CR | - | - | - |
| - Healthy Pupils Capital Fund Grant | 603 CR | - | 597 CR | 6 CR | - | - | - |
| - Other Capital Grants | 253 CR | - | 253 CR | - | - | - | - |
| Capital Contributions | | | | | | | |
| - Section 106 Income | 32,328 CR | - | 4,485 CR | 12,610 CR | 2,393 CR | - | 12,840 CR |
| - Other Capital Contributions | - | - | - | - | - | - | - |
| **SCHOOL MANAGED SCHEMES** | | | | | | | |
| Capital Grants | | | | | | | |
| - Devolved Capital Grant | 5,748 CR | - | 1,221 CR | 1,513 CR | 1,513 CR | 1,500 CR | - |
| - Sport Organisation Grants | 574 CR | - | - | 574 CR | - | - | - |
| Capital Contributions | | | | | | | |
| - Self Help Capital Contributions | 2,000 CR | - | 500 CR | 500 CR | 500 CR | 500 CR | - |
| - School Budgets Revenue Contributions | 10,000 CR | - | 2,500 CR | 2,500 CR | 2,500 CR | 2,500 CR | - |
| **NYCC NON-SCHOOL MANAGED SCHEMES** | | | | | | | |
| Capital Grants | | | | | | | |
| - Other Capital Grants | 808 CR | - | 698 CR | - | - | - | 109 CR |
| Revenue Contributions | | | | | | | |
| - Catering Equipment | 960 CR | - | 240 CR | 240 CR | 240 CR | 240 CR | - |
| - Other Revenue Contributions | 422 CR | - | 422 CR | - | - | - | - |
| **TOTAL GRANTS AND CONTRIBUTIONS** | **91,030 CR** | **-** | **24,813 CR** | **36,070 CR** | **9,630 CR** | **4,740 CR** | **15,776 CR** |
| Last Update | 89,840 CR | - | 27,676 CR | 32,334 CR | 12,530 CR | 4,740 CR | 12,560 CR |
| | | | | | | | |
| **TOTAL NET EXPENDITURE** | **2,643** | **-** | **-** | **2,498** | **-** | **-** | **146** |
| Last Update | 2,643 | - | - | 2,498 | - | - | 146 |

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**APPENDIX C**

## 2019/20 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2019

### CENTRAL SERVICES

| ITEM | Total £000 | Expenditure to 31.3.19 £000 | 2019/20 £000 | 2020/21 £000 | 2021/22 £000 | 2022/23 £000 | Later Years £000 |
|---|---|---|---|---|---|---|---|
| **GROSS EXPENDITURE** | | | | | | | |
| County Hall Redevelopment | 6,444 | 386 | 2,807 | 2,815 | 435 | - | - |
| Property Rationalisation | 1,500 | - | 271 | 479 | 750 | - | - |
| Corporate Accommodation | 450 | - | 450 | - | - | - | - |
| Travellers Sites | 250 | - | 250 | - | - | - | - |
| ICT Infrastructure (FCS) | 1,055 | - | 1,055 | - | - | - | - |
| New Ways of Working | 2,480 | - | 2,480 | - | - | - | - |
| NY Data Observatory | 132 | 132 | - | - | - | - | - |
| Super Fast Broadband Scheme | 840 | 154 | - | - | - | - | 686 |
| Oracle Upgrade | 2,416 | 2,416 | - | - | - | - | - |
| Library Schemes | 769 | - | 769 | - | - | - | - |
| Purchase of Vehicles, Plant & Equipment | 400 | - | 100 | 100 | 100 | 100 | - |
| Material Damage Provision | 2,000 | - | 500 | 500 | 500 | 500 | - |
| South Cliff, Scarborough | 3,112 | - | - | - | - | - | 3,112 |
| Capital Investments | - | - | - | - | - | - | - |
| Capital Loan Provisions | 500 | - | 500 | - | - | - | - |
| Loans to Limited Companies | 30,737 | 10,390 | 3,689 | 16,493 | - | - | 165 |
| Investments in Limited Companies | 500 | 500 | - | - | - | - | - |
| **TOTAL GROSS SPEND** | **53,584** | **13,978** | **12,871** | **20,387** | **1,785** | **600** | **3,963** |
| Last Update | 47,583 | 24,627 | 14,669 | 2,689 | 1,035 | 600 | 3,963 |
| **CAPITAL GRANTS & CONTRIBUTIONS** | | | | | | | |
| Capital Grants | | | | | | | |
| - Regional Improvement Grant | 132 CR | 132 CR | - | - | - | - | - |
| - Performance Reward Grant | 800 CR | 124 CR | - | - | - | - | 676 CR |
| Capital Contributions | | | | | | | |
| Loan Repayments | 31,236 CR | 389 CR | 389 CR | 889 CR | 8,389 CR | 389 CR | 20,793 CR |
| Revenue Contributions | | | | | | | |
| - Revenue Contributions - Property | 6,194 CR | 386 CR | 2,807 CR | 2,815 CR | 185 CR | - | - |
| - Revenue Contribution - Technology & Change | 4,936 CR | 2,446 CR | 2,480 CR | - | - | - | 11 CR |
| - Revenue Contribution - Other | 3,112 CR | - | - | - | - | - | 3,112 CR |
| - Revenue Contribution - Library Kiosks | 741 CR | - | 741 CR | - | - | - | - |
| - Revenue Contributions - Limited Companies | 500 CR | 500 CR | - | - | - | - | - |
| **TOTAL GRANTS AND CONTRIBUTIONS** | **47,651 CR** | **3,977 CR** | **6,417 CR** | **3,704 CR** | **8,574 CR** | **389 CR** | **24,592 CR** |
| Last Update | 34,071 CR | 4,349 CR | 7,144 CR | 10,977 CR | 574 CR | 389 CR | 10,639 CR |
| | | | | | | | |
| **TOTAL NET EXPENDITURE** | **5,933** | **10,002** | **6,454** | **16,683** | **7,539 CR** | **211** | **20,628 CR** |
| Last Update | 13,512 | 20,277 | 7,526 | 8,289 CR | 461 CR | 211 | 6,676 CR |

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**APPENDIX D**

## 2019/20 CAPITAL BUDGET MONITORING - POSITION TO 31 DECEMBER 2019

## HEALTH AND ADULT SERVICES

| ITEM | Total<br>£000 | Expenditure to 31.3.19<br>£000 | 2019/20<br>£000 | 2020/21<br>£000 | 2021/22<br>£000 | 2022/23<br>£000 | Later Years<br>£000 |
|---|---|---|---|---|---|---|---|
| **GROSS EXPENDITURE** | | | | | | | |
| Maintaining Fabric / Facilities of Properties | 1,731 | - | 698 | 390 | 390 | 254 | - |
| "Draft Care and Support Where I Live Strategy" Extra Care Scheme (Invest to Save) | 13,281 | - | 1,960 | 1,270 | 6,852 | - | 3,199 |
| **TOTAL GROSS SPEND** | **15,013** | **-** | **2,658** | **1,660** | **7,242** | **254** | **3,199** |
| Last Update | 15,013 | - | 2,658 | 1,660 | 7,242 | 254 | 3,199 |
| **CAPITAL GRANTS & CONTRIBUTIONS** | | | | | | | |
| Capital Grants | | | | | | | |
| - PSS Capital Grant | 1,314 CR | - | 698 CR | 390 CR | 226 CR | - | - |
| Revenue Contributions | | | | | | | |
| - Revenue Contributions - PIP Funding | 3,999 CR | - | 1,960 CR | 1,270 CR | 769 CR | - | - |
| **TOTAL GRANTS AND CONTRIBUTIONS** | **5,313 CR** | **-** | **2,658 CR** | **1,660 CR** | **995 CR** | **-** | **-** |
| Last Update | 5,313 CR | - | 2,658 CR | 1,660 CR | 995 CR | - | - |
| | | | | | | | |
| **TOTAL NET EXPENDITURE** | **9,700** | **-** | **-** | **-** | **6,247** | **254** | **3,199** |
| Last Update | 9,700 | - | - | - | 6,247 | 254 | 3,199 |

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**APPENDIX E**

## FINANCING OF CAPITAL PLAN

### Q3 2019/20

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Later Yrs |
|---|---|---|---|---|---|
| **A FORECAST FUNDING AVAILABLE** | £000s | £000s | £000s | £000s | £000s |
| **1 Borrowing** | | | | | |
| Prudential (Unsupported) Borrowing | 6,215 | 12,250 | -1,400 | 600 | -34,885 |
| Rephased borrowing (capital expenditure & receipts slippage) | -163 | 11,744 | -1,682 | -136 | 26,412 |
| | 6,052 | 23,994 | -3,082 | 464 | -8,473 |
| **2 Capital Grants and Contributions** | | | | | |
| Health & Adult Services | 698 | 390 | 226 | 0 | 0 |
| Business & Environmental Services | 62,865 | 66,393 | 30 | 0 | 564 |
| Children & Young People's Service | 21,614 | 33,330 | 6,890 | 2,000 | 15,776 |
| Central Services | 0 | 0 | 0 | 0 | 676 |
| | 85,177 | 100,113 | 7,146 | 2,000 | 17,016 |
| **3 Schemes financed from Revenue** | | | | | |
| Health & Adult Services | 1,960 | 1,270 | 769 | 0 | 0 |
| Business & Environmental Services | 16,183 | 4,436 | 615 | 55 | 654 |
| Children & Young People's Service | 3,199 | 2,740 | 2,740 | 2,740 | 0 |
| Central Services | 6,028 | 2,815 | 185 | 0 | 3,123 |
| | 27,370 | 11,261 | 4,309 | 2,795 | 3,777 |
| **4 Capital Receipts available to finance Capital Spending** | | | | | |
| Other capital receipts from sale of properties | 1,620 | 2,683 | 460 | 0 | 530 |
| LEP Growing Places Loan Repayment (classed as capital receipts) | 753 | 0 | 0 | 0 | 5,671 |
| Company & Other Loan Repayments (treated as capital receipts) | 389 | 889 | 10,389 | 389 | 20,793 |
| | 2,762 | 3,572 | 10,849 | 389 | 26,994 |
| **= Total Forecast Funding Available** | **121,361** | **138,940** | **19,222** | **5,648** | **39,314** |
| **B CAPITAL PLAN** Updated gross spend | **-121,707** | **-133,553** | **-19,302** | **-5,649** | **-30,002** |
| **C FUNDING REMAINING** | **-346** | **5,386** | **-80** | **-1** | **9,312** |
| **D TOTAL FUNDING REMAINING** | | | | | **14,271** |

# NORTH YORKSHIRE COUNTY COUNCIL

## EXECUTIVE

## 4 February 2020

## TREASURY MANAGEMENT

## Report of the Corporate Director – Strategic Resources

## 1.0 PURPOSE OF THE REPORT

1.1 To recommend to the County Council an updated Annual Treasury Management Strategy for the financial year 2020/21 which incorporates:

a) Capital and Treasury Prudential Indicators, including a Minimum Revenue Provision Policy;

b) a Borrowing Strategy;

c) an Annual Investment Strategy; and

d) Capital Strategy

## 2.0 Background

2.1 Treasury management 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 The County Council operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with the main aims of providing sufficient liquidity and security, with the achievement of the best possible investment returns ranking as less important.

2.3 The second main function of the treasury management service is to arrange the funding of the County Council’s capital programme, which will support the provision of County Council services. The capital programme provides a guide to the borrowing need of the County Council, and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and, occasionally, debt restructuring to meet County Council risk or cost objectives.

2.4 The County Council adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the County Council's capital expenditure plans and its Prudential Indicators.

2.5 This report provides a summary of the following for 2020/21:

### 2.5.1 Treasury Management Strategy (See Annex 1)

The Treasury Management Strategy sets out the requirements for the overall Treasury, Borrowing, Investment and Capital Policies. The strategic approach is set out in the following appendices: -

### 2.5.2 Appendix A – Capital Prudential Indicators

The Capital Prudential Indicators set out the capital expenditure plan and associated indicators, capital financing requirement (£458.3m in 2020/21) and the monitoring of core funds and investment balances. The Minimum Revenue Provision (MRP) Policy Statement is also included in **Appendix A**. There has been a small change in the MRP Policy Statement for 2020/21 to reflect the changes required by the adoption of IFRS 16 – Leases which will require all leases to be included on the County Council's Balance Sheet from 1 April 2021. This is a technical change and will have no material impact.

### 2.5.3 Appendix B - Borrowing Strategy and Treasury Prudential Indicators

The Treasury Management function ensures that the County Council's cash is managed to safeguard the delivery of the Capital Expenditures plans set out in **Appendix A**. The Borrowing Strategy covers the current and projected position as well as the Treasury Prudential Indicators. The key Treasury Management Indicators the County Council are required to approve are:

- The Authorised Limit for External Debt (the legal limit beyond which external debt is prohibited), £576m in 2020/21; and

- The Operational Boundary for External Debt (the limit beyond which external debt is not normally expected to exceed), £556m in 2020/21.

### 2.5.4 Appendix C - Annual Investment Strategy

The Annual Investment Strategy details the County Council's Investment Policy and approach to the investment of funds. There have been no changes to the County Council's investment and risk management approach for 2020/21.

### 2.5.5 Appendix D - Capital Strategy

The Capital Strategy sets out the context of which Capital Expenditure and Investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of policy outcomes. The Capital Strategy also includes the current position on the County Council's non treasury alternative investments.

2.6 **Schedules**

1. Treasury Management Policy Statement
2. Consolidated Prudential Indicators Update for 2020/21 to 2022/23
3. Economic background
4. Specified and Non Specified Investments
5. Approved Lending List
6. Approved countries for investments

2.7 This covers the requirements of the various laws, codes and guidance that cover the Treasury Management activity, including the Local Government Act 2003, the CIPFA Prudential Code, Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and Communities and Local Government Investment Guidance.

## 3.0 RECOMMENDATIONS

That Members recommend to the County Council: -

3.1 The Treasury Management Strategy **Annex 1**, including:

3.2 Capital Prudential Indicators (**Appendix A**), Borrowing Strategy and Treasury Prudential Indicators (**Appendix B**) and Annual Investment Strategy 2020/21 (**Appendix C**), and in particular;

i. an authorised limit for external debt of £576m in 2020/21;

ii. an operational boundary for external debt of £556m in 2020/21;

iii. the Prudential and Treasury Indicators for 2020/21 to 2022/23:

iv. a limit of £40m of the total cash sums available for investment (both in house and externally managed) to be invested in Non-Specified Investments over 365 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 2020/21;

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;

3.3 The Capital Strategy as attached as **Appendix D**;

3.4 The Treasury Management Policy Statement as attached as **Schedule 1;** and

3.5 That the Audit Committee be invited to review Annex 1 including Appendices A to D and Schedules 1 to 6 and submit any proposals to the Executive for consideration at the earliest opportunity.

**Annex 1**

# TREASURY MANAGEMENT STRATEGY 2020/21

## 1.0 Introduction

1.1 The County Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the County Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the County Council's capital plans. These capital plans provide a guide to the borrowing need of the County Council, essentially the longer-term cash flow planning, to ensure that the County Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet County Council risk or cost objectives.

1.3 The contribution the treasury management function makes to the County Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

1.5 CIPFA defines treasury management as:

> *"The management of the local authority's borrowing, 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."*

## 2.0 Reporting requirements

### Capital Strategy

2.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability

2.2 The aim of this capital strategy is to ensure that all elected members on the County Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.3 This Capital Strategy, **Appendix D**, is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

2.4 If the County Council were to borrow to fund any non-treasury investment, explanations will be reported to explain why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

2.5 If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

2.6 To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

### Treasury Management reporting

2.7 The County Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Treasury Management Strategy** (this report) **-** The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators);
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy, (how the investments borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. **A quarterly treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

## 3.0 Scrutiny

3.1 Treasury Management reports are required to be adequately scrutinised before being recommended to the County Council. The scrutiny role is undertaken by the Audit Committee.

## 4.0 Treasury Management Strategy 2020/21

4.1 The Treasury Management strategy for 2020/21 covers two main areas:

**a. Capital issues**
- the capital expenditure plans and the associated prudential indicators; and
- the minimum revenue provision (MRP) policy.

**b. Treasury management issues**
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the County Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

4.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code, the CIPFA Prudential Property Investment guidance and MHCLG Investment Guidance.

## 5.0 Training

5.1 The CIPFA Code requires that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. An in-house training course for Members (which was also attended by officers) was held on 21 June 2018. The training needs of treasury management officers are periodically reviewed.

## 6.0 Treasury management consultants

6.1 The County Council uses Link Asset Services, Treasury solutions (Link) as its external treasury management advisors.

6.2 The County Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

6.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The County Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

**APPENDIX A**

## CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23

### 1.0 Capital Expenditure

1.1 The County Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

1.2 This prudential indicator is a summary of the County Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

| | 2018/19 Actual £m | 2019/20 Estimate £m | 2020/21 Estimate £m | 2021/22 Estimate £m | 2022/23 Estimate £m | Later Yrs Estimate £m |
|---|---|---|---|---|---|---|
| **Capital Expenditure:** | | | | | | |
| Health & Adult Services | 0.2 | 2.7 | 1.7 | 7.3 | 0.2 | 3.2 |
| Business & Environmental Services | 86.7 | 81.4 | 72.9 | 0.6 | 0.1 | 6.9 |
| Children & Young People's Services | 23.1 | 24.8 | 38.5 | 9.6 | 4.7 | 15.9 |
| Central Services | 17.1 | 12.9 | 20.4 | 1.0 | 0.6 | 4.0 |
| **Total** | **127.1** | **121.8** | **133.5** | **18.5** | **5.6** | **30.0** |
| **Financed by:** | | | | | | |
| Capital Grants & Contributions | 102.3 | 85.2 | 100.1 | 7.1 | 2.0 | 17.0 |
| Direct Revenue Funding | 6.3 | 27.9 | 11.7 | 4.3 | 2.8 | 3.8 |
| Capital Receipts | 3.9 | 2.8 | 3.6 | 10.8 | 0.4 | 26.5 |
| **Capital Borrowing Requirement** | **14.6** | **5.9** | **18.1** | **-3.7** | **0.4** | **-17.3** |

1.3 The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below, these are to be funded from internal cash balances. The County Council will not borrow externally for this expenditure:

| Commercial activities / non-financial investments | 2018/19 Actual £m | 2019/20 Estimate £m | 2020/21 Estimate £m | 2021/22 Estimate £m | 2022/23 Estimate £m | Later Yrs Estimate £m |
|---|---|---|---|---|---|---|
| Capital Expenditure | 11.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financing costs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net financing need for the year** | **11.9** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| Percentage of total net financing need % | **0** | **0** | **0** | **0** | **0** | **0** |

## 2.0 The Borrowing Need (the Capital Financing Requirement)

2.1 The second prudential indicator is the County Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the County Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

2.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

2.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the County Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the County Council is not required to separately borrow for these schemes.

| **£m** | **2018/19 Actual £m** | **2019/20 Estimate £m** | **2020/21 Estimate £m** | **2021/22 Estimate £m** | **2022/23 Estimate £m** | **2023/24 Estimate £m** |
|---|---|---|---|---|---|---|
| **Capital Financing Requirement** | | | | | | |
| Capital Borrowing | 291.6 | 296.0 | 291.6 | 300.4 | 282.1 | 274.7 |
| Loans to Limited Companies | 2.0 | 3.8 | 15.1 | -8.4 | -0.4 | -20.6 |
| Investment Properties | 11.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Long Term Liabilities (PFI / Leases) | 158.1 | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |
| Commercial activities/ non-financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total CFR** | **463.6** | **454.9** | **458.3** | **468.2** | **452.3** | **419.5** |
| **Movement in CFR** | **-** | **-8.7** | **3.4** | **9.9** | **-15.9** | **-32.8** |

| **Movement in CFR represented by** | | | | | | |
|---|---|---|---|---|---|---|
| Net financing need for the year (above) | - | 5.9 | 18.1 | -3.7 | 0.4 | -17.3 |
| Less Long Term Liabilities movements | - | -3.0 | -3.5 | 24.6 | -5.6 | -5.2 |
| Less MRP/VRP and other financing movements | - | -11.6 | -11.2 | -11.0 | -10.7 | -10.3 |
| **Movement in CFR** | **-** | **-8.9** | **3.4** | **9.9** | **-15.9** | **-32.8** |

2.4 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the County Council's overall financial position. The County Council, however, will not borrow externally to fund commercial activities / non-financial investments.

## 3.0 Core funds and expected investment balances

3.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

| **Forecasted Year end Cash Position £m** | **2018/19 Actual £m** | **2019/20 Estimate £m** | **2020/21 Estimate £m** | **2021/22 Estimate £m** | **2022/23 Estimate £m** | **2023/24 Estimate £m** |
|---|---|---|---|---|---|---|
| **Reserves and Balances** | | | | | | |
| General Working Balance | 27.2 | 27.6 | 27.6 | 27.6 | 27.6 | 27.6 |
| Strategic Capacity Reserve | 39.8 | 38.5 | 34.6 | 21.2 | 5.2 | -13.8 |
| Schools Reserve | 12.4 | 9.4 | 7.4 | 7.4 | 7.4 | 7.4 |
| Other Earmarked Reserves | 132.0 | 86.0 | 75.3 | 72.0 | 71.8 | 68.2 |
| **Total Reserves and Balances** | **211.4** | **161.5** | **144.9** | **128.2** | **112.0** | **89.4** |
| Provisions | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 |
| Cashflow (Inc Debtors, Creditors) | 13.2 | 8.3 | 13.3 | 18.3 | 23.3 | 23.3 |
| Personal Estates | 10.5 | 12.5 | 13.5 | 13.5 | 13.5 | 13.5 |
| **Sub Total** | **39.6** | **36.7** | **42.7** | **47.7** | **52.7** | **52.7** |
| **Internal Capital Financing** | | | | | | |
| - Commercial Property | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 | -11.9 |
| - Loans to Limited Companies | -10.0 | -13.8 | -21.4 | -19.0 | -18.6 | -33.0 |
| - Remaining Capital Borrowing Requirement | 1.5 | -11.1 | -37.5 | -39.3 | -42.8 | -0.8 |
| **Total Internal Capital Financing** | **-20.4** | **-36.8** | **-70.8** | **-70.1** | **-73.2** | **-45.7** |
| **Total Cash Available to Invest** | **230.6** | **161.4** | **116.8** | **105.8** | **91.5** | **96.4** |

## 4.0 Minimum revenue provision (MRP) policy statement

4.1 The County Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

4.2 MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The County Council is recommended to approve the following MRP Statement.

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;

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;

c) for locally agreed Prudential Borrowing on capital expenditure incurred after 1 April 2008, MRP will be calculated using the asset life method based on equal annual instalments over the estimated useful life of the asset for which the borrowing is undertaken:

d) in the case of long term debtors from loans, the amounts paid out are classed as capital expenditure for capital financing purposes. The expenditure is therefore included in the calculation of the County Council's Capital Financing Requirement.

When the County Council receives the repayment of an amount loaned, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the eventual receipt is expected to fall short of the amount expended).

Where expenditure is incurred to acquire and/or develop properties for resale, the Capital Financing Requirement will increase by the amount expended. Where the County Council will subsequently recoup the amount expended via the sale of an asset, the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the fair value of the properties falls below the amount expended).

Where expenditure is incurred to acquire properties meeting the accounting definition of investment properties, the Capital Financing Requirement will increase by the amount expended. Where the County Council will subsequently recoup the amount expended (e.g. via the sale of an asset), the income will be classified as a capital receipt. Where the capital receipts will be applied to reduce the Capital Financing Requirement, there will be no revenue provision made for the repayment of the debt liability (i.e. unless the fair value of the properties falls below the amount expended).

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.

e) 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.

4.3 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 2020/21 will be about £11.6m (including PFI and finance leases).

**APPENDIX B**

## 1.0 BORROWING STRATEGY

1.1 The capital expenditure plans set out in **Appendix A** provide details of the service activity of the County Council. The treasury management function ensures that the County Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the County Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

## 2.0 Current portfolio position

The overall treasury management portfolio as at 31 March 2019 and for the position as at 31 December are shown below for both borrowing and investments.

| TREASURY PORTFOLIO | | | | |
|---|---|---|---|---|
| | **Actual 31.03.19 £m** | **Actual 31.03.19 %** | **Current 30.12.19 £m** | **Current 30.12.19 %** |
| **Treasury Pool Investments** | | | | |
| Banks | 328.7 | 72 | 317.4 | 69 |
| Building Societies | 10.0 | 1 | 30.0 | 6 |
| Local Authorities | 115.0 | 25 | 102.0 | 22 |
| Money Market Funds | 0.0 | 0 | 10.0 | 2 |
| Certificates of Deposit | 0.0 | 0 | 0 | 0 |
| **Total managed in house** | **453.7** | **98** | **459.4** | **99** |
| Property Funds | 5.9 | 2 | 5.9 | 1 |
| **Total Managed Externally** | **5.9** | **2** | **5.9** | **1** |
| **Total Treasury Pool Investments** | **459.6** | **100** | **465.3** | **100** |
| Less Other Bodies Investments | 228.5 | | 249.2 | |
| **Total NYCC Investments** | **231.1** | | **216.1** | |
| | | | | |
| **NYCC Treasury External Borrowing** | | | | |
| PWLB | 265.1 | 93 | 254.1 | 93 |
| LOBO's | 20.0 | 7 | 20.0 | 7 |
| **Total NYCC External Borrowing** | **285.1** | **100** | **274.1** | **100** |
| **Net Treasury Investments / (Borrowing)** | **(54.0)** | | **(58.0)** | |

2.1 The County Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| **£m** | **2018/19 Actual £m** | **2019/20 Estimate £m** | **2020/21 Estimate £m** | **2021/22 Estimate £m** | **2022/23 Estimate £m** | **2023/24 Estimate £m** |
|---|---|---|---|---|---|---|
| **External Debt** | | | | | | |
| Debt at 1 April | 287.5 | 285.1 | 263.1 | 236.0 | 221.8 | 208.5 |
| Less<br>Expected change in Debt | -2.4 | -22.0 | -27.1 | -14.1 | -13.3 | 0.0 |
| **Debt at 31 March** | **285.1** | **263.1** | **236.0** | **221.9** | **208.5** | **208.5** |
| Other long-term liabilities (OLTL) | 158.1 | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |
| **Total Long Term Liability** | **443.2** | **418.2** | **387.6** | **398.1** | **379.1** | **373.9** |
| Less<br>Capital Financing Requirement | 463.6 | 454.9 | 458.3 | 468.2 | 452.3 | 419.5 |
| **Under / (over) borrowing** | **20.4** | **36.7** | **70.7** | **70.1** | **73.2** | **45.6** |

2.2 The above table does not include debt relating to commercial activities / non-financial investments as these are to be funded from internal cash balances. The County Council will not borrow externally for this expenditure.

2.3 Within the range of prudential indicators there are a number of key indicators to ensure that the County Council operates its activities within well-defined limits. One of these is that the County Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

2.4 The Corporate Director – Strategic Resources reports that the County Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## 3.0 Treasury Indicators: limits to borrowing activity

3.1 **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

| **Operational boundary** | **2019/20 Estimate £m** | **2020/21 Estimate £m** | **2021/22 Estimate £m** | **2022/23 Estimate £m** | **2023/24 Estimate £m** |
|---|---|---|---|---|---|
| Debt | 358.0 | 404.0 | 375.8 | 404.6 | 333.4 |
| Other long term liabilities | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |

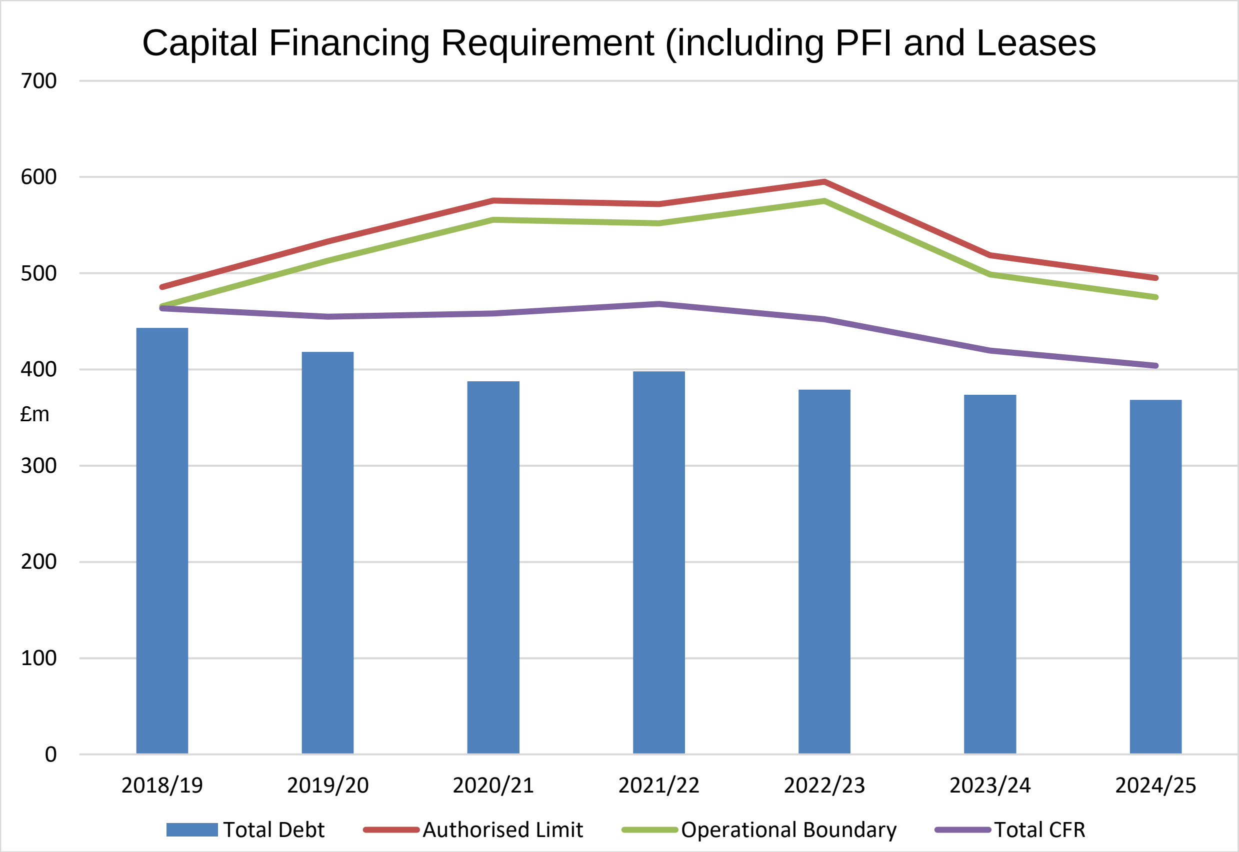
| | | | | | |
|---|---:|---:|---:|---:|---:|
| Commercial activities/ non-financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 513.1 | 555.6 | 552.0 | 575.2 | 498.8 |

3.2 **The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

3.3 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.4 The County Council is asked to approve the following authorised limit:

| **Authorised limit** | **2019/20 Estimate £m** | **2020/21 Estimate £m** | **2021/22 Estimate £m** | **2022/23 Estimate £m** | **2023/24 Estimate £m** |
|---|---:|---:|---:|---:|---:|
| Debt | 378.0 | 424.0 | 395.8 | 424.6 | 353.4 |
| Other long term liabilities | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |
| Commercial activities/ non-financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 533.1 | 575.6 | 572.0 | 595.2 | 518.8 |



Capital Financing Requirement (including PFI and Leases

## 4.0 Prospects for interest rates

4.1 The County Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the County Council to formulate a view on interest rates. The following table shows their view on future interest rates.

| Link Asset Services Interest Rate View | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
| Bank Rate View | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.25 | 1.25 | 1.25 | 1.25 |
| 3 Month LIBID | 0.70 | 0.70 | 0.70 | 0.80 | 0.90 | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.30 | 1.30 |
| 6 Month LIBID | 0.80 | 0.80 | 0.80 | 0.90 | 1.00 | 1.10 | 1.10 | 1.20 | 1.30 | 1.40 | 1.50 | 1.50 | 1.50 | 1.50 |
| 12 Month LIBID | 1.00 | 1.00 | 1.00 | 1.10 | 1.20 | 1.30 | 1.30 | 1.40 | 1.50 | 1.60 | 1.70 | 1.70 | 1.70 | 1.70 |
| 5yr PWLB Rate | 2.30 | 2.40 | 2.40 | 2.50 | 2.50 | 2.60 | 2.70 | 2.80 | 2.90 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 |
| 10yr PWLB Rate | 2.60 | 2.70 | 2.70 | 2.70 | 2.80 | 2.90 | 3.00 | 3.10 | 3.20 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 |
| 25yr PWLB Rate | 3.20 | 3.30 | 3.40 | 3.40 | 3.50 | 3.60 | 3.70 | 3.70 | 3.80 | 3.90 | 4.00 | 4.00 | 4.10 | 4.10 |
| 50yr PWLB Rate | 3.10 | 3.20 | 3.30 | 3.30 | 3.40 | 3.50 | 3.60 | 3.60 | 3.70 | 3.80 | 3.90 | 3.90 | 4.00 | 4.00 |

4.2 The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. Given the current level of uncertainties, this is a major assumption and so forecasts may need to be materially reassessed in the light of events over the coming weeks or months.

4.3 The Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and more recently, due to the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then it is likely the MPC would cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were an eventual Brexit with no agreement on the terms of trade between the UK and EU, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.

4.4 **Bond yields / PWLB rates**. Bond yields are currently low due to the general downturn in world economic growth and generally low levels of inflation in most countries, which are expected to remain subdued.

4.5 During the first half of 2019/20 to 30 September, gilt yields fell, resulting in PWLB rates being at unprecedented historic low levels. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts. However, forecasting the timing of this and how strong the correlation is likely to be is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

4.6 Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

4.7 The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

4.8 Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

## 5.0 Investment and borrowing rates

5.1 Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

5.2 Borrowing interest rates were on a major falling trend during the first half of 2019/20 but then jumped up by 100 bps on 09/10/2019. The policy of avoiding new borrowing by running down spare cash balances has served the County Council well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%, it is unlikely that the County Council will do any further longer term borrowing for the next three years.

## 6.0 Borrowing strategy

6.1 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 County Council’s reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

6.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Corporate Director – Strategic Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then borrowing will be postponed.

- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

6.3 The internal borrowing position will be carefully reviewed and monitored on an ongoing basis in order to consider any changes to borrowing rates as well as current and future cash flow constraints.

6.4 Further long term external borrowing may be undertaken, in excess of the current forecasts, in the event that it is not possible or desirable to sustain the anticipated internal borrowing position.

6.5 The external borrowing requirement will be kept under review, and long term external loans will be secured within the parameters established by the authorised limit and operational boundary for external debt).

6.6 Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

6.7 Any decisions will be reported to the appropriate decision making body at the next available opportunity.

## 7.0 Policy on borrowing in advance of need

7.1 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. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the County Council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- there is a clear business case for doing so for the current Capital Plan;
- it will be used finance future debt maturity repayments;
- it will offer value for money can be demonstrated; and
- the County Council can ensure the security of such funds which are subsequently invested

7.2 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

## 8.0 Debt rescheduling

8.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

8.2 If rescheduling was done, it will be referred to Audit Committee and reported to the Executive, at the earliest meeting following its action.

**APPENDIX C**

# ANNUAL INVESTMENT STRATEGY

## 1.0 Investment policy – management of risk

1.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This Appendix deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (**APPENDIX D**).

1.2 The County Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code"); and
- CIPFA Treasury Management Guidance Notes 2018.

The County Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).

1.3 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. The County Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

a) minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings;

b) other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the County Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings;

c) other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;

d) the County Council has defined the list of types of investment instruments that the treasury management team are authorised to use:-

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18 month deposit would still be non-specified even if it has only 11 months left until maturity.

e) **Non-specified investments limit.** The County Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio, (£40m);

f) **Lending limits**, (amounts and maturity), for each counterparty will be set;

g) the County Council will set a limit for the amount of its investments which are invested for **longer than 365 days**;

h) investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**;

i) the County Council has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the County Council in the context of the expected level of cash balances and need for liquidity throughout the year;

j) all investments will be denominated in **sterling**; and

k) as a result of the change in accounting standards for 2019/20 under IFRS 9, the County Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

1.4 However, the County Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

## 2.0 Changes in risk management policy from last year

2.1 The above criteria are unchanged from last year.

## 3.0 Creditworthiness policy

3.1 The County Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may 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, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this 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 suggested duration for investments.

3.2 The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

3.3 Typically, the minimum credit ratings criteria the County Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

3.4 All credit ratings will be monitored daily. The County Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service

3.5 If a downgrade results in the counterparty / investment scheme no longer meeting the County Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

3.6 In addition to the use of credit ratings the County Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the County Council's lending list.

3.7 Sole reliance will not be placed on the use of this external service. In addition, the County Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

## 4.0 UK banks – ring fencing

4.1 The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

4.2 Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

4.3 While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The County Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

## 5.0 Country limits

5.1 Due care will be taken to consider the exposure of the County Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

5.2 **Non-specified investment limit.** The County Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio.

5.3 **Country limit.** The County Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of *AA-* from Fitch. The list of countries that qualify using these credit criteria as at the date of this report are shown in **Schedule 6**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

## 6.0 Investment strategy

6.1 **In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage daily cash flow requirements, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed: -

- if it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable;
- conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

6.2 **Investment returns expectations.** On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by March 2023. Bank Rate forecasts for financial year ends are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

| Year | Budget<br>% |
|---|---|
| 2019/20 | 0.90 |
| 2020/21 | 0.95 |
| 2021/22 | 1.15 |
| 2022/23 | 1.35 |
| 2023/24 | 1.40 |
| 2024/25 | 1.40 |

6.3 The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

## 7.0 Investment performance / risk benchmarking

7.1 The County Council will use an investment benchmark to assess the investment performance of its investment portfolio of Bank of England Base Rate.

## 8.0 End of year investment report

8.1 At the end of the financial year, the County Council will report on its investment activity as part of its Annual Treasury Report.

**APPENDIX D**

# CAPITAL STRATEGY

## 1.0 BACKGROUND

1.1 The purpose of the Capital Strategy is to demonstrate that the County Council takes capital expenditure and investment decisions in line with corporate and service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

1.2 The Capital Strategy comprises a number of distinct, but inter-related, elements as follows:

a) **Capital Expenditure (Section 2)**

This section includes an overview of the governance process for approval and monitoring of capital expenditure, including the County Council's policies on capitalisation, and an overview of its capital expenditure and financing plans.

b) **Capital Financing and Borrowing (Section 3)**

This section provides a projection of the County Council's capital financing requirement, how this impacted by capital expenditure decisions and how it will be funded and repaid. It therefore sets out the County Council's borrowing strategy and explains how it will discharge its duty to make prudent revenue provision for the repayment of debt.

c) **Alternative Investments (Section 4)**

This section provides an overview of those of the County Council's current and proposed alternative investment activities that count as capital expenditure, including processes, due diligence and defining the County Council's risk appetite in respect of these.

d) **Chief Financial Officer's statement (Section 5)**

This section contains the Corporate Director – Strategic Resources' views on the deliverability, affordability and risk associated with the capital strategy

## 2.0 CAPITAL EXPENDITURE

### Capitalisation Policy

2.1 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, roads and bridges, vehicles, plant and equipment etc.) that:

- Will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and

- Are of continuing benefit to the County Council for a period extending beyond one financial year.

2.2 Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

2.3 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:

- Where the County Council has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and

- Where statutory regulations require the County Council to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules

2.4 The County Council operates de-minimis limits for capital expenditure. This means that items below these limits are charged to revenue rather than capital. The limits are currently as follows:

| | |
|---|---|
| General Limit: | £20,000 |
| Schools Limit: | £2,000 |

**Governance**

2.5 Capital expenditure is a necessary element in the development of the County Council's services since it generates investment in new and improved assets. Capital expenditure is managed through the Capital Plan – a three year capital budget set annually as part of the budget setting process and reviewed quarterly as part of performance monitoring arrangements.

2.6 The County Council’s Financial Procedure Rules and the Asset Management Planning Framework provide a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Plan, appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Plan within defined resource parameters.

2.7 The Corporate Director –Strategic Resources shall determine the format of the Capital Plan and the timing of reports relating to it. The approved Capital Plan will comprise a number of individual schemes each of which will be quantified in overall project terms or on an annualised basis, as appropriate. Each Director shall prepare a draft Capital Plan for their service, in consultation with the Corporate Director – Strategic Resources, for submission to the Executive. The Capital Plan should identify planned expenditure, and funding, at proposed individual scheme or programme level.

2.8 The Corporate Director – Strategic Resources is responsible for preparing an overall Capital Plan for consideration by the Executive, and approval by the County Council, the funding of which shall be compatible at all times with the Treasury Management Policy

Statement of the County Council. Individual schemes shall only be included in the Capital Plan following a project appraisal process undertaken in accordance with the guidelines defined in the Asset Management Planning Framework and in accordance with the Property Procedure Rules.

### Capital Expenditure and Funding Plans

2.9 The County Council's capital expenditure plans as per the Capital Plan are set out in **Appendix A.**

2.10 When expenditure is classified as capital expenditure for capital financing purposes, this means that the County Council is able to finance that expenditure from any of the following sources:

a) **Capital grants and contributions** - amounts awarded to the County Council in return for past or future compliance with certain stipulations;

b) **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance;

c) **Revenue contributions** – amounts set aside from the revenue budget in the Reserve for Future Capital Funding; and

d) **Borrowing** - amounts that the County Council does not need to fund immediately from cash resources, but instead charges to the revenue budget over a number of years into the future.

The implications of financing capital expenditure from 'borrowing' are explained in section 3 below.

## 3.0 CAPITAL FINANCING REQUIREMENT AND BORROWING

### Context

3.1 The County Council is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the affordability, prudence and sustainability of its capital investment plans.

3.2 Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the County Council's capital expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable.

3.3 A summary of the actual prudential indicators for 2018/19, and the estimates for 2019/20 through to 2022/23, are provided in **Schedule 2**.

### Capital Financing Requirement (CFR)

3.4 When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources, but is instead charged to the revenue budget over a number of years. It does this in accordance with its policy for the repayment of debt, which is set out in **Appendix B.**

The forward projections of the CFR reflect:

- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR and

- Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR).

3.5 The actual CFR for 2018/19 and forward projections for the current and forthcoming years are as follows:

| Item | 2018/19 Actual £m | 2019/20 Probable £m | 2020/21 Estimate £m | 2021/22 Estimate £m | 2022/23 Estimate £m | 2023/24 Estimate £m |
|---|---|---|---|---|---|---|
| Capital Borrowing | 291.6 | 296.0 | 291.6 | 300.4 | 282.1 | 274.7 |
| Loans to Limited Companies | 2.0 | 3.8 | 15.1 | -8.4 | -0.4 | -20.6 |
| Investment Properties | 11.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Long Term Liabilities | 158.1 | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |
| **Total Capital Financing Requirement** | **463.6** | **454.9** | **458.3** | **468.2** | **452.3** | **419.5** |

3.6 The forecast reduction in the CFR is a result of the annual provision for the repayment of debt each year being in excess of the amount of capital expenditure that it is intended to finance from borrowing based on the current capital programme up to 2022/23. The CFR may potentially increase dependent on the level of capital investment undertaken.

3.7 The CFR may potentially increase dependent on the level of capital investment undertaken. Currently, the Capital Plan includes £3.8m relating to Alternative Investments (£3.8m Loans to Limited Companies and £0m Investment Properties). The investments in commercial property are classed as capital expenditure. As commercial investments are funded from core cash balances, the investments are effectively funded from internal borrowing for capital accounting purposes. As a result, expenditure on commercial property investments are included in the calculation of the Capital Financing Requirement (CFR). When the County Council ultimately disinvests and sells the properties, the income will be classed as a capital receipt and applied to reduce the CFR. The County Council will not borrow to fund commercial investment through loans from PWLB or money markets.

### External Borrowing Limits

3.8 The County Council is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR). To ensure that external borrowing does not exceed the CFR, other than in the short term, limits are established for external debt, as follows:

- **Authorised limit** – this defines the maximum amount of external debt permitted by the County Council, and represents the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- **Operational boundary** – this is an estimate of the probable level of the County Council’s external debt, and provides the means by which external debt is managed to ensure that the ‘authorised limit’ is not breached.

3.9 The proposed limits make separate provision for external borrowing and other long-term liabilities, and are based upon an estimate of the most likely but not worst case scenarios. They allow sufficient headroom for fluctuations in the level of cash balances and in the level of the CFR.

3.10 Alternative investment activities are likely to be classed as capital expenditure. The Alternative Investments Strategy is still evolving though and, in the event that major initiatives are proposed, in excess of those already in the Capital Programme, it may be necessary to review the current borrowing limits.

The agreed **Operational Boundary** and **Authorised Limits** for external debt are as follows:

| **Item** | **2019/20 probable £m** | **2020/21 estimate £m** | **2021/22 estimate £m** | **2022/23 estimate £m** | **2023/24 estimate £m** |
|---|---|---|---|---|---|
| **Debt outstanding at start of year** | **285.1** | **316.0** | **356.9** | **341.7** | **371.2** |
| + **External borrowing requirements** | | | | | |
| Capital borrowing requirement | 5.9 | 18.1 | -3.7 | 0.4 | -17.3 |
| Replacement borrowing | 22.0 | 27.1 | 14.1 | 13.3 | 0.0 |
| MRP charged to Revenue | -11.6 | -11.2 | -11.0 | -10.7 | -10.3 |
| Borrowing b/fwd from 2018/19 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Internally funded variations | 36.6 | 34.0 | -0.5 | 39.9 | -30.2 |
| **Sub-total** | **52.9** | **68.0** | **-1.1** | **42.9** | **-57.8** |
| - **External debt repayment** | -22.0 | -27.1 | -14.1 | -13.3 | -0.0 |
| = **Forecast Debt Outstanding** | **316.0** | **356.9** | **341.7** | **371.3** | **313.3** |
| + **Other ‘IFRS’ long term liabilities** | | | | | |
| PFI / Leases | 155.1 | 151.6 | 176.2 | 170.6 | 165.4 |
| = **Total Debt Outstanding** | **471.1** | **508.5** | **517.9** | **541.9** | **478.7** |
| + **Provision for** | | | | | |
| Debt rescheduling | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Potential capital receipts slippage | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| New borrowing taking place before principal repayments made | 22.0 | 27.1 | 14.1 | 13.3 | 0.0 |
| = **Operational Boundary for year** | **513.1** | **555.6** | **552.0** | **575.2** | **498.8** |
| + **Provision for cash movements** | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 |
| = **Authorised Limit for year** | **533.1** | **575.6** | **572.0** | **595.2** | **518.8** |

### Borrowing Strategy

3.11 The County Councils Borrowing Strategy is set out in **Appendix B**.

3.12 The County Council is currently maintaining an under borrowed position. This means the Capital Financing Requirement (CFR) has not been fully funded from long-term external borrowing as cash supporting the authority's reserves and balances has been used as a short term measure.

The use of internal borrowing has been an effective strategy in recent years as:

- It has enabled the County Council to avoid significant external borrowing costs; and

- It has mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

3.13 The internal borrowing position will be carefully reviewed and monitored on an ongoing basis in order to consider any changes to borrowing rates as well as current and future cash flow constraints.

3.14 Further long term external borrowing may be undertaken, in excess of the current forecasts, in the event that it is not possible or desirable to sustain the anticipated internal borrowing position.

3.15 The external borrowing requirement will be kept under review, and long term external loans will be secured within the parameters established by the authorised limit and operational boundary for external debt).

3.16 Opportunities to generate savings by refinancing or prematurely repaying existing long term debt will also be kept under review. Potential savings will be considered in the light of the current treasury position and the costs associated with such actions.

### Minimum Revenue Provision

3.17 The County Council sets cash resources aside from the Revenue Budget each year to repay the borrowing. This practice is referred to as the minimum revenue provision (MRP) for the repayment of debt.

3.18 The Capital Financing Requirement (CFR) provides a measure of the amount of capital expenditure which has been financed from borrowing that the County Council yet to fund from cash resources.

3.19 Statutory guidance requires MRP to be provided annually on a prudent basis. In accordance with the requirement to make a prudent 'revenue provision for the repayment of debt', the County Council ensures that debt is repaid over a period that is commensurate with the period over which the capital expenditure provides benefit. The revenue budget provision for MRP charges in 2020/21 has been compiled on a basis consistent with this policy.

## 4.0 ALTERNATIVE INVESTMENTS

### Introduction

4.1 The prolonged low interest rate environment has resulted in reduced returns on treasury management investments. Moreover, the introduction of the general power of competence has given local authorities far more flexibility in the types of activity they can engage in. These changes in the economic and regulatory landscape, combined with significant financial challenges, have led many authorities to consider different and more innovative types of investment.

4.2 CIPFA recently issued an update to its Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (the Treasury Management Code). One of the main changes introduced by the new Code is to require authorities to incorporate all of the financial and non-financial assets held for financial return in authorities' annual capital strategies.

4.3 In addition, the CIPFA Prudential Property Investment guidance, issued in Autumn 2019 sets out fundamental considerations Local Authorities should consider prior to undertaking such activities, highlighting key points from existing CIPFA guidance used to formulate the County Council's Treasury, Capital and associated strategies. Points relate to understanding the Legal powers the County Council is using to invest, borrowing to invest and appropriate MRP policy. The County Council's approach to these matters are disclosed in the appropriate sections of the annual strategies.

4.4 Separately, the Ministry of Housing, Communities and Local Government recently updated its Statutory Guidance on Local Authority Investments which reinforces the need for Commercial Activities to be included in the Capital Strategy.

4.5 All alternative investment activities are subject to approval in accordance with the County Council's governance framework for decision making.

### Alternative Investment Objectives

4.6 The primary objectives of alternative investment activities are:

- Security – to protect the capital sums invested from loss; and
- Liquidity – ensuring the funds invested are available for expenditure when needed.

4.7 The generation of yield is distinct from these prudential objectives. However, once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities.

4.8 Non-core activities and investments are primarily undertaken by the County Council in order to generate income to support the delivery of a balanced budget. Such investments are only entered following a full assessment of the risks and having secured expert external advice (i.e. where it is relevant to do so).

4.9 An overall maximum exposure of £60m for alternative investments was approved by Executive on 15 January 2019.

**Commercial Investment Board**

4.10 Given the technical nature of potential alternative investments and strong linkages to the County Council's Treasury Management function, appropriate governance and decision making arrangements are needed to ensure robust due diligence in order to make recommendations for implementation. As a result, a Commercial Investment Board has been established. All investments will be subject to consideration and where necessary recommendations of the Commercial Investment Board.

4.11 The Board is not a constituted body and therefore does not have formal decision making powers. However, it is the chief means of identifying, reviewing and recommending schemes for investment decisions. Formal decisions on investments will be taken within the existing delegations namely through delegated authority to the Corporate Director, Strategic Resources and further decisions as made by the Executive.

4.12 The Board has delegated authority to approve individual investments up to a limit of £2.5m per investment and up to a total of £10m in any one financial year (approved by Executive 15 January 2019). Investments in excess of this will be submitted to the Executive for approval.

4.13 The responsibilities of the Board also include:

- To consider appropriate due diligence, proportionate to the investment / risk / reward proposed;
- Terminate investments should concerns be raised - to consider and recommend cases for early termination of alternative investments;
- To monitor returns against approved performance targets;
- To report performance of alternative investments to the Executive on a quarterly basis; and
- To make recommendations to Executive on any proposed changes to the framework.

Membership of the Board is as follows:

- Lead Member for Finance (Chair)
- Lead Member for Growth
- Corporate Director Strategic Resources
- Corporate Director Business and Environmental Services
- Assistant Director Strategic Resources
- Assistant Director BES - Growth, Planning and Trading Standards

**Investment Properties**

4.14 Options are continually reviewed the acquisition of land and buildings for investment purposes, rather than for the supply of goods or services or for administrative purposes. Such assets will be classified as Investment Properties.

4.15 Investment properties are measured at their fair value annually (which will ensure the valuation reflects the market conditions at the end of each reporting period). The fair value measurement will enable the County Council to assess whether the underlying assets provide security for capital investment. Where the fair value of the underlying assets is no longer sufficient to provide security against loss, mitigating actions will be considered, to ensure that appropriate action is taken to protect the capital sum invested.

4.16 The County Council has the following Commercial Property Investments in place as at 31 December 2019:

| Property | Amount £m | Net Yield % |
|---|---|---|
| Bank Unit in Stafford Town Centre | 0.9 | 5.5 |
| Harrogate Royal Baths | 9.5 | 3.2 |
| Co-op in Somercoates | 1.5 | 4.9 |
| **Total** | **11.9** | **3.6** |

**Loans to Third Parties**

4.17 Loans to third parties will be considered, as part of a wider strategy for local economic growth, even though they may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

4.18 Such loans will be considered when all of the following criteria are satisfied:

- The loan is given towards expenditure which would, if incurred by the County Council, be capital expenditure;
- The purpose for which the loan is given is consistent with the County Council's corporate / strategic objectives and priorities;
- Due diligence is carried out that confirms the County Council's legal powers to make the loan, and that assesses the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan period (*which will not exceed 25 years*), repayment terms and loan rate (which will be set at a level that seeks to mitigate any perceived risks of a loss being charged to the General Fund, and takes appropriate account of state aid rules) and any other terms that will protect the County Council from loss;

The County Council has one loan in place with a third party – Welcome to Yorkshire (£0.5m).

### Loans to Limited Companies

4.19 The County Council has made a number of loans in recent years for policy reasons and will continue to monitor and review this position.

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;

c) any such loans to limited companies will not be classed as investments made by the County Council. Instead they will be classed as capital expenditure and will be approved, financed and accounted for accordingly;

d) at present the County Council has made several loans to companies in which it has an equity investment. In all cases loan limits are set, and reviewed periodically, by the Executive;

4.20 The County Council has the following loans to subsidiaries in place as at 31 December 2019

| Subsidiary | Total Loan Agreed £m | Loan Advanced £m | Loan Term (Years) | Interest Rate % | Loan Balance £m |
|---|---|---|---|---|---|
| NYnet | 10.00 | Overdraft | N/A | 3.0 + Base | 7.2 |
| Yorwaste – Loan 1 | 3.70 | 2017/18* | 10 | 4.0 + Base | 3.7 |
| Yorwaste – Loan 2 | 3.85 | 2017/18 | 10 | 4.0 + Base | 3.1 |
| Brierley Homes | 2.75 | 2017/18 | 2 | 4.0 + Base | 4.6 |
| First North Law | 0.25 | 2017/18 | 10 | 4.0 + Base | 0.1 |
| **Total** | **20.55** | | | | **18.7** |

### Other Alternative Investments

4.21 Consideration of individual investment opportunities is subject to detailed business cases and subject to review and approval by the Alternative Investment Board and Executive. The Capital Strategy will be updated should further investment opportunities be developed during 2020/21 and/or in the event that the statutory Guidance on Local Authority Investments, when issued, requires further content to be included.

### Current Alternative Investment Position

4.22 In order to manage risk appropriately, achieve targets for investment returns, deliver a diverse portfolio and maintain a level of liquidity, the Commercial Investment Board has established an investment framework. The investment framework provides a range of investment options and investment limits for each option.

The current investment framework and current alternative position is as follows:

| Type of Investment | Risk | Maximum Exposure £m | Maximum Term Years | Target Rate (above BBR) % | Invested as at 31/12/19 £m | Rate of Return % |
|---|---|---|---|---|---|---|
| **Alternative Treasury Instruments** | | | | | | |
| Money Market Funds | Low | 20.0 | 1 – 5 | >0.10 | 10.0 | 0.72 |
| Enhanced Cash Funds | | 20.0 | | | 0.0 | 0.00 |
| Certificates of Deposit | | 20.0 | | | 0.0 | 0.00 |
| Property Funds | | 20.0 | | | 5.9 | 3.96 |
| **Total Alternative Treasury Investments** | | | | | **15.9** | **1.93** |
| **Other Alternative Investments** | | | | | | |
| Loans to Ltd Companies | Low - Medium | 25.0 | 10 | 4.00 | 18.7 | 4.36 |
| Loans to Third Parties | Low - Medium | | | 6.25 | 0.5 | 7.00 |
| Spend to Save | Low | 5.0 | 7 | 4.00 | 0.0 | 0.00 |
| Loans to Housing Associations | Medium | 10.0 | 20 | 3.00 | 0.0 | 0.00 |
| Solar Farm (or similar) | Medium | 5.0 | 20 | 7.00 | 0.0 | 0.00 |
| Commercial Investments | High | 20.0 | 10 | 5.00 | 11.9 | 3.57 |
| **Total Other Alternative Investments** | | **60.0** | | | **31.1** | **4.10** |

* Total Alternative Investments capped at £60m

The Maximum Exposure for Loans to Limited Companies will be reviewed during 2020/21 in relation to the loan facility provided to Brierley Homes.

## 5.0 SECTION 151 OFFICER STATEMENT

### Background

5.1 The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

5.2 In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

5.3 In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

5.4 The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The following are specific responsibilities of the Section 151 Officer:

- recommending clauses, treasury management policy/practices for approval, reviewing regularly, and monitoring compliance;
- submitting quarterly treasury management reports;
- submitting quarterly capital budget 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.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided

- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

5.5 The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. These processes are well established and are highly effective in ensuring delivery of the Authority’s capital investment plans. In addition, the Capital Strategy and Prudential Indicators also demonstrates that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.”

# SCHEDULES

1. Treasury Management Policy Statement
2. Prudential Indicators Update for 2020/21 to 2022/23
3. Economic background
4. Specified and Non Specified Investments
5. Approved Lending List
6. Approved countries for investments

SCHEDULE 1

# 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 2017. 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 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;

c) the County Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategies and Policies; and

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 2017) 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**; and

b) approval, on an annual basis, of an **Annual Treasury Management Strategy**, an **Annual Investment Strategy**, an annual **Minimum Revenue Provision (MRP)** policy statement and a **Capital Strategy** 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 19 February 2020.

## 2.0 TREASURY MANAGEMENT POLICY STATEMENT (TMPS)

2.1 Based on the requirements detailed 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; and

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 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; and

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

3.2 The CIPFA Code of Practice recommends 12 TMPs. 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 December 2017, 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:-

- Capital Expenditure - Actual and Forecasts
- estimated ratio of capital financing costs to the Net Revenue Budget
- Capital Financing Requirement
- Gross Debt and the Capital Financing Requirement
- authorised Limit for External Debt
- operational Boundary for External Debt
- Actual External Debt
- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 365 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% 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 February 2018, 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 February 2018, 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 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
19 February 2020

Item 6c

**SCHEDULE 2**

# PRUDENTIAL INDICATORS UPDATE – FOR 2020/21 TO 2022/23

## CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS

### 1 Estimated Ratio of capital financing costs to the net Revenue Budget

(a) *Formally required Indicator*

This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges less interest earned on the temporary investment of cash balances.
The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2018/19 are as follows:

| Year | Executive August 2019 | | Update January 2020 | |
|---|---|---|---|---|
| | **Basis** | % | **Basis** | % |
| 2018/19 | actual | 9.3 | actual | 9.3 |
| 2019/20 | estimate | 11.1 | probable | 10.8 |
| 2020/21 | estimate | 10.4 | estimate | 10.5 |
| 2021/22 | estimate | 9.7 | estimate | 10.1 |
| 2022/23 | estimate | - | estimate | 10.3 |
| 2023/24 | estimate | - | estimate | 9.8 |

(b) *Local Indicator*

This local Indicator reflects a policy decision to cap Capital Financing costs at 10% 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.

| Year | Executive August 2019 | | Update January 2020 | |
|---|---|---|---|---|
| | **Basis** | % | **Basis** | % |
| 2018/19 | actual | 6.8 | actual | 6.8 |
| 2019/20 | estimate | 6.4 | probable | 6.2 |
| 2020/21 | estimate | 5.9 | estimate | 5.8 |
| 2021/22 | estimate | 5.5 | estimate | 5.4 |
| 2022/23 | estimate | - | estimate | 5.2 |
| 2023/24 | estimate | - | estimate | 5.0 |

## Comment

The estimates of financing costs include current Capital Plan commitments based on the latest 2019/20 Q3 Capital Plan.

The updated estimates for 2019/20 to 2022/23 reflect the net effect of a range of factors, principally

(a) savings being achieved through the ongoing 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, but principally capital expenditure slippage between years

(c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2022/23

(d) variations in interest earned on cash balances resulting from continuing current historically low interest rates but offset by continuing higher levels of cash balances (formal Indicator only).

**Prudential Indicator**

## 2 Capital Expenditure - Actual and Forecasts

The actual capital expenditure that was incurred in 2018/19 and the latest estimates of capital expenditure to be incurred for the current and future years are:

| Year | Executive August 2019 | | Update January 2020 | |
|---|---|---|---|---|
| | Basis | £m | Basis | £m |
| 2018/19 | actual | 127.2 | actual | 127.2 |
| 2019/20 | estimate | 151.1 | probable | 121.8 |
| 2020/21 | estimate | 85.9 | estimate | 133.6 |
| 2021/22 | estimate | 21.8 | estimate | 18.6 |
| 2022/23 | estimate | - | estimate | 5.6 |
| 2023/24 | estimate | - | estimate | 30.0 |

The above figures reflect the updated Capital Plan (Q1 2019/20) together with:-

(i) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan.

(ii) an estimated allowance for future expenditure re-phasing between years.

**Comment**

This Indicator now reflects the Capital Outturn in 2018/19 and the Capital Plan update for Q3 2019/20.

The variations are principally a result of:-

(a) additional provisions and variations to existing provisions which are self-funded from Capital Grants and Contributions, revenue contribution and earmarked capital receipts

(b) Capital expenditure re-phasing between years including slippage from 2018/19 outturn and Q3 2019/20 to later years

(c) various other Capital approvals and refinements reflected in the latest Capital Plan update

**Prudential Indicator**

**Comment**

## 3 Capital Financing Requirement (CFR)

Actuals and estimates of the Capital Financing Requirement (CFR) at the defined year ends are as follows:

| Date | Executive August 2019 | | | | Update January 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 19 | actual | 305.5 | 158.1 | 463.6 | actual | 305.5 | 158.1 | 463.6 |
| 31 Mar 20 | estimate | 299.9 | 156.3 | 456.2 | probable | 299.8 | 155.1 | 454.9 |
| 31 Mar 21 | estimate | 281.6 | 153.0 | 434.6 | estimate | 306.7 | 151.6 | 458.3 |
| 31 Mar 22 | estimate | 277.3 | 149.5 | 426.8 | estimate | 292.0 | 176.2 | 468.2 |
| 31 Mar 23 | estimate | - | - | - | estimate | 281.7 | 170.6 | 452.3 |
| 31 Mar 24 | estimate | - | - | - | estimate | 254.1 | 165.4 | 419.5 |

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.

The January 2020 figures were based on a Capital Plan approved as at 31 December 2019.

The updated figures reflect the following variations figures

(a) re-phasing between years of expenditure that is funded from borrowing including slippage between years identified at 2018/19 outturn and Q3 2019/20

(b) capital receipts (including company loans) slippage between years that affect year on year borrowing requirements

(c) variations in the level of the Corporate Capital Pot which is used in lieu of new borrowing until the Pot is required

(d) additions and variations to schemes/provisions approved that are funded from Prudential Borrowing

(e) variations in the annual Minimum Revenue Provision for debt Repayment which arise from the above

(f) Other Long Term Liabilities now include the Allerton Waste Recovery Park PFI Scheme

| Prudential Indicator | Comment |
|---|---|
| **4 Gross Debt and the Capital Financing Requirement** | |
| 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 (2019/20), plus the estimate of any additional capital financing requirement for the current (2020/21) and next two financial years (2021/22 and 2022/23). 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.<br>This Prudential Indicator is referred to as gross debt and the comparison with the capital financing requirement (**Indicator 3**) and is a key indicator of prudence.<br>The Corporate Director – Strategic Resources reports that the County Council had no difficulty in meeting this requirement up to 2019/20 nor are any difficulties envisaged for the current or future years of the Medium Term Financial Strategy up to 2022/23. 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 Revenue Budget 2020/21 and Medium Term Financial Strategy report. | This Prudential Indicator was changed in 2013/14 to reflect the comparison of gross debt (external debt plus other long term liabilities) with the Capital Financing Requirement (CFR). The comparator debt figure had previously been net debt which was gross debt less investments.<br>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.<br>The County Council's gross debt figure is currently significantly below the CFR figures shown in **Indicator 3** because of annual capital borrowing requirements being funded internally from cash balances (i.e. running down investments) rather than taking out new external debt.<br>This situation, however, could be reversed in future as a result of two key factors:<br>(i) externalising some or all of the internally financed CFR together with<br>(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).<br>This potential situation will be monitored carefully by the Corporate Director – Strategic Resources. |

**Prudential Indicator**

**Comment**

**5 Authorised Limit for External Debt**

In respect of its external debt, it is recommended that the County Council approves the following Authorised Limits for its total external debt for the next three financial years.

The Prudential Code requires external borrowing and other long term liabilities (PFI and Finance leases) to be identified separately.

The authorised limit for 2019/20 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

| Year | Executive August 2019 | | | Update January 2020 | | |
|---|---|---|---|---|---|---|
| | **External Borrowing** | **Other long term liabilities** | **Total Borrowing Limit** | **External Borrowing** | **Other long term liabilities** | **Total Borrowing Limit** |
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| 2019/20 | 378.2 | 156.3 | 534.5 | 378.0 | 155.1 | 533.1 |
| 2020/21 | 374.0 | 153.0 | 527.0 | 424.0 | 151.6 | 575.6 |
| 2021/22 | 366.6 | 149.5 | 516.1 | 395.8 | 176.2 | 572.0 |
| 2022/23 | - | - | - | 424.6 | 170.6 | 595.2 |
| 2023/24 | - | - | - | 353.4 | 165.4 | 518.8 |

The Corporate Director – Strategic Resources confirms that these authorised limits are consistent with the County Council's current commitments, updated Capital Plan and the financing of that Plan, the 2020/21 Revenue Budget and Medium Term Financial Strategy and with its approved Treasury Management Policy Statement.

The Corporate Director – Strategic Resources also confirms that the limits are based on the estimate of most likely prudent, but not worst case, scenario with sufficient headroom over and above this to allow for operational issues (e.g. 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.

The updated figures reflect a number of refinements which are also common to the Capital Financing Requirement (see **Indicator 3**) and Operational Boundary for external debt (see **Indicator 6**). Explanations for these changes are provided under **Indicators 3 and 6** respectively.

| Prudential Indicator | Comment |
|---|---|

**6 Operational Boundary for External Debt**

It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.

The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie **Indicator 5** above) but also 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.

| Year | Executive August 2019 | | | Update January 2020 | | |
|---|---|---|---|---|---|---|
| | External Borrowing | Other long term liabilities | Total Borrowing Limit | External Borrowing | Other long term liabilities | Total Borrowing Limit |
| | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| 2019/20 | 358.2 | 156.3 | 514.5 | 358.0 | 155.1 | 513.1 |
| 2020/21 | 354.0 | 153.0 | 507.0 | 404.0 | 151.6 | 555.6 |
| 2021/22 | 346.6 | 149.5 | 496.1 | 375.8 | 176.2 | 552.0 |
| 2022/23 | - | - | - | 404.6 | 170.6 | 575.2 |
| 2023/24 | - | - | - | 333.4 | 165.4 | 498.8 |

**Comment**

The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director – Strategic Resources.

The updated figures reflect refinements which are common to the Capital Financing Requirement (see **Indicator 3** above), together with

(a) relative levels of capital expenditure funded internally from cash balances rather than taking external debt

(b) loan repayment cover arrangements and the timing of such arrangements

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.

**Prudential Indicator**

**Comment**

## 7 Actual External Debt

The County Council's external debt is set out below and consists of external borrowing from the PWLB and money markets plus other long term liabilities such as PFI and finance leases which are classified as external debt for this purpose.

| Year | Executive August 2019 | | | | Update January 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 2019 | actual | 285.1 | 158.1 | 443.2 | actual | 285.1 | 158.1 | 443.2 |
| 31 Mar 2020 | estimate | 263.1 | 156.3 | 419.4 | probable | 263.1 | 155.1 | 418.2 |
| 31 Mar 2021 | estimate | 236.0 | 153.0 | 389.0 | estimate | 236.0 | 151.6 | 387.6 |
| 31 Mar 2022 | estimate | 221.8 | 149.5 | 371.3 | estimate | 221.8 | 176.2 | 398.0 |
| 31 Mar 2023 | estimate | - | - | - | estimate | 208.5 | 170.6 | 379.1 |
| 31 Mar 2024 | estimate | - | - | - | estimate | 208.5 | 165.4 | 373.9 |

It should be noted that actual external debt is not directly comparable to the Authorised Limit (**Indicator 5 above**) and Operational Boundary (**Indicator 6 above**) since the actual external debt reflects a position at one point in time.

The updated estimates for the 3 years to 31 March 2023 reflect refinements which are common to the Capital Financing Requirement (see **Indicator 3** above) together with the relative levels of capital expenditure internally funded from cash balances rather than taking external debt.

## 8 Limit of Money Market Loans (Local Indicator)

Borrowing from the money market for capital purposes (as opposed to borrowing from the PWLB) is to be limited to 30% of the County Council’s total external debt outstanding at any one point in time.

The actual position at 31 March 2019 was 7.0% (£20m out of a total of £285.1m) against an upper limit of 30%

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 County Council’s Annual Treasury Management and Investment Strategy for many years.

<table>
<tr><th>Prudential Indicator</th><th>Comment</th></tr>
<tr><td>

**9 Maturity Structure of Borrowing**

The upper and lower limits for the maturity structure of County Council borrowings are as follows:-

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

<table>
<tr><th rowspan="2">Period</th><th rowspan="2">Lower Limit %</th><th rowspan="2">Upper Limit %</th><th colspan="2">Memo item - actual at</th></tr>
<tr><th>1 April 19 %</th><th>1 April 20 %</th></tr>
<tr><td>under 12 months</td><td>0</td><td>50</td><td>10</td><td>6</td></tr>
<tr><td>12 months & within 24 months</td><td>0</td><td>25</td><td>5</td><td>6</td></tr>
<tr><td>24 months & within 5 years</td><td>0</td><td>50</td><td>5</td><td>3</td></tr>
<tr><td>5 years & within 10 years</td><td>0</td><td>75</td><td>7</td><td>3</td></tr>
<tr><td>10 years and within 25 years</td><td>0</td><td>100</td><td>7</td><td>7</td></tr>
<tr><td>25 years and within 50 years</td><td>0</td><td>100</td><td>66</td><td>74</td></tr>
<tr><td></td><td></td><td></td><td>100</td><td>100</td></tr>
</table>

</td><td>These limits are reviewed annually and have been updated to reflect the current maturity structure of the County Council’s debt portfolio.</td></tr>
</table>

| Prudential Indicator | Comment |
|---|---|
| **10 Total Principal Sums Invested for periods longer than 365 days**<br>The 2019/20 aggregate limit of £40m for 'non specified' investments longer than 365 days is based on a maximum of 20% of estimated 'core cash funds' up to 2022/23 being made available for such investments.<br>The purpose of this prudential limit for principal sums invested for longer than 365 days is for the County Council to contain its exposure to the possibility of loss that might arise as a result of it having to seek early repayment or redemption of principal sums invested. | **No change to this limit is proposed.**<br>The County Council currently has no such investments that fall into this category.<br>Prior to 1 April 2004, Regulations generally prevented local authorities from investing for longer than 365 days. As a result of the Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004.<br>This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 365 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk.<br>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 365 days+ are allowable as a Non Specified investment under the Government Guidance. The use of such investments is therefore now incorporated into the County Council's Annual Treasury Management and Investment Strategy. |

**SCHEDULE 3**

## ECONOMIC BACKGROUND

### 1.0 The UK.

1.1 2019 has been a year of political change as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the general election on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

1.2 As a result of the uncertainties of where the UK will be after the general election, the Bank made a change in their Brexit assumptions to now include a deal being eventually passed. There were increased concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up.

1.3 The Bank revised its inflation forecasts down to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021.

1.4 The MPC meeting of 19 December repeated the previous month’s vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently ‘no evidence about the extent to which policy uncertainties among companies and households had declined’ The two members who voted for a cut were concerned that the labour market was faltering.

1.5 If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February

2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

1.6 The Consumer Price Index (CPI) has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

## The Global Ecomony

### 2.0 USA

2.1 President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption Growth in 2019 has been falling after a strong start in quarter 1 and is expected to fall further. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy is cooling, while inflationary pressures are also weakening;

2.2 The Fed finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to start buying Treasuries again, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market.

2.3 Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This trade war is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China.

2.4 However, in early November, a phase one deal was agreed between the US and China to roll back some of the tariffs which gives some hope of resolving this dispute.

### 3.0 EUROZONE

3.1 Growth has been slowing from +1.8 % during 2018 to around half of that in 2019. German GDP growth has been struggling to stay positive in 2019 and fell by -0.1% in quarter 2. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

3.2 The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%,), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”.

## 4.0 CHINA

4.1 Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

## 5.0 JAPAN

5.1 Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## 6.0 WORLD GROWTH

6.1 Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a reduction of western countries dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.

6.2 The trade war between the US and China is a major concern to financial markets. There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

## 7.0 INTEREST RATE FORECASTS

7.1 The interest rate forecasts provided by Link Asset Services are predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in subsequent years which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.

- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

## 8.0 The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

8.1 One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

8.2 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth.

- Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- A resurgence of the Eurozone sovereign debt crisis.

- Weak capitalisation of some European banks, particularly Italian banks.

- Minority EU governments in Germany, Austria, Sweden, Spain, Portugal, Netherlands and Belgium are dependent on coalitions which could prove fragile.

- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was potential for a rerun of the 2008 financial crisis, but his time centred on the huge debt binge accumulated by corporations during the decade of low interest rates.

- Geopolitical risks**,** for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

8.3 Upside risks to current forecasts for UK gilt yields and PWLB rates

- Brexit – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**SCHEDULE 4**

## NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2020/21 – 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"within the UK or from Countries with 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 |
| **Term Deposits** with Housing Associations less than 1 year | | In-house |
| **Money Market Funds** i.e. collective investment scheme as defined in SI2004 No 534<br>(*These funds have no maturity date*) | Funds must be AAA rated | In-house<br>After consultation with Treasury Management Advisor<br>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<br>(*Custodial arrangements required prior to purchase*) | Government Backed | After consultation with Treasury Management Advisor |

**SCHEDULE 4**

## NORTH YORKSHIRE COUNTY COUNCIL ANNUAL INVESTMENT STRATEGY 2020/21 – NON-SPECIFIED INVESTMENTS

| **Investment** | **Security / Minimum Credit Rating** | **Circumstances of Use** | **Max % of total investments** | **Maximum investment with any one counterparty** | **Max. maturity period** |
|---|---|---|---|---|---|
| **Term Deposit** with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year | Organisations assessed as having "high credit quality" under the Credit Worthiness Policy | In-house | 100% of agreed maximum proportion of Core Cash funds (£40m) | £5m | 5 years |
| **Certificate of Deposit** with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year<br>Custodial arrangements prior to purchase | Organisations assessed as having "high credit quality" under the Credit Worthiness Policy | Fund Manager<br>or<br>In-house "buy & hold" after consultation with Treasury Management Advisor | 100% of agreed maximum proportion of Core Cash funds (£40m) | £5m | 5 years |
| **Callable Deposits** with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year | Organisations assessed as having "high credit quality" under the Credit Worthiness Policy | In-house | 50% of agreed maximum proportion of Core Cash funds (£20m) | £5m | 5 years |
| **Term Deposits** with Housing Associations with maturities greater than 1 year | Organisations assessed as having "high credit quality" under the Credit Worthiness Policy | In-house | 25% of agreed maximum proportion of Core Cash funds (£10m) | £5m | 5 years |
| **Forward Deposits** with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit) | Organisations assessed as having "high credit quality" under the Credit Worthiness Policy | In-house | 25% of agreed maximum proportion of Core Cash funds (£10m) | £5m | 5 years |

| **Investment** | **Security / Minimum Credit Rating** | **Circumstances of Use** | **Max % of total investments** | **Maximum investment with any one counterparty** | **Max. maturity period** |
|---|---|---|---|---|---|
| **Bonds issued by a financial institution that is guaranteed by the UK Government** (as defined in SI2004 No534) with maturities in excess of 1 year<br>Custodial arrangements required prior to purchase | AA or Government backed | Fund Manager<br>or<br>In-house "buy & hold" after consultation with Treasury Management Advisor | 25% of agreed maximum proportion of Core Cash funds (£10m) | n/a | 5 years |
| **Bonds issued by Multilateral development banks** (as defined in SI2004 No534) with maturities in excess of 1 year<br>Custodial arrangements required prior to purchase | AA or Government backed | Fund Manager<br>or<br>In-house "buy & hold" after consultation with Treasury Management Advisor | 25% of agreed maximum proportion of Core Cash funds (£10m) | £5m | 5 years |
| **UK Government Gilts with maturities in excess of 1 year**<br>Custodial arrangements required prior to purchase | Government backed | Fund Manager | 25% of agreed maximum proportion of Core Cash funds (£10m) | n/a | 5 years |
| **Collateralised Deposit** | UK Sovereign Rating | In-house | 25% of agreed maximum proportion of Core Cash funds (£10m) | n/a | 5 years |
| **Property Funds** | Organisations assessed as having "high credit quality" | In-house after consultation with Treasury Management Advisor | 100% of agreed maximum proportion of Core Cash funds (£40m) | £5m | 10 years |

Item 6c

**SCHEDULE 5**

## APPROVED LENDING LIST 2020/21

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 £40m 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 PLC (RFB) | GBR | 75.0 | 365 days | - | - |
| National Westminster Bank PLC (RFB) | GBR | | | | |
| **UK "Clearing Banks", other UK based banks and Building Societies** | | | | | |
| Santander UK PLC (includes Cater Allen) | GBR | 60.0 | 6 months | - | - |
| Barclays Bank PLC (NRFB) | GBR | 75.0 | 6 months | - | - |
| Barclays Bank UK PLC (RFB) | GBR | | | | |
| Bank of Scotland PLC (RFB) | GBR | 60.0 | 365 days | - | - |
| Lloyds Bank PLC (RFB) | GBR | | | | |
| Lloyds Bank Corporate Markets PLC (NRFB) | GBR | | 6 months | | |
| HSBC Bank PLC (NRFB) | GBR | 30.0 | 365 days | - | - |
| HSBC UK Bank PLC (RFB | GBR | | | | |
| Goldman Sachs International Bank | GBR | 60.0 | 6 months | | |
| Sumitomo Mitsui | GBR | 30.0 | 6 months | | |
| Standard Chartered Bank | GBR | 60.0 | 6 months | | |
| Handlesbanken | GBR | 40.0 | 365 days | | |
| 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 | 365 days | - | - |
| Commonwealth Bank of Australia | AUS | 30.0 | 365 days | | |
| Toronto-Dominion Bank | CAN | 30.0 | 365 days | | |
| Credit Industriel et Commercial | FRA | 30.0 | 6 months | - | - |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | GER | 30.0 | 365 days | | |
| DBS (Singapore) | SING | 30.0 | 365 days | | |
| **Local Authorities** | | | | | |
| County / Unitary / Metropolitan / District Councils | | 20.0 | 365 days | 5.0 | 5 years |
| Police / Fire Authorities | | 20.0 | 365 days | 5.0 | 5 years |
| National Park Authorities | | 20.0 | 365 days | 5.0 | 5 years |
| **Other Deposit Takers** | | | | | |
| Money Market Funds | | 20.0 | 365 days | 5.0 | 5 years |
| Property Funds | | 5.0 | 365 days | 5.0 | 10 years |
| UK Debt Management Account | | 100.0 | 365 days | 5.0 | 5 years |

Based on data as 31 December 2019

**SCHEDULE 6**

## APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets

| Sovereign Rating | Country |
|---|---|
| AAA | Australia<br>Canada<br>Denmark<br>Germany<br>Luxemburg<br>Netherlands<br>Norway<br>Singapore<br>Sweden<br>Switzerland |
| AA+ | Finland<br>USA |
| AA | Abu Dhabi (UAE)<br>France<br>Hong Kong<br>UK |
| AA- | Belgium<br>Qatar |