

Agenda

Meeting: Executive (Performance Monitoring)

Venue: Remote Meeting

Date: Tuesday, 25 August 2020 at 11.00 am

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Business

1. **Minutes of the meeting held on 28 July 2020** (Page 5 to 12)
2. **Any Declarations of Interest**
3. **Exclusion of the public from the meeting during consideration of each of the items of business listed in Column 1 of the following table on the grounds that they each involve the likely disclosure of exempt information as defined in the paragraph(s) specified in column 2 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local Government (Access to information)(Variation) Order 2006:-**

Item number on the agenda	Paragraph Number
Item 10 – Appendices 1 – 5	3
Item 11	3

4. **Public Questions or Statements.**

Members of the public may ask questions or make statements at this meeting if they have given notice to Melanie Carr of Democratic and Scrutiny Services and supplied the text (*contact details below*) by midday on 20 August 2020, three working days before the day of the meeting. Each speaker should limit themselves to 3 minutes on any item. Members of the public who have given notice will be invited to speak:-

- at this point in the meeting if their questions/statements relate to matters which are not otherwise on the Agenda (subject to an overall time limit of 30 minutes);
- when the relevant Agenda item is being considered if they wish to speak on a matter which is on the Agenda for this meeting.

If you are exercising your right to speak at this meeting, but do not wish to be recorded, please inform the Chairman who will instruct anyone who may be taking a recording to cease while you speak.

5. Quarter 1 Budget Monitoring Report - Joint report of the Chief Executive and Corporate Director - Strategic Resources

(Pages 13 to 78)

Recommendations – That:

- The latest position for the County Council’s 2020/21 Revenue Budget, as summarised in paragraph 2.1.2. be noted
- The position on the GWB (paragraphs 2.4.1 to 2.4.3) be noted
- The position on the ‘Strategic Capacity – Unallocated’ reserve (paragraphs 2.4.4 to 2.4.6) be noted
- The position on the County Council’s Treasury Management activities during the first quarter of 2020/21 be noted
- The report be referred to the Audit Committee for their consideration as part of the overall monitoring arrangements for Treasury Management.
- The refreshed Capital Plan summarised at paragraph 4.2.3 be approved;
- The additional funding of £8m to purchase vehicles in advance on behalf of the NY Highways company as set out at paragraph 4.2.27 be approved;
- The increase in loan facility for the NY Highways company (paragraph 4.2.29) be approved;
- The establishment of a recurring annual short term cashflow arrangement of up to £2m to support the effective profiling of the highways programme (paragraph 4.3.8) be approved;
- Agree that the expired approvals in relation to Technology and Change be held for a further 12 months pending a review (paragraph 4.3.9) be agreed; and
- It be agreed that no action be taken at this stage to allocate any additional capital resources (paragraph 4.5.12)
- The Executive recommends to the County Council that it approves the revised Prudential Indicators for the period 2020/21 to 2022/23 as set out in Appendix A.

6. Consideration of Proposed Amendments to the Council’s Constitution for recommendation to full Council - Report of the Assistant Chief Executive (Legal and Democratic Services)

(Pages 79 to 124)

Recommendations - That:

- the proposed changes to the Constitution set out in the Amendments Chart at Appendix 1; and
- the proposed changes to the Procurement and Contract Procedure Rules, set out in Appendices 2 and 3

be proposed to full Council for approval.

7. Recommissioning of the targeted Healthy Child Programme - Report of the Corporate Director - Health and Adult Services

(Pages 125 to 138)

Recommendations - That:

- i. The proposed arrangements to deliver a school based universal and target emotional health service be noted
- ii. A 30-day public consultation on the use of the Section 75 agreement between NYCC and NYCCGs be approved
- iii. The consultations result and draft Section 75 Agreement be brought back to the Executive for consideration in January 2021.
- iv. The preferred procurement option to deliver a young person specialist substance misuse service be approved

8. Appointments to Committees and Other Bodies

(Pages 139 to 140)

Recommendations:

That the following appointments to the North Yorkshire Health and Wellbeing Board be recommended to Council:

- i) Andrew Brodie, Chief Fire Officer, North Yorkshire Fire and Rescue Service, as the Emergency Services representative.
- ii) Dr. Sally Tyrer, Chair of the North Yorkshire Local Medical Committee, as the representative of Primary Care.

9. Forward Work Plan

(Pages 141 to 150)

10. Transfer of a Contracted Supported Living Service to NYCC Social Care Provider Services - Report of the Corporate Director - Health and Adult Services

(Pages 151 to 154)

Recommendation:

That the contents of the report be considered and a transfer of the service back in-house from 2 October 2020, to be delivered by the NYCC Provider Services, be agreed

11. Private Minute of the meeting held on 28 July 2020

12. Other business which the Leader agrees should be considered as a matter of urgency because of special circumstances

Barry Khan
Assistant Chief Executive
(Legal and Democratic Services)

County Hall
Northallerton

Date: 17 August 2020

Executive Members

Name	Electoral Division	Areas of Responsibility
LES, Carl	Richmondshire Catterick Bridge	Leader of the Council Communications, safer communities and emergency planning
DADD, Gareth	Hambleton Thirsk	Deputy Leader of the Council Finance and Assets and Special Projects inc finance and HR performance management
CHANCE, David	Whitby/Mayfield cum Mulgrave	Stronger Communities - inc Legal and Democratic Services, Corporate Development, Overview and Scrutiny Committees, Area Committees, performance management
DICKINSON, Caroline	Northallerton	Public Health, Prevention and Supported Housing - inc STP issues regarding the Friarage and Darlington Hospitals
HARRISON, Michael	Lower Nidderdale and Bishop Monkton	Health and Adult Services - inc Health and Wellbeing Board, health integration and Extra Care
LEE, Andrew	Cawood and Saxton	Open to Business - inc growth, economic development, planning, waste management, trading standards and business relations
MACKENZIE, Don	Harrogate Saltergate	Access - inc highways, road and rail transport, broadband and mobile phones; and to act as the Council's Digital Infrastructure Champion
MULLIGAN, Patrick	Airedale	Education and Skills - inc early years, schools, apprenticeships, FE colleges and UTC's and engagement with the skills part of the LEP
SANDERSON, Janet	Thornton Dale and the Wold	Children and Young People's Services with responsibility for foster and adoption, children's social care and prevention
WHITE, Greg	Pickering	Customer Engagement inc Contact Centre, web site, libraries, digital and performance management (complaints and compliments)

North Yorkshire County Council

Executive

Minutes of the remote meeting held on Tuesday, 28 July 2020 commencing at 11.00 am.

County Councillor Carl Les in the Chair, plus County Councillors David Chance, Gareth Dadd, Caroline Dickinson, Andrew Lee, Don Mackenzie, Patrick Mulligan, Janet Sanderson and Greg White.

Other Councillors Present: County Councillors Derek Bastiman, John Ennis, Stanley Lumley, Janet Jefferson, Karin Sedgwick, Annabel Wilkinson, David Goode and David Blades.

Officers present: Richard Flinton, Barry Khan, Gary Fielding, Richard Webb, Stuart Carlton, Justine Brooksbank, Stacey Burlet, Andrew Leeming, Barrie Mason, Victoria Ononeze, Ray Busby and Melanie Carr.

Apologies: County Councillor Michael Harrison

Copies of all documents considered are in the Minute Book

463. Minutes

Resolved –

That the public Minutes of the meeting held on 14 July 2020, having been printed and circulated, be taken as read and confirmed by the Chairman as a correct record.

464. Declarations of Interest

County Councillor Carl Les declared a non-pecuniary interest in Agenda Item 5. He confirmed that as a Board member of Welcome to Yorkshire he would abstain from voting on Recommendation C in the report.

465. Exclusion of the Public and Press

Resolved –

That on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 as amended by the Local government (Access to Information) (Variation) Order 2006, the public was excluded from the meeting during consideration of agenda item 10 - Healthy Choices.

466. Public Questions and Statements

County Councillor Carl Les confirmed that a written statement had been submitted by

Northallerton BID Co. Ltd in connection with agenda Item 8 – Northallerton High Street Parking. He confirmed that the Chair of the BID would be joining the meeting to present the BID's statement when the Executive reached Item 8 on the Agenda.

467. Quarter 4 Performance & Budget Monitoring

Considered –

A joint report of the Chief Executive and Corporate Director for Strategic Resources, bringing together key aspects of the County Council's performance on a quarterly basis.

County Councillor Carl Les introduced the end of year outturn report and thanked officers for the Executive summary which highlighted the in-depth focus on Public Health and the Council's ambition of 'Modern Council'.

County Councillor David Chance provided a brief summary of the massive impact of COVID-19 on North Yorkshire, and the excellent work of officers in rising to the challenges it had brought since lockdown began, which included:

- The development of an Outbreak Control Plan and the establishment of local and regional contact tracing mechanisms
- The number of contacts from members of the public – 38K+
- The average number of volunteers employed per week (1,400) with the delivery of 50,000 volunteer hours
- The processing of 703 grants for food and energy
- The provision of appropriate PPE for all employees where required
- The delivery of 820 shops per week and 625 prescriptions
- 2000 new library members since the start of lockdown
- The co-ordinated response of the County Council, District and Borough Councils, Community Support Organisations and the role of the Stronger Communities Team in supporting that process
- The growing number of staff working remotely from home

County Councillor David Chance confirmed the report provided strong evidence of progress in delivering all four of the County Council's ambitions, but highlighted the following challenges:

- A backlog in registrations
- Protecting the 72,000 jobs furloughed across North Yorkshire during the lockdown
- The cost of placements in Residential Nursing Homes – 54% above the Authority's approved rates

In response to a number of questions from members of the Scrutiny Board, Executive Members confirmed:

- The rationalisation of Council owned properties was being considered in response to the increase in number of staff able to work from home, and the CO2 and climate change benefits that may bring were noted.
- The Brierley Building would remain part of the Council's property portfolio but its future use may evolve over time.
- Broadband services throughout the pandemic had held up well, with only a minimal number of outages.
- The intention was to open all schools in September 2020, with a number of initiatives being considered to address logistical problems associated with both social distancing in smaller

schools across the County and home to school transport – Government guidance was expected.

- Work was ongoing to ensure all children has access to an electronic device to access schooling.
- Throughout the pandemic, the County Council had continued to support public transport providers through the continued payment of concessionary fare reimbursement based on the previous 3-month period, pre-lockdown. It had also continued to pay contracted service providers.
- Over 80% take up of the first phase of small business grants, administered by the District/Borough Councils.
- Work was underway to address the challenge of delivering an increased number of winter flu vaccinations in a social distanced way
- The new streamlined safeguarding measures introduced in Autumn 2019 had proved much more proportionate.
- A number of new ways of contacting individuals at risk of domestic abuse had been initiated during the lockdown, with additional support being provided by the voluntary sector.
- Domestic Abuse remained a focus of Children’s Services and its partners with a good level of referrals coming in from the Police.

Public Health

County Councillor Caroline Dickinson provided an overview of Public Health functions, highlighting the strengths and challenges associated with protecting and improving the health of people in North Yorkshire.

Modern Council

County Councillor Greg White drew members’ attention to how well libraries had done throughout the pandemic with an increase in membership and the use of virtual services. He also highlighted the challenges around the Registrars Service with a backlog in weddings and birth registrations. He raised concern at the potential number of unregistered births coming to light in future years. Finally, he confirmed that work was underway to ensure the continued delivery of online committee meetings and homeworking post COVID-19,

County Councillor Carl Les thanked officers for their detailed performance update.

Revenue

County Councillor Gareth Dadd introduced the section of the report on the revenue budget, confirming there was little movement between Quarters 3 and 4, with COVID-19 having a minimal effect on the Quarter 4 outturn position, helped by an underspend resulting from a number of one-off non-recurring elements. He confirmed the full impact of COVID-19 would become clearer in future finance quarterly reports.

He also provided some reassurance over commercial investments, and their expected returns, and drew Members attention to the ongoing issues around the Dedicated Schools Grant and growth and demand in HAS and Children’s Services. It was confirmed a 68% increase in Education & Health Care Plans had resulted in a greater financial pressure and a growing deficit.

Finally, County Councillor Gareth Dadd confirmed it was vital that the County Council invest in Welcome to Yorkshire activities this year, in light of its previous success at boosting the county’s economy through tourism. County Councillor David Chance added his support to the proposed continued investment in the organisation.

Members voted unanimously in favour of the recommendations relating to the Revenue budget, as shown on page 85 of the report, with the exception of County Councillor Carl Les who absented

himself from voting on Recommendation C in relation to Welcome to Yorkshire.

Treasury Management, Prudential Indicators & Capital

County Councillor Gareth Dadd introduced the sections of the report on Treasury Management and Prudential Indicators the Capital Plan. In regards to Treasury Management he noted the continued reduction in debt detailed in the report.

In regard to the Treasury Management, Gary Fielding, Corporate Director for Strategic Resources drew members' attention to the interest earned but expressed caution about the future year as a resulting of falling interest rates. He went on to highlight:

- None of the prudential indicators had been exceeded;
- The request for a parental indemnity for Brierley Homes;
- The re-tendering for two schools in order to achieve better value
- The ongoing legal work aimed at ensuring a positive outcome for the Better Care Schemes

As there were no questions arising, County Councillor Carl Les referred Members to the associated recommendations on pages 122 of the report and there was a unanimous vote in favour.

Resolved – That:

- a) The contents of the Performance Report be noted
- b) The outturn position for the County Council's 2019/20 Revenue Budget as summarised in paragraph 2.1.2 be noted
- c) The additional pledged contributions of £76,600 and £215,000 (from the Directors of Development fund) to Welcome to Yorkshire (paragraph 2.4.1) be approved
- d) The position on the GWB (paragraphs 2.6.1 to 2.6.3) be noted
- e) The position on 'Strategic Capacity – Unallocated' reserve (paragraphs 2.6.4 to 2.6.6) be noted
- f) The performance of the Treasury Management operation during 2019/20 and the outturn position on Prudential Indicators be noted.
- g) The position on capital outturn as detailed in Appendices A to E be noted.
- h) The proposed carry forward to 2020/21 of the net capital underspend totaling £0.6m as set out in paragraph 4.14 be recommended to the County Council
- i) The financing of capital expenditure as detailed in paragraph 4.16 and Appendix F be approved
- j) The Parental Indemnity arrangement for Brierley Homes details of which are set out in paragraph 4.28 be approved
- k) The budget uplifts to two Basic Need schemes as detailed in paragraph 4.29 be approved

468. Quarter 1 Performance Report

Considered –

A joint report of the Chief Executive and Corporate Director for Strategic Resources, bringing together key aspects of the County Council's performance for Quarter 1 of 2020/21.

As Executive Members and the Scrutiny Board Members had no specific questions in relation to the Quarter 1 report, it was

Resolved – That the contents of the Quarter 1 Performance Report be noted

469. Devolution Deal for North Yorkshire and York

Considered – A report of the Assistant Chief Executive (Legal and Democratic Services) seeking approval to submit a devolution proposal to Government for North Yorkshire and the City of York.

County Councillor Carl Les introduced the report which provided a detailed overview of the work ongoing to develop and negotiate a Devolution deal for the region, with the intention of increasing funding and providing additional flexibilities for the benefit of the region. He drew members' attention to the governance arrangements and the 'Asks' detailed in Annex 3.

County Councillor David Chance proposed an additional recommendation that in light of a recent Minister's statement that it was necessary to submit a request to consider a unitary proposal as part of a Devolution deal, the Executive should instruct officers to carry out all that was necessary to progress a business case for, and promote a suitable unitary proposal on the geography of the whole of North Yorkshire, for presentation to a future Executive meeting and subsequently to an additional full County Council meeting for approval.

County Councillor Gareth Dadd paid tribute to the Leader's ongoing commitment to progressing a Devolution deal for North Yorkshire, which he considered vital in order to ensure future investment for the region, and welcomed the opportunity to support which ever proposal was successful for the region.

County Councillor Carl Les thanked officers for their work to date, and having noted the proposals, Members voted in favour of the recommendations and therefore it was

Resolved – That:

- i) The submissions to Government as detailed in Appendix 3 be approved, and the making of any necessary amendments to the submission as a result of each constituent authority's feedback be delegated to the Chief Executive in consultation with the Leader, including taking any necessary action to give effect to this recommendation.
- ii) In light of the Ministers statement that it is necessary to submit a request to consider a unitary proposal as part of a Devolution deal, officers carry out all that is necessary to progress a business case and promote a suitable unitary proposal on the geography of the whole of North Yorkshire, for presentation to a future Executive meeting and subsequently to an additional full County Council meeting for approval.

470. Northallerton High Street Parking

Considered – A report of the Corporate Director for Business and Environmental Services detailing the findings of a review in response to a petition received from Northallerton BID Company Ltd requesting the extension of the current 30 minutes free parking on Northallerton High Street to 2 hours free parking.

A statement was read out on behalf of Mr Lindsay Judd, Chair of Northallerton BID Co. Ltd which stated:

We thank Mr Bowe for his report. We have studied it very carefully and it does little to ease our concerns about the commercial damage our High Street is experiencing from the very limited free parking.

One of the disturbing facts from the report is that in the last two years the number of vehicles parking free in the High Street for up to 30 minutes has dropped by almost 50,000, with no compensatory increase in the Applegarth free allowance numbers. These are worrying figures for the economic health of Northallerton.

We also note from the report's own data that traffic flow has remained static. That means one of the main objectives of the original charging regime has clearly not been achieved.

Our own survey shows that businesses feel strongly that congestion has increased since charging was introduced, again defeating the original objectives. The limited free parking allowance makes shoppers feel anxious and rushed. With current restrictions on social distancing, 30 minutes is insufficient even to conduct what Mr Bowe describes as a 'minor errand', let alone a larger purchase.

We find the report long on data but short on evidence to support Mr Bowe's conclusions that the Council is meeting its parking strategy objectives. His conclusions differ radically from our own research that trade has become significantly worse for 56 per cent of businesses since the charging regime was introduced in 2015. We don't see how his conclusions are consistent with the Council's obligation to link parking strategies to local circumstances which meet the best interests of communities and businesses. Several businesses on Northallerton High Street have not survived the pandemic. This is a time when we all need to work together to preserve jobs and the economic health of our town. Those businesses that are open are attracting only a limited percentage of their normal trade.

I urge the Executive to act positively to establish a fairer parking regime. I know from talking to my many business colleagues how passionately people feel about this. The High Street faces unprecedented challenges. This unnecessary barrier to trade must be eased so it can survive and thrive again for all our benefit. We look to you today for help and leadership for the good of our county town.

County Councillor Don Mackenzie acknowledged that retailers in town centres had experienced a challenging time since the outbreak of COVID-19, and confirmed:

- In response, the County Council had suspended all on-street parking charges from March to the middle of June 2020, only reintroducing them as traffic levels came back up to more or less normal levels.
- Parking charges were a key instrument in managing traffic, especially in town centres, ensuring a turnover of spaces, and encouraging the use of off-street car parks, of which there were plenty in Northallerton run by Hambleton District Council.
- Parking charges in Northallerton were extremely low in comparison with others levied in the area - approximately half of what they were in Harrogate.
- All surplus from parking charges were used for transport related schemes e.g. supporting concessionary fares on buses, bus journeys in and out of Northallerton etc.
- The request for two hours of free parking was contrary to the general direction of travel and anything that encouraged car transport would be detrimental to environmental improvements.

Barrie Mason, Assistant Director for Highways & Transportation outlined the petition received from the BID in February 2020 and presented the findings from a review carried out by officers in response. He also confirmed:

- The current parking management arrangement on the High Street was entirely consistent with the County Council's Parking Strategy, adopted in 2011.

- The half hour free concession period was introduced at the same time as the charging scheme to support the continued ability for drivers to be able to carry out very short term errands such as picking up a newspaper at lunch or on the way to work.
- The current requirement for social distancing due to Covid-19 had compromised the ability to carry out such errands within the current 30-minute time allowance.

Members noted that the report:

- Outlined the performance data considered as part of the review and identified a range of factors influencing trade, parking management being one of them.
- Detailed the transaction data supplied by Hambleton DC which showed an increased use of the Applegarth short stay car park located to the rear of the High Street where one-hour free parking was available.
- Concentrated on a review of the parking management arrangements in a pre-Covid scenario - the context in which the petition was submitted back in February 2020.

Whilst Members acknowledged that the requested increase to 2 hours would be contrary to the County Council's strategic approach to parking management, they were minded to increase the on-street free time allowance in light of the unprecedented challenges facing High Street business, as a result of the recent COVID-19 pandemic. It was therefore proposed that it be temporarily increased to 60 minutes linked to the social distancing measures currently in place.

Finally, in terms of an equitable approach it was suggested that the same temporary arrangement be introduced in the only other location where a free-parking concession was in place within an existing on-street parking zone i.e. the market place in Knaresborough.

Resolved – That:

- i. The current half hour free concession period on Northallerton High Street be increased to one-hour on a temporary basis up to 31 December 2020, linked to the social distancing measures currently in place.
- ii. The same temporary arrangement be introduced in the market place in Knaresborough.
- iii. Performance data be assessed at the end of the temporary period

471. Forward Work Plan

The Forward Plan for the period from 16 July 2020 to 31 May 2021 was noted.

Agenda item 13 was considered in private and the public have no right of access to this section of the Minutes.

472. Healthy Choices

Considered -

The report of the Corporate Director – Health & Adult Services regarding the Healthy Choices

Service.

Resolved –

That the recommendations in the report be agreed.

The meeting concluded at 1:11pm
MLC

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

25 August 2020

QUARTERLY PERFORMANCE MONITORING REPORT

Report of the Chief Executive

EXECUTIVE SUMMARY

Revenue Budget 2020/21

1. There is an overall projected net overspend of £3,875k against budget for 2020/21 (**paragraph 2.1.2**). The direct impact of COVID-19 is leading to 'headline' overspends in all directorates. Issues of note include:
 - An improvement in the underlying budget position of CYPS and HAS mainly reflecting the additional funding provided as part of the 2020/21 approved budget.
 - Significant one off costs in Corporate Miscellaneous, in particular the creation of a provision to offset the potential loss of local taxation income which will impact in financial year 2021/22.
 - The above issues are significantly offset by the receipt of government funding for additional Covid-19 costs
2. A breakdown of each Directorates forecast variance is provided in **Appendices B to F** with the financial position for NYES provided in **Appendix G**.
3. The longer term impact of the Covid-19 crisis remains a critical issue. The potential long term impacts on levels of local tax funding, the wider economy and local markets represent very significant areas of uncertainty with potential major repercussions for the county council's budget and cash flow.

Capital Plan

1. The Council is currently planning to invest £176.8m on capital schemes across the County in 2020/21 and £256.1m, in total, over the next 5 years. Covid-19 is impacting on a number of schemes and re-profiling is required.
2. Executive is asked to approve: additional funding of £8m to purchase vehicles in advance on behalf of the NY Highways company (**paragraph 4.2.27**); the increase in loan facility for the NY Highways company (**paragraph 4.2.29**); the establishment of a recurring annual short term cashflow arrangement of up to £2m to support the effective profiling of the highways programme (**paragraph 4.3.8**); and the expired approvals in relation to Technology and Change be held for a further 12 months pending a review (**paragraph 4.3.9**).
3. Planned financing of the capital spend in 2020/21 (**paragraph 4.5.9 & Appendix E**) includes £4.9m capital receipts. After utilising other estimated capital income (grants, contributions and revenue contributions) totalling £164m, the balancing figure of £13.4m is planned to be funded from internal borrowing which has the impact of running down investments.

4. £15.6m potential surplus capital resources are available over the Capital Plan period (**paragraph 4.5.9**). This could be used to fund capital expenditure or to reduce the Council's outstanding debt.

Treasury Management

1. Investments outstanding at 30 June 2020 were £509.9m (**paragraph 3.14**) of which £228.1m belonged to other organisations who are part of NYCC's investment pool arrangements (**Appendix A**),
2. The daily average balance was £481.09 over Q1 of 2020/21 and an average rate of return of 0.76% was achieved (**paragraph 3.14**) which compares well against benchmarks (**paragraph 3.15**).
3. External debt stood at £263.1m at 30 June 2020. The average interest rate of this debt was 4.39% (**paragraph 3.18**).
4. The forecast capital borrowing requirement for 2020/21 is £24m (**paragraph 3.20**).

Prudential Indicators

1. The Prudential Indicators have been updated to reflect the latest Capital Plan. During Q1 2020/21 the Council operated within the approved Prudential Indicators and limits were not exceeded.

RICHARD FLINTON
Chief Executive

Gary Fielding
Corporate Director, Strategic Resources

County Hall
Northallerton
25 August 2020

Contents

- 2.0 Revenue Budget 2020-21
- 3.0 Treasury Management
- 4.0 Capital Plan
- 5.0 Prudential Indicators

2.0 REVENUE BUDGET 2020/21

2.1 BACKGROUND AND SUMMARY

2.1.1 This section of the report presents details of the projected revenue outturn for the 2020/21 financial year. The latest in-year 2020/21 budget is £393,410k with the net movement since the budget approved by Executive and County Council in February 2020 shown in **Appendix A**.

2.1.2 At the end of Q1, there is a projected net overspend of £3,875k (1%) against operational budgets. Further detail is provided in **section 2.2**.

2.2 OPERATIONAL BUDGETS

2.2.1 The table below identifies the operational budgets for each of the Directorates in 2020/21. The projected revenue outturn indicates a number of variances, which together produce a net projected overspend of £3,875k. Issues of note include:

- The direct impact of COVID-19 leading to 'headline' overspends in all directorates
- An improvement in the underlying budget position of CYPS and HAS mainly reflecting the additional funding provided as part of the 2020/21 approved budget.
- Significant one off costs in Corporate Miscellaneous, in particular the creation of a provision to offset the potential loss of local taxation income which will impact in financial year 2021/22.
- The above issues are significantly offset by the receipt of government funding for additional Covid-19 costs

Directorate	Budget (£k)	Projected Outturn (£k)	Variance (£k)	2019/20 Outturn Variance (£k)
HAS	168,064	179,223	11,159	199
BES	73,198	74,565	1,366	(3,355)
CYPS	79,007	80,727	1,720	8,243
LA Provision for High Needs	4,211	4,211	-	(3,748)
Adjustments for 19/20 only	-	-	-	(3,643)
CYPS Net	83,218	84,938	1,720	852
Central Services	66,599	74,475	7,876	94
Corporate Misc.	2,330	13,607	11,277	(4,367)
Directorate Totals	393,410	426,808	33,398	(6,577)
Covid19 Grant Funding	-	(29,523)	(29,523)	-
TOTAL	393,410	397,285	3,875	(6,577)

It is also worth noting that this budget figure is already supported by a £3.9m transfer from reserves.

2.2.2 A summary of the overall **Health and Adult Services (HAS)** position across public health and adult social care (ASC) is outlined in **Appendix B**. This shows that the Directorate has utilised the £2.4m of Winter Pressures funding allocated by central government and £0.6m of iBCF (improved Better Care Fund) to meet Adult Social Care Pressures. A further £1.6m of growth allocated by the County Council has also been used.

2.2.3 It should be noted that the winter pressures funding and iBCF is only *guaranteed* to continue for the current financial year (2020/21) and, whilst there is some expectation of similar funding continuing to offset budget pressures in the future, this is not guaranteed.

2.2.4 Overall, adult social care is forecasting a net overspend of £11.2m (net of projected £9.5m covid-linked CCG funding). This reflects COVID-19 related budget pressures of £13.9m and non-COVID net underspends of £2.7m relating to business as usual activity.

COVID-19

2.2.5 There is a £9.8m overspend forecast in relation to supporting the adult social care market and additional demand as a consequence of COVID:

- During the emergency period, care packages for people discharged from hospital or to avoid hospital admissions have been funded by the NHS. However once the emergency is declared over it is likely that the Council will need to cover these costs (£4.8m) and the CCG packages of care agreed during the emergency are typically more expensive than the usual cost to the council. Although presently covered by NHS funding, at the moment, the average cost of a spot purchased bed during the emergency has been between £850 and £900 per week, compared with a pre-covid average of £600 per week.
- A further £4.1m relates to 5% compensatory and hardship payments to care providers.
- In addition, we are forecasting an increase (£0.9m) in Mental Health care packages, placements and increases in the workforce with the additional use of agency staff as a direct consequence of the pandemic.

2.2.6 Other COVID-19 related budget pressures totalling £4.1m include workforce pressures, additional materials and the loss of income.

	£m
Increased staffing costs	2.3
Loss of client income	0.3
Loss of CHC income	0.3
Delayed Savings	1.6
Infection Control Grant	(0.4)
Other COVID related budget pressures	4.1

Adult Social Care and Cross-Directorate Budgets - business as usual

2.2.7 Although there continue to be significant pressures on the Care and Support budgets the additional funding provided as part of the approved 2020/21 budget, together with supplementary funding from the iBCF, currently more than offset these pressures (-£1.8m). However, as noted, not all elements of this funding are guaranteed into future years. In addition, there are a series of other minor savings/overspends forecast which together produce a further net underspend of -£0.9m.

- 2.2.8 Market pressures, particularly in Harrogate, continue to be a major issue and this is exacerbated as people use up their own funds, with the Council then picking up any further costs. Remedial action as identified in previous reports is underway to reduce this pressure, however this has been delayed due to our responsibilities in response to the coronavirus pandemic.
- 2.2.9 Public Health are forecasting an underspend of £0.4m which is matched by a reduced reserve draw down requirement. The reduced reserve drawdown reflects the net impact of both the delays to savings and the lower activity on Public Health contracts due to COVID. Although earmarked reserves, built up from underspends in previous years, are currently used to support the budget there is a planned programme of savings over the medium term which is necessary to ultimately bring annual expenditure in line with government funding levels.
- 2.2.10 **Appendix C** includes details of the projected variance within **Business and Environmental Services**. Factors which are currently impacting the service and could serve to impact the service further throughout the year, are;
- COVID-19**
- 2.2.11 Concessionary fares – as expected COVID-19 has had a significant impact on public transport to date. Whilst NYCC continues to financially support bus operators in North Yorkshire, there is a residual saving from reduced fare payments of £490k. Current trends are seeing a recovery in public transport numbers, however COVID-19 measures could serve to impact further into the Autumn and Winter months at an average saving of between £150k (Summer) and £100k (Winter) per month.
- 2.2.12 Permits and penalty notice income on the road network – £415k Impact of COVID-19 has reduced the charges throughout the highways network budget where demand for works to be carried out has reduced, and causes pressure where teams are funded by the fees charged.
- 2.2.13 Civil Parking Enforcement – Whilst the charges received are re-invested into the highways network and therefore do not affect the outturn position, the impact of COVID-19 has reduced the expected level of charges collected by £1.2m in the first quarter, this will in turn determine the prioritisation of future projects due to reduced investment from this source.
- 2.2.14 Waste Management – COVID-19 impact was greatest whilst HWRCs were closed and through the process of re-opening them. Traffic management costs to support safety on site were £320k. Loss of waste fees and additional kerbside collections throughout the COVID-19 lockdown periods is £540k.
- Non-COVID-19**
- 2.2.15 Concessionary fares – Over the last few years, concessionary travel numbers have been declining resulting in in-year underspends due to decreased

payments to operators and reduced levels of printing. The current forecast is based on 2019/20 demand levels outside of COVID-19 lockdown periods.

2.2.16 Street lighting – The LED replacement scheme continues to deliver savings in line with expectations, however, rate of installation could further affect energy and maintenance costs, currently expected to deliver in year savings of £250k.

2.2.17 Waste management – recycle processing continues to increase in cost and the decreasing market prices reduce the income received to offset the costs, causing pressures of £495k. Also additional charges from Yorwaste for Landfill Restoration and Interest are expected to be £1,050k, offset partially by increased recharges for commercial tonnage provided by Yorwaste into AWRP (£185k).

2.2.18 A summary of the projected revenue outturn for **Children and Young Peoples Services (CYPS)** is shown at **Appendix D** and forecasts a net overspend position of £1.7m by the end of the 2020/21 financial year.

2.2.19 COVID-19 has impacted on a number of services which do not normally impact on the Local Authority's bottom line including:

- Outdoor Learning Service, where there has been a significant drop in traded income from schools (net c.£0.9m)
- Adult Learning & Skills Service, where provision for £0.5m has been made to recognise the one-off nature of the in-year deficit position.
- Additional costs (£0.5m) associated with Home to School Transport. A number of management actions identified from the SEND transport focussed review were in train before the start of this financial year; however, their progress has been slowed due to the ongoing COVID-19 pandemic. These include measures such as expanding the independent travel training service to enable young people to travel on their own, and reviewing the current single-occupancy transports (taxis) to identify possible efficiencies.
- Financial pressure has also continued in the cost of looking after children totalling c.£0.8m – the cost of provision of North Yorkshire children and young people who attend a residential out of authority education/care provider.
- Provision (£0.2m) for the cost of delays in conversion for schools sponsored to become academies where the LA is expected to pick up any deficit balances.

2.2.20 Non-covid

Previous reports to the Executive have highlighted a number of budget pressures which were recognised in part in setting the approved budget in February 2020. Based on the information available as at the end of June 2020, the key areas include:

- Significant financial pressure in High Needs – a more than 70% rise in Education, Health and Care Plans (EHCPs) since 2015 has not been met by a matching increase in High Needs Block funding in the Dedicated Schools Grant (DSG), which has led to a projected £3.6m in-year underlying overspend. The High Needs budget allocates funding for mainstream and special schools to support children and young people with special educational needs. Note that this overspend does not form part of the Council's net revenue outturn position as changes in government regulations since January 2020 now prohibit the local authority from using its general resources to fund shortfalls in the DSG. Management action to address the financial pressure has been ongoing since 2019 as part of the implementation of the NYCC Strategic Plan for SEND 0-25.
- Pressure within occupational therapy and Direct Payment Support costs have continued within Disabled Children's Services, amounting to £0.4m of projected overspend. A peer review is planned to identify further efficiencies and ensure that spending is reduced to meet the available budget.
- There are also a number of in-year savings that offset other financial pressures. These include in-year savings within Children and Families (£0.8m) and School Improvement (£0.3m) linked to vacancies and the delayed financial impact of the implementation of local service strategies.

2.2.21 **Central Services** variance details are included within **Appendix E**. Factors which are currently impacting the service and could serve to impact the service further throughout the year, are;

COVID-19

2.2.21 To help support the Council's management of COVID-19, services across the Directorate have needed to increase staffing levels with an associated cost of £300k to September. The forecast is based on current easing of lockdown measures, however if there is a second wave then there will be a further pressure on the outturn position of up to £100k per month.

2.2.22 PPE – The forecast expects an annual spend of £5.6m and assumes a continued level of social distancing measures, a second wave would increase the requirement for PPE and based on trends from the first wave, up to £2.6m would be required to support a 3 month period.

2.2.23 Registrars Service – Whilst restrictions on wedding ceremonies remain in place, ceremony bookings are being cancelled or re-booked for dates in the future. The forecast reflects the current bookings and the impact of this is £600k. Ceremony fees are therefore not currently expected to cover the cost of the registrar's team. The impact of this is partially offset by additional demand above budget for registration certificates and licensing fees (£100k). If restrictions remain in place a further decline in bookings could result in further loss of charges of up to £100k per month.

2.2.24 Policy & Partnerships – Community Support payments, small grants and food voucher scheme is administered from this budget and expected to cost £700k based on current levels of COVID-19 restrictions and assuming they continue to ease. The level of support required could rise should there be further social distancing restrictions implemented, based on trends from the first wave, this could be up to £125k per month.

Non-COVID-19

2.2.25 Staffing levels - In addition to the pressures created by COVID-19, the Directorate was already experiencing increased demand and has a total forecast overspend position of £700k on staffing (excluding COVID-19).

2.2.26 The Coroners Service is forecast to spend in line with 2019/20, however salary increases set by the chief coroner are not covered by current budget and increased NHS cost pressures for use of mortuaries result in an expected overspend position of £318k.

2.2.27 **Corporate Miscellaneous** is shown at **Appendix F**. As with the other service areas, Covid is impacting heavily – forecast variances include:

- £9,173k overspend on general provisions reflecting in particular the creation of a provision of £11.9m for future Council Tax and Business rates losses linked to Covid.
- Investment and commercial income losses of £3,266k.
- Government Covid emergency funding income of £29,523k is also held on a Corporate Miscellaneous code and shown in Appendix F.

2.2.28 The outturn statement for the County Council's NYES traded service is also attached at **Appendix G** for information. These services are mainly provided to schools in the County and the figures reported do not have any further impact on those in the above table because, where relevant, the charges are already incorporated in Directorate forecast budget outturn positions.

2.3 BUDGET/ MTFS SAVINGS TARGETS

2.3.1 The 2020/21 revenue budget reflects previously agreed and updated 2020 North Yorkshire savings targets and these are incorporated into Directorate 2020/21 budget control totals shown in the table in **paragraph 2.2.1**. These challenging 2020/21 savings targets (which are in addition to savings targets reflected in previous year's budgets) total £8,900k, and consist of:

Item	£m
Budget Savings in 2020/21 agreed in the February 2020 budget and earlier years MTFS savings targets:	
BES	1.0
CYPS	1.2

HAS	1.9
CS	0.9
Shortfall	3.9
Total savings reflected in 2020/21 budget	8.9

- 2.3.2 Assessment of progress against the targets indicates that there are some areas of the programme where savings are unlikely to be achieved within expected timescales for 2020/21, these delays are almost entirely driven by the Covid-19 situation. These are outlined in the table below but it should be noted that the impact of these delays are already incorporated into the projected outturn position in **paragraph 2.2.1**

At Risk/ Cash-funding of Projects in 2020/21	£000's
BES – Winter Salt Heaps & Bins	75
HAS – Working Practices	100
HAS – Reablement19	250
HAS – CHC Funding	300
HAS – Extra Care Housing & SPHs	497
HAS – Brokerage	50
CYPS – SEND Transport	390
CYPS – SEN Transport – Solo Travellers	35
CYPS – Safeguarding Unit Review	60
TOTAL	1,757

- 2.3.3 In addition part of the savings from schemes in earlier years totalling £522k: Strength-based Assessments (£400k), Disabled Children's Services (£67k), Income and Debt Management (£35k) and Developer's One Stop Shop (£20k) will remain unrealised in 2020-21. Again it should be noted that these are already incorporated into the forecast outturn position in **paragraph 2.2.1**
- 2.3.4 Variances from the 2020/21 Budget are being tracked as part of the governance of the 2020 North Yorkshire savings programme. The net position is always reported within the quarterly Revenue Budget monitoring report and details of the variances are included in **Appendices B to F**.
- 2.3.5 As further savings are required the schemes to achieve these will become more challenging and inevitably contain a higher level of uncertainty and risk. Therefore, it is imperative that delivery of each saving is closely monitored. Due to the long term risk to delivery of some of the savings, a Corporate Savings Contingency for non-delivery of savings continues to be included in the 2020/21 Budget. This will be able to be released if savings are ultimately

delivered on target and could potentially contribute to the overall MTFS Shortfall identified as £19m in February 2020.

2.4 GENERAL WORKING BALANCE

2.4.1 A key feature of the Revenue Budget for 2020/21 and Medium Term Financial Strategy, approved by County Council on 19 February 2020, is to maintain the General Working Balance (GWB) at a defined minimum acceptable level.

2.4.2 For 2020/21, the defined minimum level has been a policy target as follows:

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

and reflects:

- (i) The increased number of risk factors which the County Council is facing as set out in Section 9 of the 2020/21 Budget report and in particular;
- (ii) Savings targets not being delivered on time;

2.4.3 Taking into account the GWB policy on minimum balances – 2% of the net revenue budget plus £20m – GWB at year-end amounts to £28m. This is held at “policy” level and any unallocated balance in excess of this level is transferred to ‘Strategic Capacity – Unallocated’. The projected overspend against operational budgets in 2020/21 of £3,875k, as outlined in **paragraphs 2.2.1 to 2.2.12** will, if confirmed and approved, be transferred to the Strategic Capacity – Unallocated Reserve.

2.4.4 The anticipated movement in the balance of the Strategic Capacity – Unallocated reserve over 2020/21 is as follows:

Strategic Capacity – Unallocated	
Actual Balance as at 31.03.20	£47,557k
Planned MTFS contribution <u>to</u> reserve	(£3,921k)
Release of reserves following review	-
New 2020 Savings Projects	-
Net projected overspend	(£3,875k)
Forecast Balance as at 31.03.21	£39,761k

2.4.5 The balance of the Strategic Capacity – Unallocated Reserve as at 31 March 2020 was £47,557k. The following table provides an initial longer-term forecast for this reserve.

Year End	Start Year	Latest Forecast			
		MTFS	Other base budget contributions	Other use of reserve	End-Year
	£000	£000	£000	£000	£000
31 March 2021	47,557	(3,921)	-	(3,875)	39,761
31 March 2022	39,761	(13,387)	-	-	26,374
31 March 2023	26,374	(15,957)	-	-	10,417
31 March 2024	10,417	(19,002)	-	-	(8,585)

2.4.6 The figures in the table above are based purely on the cumulative shortfalls identified in the current MTFS and show that the strategic capacity reserve would be insufficient to fund the shortfalls over the existing MTFS period unless there are further savings and/or other funding identified.

2.4.7 In addition, the longer term impact of the Covid-19 crisis remains a critical issue. The potential long term impacts on levels of local tax funding, the wider economy and local markets represent very significant areas of uncertainty with potential major repercussions for the county council's budget and cash flow. In partial recognition of this the figures in the table at 2.2.1 include the creation of a provision (£11.9m) to meet potential shortfalls in local taxation receipts which will impact in 2021-22. This figure is based on early national evidence of % reductions in receipts and will be revised as more local data becomes available.

2.5 Recommendation

That the Executive

- (i) notes the latest position for the County Council's 2020/21 Revenue Budget, as summarised in **paragraph 2.1.2**.
- (ii) notes the position on the GWB (**paragraphs 2.4.1 to 2.4.3**)
- (iii) notes the position on the 'Strategic Capacity – Unallocated' reserve (**paragraphs 2.4.4 to 2.4.6**)

REVENUE BUDGET APPENDICES

- A 2019/20 Latest Revenue Budgets
- B Health and Adult Services
- C Business and Environmental Services
- D Children and Young Peoples' Service
- E Central Services
- F Corporate Miscellaneous
- G NYES

2020-21 REVISED ESTIMATE REVENUE BUDGETS AT 30/06/2020

	Original Budgets agreed by Cty Cncl on 19/02/2020 £000s	Other agreed transfers and adjustments £000s	Latest Revised Budgets £000s
Children & Young Peoples' Service	84,601	(1,383)	83,218
Business & Environmental Services	73,051	147	73,198
Health & Adult Services	167,789	275	168,064
Central Services Directorate	66,265	334	66,599
Corporate Miscellaneous	1,703	627	2,330
NYES	-	-	-
Total Directorate Spending	393,410	-	393,410
Contribution From (-) General Working Balances	(3,921)	-	(3,921)
Net Revenue Budget	389,489	-	389,489
Revenue support grant	-	-	-
Business Rates DCLG Top Up	(48,441)	-	(48,441)
Business Rates from District Councils	(19,323)	-	(19,323)
Business Rates Collection Fund Deficit	-	-	-
Precept on District Councils - Current Year	(321,725)	-	(321,725)
Council Tax Collection Fund Surpluses	-	-	-
Transitional Grant	-	-	-
=Net Budget Requirement	(389,489)	-	(389,489)

HEALTH AND ADULT SERVICES Appendix B				
2020-21 REVENUE BUDGET OUTTURN REPORT				
BUDGET HEAD	REVISED BUDGET 2020-21 £000	FORECAST OUTTURN 2020-21 £000	VARIANCE (-) = saving £000	COMMENTS
Care & Support - Area Budgets				
Care & Support - Hambleton & Richmond	27,725	27,877	153	The outturn shows that Care and Support continues to be impacted by wider demographic pressures, particular in the Harrogate area, including increased demand for services, increases in average costs, Continuing Health Care (CHC) funding and young people transitioning into Care and Support with high costs. There are additional cost pressures attributable to the COVID-19 crisis including increased staffing costs to meet our revised operating model and delays in the delivery of savings. The overspend will be financed by supplementary Adult Social Care Funding (see below).
Care & Support - Selby	14,433	14,776	342	
Care & Support - Scarborough, Whitby & Ryedale	44,962	45,314	352	
Care & Support - Harrogate	39,552	43,407	3,855	
Care & Support - Craven	12,804	13,581	777	
CHC Income and Other Budgets	-	(545)	(545)	
Area Budgets	139,477	144,412	4,934	
Provider Services & EC/PCAH	15,096	15,914	818	Overspend due to COVID-19 pressures including requirement for additional cost of staffing and materials, loss of income due to the closure of day care services and respite care and delays in the Extra Care Housing programme delivery. Excluding COVID-19 related costs there would be a small underspend (-£124k) mainly relating to increases in income from client contributions and CHC in residential care homes.
Targeted Prevention	1,510	1,463	(46)	Underspend due mainly to staffing vacancies
Mental Health Services	9,186	10,111	925	Overspend due to the expectation of increased care packages, placements, increases in the workforce and in the use of agency staff within the Mental Capacity Act Deprivation of Liberty Safeguards due to COVID-19.
Assistant Director/Cross-area budgets	(10,768)	(10,783)	(15)	
COVID-19 Costs	-	9,619	9,619	Overspend directly attributable to the COVID-19 pandemic including the 5% compensatory payment to support providers, costs of care packages made by the CCG for clients discharged from/or to avoid admission to hospital which are likely to need to be funded by the Council after the emergency period, additional staffing and hardship payments.
Area Budgets Total	154,500	170,735	16,235	
Public Health				
- Spend	23,518	23,106	(412)	Reduced spend resulting from lower activity due to the service model for smoking cessation and reduced take up of demand-led schemes against original targets. This is matched by a reduced reserve draw down requirement.
- Income	(23,518)	(23,106)	412	
Commissioning & Quality	7,912	7,437	(475)	Some one-off savings due to contract negotiations and underspends due to contract efficiencies offset by additional COVID-19 costs such as increased staffing costs to support the new operating model and due to delays in delivery of savings
Integration & Engagement	895	851	(43)	Underspend primarily due to staffing vacancies
Resources Unit	561	544	(17)	
Pooled funds	-	-	-	
Director & Cross-Directorate	197	205	8	
TOTAL	164,064	179,773	15,709	
Supplementary Adult Social Care Grant Funding & Growth	4,000	-	(4,000)	
Supplementary Adult Social Care Grant Funding (IBCF)	-	(550)	(550)	
REVISED TOTAL	168,064	179,223	11,159	

BUSINESS & ENVIRONMENTAL SERVICES				
Appendix C				
2020-21 REVENUE BUDGET OUTTURN REPORT				
BUDGET HEAD	REVISED BUDGET 2020-21 £000	FORECAST OUTTURN 2020-21 £000	VARIANCE (-) = saving £000	COMMENTS
Highways & Transportation	23,725	23,604	(121)	Road Lighting (250k) - Energy and Maintenance cost reduction due to LED replacement scheme Road Traffic Signals (50k) - Energy savings Reduced income from licensing, inspections and notices (COVID), partially offset by Development management Team professional fees and Expenses in year reduction
Integrated Passenger Transport	9,425	8,485	(941)	Staffing Vacancies, Ticket printing costs and reduced demand for concessionary Fares
Trading Standards & Planning Services	2,508	2,673	164	COVID impact on fees and charges, Staffing costs for proceeds of crime act team
Waste & Countryside Services	36,806	39,024	2,219	Landfill Restoration & Interest £1,050k, Traffic management costs for HWRCs £320k (COVID), Additional impact of COVID from closure of HWRCs, loss of commercial waste charges, and increased cost of kerbside collections £540k, Reduced income for recyclates due to decreasing market prices & increasing costs for disposal 495k, recharges to Yorwaste for additional commercial tonnage into AWRP (185k)
Economic Partnership Unit	215	215	-	
Resources, Performance & Improvement	5	5	-	
Corporate Director of BES	514	559	45	Additional vehicle costs to support COVID activities
TOTAL	73,198	74,565	1,366	

CENTRAL SERVICES				
Appendix E				
2020-21 REVENUE BUDGET OUTTURN REPORT				
BUDGET HEAD	REVISED BUDGET 2020-21 £000	FORECAST OUTTURN 2020-21 £000	VARIANCE (-) = saving £000	COMMENTS
Strategic Resources				
Financial Services	3,978	3,931	(47)	Temporary Vacancy
Insurances	2,527	2,527	-	
Property Services	11,252	11,298	46	Reduced maintenance and building closure
Technology & Change	15,051	15,248	197	30k Additional Network Requirements (COVID) and staffing pressures £170k
Customer Services	2,584	2,638	54	Additional staffing requirements (COVID)
Business Support & HR				
Business Support Services	14,162	19,544	5,382	5.3m PPE (COVID) and additional staffing requirements £680k offset by savings on venues, transport & stationary supplies (675k)
HR Services	3,289	3,337	49	
Chief Executives Office				
CEO Support Services, Grants & Subscriptions	445	424	(21)	
Communications Unit	770	853	83	Staffing pressures & photography costs
Policy & Partnerships	3,510	4,393	883	£126k Staffing pressures, £700k COVID Small Grants, Community Support and Food Voucher Scheme (COVID)
Centralised COVID19	-	472	472	£330k PPE, Technology Costs and storage facilities lease costs
Legal & Democratic Services				
Democratic Services	495	489	(7)	
Legal Services	2,358	2,309	(49)	
Members Services	1,205	1,148	(57)	
Library, Customer & Community Services				
Archives & Records Management	399	399	-	
Coroners	760	1,078	318	Coroners Salaries, set by chief Coroner. NHS Cost pressures for use of facilities
Public Library Service	4,231	4,306	75	£196k Loss of income due to closures throughout COVID period, offset partially by lower staff costs (£100k)
Registrars	(418)	81	499	£600k Cost of Registrars team not covered whilst restrictions in place for wedding ceremonies, offset by additional demand for licenses and certificates (£100k)
TOTAL	66,599	74,475	7,876	

CORPORATE MISCELLANEOUS				
Appendix F				
2020-21 REVENUE BUDGET OUTTURN REPORT				
BUDGET HEAD	REVISED BUDGET 2020-21 £000	FORECAST OUTTURN 2020-21 £000	VARIANCE (-) = saving £000	COMMENTS
ANNUAL BUDGETS AND FUNDING (Excluding PIP)				
Contingencies				
General Provision	16,618	26,791	10,173	Inflation provision and for the PSVAR impact on school transport offset by making early provision for covid loss of Council tax and NNDR monies (£11.9m) which will not impact until the following year.
HAS Corporate Contingency	6,100	5,100	(1,000)	Assume HAS market pressures monies will be utilised in this financial year
Brexit Contingency	2,000	2,000	-	
2020 North Yorkshire	3,000	3,000	-	
	27,718	36,891	9,173	
Treasury Management				
Capital Financing Costs	23,307	23,025	(282)	
Dividends & Interest Earned	(2,242)	(417)	1,825	Current forecast reflects lower interest rates achieved on investments due to economic downturn
MTFS - Commercial Investments	(512)	(364)	148	
MTFS - Treasury Management Savings	(3,114)	(3,014)	100	
	17,439	19,230	1,791	
Corporate Budgets				
Corporate Funds	400	387	(13)	
Other Corporate Budgets	(859)	334	1,193	Shortfall in commercial challenge contribution linked to covid
	(459)	721	1,180	
Corporate Funding				
Corporate Grant Funding	(38,798)	(38,831)	(33)	
Other Corporate Funding	(1,495)	(31,018)	(29,523)	Covid grant
	(40,293)	(69,849)	(29,556)	
Business Rates & Council Tax				
Business Rates Funding	(2,896)	(3,731)	(835)	
	(2,896)	(3,731)	(835)	
TOTAL	1,509	(16,737)	(18,246)	
Waste Budget Strategy Provision	821	821	-	
OVERALL TOTAL	2,330	(15,916)	(18,246)	

NORTH YORKSHIRE EDUCATION SERVICES				
APPENDIX G				
2020-21 REVENUE BUDGET OUTTURN REPORT				
BUDGET HEAD	BUDGET Profit(-) / Loss(+) 2020-21 £000	FORECAST Profit (-) / Loss (+) 2020-21 £000	VARIANCE Increase(-) / Decrease (+) £000	COMMENTS
TRADED SERVICES PROFIT & LOSS SUMMARY				
Building Cleaning Services	(487)	(459)	28	Overspend on mobiles - additional hours covering sickness/shielding
County Caterers Service	(741)	(756)	(15)	This is currently the most likely scenario. There are some losses expected from reduced meal numbers but these have been offset by the unexpected profit arising from lockdown over the summer months (which would ordinarily return a Staffing restructure due later in the year to fit in with the less busy winter period, so benefits will be delayed.
Grounds Maintenance Service	(28)	(5)	24	
Arbor Service	0	-	(0)	
Health and Safety Service (HandS)	(39)	(39)	-	
Health and Safety Commercial	(38)	(38)	-	
Energy Traded Service	(24)	(24)	-	
Property Service - Traded	0	-	(0)	
Broadband Traded	-	-	-	
Maintenance and Servicing Scheme	(167)	(167)	-	
Property & Facilities	(1,523)	(1,487)	36	
CYC	-	-	-	No longer traded
School Improvement Service	(175)	197	372	Includes approx. £150-160k for Traded SEAs working on Covid-19 response. SLAs extended from Aug 20 to Dec 20. Assumes: Schools closed 5 months of the year, reopen Sept 2020, Autumn term- delivered online (decision made for this), Spring term- back to normal.
LA Clerking Service	(36)	(28)	8	Income from additional meetings reduced.
Education Psychology & STS	(20)	(12)	8	Staffing costs set at 95% of income. No other expenditure.
Specialist Careers Service	-	28	28	3 employees were redeployed to HR for 1 month- costs for staff not recharged. 2 people furloughed (June until end Aug), 2 remaining people delivering traded work, 1 of these leaving end July. Estimating refund to schools of approx 40
Education & Skills	(230)	185	415	
School Admissions & Appeals	-	-	-	
Document Management Centre	-	-	-	
Employment Support Service - Traded	(139)	(129)	10	Some costs lower due to Covid. Added in additional posts in expenditure but no income added in yet so expect net profit to improve
Financial Management Services	(198)	(107)	92	Income lower partly due to SMRA Programme on hold (Dfe programme) as we can't go into schools to deliver programme (Other external customers) and unable to achieve new customers target due to lockdown (Other income)
Health and Wellbeing Service	(72)	(55)	18	Reduced external income of £17.5k due to Covid
HR Advisory Service	(119)	(69)	50	Schools income forecast to be £30k lower and commissioned work forecast to be £35k lower due to Covid
Legal Services Traded	(23)	(10)	13	Expect staffing costs to be higher than budget as per 19/20
North Yorkshire Procurement Service	(52)	(117)	(65)	Income higher due to winning 2 big contracts Harrogate & Ryedale.
Schools ICT Service	(255)	(198)	57	Income is forecast to be approx. 5% lower due to Covid
Prevention	-	-	-	
Performance and Intelligence	-	-	-	
Training and Learning	(8)	(8)	-	
Professional Support Services	(866)	(692)	174	
	(2,619)	(1,993)	626	
Balance of Risks	-	-	-	
Insurance Services	-	-	-	
Staff Absence Scheme	-	-	-	
Central Traded Establishment	1,337	832	(505)	
Unallocated	-	-	-	
North Yorkshire Education Solutions (NYES)	1,283	1,162	(121)	
TOTAL	-	-	-	

3.0 TREASURY MANAGEMENT

Overview

- 3.1 This section of the report presents details of the County Council's Treasury Management Activity during Q1 2020/21, changes to the Approved Lending List and other current policy issues and considerations.
- 3.2 Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the management of the County Council's borrowing, cash flows, its banking and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The County Council has adopted the Code and complies with its requirements.
- 3.3 The CIPFA Code of Practice for Treasury Management recommends that Members should be informed of Treasury Management activities at least twice a year but preferably quarterly. This report ensures, therefore, that the County Council is adopting Best Practice in accordance with CIPFA's Code of Practice.

Economic Update

- 3.4 The Council's treasury advisors Link Asset Services – Treasury Solutions summarised the key points associated with economic activity in Q1 2020/21 up to 30 June 2020:
- Impact from coronavirus lockdown;
 - Two emergency bank rate cuts, first to 0.25% and then to 0.10%;
 - Uncertainties around economic recovery;
 - UK Government rejection of the extension of the Brexit transition period beyond 31 December 2020;
 - Increase in quantitative easing;
 - Measures to support jobs and businesses which have resulted in an increase in the annual budget deficit in the current year; and
 - Annual inflation rate could reach zero by the end of the year.

A more detailed economic commentary on developments during Q1 2020/21 is included in **Appendix E**.

Interest Rate Forecasts

- 3.5 The current interest rate forecasts (last update 6 July 2020) of Link Asset Services – Treasury Solutions are as follows

Link Group Interest Rate View		6.7.20											
	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	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	
3 Month LIBID	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	
6 Month LIBID	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-	-	
12 Month LIBID	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	-	-	-	-	
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10	
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30	
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.70	2.70	2.70	2.70	
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.50	2.50	2.50	2.50	

* PWLB Rates are shown net of certainty rate 0.2% discount

- 3.6 Uncertainty over Brexit caused the MPC to leave Bank Rate unchanged during 2019 and at its January 2020 meeting. However, since then the coronavirus outbreak has transformed the economic landscape: in March, the MPC took emergency action twice to cut Bank Rate first to 0.25%, and then to 0.10%. Current forecasts predict that Base Rate is unlikely to rise until 2023/24 at the earliest.
- 3.7 Gilt yields had therefore already been on a falling trend during the last year up until the coronavirus crisis hit western economies. Since then, we have seen gilt yields fall sharply.
- 3.8 Major western central banks started massive quantitative easing purchases of government bonds which has acted to maintain downward pressure on government bond yields at a time when there has been a huge and quick expansion of government expenditure financed by issuing government bonds.
- 3.9 As the interest forecast table for PWLB certainty rates above shows, there is likely to be little upward movement in PWLB rates over the next two years as it will take economies a prolonged period to recover. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020/21.

Annual Investment Strategy

- 3.10 The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, was approved by the County Council on 19 February 2020. It sets out the County Council's investment priorities as being:
- Security of capital;
 - Liquidity; and
 - Yield.
- 3.11 The County Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using our suggested creditworthiness approach, including a

minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

3.12 Although the credit rating agencies changed their outlook on many UK banks from stable to negative outlook during this quarter, due to upcoming risks to banks' earnings and asset quality during the economic downturn caused by the pandemic, the majority of ratings were affirmed due to the continuing strong credit profiles of UK banks. Although CDS prices, (these are market indicators of credit risk), for UK banks spiked upwards at the end of March due to the liquidity crisis throughout financial markets, those CDS prices have returned to more average levels since then.

3.13 The approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2020.

3.14 The investment activity up to Q1 2020/21 was as follows:

- | | |
|--|---------|
| • Balance invested at 30 June 2020: | £509.9m |
| • Average Daily Balance 2020/21 up to 30 June 2020: | £481.9m |
| • Average Interest Rate Achieved up to 30 June 2020: | 0.76% |

These funds were available on a temporary basis and the level of funds available was mainly dependent on the timing of precept payments, receipt of grant and progress on the capital programme.

3.15 The average return to Q1 2020/21 of 0.76% compares with the average benchmark returns as follows:

- -0.04% 7 day
- 0.03% 1 month
- 0.26% 3 months
- 0.40% 6 months
- 0.50% 12 months

3.16 It is also a key requirement of the CIPFA Code of Practice that annual Treasury Management Strategies should be kept under constant review throughout the year and reported to Members as appropriate. Although there is now great uncertainty in the financial and banking market, both globally and in the UK, **it is considered that the Strategy approved in February 2020 is still fit for purpose in the current economic climate.** No changes are therefore considered necessary to the Strategy at this stage.

Approved Lending List

3.17 The Approved Lending List as at 30 June 2020 is attached as **Appendix B** with changes made during Q1 2020/21 being reported in **Appendix C**.

Debt and borrowing

3.18 The County Council's external debt outstanding at 30 June 2020 and forecast position for 2020/21 is as follows: -

Detail	PWLB		Money Market Loans		Total	
	£m	%	£m	%	£m	%
At 31 March 2020	243.1	4.43	20.0	3.95	263.1	4.39
Loan Repayments	0.0		0.0		0.0	
New Loans Taken	0.0		0.0		0.0	
= Loans Outstanding at 30 June 2020	243.1	4.43	20.0	3.95	263.1	4.39
Further Scheduled In Year Repayments	-27.1		0.0		-27.1	
Forecast Additional Loans to be Taken	0.0		0.0		0.0	
= Estimated Loans Outstanding at 31 March 2021	216.0	4.51	20.0	3.95	236.0	4.46

3.19 Any change to the forecast debt outstanding by the end of 2020/21 will be largely determined by whether the borrowing requirement for 2020/21 is ultimately financed by external borrowing or internal borrowing.

3.20 Based on the Q1 Capital Plan update the total external borrowing requirement for 2020/21 is currently forecast to be:-

Detail	£m
Internally Financed Capital Expenditure at 31 March 2020	
Internally Financed Borrowing from Previous Years	34.4
Less Company Loans to be Repaid	-12.0
Less Commercial Investments to be Repaid	-11.8
	10.6
2020/21 Borrowing Requirement	
Q1 2020/21 Borrowing Requirement	8.0
Less Company Loans advanced in year to be Repaid	0
Revenue Provision for Debt Repayment (MRP)	-11.1
Refinance 2021/22 PWLB Loan Repayments	27.1
= Total 2020/21 Borrowing Requirement	24.0

3.21 As shown in the table above, internal capital borrowing (use of cash balances) to part fund the County Council's Capital Financing Requirement was £34.4m at 31 March 2020. Over the next two to three years investment rates are expected to continue to be below long term borrowing rates. A value for money assessment would therefore indicate that value could be best obtained by avoiding/delaying new borrowing and continuing to use internal cash balances to finance new capital expenditure or to replace maturing external debt. This would maximise short term revenue savings and produce other benefits, but is not risk free.

3.22 This Internal Capital Financing option will therefore continue to be actively adopted on an ongoing basis in order to achieve short term revenue savings and mitigate the credit risk incurred by holding investments in the market.

3.23 New external borrowing rates (fixed interest maturity rates from the PWLB reflecting the 0.2% 'certainty discounts') during Q1 2020/21 were as follows:-

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.77%	1.74%	1.96%	2.40%	2.13%
Date	30/06/2020	30/06/2020	22/05/2020	18/06/2020	24/04/2020
High	1.94%	1.99%	2.19%	2.69%	2.45%
Date	08/04/2020	08/04/2020	08/04/2020	07/04/2020	07/04/2020
Average	1.84%	1.85%	2.07%	2.50%	2.26%

3.24 No early debt repayment or rescheduling exercises have been effected to date in 2020/21 or are in the pipeline but the situation continues to be monitored to identify any opportunities that may arise. Such opportunities, however, have been limited in the current economic climate and structure of interest rates.

Prudential Indicators

3.25 It is a statutory duty for the County Council to determine and keep under review its *Affordable Borrowing Limits*.

3.26 The Prudential Indicators for the three year period 2020/21 to 2022/23 were initially approved by Executive on 4 February 2020 and adopted by County Council on 19 February 2020. These Indicators were subsequently updated to reflect the 2019/20 outturn position and other factors arising in Q1 (see Section 5 of this report).

3.27 During the financial year to date, the County Council has operated within the latest Treasury Prudential Indicators approved and in compliance with the County Council's Treasury Management Practices.

Impact of Treasury Management Activities on the Revenue Budget

3.28 Based on the Treasury Management activity at Q1 2020/21 and a forecast for the remainder of the year, the revenue impact is as follows:

While interest rates have remained low throughout 2020 to date, cash balances have continued at relatively high levels. The current forecast for investment returns is £0.4m which is £1.0m below budget, as investment returns are likely to be lower than anticipated with no further rise in bank rate expected in 2020/21. Returns will be reviewed in advance of Q2 as uncertainties over Coronavirus and Brexit continue.

The budget and forecast outturn for interest paid on long term borrowing is £11.0m.

The forecast outturn for the Minimum Revenue Provision (MRP) is £11.1m for 2020/21.

Capital Strategy

3.29 The Capital Strategy was included as part of the County Council's Annual Treasury Management and Investment Strategy 2020/21, approved in February 2020. The Capital Strategy sets out how capital expenditure, capital financing and treasury management contribute to the provision of 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.

- 3.30 Alternative non-treasury investments are considered as part of the Capital Strategy. 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, all investments are subject to consideration and where necessary recommendations of the Commercial Investment Board.
- 3.31 The alternative investments considered by the Commercial Investment Board are as follows:

Type of Investment	Maximum Limit £m	Invested as at 30/06/20 £m	Rate of Return %
Alternative Treasury Instruments			
Money Market Funds	20.0	20.0	0.14
Enhanced Cash Funds	20.0	-	-
Certificates of Deposit (CDs)	20.0	-	-
Property Funds	20.0	5.9	3.87
Total Alternative Treasury Instruments	80.0	25.9	0.99
Alternative Investments			
Loans to Council Companies			
- Yorwaste	25.0	6.4	4.10
- Nynet		2.7	3.10
- Brierley		4.6	4.10
- First North Law		0.1	4.10
Total Loans to Council Companies	25.0	13.8	3.90
Other Alternative Investments			
Spend to Save	5.0	-	-
Loans to Housing Associations	10.0	-	-
Local Economic Growth Projects	15.0	-	-
Solar Farm (or similar) Projects	5.0	-	-
Commercial Investments	20.0	11.9	3.06
Total Other Alternative Investments	45.0	11.9	3.06
Total Alternative Investments*	60.0	25.7	3.52

* Total Alternative Investments capped at £60m

- 3.32 While Property Funds continue to provide a strong revenue return as noted in the table above, the funds have experienced further minor capital losses in 2019/20 of £90k (£41k in 2018/19). Property funds are long term investments and valuations can, therefore, rise as well as fall, over the period they are held. Consideration will be given

to hold any gains or losses in the capital value of investments in an unusable reserve on the balance sheet and to ensure there is no impact on the General Fund until units in the funds are sold.

3.33 The position on Property Funds at 30 June 2020 is as follows:-

In Year Performance

Fund	Bwd Investment Valuation	Valuation as at 31/03/20	In Year Performance Q1 2020/21			
			Capital Gain / (Loss)		Revenue Return	
			£000	%	£000	%
Blackrock	2,851.9	2,795.3	(56.6)	2.0	22.4	3.3
Threadneedle	2,769.7	2,662.5	(107.2)	3.9	27.7	4.4
Total	5,621.6	5,457.8	(163.8)	2.9	50.1	3.9

Total Fund Performance

Fund	Bwd Investment £k	Valuation as at 31/03/20	Total Performance			
			Capital Gain / (Loss)		Revenue Return	
			£000	%	£000	%
Blackrock	3,003.0	2,795.3	(207.7)	6.9	166.5	5.5
Threadneedle	2,927.1	2,662.5	(264.6)	9.0	221.2	7.6
Total	5,930.1	5,457.8	(472.3)	8.0	387.7	6.5

Other Treasury Management Development and Issues

3.34 Public Works Loans Board

On 11 March 2020, the Government opened a period of consultation on revising the terms of PWLB lending to Local Authorities following the publication of a report from the National Audit Office on Local Authority borrowing. The County Council submitted a response to this consultation by end of the consultation period, 31 July 2020.

RECOMMENDATIONS

3.35 That Executive

- (i) notes the position on the County Council's Treasury Management activities during the first quarter of 2020/21
- (ii) refers this report to the Audit Committee for their consideration as part of the overall monitoring arrangements for Treasury Management.

TREASURY MANAGEMENT APPENDICES

Appendix A Analysis of investments placed as at 30 June 2020

Appendix B Approved Lending List with counterparty limits

Appendix C Changes to the Approved Lending List during Q1 2020

Appendix D Treasury Management Monitoring and Reporting Arrangements 2020/21

Appendix E Detailed Economic Commentary on Developments during Q1 2020/21

Analysis of loans outstanding as at 30 June 2020

Actual Loans Outstanding Summarised by Organisation	
	£m
Bank of Scotland	45.0
Barclays Bank	50.0
State Street Global CNAV MMF	20.0
Prop Funds	5.9
Handelsbanken	40.0
Goldman Sachs	5.0
Santander	60.0
Standard Chartered Bank	50.0
National Westminster Bank	30.0
DBS	15.0
Helaba	20.0
Local Authority	169.0
	509.9

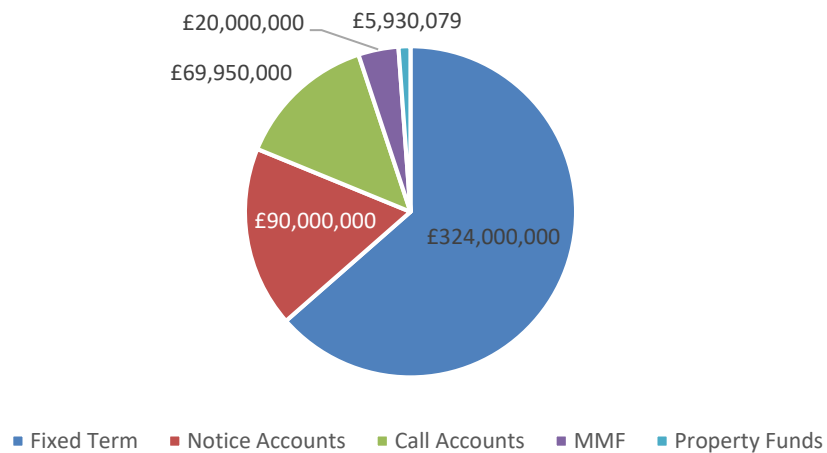
Other Bodies	31-Mar-20		30-Jun-20	
	£m	%	£m	%
NY Pension Fund	138.8	30	140.2	27
NY Fire and Rescue Authority	4.7	1	7.1	1
Yorkshire Dales National Park	3.3	1	3.9	1
North York Moors National Park	2.6	1	3.1	1
Peak District National Park	5.0	1	4.8	1
Selby District Council	66.7	14	68.1	13
National Parks England	0.1	0	0.2	0
Align Property Partners	0.9	0	0.6	0
= total other bodies	222.1	48	228.1	44
NYCC cash	242.3	52	281.7	56
Total Investment	464.4	100	509.9	100

Rates as at 30 June 2020	
	%
Bank Rate (change from 0.25% 19/03/20)	0.10
Investment Rates	
- NYCC overnight (on call)	0.00
- call accounts	0.00
- 1 month	0.04
- 6 months	0.18
- 1 year	0.30
- 3 year	0.70
- 5 year	0.90
Government's Debt Management Office Account (overnight)	0.01

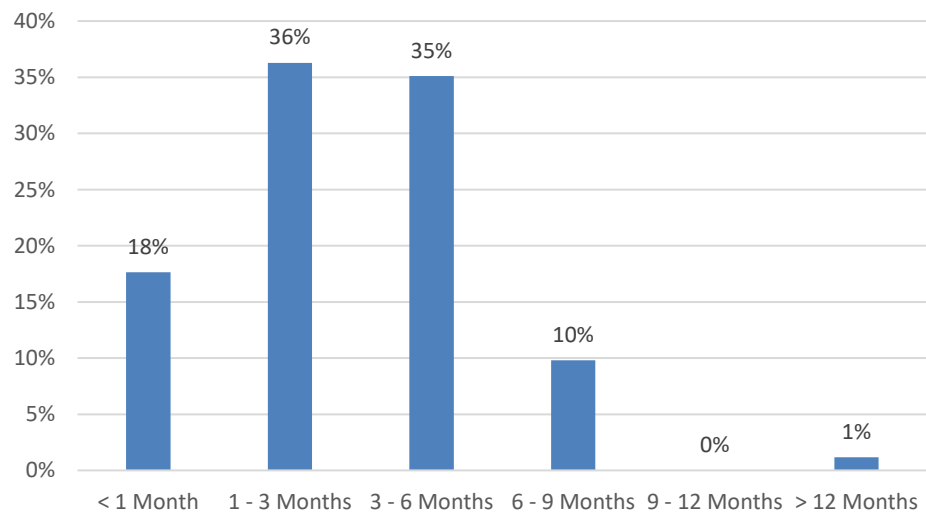
Institution Type



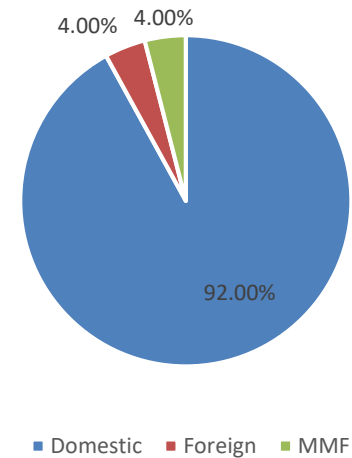
Portfolio Breakdown



Maturity Profile



Country



APPROVED LENDING LIST Q1

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		
Handelsbanken	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-Thuringen 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	2 years
Police / Fire Authorities		20.0	365 days	5.0	2 years
National Park Authorities		20.0	365 days	5.0	2 years
Other Deposit Takers					
Money Market Funds		20.0	365 days	5.0	2 years
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		100.0	365 days	5.0	2 years

* Based on data 30 June 2020

CHANGES TO THE APPROVED LENDING LIST DURING Q1

Recommended max duration increased from 3 to 6 months for:

Barclays Bank PLC (NRFB) (on 15/05/2020)

Goldman Sachs International Bank (on 22/05/2020)

It should be noted, however, that changes can be made on a daily basis in reaction to market sentiment, with maximum investment durations being adjusted accordingly.

Maximum investment durations for other organisations have, therefore, been changed during this quarter, but have since returned to the level at 31 March 2020.

Treasury Management and Reporting Arrangements

The current monitoring and reporting arrangements in relation to Treasury Management activities are as follows:

- (a) an annual report to Executive and County Council as part of the Budget/MTFS process that sets out the County Council's **Treasury Management and Investment Strategy and Policy** for the forthcoming financial year. For 2020/21 this report was submitted to Executive on 4 February 2020 followed by County Council on 19 February 2020;
- (b) an annual report to Executive and County Council as part of the Budget/MTFS process that sets the various **Prudential Indicators** (submitted to Executive on 4 February 2020 and County Council on 19 February 2020)
- (c) **annual outturn reports** to the Executive for both Treasury Management and Prudential Indicators setting out full details of activities and performance during the preceding financial year. The outturn reports for 2019/20 were submitted to Executive on 28 July 2020;
- (d) a quarterly report on Treasury Management to the Executive (this report) as part of the **Quarterly Performance Monitoring** report;
- (e) **periodic meetings** between the Corporate Director – Strategic Resources, the Corporate Affairs Portfolio Holder and the Chairman of the Audit Committee to discuss issues arising from the day to day management of Treasury Management activities;
- (f) reports on proposed changes to the County Council's Treasury Management activities are submitted to the **Audit Committee** for consideration and comment. A copy of this report is also provided to Audit Committee Members.

Detailed Economic Commentary on Developments during Q1 2020/21

1. Economic Background

UK GDP

- 1.1 Coronavirus caused a significant fall in growth in April after the closedown of whole sections of the economy. What is uncertain, however, is the extent of the damage that will have been done to businesses by the end of the lockdown period, how consumer confidence and behaviour may be impacted afterwards, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves uncertainties as to how quickly the economy will recover to what was formerly regarded as normality. However, some changes during lockdown are likely to be long lasting e.g. a shift to online purchasing, working from home, etc. The lockdown has also had a sharp effect in depressing expenditure by consumers which means their level of savings have increased and debt has fallen. This could provide fuel for a potential surge in consumer expenditure once some degree of normality returns.
- 1.2 Although the UK left the EU on 31 January 2020, uncertainty remains as to whether there will be a reasonable trade deal achieved by the end of 2020. At the end of June, the UK government rejected extending the transition period beyond 31 December 2020. This has increased the chances of a no-deal Brexit.
- 1.3 After the Monetary Policy Committee left Bank Rate unchanged at 0.75% in January 2020, the onset of the coronavirus epidemic in March forced it into making two emergency cuts in Bank Rate first to 0.25% and then to 0.10%. These cuts were accompanied by increases in quantitative easing (QE) by the Bank of England of £200bn (March) and £100bn (June) with the total of QE purchases now £745bn. It is not currently thought likely that the MPC would go as far as to cut Bank Rate to negative rates, although the Governor of the Bank of England has said all policy measures will be considered. The Governor also recently commented about an eventual tightening in monetary policy – namely that he favours unwinding QE before raising interest rates. Some forecasters think this could be as far away as five years.
- 1.4 The Government introduced various schemes to subsidise both employed and self-employed jobs for three months to the end of June. Measures were also introduced to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), The furlough scheme was subsequently extended for another three months to October, but with employers having to take on graduated increases in paying for employees during that period. The Bank of England expects the unemployment rate to double to 8%.
- 1.5 The Government measures to support jobs and businesses will result in an increase in the annual budget deficit for the current year, from about 2% to nearly 17%. Economic statistics during June were giving a preliminary indication that the economy was recovering faster than previously expected. However, it may be a considerable time before economic activity recovers fully to its previous level.
- 1.6 The annual inflation rate dropped to 0.5% in May from 0.8% in April. In May's Monetary Policy Report, the Bank of England predicted that inflation would hit their 2% target by 2022.

USA

- 1.7 Once coronavirus started to impact the US, the Fed cut rates twice by 0.50%, and then 1.00%, in March to 0.00 – 0.25%. Near the end of March, Congress agreed a \$2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to \$6trn in temporary financing to consumers and firms over the coming months. In addition, there was \$500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including \$50bn for airlines. Some states started reopening in mid-May after a two-month shutdown but a few have had to reimpose localised lockdowns since then.

EUROZONE

- 1.8 The Eurozone economy shrank by 3.6% on quarter in the first three months of 2020. Since 12th March, the ECB has implemented a range of new policies including providing additional cheap loans for commercial banks, easing capital requirements for the banking sector, and reformed its asset purchase programmes. So far, it has increased its planned asset purchases for this year by €1,470bn on top of the €20bn per month which it was already committed to. At its 4 June monetary policy meeting, the ECB Governing Council also committed to continue net asset purchases until at least the end of June 2021.

CHINA

- 1.9 Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lockdown of the country and a major contraction of economic activity in February-March 2020.

JAPAN

- 1.10 Japan has been struggling to stimulate consistent significant GDP growth for years 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. Japan appears to have escaped the worst effects of the virus as yet.

WORLD GROWTH

- 1.11 The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019. This year, coronavirus is the inevitable big issue which is going to sweep around most countries in the world and have a major impact in causing a world recession in growth in 2020.

4.0 CAPITAL FIVE YEAR SPENDING PLAN 2020/21

4.1 OVERVIEW

4.1.1 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.

4.2 REFRESHING THE CAPITAL PLAN

4.2.1 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 Q1 2020/21 and reflects the additions and adjustments, including the reprofiling of budgets, since the last version was approved.

4.2.2 The Council is currently planning to invest £176.8m on capital schemes across the County in 2020/21 and £256.1m, in total, over the next 5 years. Included this Quarter, are the unspent capital allocations from 2019/20 which were reported to Executive on 28 July 2020.

4.2.3 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 1 1 April to 30 June 2020				
	2020/21	2021/22	2022/23	Later Years	Total
	£k	£k	£k	£k	£k
Business & Environmental Services	117,107.3	8,138.8	437.0	1,172.4	126,855.5
Children & Young People's Service	42,069.9	18,968.4	9,026.8	16,233.2	86,298.3
Central Services	14,058.6	8,647.8	600.0	5,355.2	28,661.6
Health & Social Care	3,592.7	7,241.8	253.5	3,199.4	14,287.4
	176,828.5	42,996.8	10,317.3	25,960.2	256,102.8

Additions to the Capital Plan this Quarter

4.2.4 Only individual additions to the Capital Plan that are of a value in excess of £250k are detailed in this report in the table below:

Directorate	Scheme Heading	Scheme Detail	Budget £k
BES	Harrogate-York Rail Scheme	Provision of additional capacity and train frequency in the Harrogate Growth Corridor in partnership with Network Rail. Funded with £9,600.0k Local Growth Fund Grant.	9,854.0
BES	Rural Connected Communities (5G)	Two year DCMS funded research and development project into a sustainable model for 5G enablement in rural areas of the county with low connectivity, in partnership with the private sector.	1,000.0
CYPS	School Condition Programme 2020/21	Subject of a separate report to Executive (9 June 2020). Funded from annual DfE School Condition Grant allocation.	9,783.4
			20,637.4

Reprofiling of Approved Schemes within the Capital Plan

4.2.5 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):

	REPROFILED EXPENDITURE AS AT Q1 2020/21				
	Quarter 1 1 April to 30 June 2020				
	2020/21	2021/22	2022/23	Later Years	Total
	£k	£k	£k	£k	£k
Business & Environmental Services					
Structural Maintenance of Roads & Bridges	-2,852.9	2,972.0	0.0	-119.1	0.0
Flood Risk Management	-79.5	79.5	0.0	0.0	0.0
Major Highways Schemes	-3,218.1	3,297.0	12.0	-90.9	0.0
Local Enterprise Partnership	499.9	0.0	0.0	-499.9	0.0
	-5,650.6	6,348.5	12.0	-709.9	0.0
Children & Young People's Service					
Schools					
Basic Need programme	-5,996.8	1,553.4	4,081.0	362.4	0.0
School Condition Programme	-3,468.2	3,172.4	295.8	0.0	0.0
Capital Maintenance Programme	-1,334.1	1,334.1	0.0	0.0	0.0
	-10,799.1	6,059.9	4,376.8	362.4	0.0
Central Services					
South Cliff, Scarborough	1,212.0	0.0	0.0	-1,212.0	0.0
Loans to Limited Companies	-11,366.6	6,862.8	0.0	4,503.8	0.0
	-10,154.6	6,862.8	0.0	3,291.8	0.0
Total Capital Expenditure	-26,604.3	19,271.2	4,388.8	2,944.3	0.0

- 4.2.6 In Highways, the DfT Safer Roads Grant funded scheme in relation to safety improvements on the A6108 between Ripon and Scotch Corner has been reprofiled from 2020/21 to 2021/22. The grant funding of £2,972k is due to be received in September 2020 which does not allow sufficient time to fully plan and deliver the scheme. RFA related funding has been brought forward from later years to fund works in the current annual programme.
- 4.2.7 Slower progress than expected due to Covid 19 has resulted in the reprofiling of flood related works into 2021/22.
- 4.2.8 The contract to deliver the planned improvements to Junction 47 of the A1(M) has now been signed following delays due to Covid 19 and further funding discussions. The works are planned to be completed by the end of 2021/22 followed by a five-year landscape maintenance programme. The budget has been reprofiled to reflect this. Some minor reprofiling from Later Years to 2020/21 of the funding relating to the Bedale Aiskew Leeming Bar Bypass has been required to offset an overspend in relation to landscaping that was reported at Q4.
- 4.2.9 The Local Enterprise Partnership's 'Growing Places Fund' is, primarily, a loan facility for investments in capital infrastructure projects that aim to create economic and employment growth in North Yorkshire. The loan repayments are reinvested in the form of either new loans or grants. The expenditure and loan repayment profile has been reviewed in light of a number of loans being converted to grants and a lack of suitable opportunities to award loans.
- 4.2.10 A total of six Basic Need schemes have been reprofiled due to various reasons:
- Barlby CP extension (PFI): legal issues have delayed the potential start date resulting in the reprofiling of £1,000k budget from 2020/21 to 2021/22.
 - Sherburn Hungate PS extension: work commenced on site in July 2020; due to Covid 19 delays, it is not now expected to be completed until April 2021. As such, budget of £110k has been reprofiled to offset expenditure in 2021/22.
 - Manse Farm new primary school build: the budget has been reprofiled to reflect a delay in the construction of the new school due to a revised housing trajectory by the developer.
 - Harrogate West new primary school build: the location of a site upon which to build is still under discussion with promoters (potential academy chains) and Harrogate Borough Council following the stalling of the development of the Bluecoat Park site. Funding has been reprofiled from 2020/21 and 2021/22 to 2022/23.
 - Malton School extension: delivery of the scheme is now scheduled to extend into 2021/22 resulting in the reprofiling of budget of £555.4k.

- Easingwold CP: S106 developer contributions have been received but a scheme has not been identified due to low pupil number projections. Funding of £362.4k has been reprofiled from 2020/21 to Later Years.

4.2.11 A significant number of School Condition schemes and, unusually for this time of the year, Capital Planned Maintenance programmed works have been reprofiled into 2021/22 as a result of Covid 19. Once the decision was made to re-start the capital programme in May, there was insufficient lead time remaining to enable some schemes to be delivered. Whilst contractors have been unable to tender for works with staff having been furloughed, schools have, understandably, shown a reluctance to support additional traffic on their sites at a time when they are trying to accommodate the safe return of pupils and staff. It is hoped that some smaller maintenance works can be undertaken during the October and February half terms. The spend profile will be reviewed again at Q2.

4.2.12 Scarborough Borough Council led works to maintain the sea wall and stabilise the South Cliff have been completed and the final account is expected shortly. As such, the NYCC contribution of £1,202k has been brought forward from Later Years.

4.2.13 Updated loan drawdown schedules reflecting the latest Brierley Homes development plans are addressed in the Capital Plan this Quarter following the inclusion of the additional loan facility of up to £22.9m in 2019/20.

Removal of Budgets

4.2.14 A number of budgets have been identified as being no longer required and so have been removed from the Capital Plan.

4.2.15 Scarborough Borough Council secured a financial contribution of £1,900k from the County Council towards the £9m works to repair the Grade II listed piers at Whitby. Completed under budget, the Borough Council has confirmed that there is no longer a requirement for the County Council to make that contribution.

4.2.16 Necessary drainage works to travellers' sites across the County also came in under budget by £18.8k. This has also been removed at Q1.

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

SUMMARY OF CHANGES SINCE THE LAST CAPITAL PLAN UPDATE	2020/21	2021/22	2022/23	Later Years	Total
	Capital Plan as at Q1 2020/21				
	£k	£k	£k	£k	£k
	133,553.3	19,301.9	5,648.5	30,002.2	188,505.9
Changes this Quarter:					
Total schemes carried forward from 2019/20	22,606.2	0.0	0.0	0.0	22,606.2
Total reprofiling between years	-26,604.3	19,271.2	4,388.8	2,944.3	0.0
Total variations in the funding of schemes	47,273.3	4,423.7	280.0	-6,986.3	44,990.7
Updated Gross Capital Spend	176,828.5	42,996.8	10,317.3	25,960.2	256,102.8

Other Capital Updates

Transforming Cities Fund

4.2.18 The Leeds City Region has been awarded £317m of capital funding to drive up productivity through improved connections between urban centres and suburbs with a focus on investment in infrastructure to improve public and sustainable transport connectivity. Of this, the County Council and three of the district councils have been awarded £31.4m to improve access to and from bus and rail stations. £18.6m will be expended by the Council, £957k by Craven DC, £3,311.4k by Harrogate BC and £10,316.5k by Selby DC. A total of £300k will be contributed to the programme from the Council's Sustainable Transport and Air Quality budgets alongside various contributions from the district councils. Once the programme of works is confirmed, it will be added to the Capital Plan.

Getting Building Fund

4.2.19 The YNYER Local Enterprise Partnership has been awarded £15.4m from the Government's Getting Building Fund for investment in local, 'shovel-ready' infrastructure projects to stimulate jobs and support economic growth in the wake of the Covid 19 pandemic.

4.2.20 The Ministry of Housing, Communities and Local Government announced the ten projects to be supported from this allocation on 4th August 2020. Included in this list is the A19 Chapel Haddlesey scheme that is currently included in the Highways programme as highlighted in paragraph 4.3.4.

School Condition Grant

4.2.21 On 29 June, the Prime Minister announced an additional £560m for repairs and upgrades to school buildings on top of funding already allocated this year (as shown in paragraph 4.5.4). A further announcement made on 4th August set out the allocation to be made through the School Condition Grant to the

Council. The additional allocation of £4,543.6k equates to a further 46.44% of funding on top of the original 2020/21 allocation. Officers will begin the task of addressing a suitable programme of works from the backlog of maintenance works identified and the logistics of delivery over the next 18 to 24 months.

4.2.22 All funding updates will be added to the Capital Plan at Q2.

Ryedale Federation Loan

4.2.23 The Ryedale Federation of four schools was recently granted approval to convert to a new Multi Academy Trust. As part of the conversion process, a novation has been agreed to transfer the school loans currently in place with the federated schools to the new Multi Academy Trust on commercial terms.

4.2.24 Local authorities are prohibited from using resources to financially support academy schools by regulation and, as such, the loan will be funded from General Reserves (not Schools Block Reserves) and a commercial rate of 3.1% + Base Rate will be applied to the novated loan agreement to bring the loan into line with other loans to third parties.

NY Highways Limited Company – Advance Purchase of Vehicles

4.2.25 The Government's requirement that two-tier councils, like those in North Yorkshire which are actively considering devolution, restructure as single tier unitary authorities has brought into question the planned delivery of highways operations through a Teckal company (NY Highways Limited) from 1 June 2021. Following a review, this is still considered to be the best value solution and, as this is not affected by the geography of the Council, it is therefore proposed to proceed on this basis.

4.2.26 Due to the lengthy lead time involved in procuring the specific specialist vehicles required for operational delivery by NY Highways, the Q2 2019/20 Capital Plan included approval to draw down funding of up to £2m for the advance procurement of these vehicles by the County Council. The cost will be recharged to NY Highways, once operational and at an appropriate time.

4.2.27 As the project has progressed, further scoping has been undertaken which has resulted in the identification of additional requirements. As a result, an additional £8m is requested to allow further orders to be placed on the same basis as the original approval. This will bring the total funding included in the Capital Plan for the advance purchase of vehicles to £10m.

NY Highways Limited Company – Loan facility Agreement

4.2.28 The April 2019 report to Executive setting out proposals for the migration of highways operational delivery to NY Highways included approval for the

provision of a loan facility to the company of £4.5m to fund set up costs and vehicle purchase.

4.2.29 Approval is now sought to increase the loan provision to NY Highways by £6.5m to bring the facility in line with the capital expenditure requested in paragraph 4.2.27 (£10m) plus company set up costs of £1m. This will bring the total loan facility available to NY Highways to £11m, to be repaid, as NY Highways is able, over the initial years of the company's operation.

4.2.30 A facility agreement setting out the value of a loan and repayments schedule will be drawn up by Legal Services. Once that agreement is signed and sealed, the loan can be added to the Capital Plan.

4.3 RISKS

4.3.1 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

4.3.2 The table below sets out the types of risk that have been identified against current schemes and programmes within the Capital Plan.

	Over-Programming	Costs	Funding	Time	Receipts	Delivery
<u>Business & Environmental Services</u>						
Structural Maintenance of Roads	x	x				
Kex Gill Realignment		x	x			
Local Growth Fund			x	x		x
<u>Children & Young People's Service</u>						
School Capital Programme		x	x	x	x	x

Structural Maintenance of Roads

4.3.3 As previously reported, in order to maximise spend against plan each year, 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 (i) be programmed together as a single scheme thereby reducing costs, (ii) be reprofiled into the following year or (iii) be removed from the programme altogether.

4.3.4 The current value of the over-programming of approved budget is £329.4k. This includes £6.5m in relation to the A19 Chapel Haddlesey flood scheme which is the subject of a £6m bid to the Ministry of Housing, Communities and Local Government's 'Getting Building Fund'. If the bid is successful, the service will mitigate any potential under-programming by bringing forward schemes that are 'shovel ready' and/or addressing unforeseen weather related landslips and drainage requirements as they happen to the value of £6.2m.

4.3.5 At the time of the production of the Q1 Capital Plan, a funding decision was pending, the scheme proceeding *at risk* against the LTP Grant funding.

AUGUST UPDATE: Funding of £6m has since been confirmed which removes this particular risk to LTP Grant funding and will reduce the value of the budget over-programming and forecast at Q2.

Highways Overspend

4.3.6 As outlined above, there is a potential for the annual Highways programme to overspend at year end due to the way in which the programme is developed. It is understood that any such overspend, although funded from the following year's LTP Grant, has to be funded in year.

4.3.7 In recent years, overspends have been met from short term loans from available cash resources within Highways, namely the Highways Cat 4 Roads Match Funding Reserve. By the end of 2020/21, this Reserve will be fully expended.

4.3.8 A proposal is therefore being made to secure a recurring annual short term cashflow arrangement of up to £2m that would allow Highways to bridge the funding gap over year end until LTP Grant is available to repay the loan amount in the new financial year. Whilst every attempt is made throughout the year to balance the budget, such an arrangement would provide a safety net for any unforeseen circumstances.

Technology and Change 'Roadmap'

4.3.9 Approval for a programme of investment in ICT Infrastructure and New Ways of Working expired in March 2020. Funding amounting to £1823.1k in relation to that approval remains unspent and has been carried forward into 2020/21 pending a review of future spending requirements.

Kex Gill Realignment

- 4.3.10 Further to previous reporting, a firm funding commitment has still not been received from the Department for Transport (DfT). The estimated overall project budget currently stands at £39.5m, £4.95m of which is being funded from the Council's Strategic Capacity Reserve.
- 4.3.11 If DfT do approve the scheme for funding in the coming weeks, it is estimated that construction works would start in January 2021 at the earliest, a year later than last reported. However, this is based on there being no requirement for a Public Inquiry.

Local Growth Fund

- 4.3.12 2020/21 marks the final year of the current Local Growth Fund programme and the Cities & Local Growth Unit have taken a different approach to the release of the funding as a result of this and Covid 19. Following the slippage of funded schemes nationally since March, the Unit wishes to take a more active role in understanding the contractual status of projects and assessing the risk and level of slippage. Instead of releasing the grant in a single instalment at the start of the financial year, the Unit has released two thirds with the final third due after the completion of a review over the summer. Whilst there is a risk that funding may be withheld, it is deemed to be a low risk as the Unit has confirmed that funding will be released in relation to contractually committed works where there are plans to manage spend across the programme in year. The Local Enterprise Partnership is working to achieve full spend before 31st March 2021.

Basic Need, School Condition and Capital Planned Maintenance Programmes

- 4.3.13 The school programmes have recommenced following lockdown with the majority of Basic Need schemes due on site this summer as planned. The risk to the delivery of the programme is the potential for future lockdowns as a result of a second wave of Covid 19. In terms of budgets, additional costs relating to safe distancing working is having to be factored in.
- 4.3.14 Feasibility studies are being commissioned for the 2021/22 programme although there is concern that Align Property Partners and the Property Service may struggle to manage a standard annual programme of works plus the backlog from this year's programme in 2021/22.
- 4.3.15 The value of the DfE's School Condition Grant allocation for 2020/21 is £368k lower (-3.6%) than that received in 2019/20 and reflects the academisation of a number of local authority schools during the previous financial year. Whilst this is less of a fall in funding than was the case last year (-12.4%), it is still a

reduction in funding that has to be managed across the remaining backlog of works across the school estate. As more schools convert, the level of funding allocated to the Council will continue to reduce as funds are diverted away to academy trusts.

4.3.16 As reported at Q1 last year, a project has commenced to quantify overall capital needs for SEND and Special Schools linked to the High Needs Block overspend. There being no national capital funding specifically for special educational needs, an estimate in the region of £10-£15m was quoted as being required to address capital issues in this area. In 2020/21, £1.6m School Condition Grant has been ring-fenced in the programme to offset some of the works required.

4.4 CAPITAL FORWARD PLAN

4.4.1 The intention of the Capital Forward Plan is to ensure that there is a methodical approach to developing proposals for new capital schemes to be added to the Capital Plan and, in particular, the process for securing funding.

4.4.2 The Technical (Capital) and Strategic teams within Finance, are the key contacts for officers developing funding proposals that require both grant applications and access to central funding reserves.

4.4.3 There are no new proposals this quarter.

4.5 CAPITAL FINANCING

4.5.1 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.

4.5.2 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 74% of the total 2020/21 Capital programme. Where confirmed, grants have been added to the Capital Plan in the years to which they are due to be received.

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

4.5.4 Details of confirmed new grant allocations for 2020/21 are shown in the table below:

Directorate	Grant	Grant Value £
BES	Local Transport Plan Grant: - Integrated Transport Block - Highways Maintenance Block – Needs - Highways Maintenance Block - Incentive	3,023,000 23,858,000 4,969,000
BES	Pothole and Challenge Fund	20,773,000
BES	Local Growth Fund Grant	14,632,518
CYPS	School Condition Grant	9,783,429
CYPS	Devolved Formula Capital Grant (Schools)	1,410,628

- 4.5.5 In addition, a number of the County's schools have been awarded additional devolved grant funding.
- 4.5.6 The DCMS funded Rural Gigabit Connectivity Programme is supporting schools in areas that are unlikely to benefit from commercial investment by 2033 to access gigabit-capable connections via school fibre broadband installation.
- 4.5.7 In response to Covid 19 and the closure of schools during lockdown, the DfE has provided funding for schools to set up a new education platform where one does not exist to enable pupils to continue their learning at home. Funding available is £1.5k per primary and £2k per secondary school.
- 4.5.8 Whilst the funding is being routed through the Council, the DCMS and DfE are liaising directly with schools and so, until the funds are received, the total of funding allocated for both programmes is unknown. Current receipts this year total £131.5k.

Financing the Refreshed Capital Plan

- 4.5.9 The table below indicates that there is potentially £15.6m of unallocated capital funding that might become available over the Capital Plan period (depending upon the realisation of forecast capital receipts).

Source	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	Later Yrs £k
Forecast Sources of Finance					
Borrowing	13,394	8,957	-10,894	0	3,579
Grants and Capital Contributions	146,014	20,638	6,364	0	17,209
Schemes financed from Revenue	17,940	6,402	3,100	0	573
Capital Receipts	4,903	7,185	11,747	0	14,611
= Total Forecast Capital Funding	182,251	43,182	10,317	0	35,972
- Updated Capital Plan	-176,829	-42,997	-10,317	0	-25,960
= Unallocated Capital Resources	5,422	185	0	0	10,012
Total potentially unallocated available over full capital reserves resources Capital Plan period	15,619				

4.5.10 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 becoming 'overdrawn'. Such a scenario would result in the requirement for additional Prudential Borrowing to finance the existing Capital plan.

4.5.11 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.

4.5.12 The current position, as previously agreed by Members, remains to retain any surplus capital funding for the time being.

4.6 RECOMMENDATIONS

4.6.1 The Executive is recommended to:

- (a) Approve the refreshed Capital Plan summarised at **paragraph 4.2.3**;
- (b) Approve the additional funding of £8m to purchase vehicles in advance on behalf of the NY Highways company as set out at **paragraph 4.2.27**;
- (c) Approve the increase in loan facility for the NY Highways company (**paragraph 4.2.29**);
- (d) Approve the establishment of a recurring annual short term cashflow arrangement of up to £2m to support the effective profiling of the highways programme (**paragraph 4.3.8**);
- (e) Agree that the expired approvals in relation to Technology and Change be held for a further 12 months pending a review (**paragraph 4.3.9**); and
- (f) Agree that no action be taken at this stage to allocate any additional capital resources (**paragraph 4.5.12**)

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

2020/21 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2020						
BUSINESS AND ENVIRONMENTAL SERVICES						
ITEM	Total £000	Expenditure to 31.3.20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Later Years £000
GROSS EXPENDITURE						
HIGHWAYS & TRANSPORTATION ANNUAL PROGRAMME						
Structural Maintenance	109,776	42,553	64,250	2,972	-	-
Integrated Transport	5,854	-	5,854	-	-	-
New and Replacement Road Lighting Columns	10,701	7,511	3,191	-	-	-
Regional Funding Allocation	445	-	-	-	-	445
Overprogrammed Works	329 CR	-	329 CR	-	-	-
Flood Risk Management	3,074	40	1,424	1,240	370	-
HIGHWAYS & TRANSPORTATION MAJOR PROJECTS						
Kex Gill Realignment	4,950	2,840	2,111	-	-	-
Junction 47 Improvements	7,766	609	3,800	3,297	12	48
Harrogate- York Rail Scheme	9,854	-	9,854	-	-	-
Bedale-Aiskew-Leeming Bar Major Scheme	25,651	25,052	80	60	40	420
A174 Sandse Slope Stabilisation	7,032	7,032	-	-	-	-
WASTE & COUNTRYSIDE SERVICES						
Waste Management Service	1,070	-	780	15	15	260
Waste Procurement Project	5,632	5,534	98	-	-	-
ECONOMIC PARTNERSHIP UNIT						
Rural Connected Communities (5G)	1,000	4	441	555	-	-
Heritage Services	175	-	175	-	-	-
GROWTH, PLANNING & TRADED SERVICES						
Local Growth Deal	86,902	62,512	24,391	-	-	-
LEP Growing Places Fund	988	-	988	-	-	-
TOTAL GROSS SPEND	280,620	153,765	117,107.3	8,139	437	1,172
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- Local Transport Plan Grant	36,596 CR	2,269 CR	34,327 CR	-	-	-
- National Productivity Investment Fund	3,434 CR	580 CR	2,854 CR	-	-	-
- Safer Roads Fund	11,552 CR	653 CR	7,927 CR	2,972 CR	-	-
- Highways England Grant	813 CR	29 CR	-	784 CR	-	-
- BALB	23,140 CR	23,140 CR	-	-	-	-
- EA Grant	5,656 CR	4,763 CR	431 CR	405 CR	57 CR	-
- Waste Capital Grants	425 CR	-	425 CR	-	-	-
- DfT Grant	20,773 CR	-	20,773 CR	-	-	-
- Local Growth Deal	127,051 CR	87,879 CR	38,873 CR	300 CR	-	-
- DCMS Grant	1,000 CR	4 CR	441 CR	555 CR	-	-
Other Capital Grants	24 CR	-	24 CR	-	-	-
Capital Contributions	3,481 CR	1,580 CR	1,466 CR	415 CR	20 CR	-
S106 Contributions	728 CR	-	283 CR	-	-	445 CR
LEP Growing Places Fund/Teckal Loan Repayments	2,988 CR	-	988 CR	2,000 CR	-	-
Revenue Contributions						
- Road Lighting Columns	9,858 CR	7,511 CR	2,347 CR	-	-	-
- Structural Maintenance of Roads	15,000 CR	14,798 CR	202 CR	-	-	-
- Kex Gill	4,950 CR	2,840 CR	2,111 CR	-	-	-
- Flood Risk Management	1,438 CR	40 CR	735 CR	370 CR	293 CR	-
- Junction 47	2,323 CR	-	-	2,263 CR	12 CR	48 CR
- Harrogate-York Rail	254 CR	-	254 CR	-	-	-
- BALB (PIP)	2,402 CR	1,802 CR	80 CR	60 CR	40 CR	420 CR
- Other Revenue Contributions	1,011 CR	418 CR	468 CR	15 CR	15 CR	95 CR
TOTAL GRANTS AND CONTRIBUTIONS	274,897 CR	148,304 CR	115,009 CR	10,139 CR	437 CR	1,008 CR
TOTAL NET EXPENDITURE	5,723	5,461	2,098.1	2,000 CR	-	165

2020/21 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2020						
CHILDREN AND YOUNG PEOPLE'S SERVICE						
ITEM	Total £000	Expenditure to 31.3.20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Later Years £000
GROSS EXPENDITURE						
NYCC MANAGED SCHOOL SCHEMES						
Basic Need Schemes	55,387	-	26,176	9,516	4,081	15,614
School Condition Schemes	11,412	-	7,138	3,468	296	510
Capital Maintenance Programme	3,834	-	2,500	1,334	-	-
General Compliance & Health and Safety	274	-	274	-	-	-
Strategic Management of Capital	361	-	361	-	-	-
SCHOOL MANAGED SCHEMES						
Self Help Schemes	9,948	-	3,948	3,000	3,000	-
Devolved Formula Capital Grant Funding	3,980	-	1,160	1,410	1,410	-
NYCC NON-SCHOOL MANAGED SCHEMES						
Catering Equipment	720	-	240	240	240	-
Prevention & Commissioning	109	-	-	-	-	109
Children & Families	212	-	212	-	-	-
Aiming High for Disabled Children - Short Breaks	61	-	61	-	-	-
TOTAL GROSS SPEND	86,298	-	42,070	18,968	9,027	16,233
CAPITAL GRANTS & CONTRIBUTIONS						
NYCC MANAGED SCHOOL SCHEMES						
Capital Grants						
- Basic Need Grant	22,410 CR	-	12,103 CR	5,292 CR	2,188 CR	2,827 CR
- Devolved Capital Grant	250 CR	-	165 CR	85 CR	-	-
- School Condition Grant	15,172 CR	-	9,684 CR	5,191 CR	296 CR	-
- Special Provision Capital Fund Grant	239 CR	-	239 CR	-	-	-
- Other Capital Grants	38 CR	-	38 CR	-	-	-
Capital Contributions						
- Section 106 Income	30,517 CR	-	12,970 CR	2,502 CR	1,893 CR	13,151 CR
SCHOOL MANAGED SCHEMES						
Capital Grants						
- Devolved Capital Grant	3,980 CR	-	1,160 CR	1,410 CR	1,410 CR	-
- Sport Organisation Grants	948 CR	-	948 CR	-	-	-
Capital Contributions						
- Self Help Capital Contributions	1,500 CR	-	500 CR	500 CR	500 CR	-
- School Budgets Revenue Contributions	7,500 CR	-	2,500 CR	2,500 CR	2,500 CR	-
NYCC NON-SCHOOL MANAGED SCHEMES						
Capital Grants						
- Other Capital Grants	109 CR	-	-	-	-	109 CR
Revenue Contributions						
- Catering Equipment	720 CR	-	240 CR	240 CR	240 CR	-
- Other Revenue Contributions	273 CR	-	273 CR	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	83,655 CR	-	40,830 CR	17,721 CR	9,027 CR	16,087 CR
TOTAL NET EXPENDITURE	2,643	-	1,250	1,248	-	146

2020/21 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2020						
CENTRAL SERVICES						
ITEM	Total £000	Expenditure to 31.3.20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Later Years £000
GROSS EXPENDITURE						
County Hall Redevelopment	6,444	3,091	2,918	435	-	-
Property Rationalisation	1,500	259	491	750	-	-
ICT Infrastructure (FCS)	471	-	471	-	-	-
New Ways of Working	1,352	-	1,352	-	-	-
Super Fast Broadband Scheme	840	154	-	-	-	686
Library Schemes	769	731	38	-	-	-
Purchase of Vehicles, Plant & Equipment	300	-	100	100	100	-
Material Damage Provision	1,500	-	500	500	500	-
South Cliff, Scarborough	1,212	-	1,212	-	-	-
Capital Investments	-	11,865	-	-	-	-
Capital Loan Provisions	-	500	-	-	-	-
Loans to Limited Companies	30,737	12,229	6,976	6,863	-	4,669
Investments in Limited Companies	500	500	-	-	-	-
TOTAL GROSS SPEND	45,625	29,328	14,059	8,648	600	5,355
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- Regional Improvement Grant	-	-	-	-	-	-
- Performance Reward Grant	800 CR	124 CR	-	-	-	676 CR
Capital Contributions						
Loan Repayments	30,848 CR	389 CR	389 CR	4,593 CR	11,747 CR	13,731 CR
Revenue Contributions						
- Revenue Contributions - Property	6,194 CR	3,091 CR	2,918 CR	185 CR	-	-
- Revenue Contribution - Technology & Change	1,392 CR	29 CR	1,352 CR	-	-	11 CR
- Revenue Contribution - Other	1,212 CR	-	1,212 CR	-	-	-
- Revenue Contribution - Library Kiosks	741 CR	703 CR	38 CR	-	-	-
- Revenue Contributions - Limited Companies	500 CR	500 CR	-	-	-	-
TOTAL GRANTS AND CONTRIBUTIONS	41,687 CR	4,836 CR	5,909 CR	4,778 CR	11,747 CR	14,417 CR
TOTAL NET EXPENDITURE	25,975	34,164	8,150	3,870	11,147 CR	9,052 CR

2020/21 CAPITAL BUDGET MONITORING - POSITION TO 30 JUNE 2020

HEALTH AND ADULT SERVICES

ITEM	Total	Expenditure to 31.3.20	2020/21	2021/22	2022/23	Later Years
	£000	£000	£000	£000	£000	£000
GROSS EXPENDITURE						
Maintaining Fabric / Facilities of Properties	1,027	-	383	390	254	-
Extra Care Scheme (Invest to Save)	13,261	-	3,210	6,852	-	3,199
TOTAL GROSS SPEND	14,287	-	3,593	7,242	254	3,199
CAPITAL GRANTS & CONTRIBUTIONS						
Capital Grants						
- PSS Capital Grant	609 CR	-	383 CR	226 CR	-	-
Revenue Contributions						
- Revenue Contributions - PIP Funding	3,979 CR	-	3,210 CR	769 CR	-	-
TOTAL GRANTS AND CONTRIBUTIONS	4,587 CR	-	3,593 CR	995 CR	-	-
TOTAL NET EXPENDITURE	9,700	-	-	6,247	254	3,199

FINANCING OF CAPITAL PLAN

Q1 2020/21

A FORECAST FUNDING AVAILABLE

1 Borrowing

	2020/21 £000s	2021/22 £000s	2022/23 £000s	Later Yrs £000s
Prudential (Unsupported) Borrowing	14,082	-1,400	600	-34,885
Rephased borrowing (capital expenditure & receipts slippage)	-688	10,357	-11,494	38,464
	13,394	8,957	-10,894	3,579

2 Capital Grants and Contributions

Health & Adult Services	383	226	0	0
Business & Environmental Services	107,824	5,431	77	445
Children & Young People's Service	37,807	14,981	6,287	16,087
Central Services	0	0	0	676
	146,014	20,638	6,364	17,209

3 Schemes financed from Revenue

Health & Adult Services	3,210	769	0	0
Business & Environmental Services	6,197	2,708	360	563
Children & Young People's Service	3,013	2,740	2,740	0
Central Services	5,520	185	0	11
	17,940	6,402	3,100	573

4 Capital Receipts available to finance Capital Spending

Other capital receipts from sale of properties	3,526	592	0	880
LEP Growing Places Loan Repayment (classed as capital receipts)	988	0	0	0
Highways Teckal Advance Purchase Provision	0	2,000	0	0
Company & Other Loan Repayments (treated as capital receipts)	389	4,593	11,747	13,731
	4,903	7,185	11,747	14,611

= Total Forecast Funding Available

182,251 43,181 10,317 35,972

B CAPITAL PLAN Updated gross spend

-176,829 -42,997 -10,317 -25,960

C FUNDING REMAINING

	5,423	185	-1	10,012
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D TOTAL FUNDING REMAINING

15,618

5.0 PRUDENTIAL INDICATORS

- 5.1 The Prudential Code requires appropriate arrangements to be in place for the monitoring, reporting and revision of Prudential Indicators previously set and these arrangements were agreed by the County Council in 2004.
- 5.2 Updated Prudential Indicators for 2020/21 to 2022/23 were approved by Executive on 4 February 2020 and subsequently by County Council on 19 February 2020 and were based on a 2019/20 Q3 Capital Plan as at 31 December 2019.
- 5.3 The Annual Treasury Management and Prudential Indicators report for 2019/20 was submitted to Executive on 28 July 2020. This reported the 2019/20 outturn position on Prudential Indicators compared with the last updated set of Indicators for the year, as approved by County Council in February 2020. The 2019/20 outturn report did not however consider any consequential changes to the Indicators set for the three year period 2020/21 to 2022/23.
- 5.4 It is therefore necessary to consider and revise the Prudential Indicators for the three years up to 31 March 2023. As a result of Capital Plan updates and other changes, many of the Prudential Indicators need revising, particularly those for capital spending, the consequential capital financing requirement and authorised debt levels.
- 5.5 Rather than consider individual Prudential Indicators in isolation a full review of all Indicators has been undertaken as part of the ongoing financial monitoring process.
- 5.6 A Prudential Indicators update and monitoring report is therefore attached as **Appendix A**. This sets out each Prudential Indicator in terms of the:
- (a) Indicators approved in February 2020
 - (b) updated Indicators as at August 2020
 - (c) comments on the reasons for significant variations being proposed
- 5.7 In general the updated Indicators reflect a number of common factors including:
- (a) 2019/20 outturn – capital spending, capital financing and borrowing as reported to Executive on 28 July 2020
 - (b) an updated Capital Plan (per **Section 4** of this report)
 - (c) latest information and approvals on schemes self funded from grants, contributions and from revenue
 - (d) updated forecasts of debt charge estimates and interest earned on surplus cash balances
 - (e) various other miscellaneous refinements

RECOMMENDATION

- 5.8 The Executive recommends to the County Council that it approves the revised Prudential Indicators for the period 2020/21 to 2022/23 as set out in **Appendix A**.

Appendix A - Prudential Indicators 2020/21 – 2022/23 update

**PRUDENTIAL INDICATORS UPDATE – FOR 2020/21 TO 2022/23
(EXECUTIVE – 25 AUGUST 2020)**

CAPITAL EXPENDITURE & EXTERNAL DEBT INDICATORS			Comment																																																												
<p>1 Estimated Ratio of capital financing costs to the net Revenue Budget</p> <p><i>(a) Formally required Indicator</i></p> <p>This reflects capital financing costs (principal plus interest) on external debt plus PFI and finance leasing charges less interest earned on the temporary investment of cash balances.</p> <p>The estimated ratios of financing costs to the net Revenue Budget for the current and future years, and the actual figure for 2018/19 and 2019/20 are as follows:</p> <table border="1"> <thead> <tr> <th align="center">Year</th> <th align="center" colspan="2">February 2020</th> <th align="center" colspan="2">Update August 2020</th> </tr> <tr> <td></td> <th align="center">Basis</th> <th align="center">%</th> <th align="center">Basis</th> <th align="center">%</th> </tr> </thead> <tbody> <tr> <td align="center">2019/20</td> <td align="center">probable</td> <td align="center">10.8</td> <td align="center">actual</td> <td align="center">10.8</td> </tr> <tr> <td align="center">2020/21</td> <td align="center">estimate</td> <td align="center">10.5</td> <td align="center">estimate</td> <td align="center">10.7</td> </tr> <tr> <td align="center">2021/22</td> <td align="center">estimate</td> <td align="center">10.1</td> <td align="center">estimate</td> <td align="center">10.8</td> </tr> <tr> <td align="center">2022/23</td> <td align="center">estimate</td> <td align="center">10.3</td> <td align="center">estimate</td> <td align="center">10.3</td> </tr> </tbody> </table> <p><i>(b) Local Indicator</i></p> <p>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.</p> <table border="1"> <thead> <tr> <th align="center">Year</th> <th align="center" colspan="2">February 2020</th> <th align="center" colspan="2">Update August 2020</th> </tr> <tr> <td></td> <th align="center">Basis</th> <th align="center">%</th> <th align="center">Basis</th> <th align="center">%</th> </tr> </thead> <tbody> <tr> <td align="center">2019/20</td> <td align="center">probable</td> <td align="center">6.2</td> <td align="center">actual</td> <td align="center">6.2</td> </tr> <tr> <td align="center">2020/21</td> <td align="center">estimate</td> <td align="center">5.8</td> <td align="center">estimate</td> <td align="center">5.7</td> </tr> <tr> <td align="center">2021/22</td> <td align="center">estimate</td> <td align="center">5.4</td> <td align="center">estimate</td> <td align="center">5.3</td> </tr> <tr> <td align="center">2022/23</td> <td align="center">estimate</td> <td align="center">5.2</td> <td align="center">estimate</td> <td align="center">5.1</td> </tr> </tbody> </table>			Year	February 2020		Update August 2020			Basis	%	Basis	%	2019/20	probable	10.8	actual	10.8	2020/21	estimate	10.5	estimate	10.7	2021/22	estimate	10.1	estimate	10.8	2022/23	estimate	10.3	estimate	10.3	Year	February 2020		Update August 2020			Basis	%	Basis	%	2019/20	probable	6.2	actual	6.2	2020/21	estimate	5.8	estimate	5.7	2021/22	estimate	5.4	estimate	5.3	2022/23	estimate	5.2	estimate	5.1	<p>The estimates of financing costs include current Capital Plan commitments based on the latest 2020/21 Q1 Capital Plan.</p> <p>The updated estimates for 2020/21 to 2022/23 reflect the net effect of a range of factors, principally</p> <p>(a) savings being achieved through the ongoing policy of financing capital borrowing requirements internally from cash balances</p> <p>(b) variations in the level of annual borrowing requirements resulting from a range of factors, but principally capital expenditure slippage between years</p> <p>(c) variations in borrowing costs (interest plus a revenue provision for debt repayment) reflecting latest interest rate forecasts to 2022/23</p> <p>(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).</p>
Year	February 2020		Update August 2020																																																												
	Basis	%	Basis	%																																																											
2019/20	probable	10.8	actual	10.8																																																											
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Prudential Indicator			Comment																															
<p>2 Capital Expenditure - Actual and Forecasts</p> <p>The actual capital expenditure that was incurred in 2018/19 and 2019/20 and the latest estimates of capital expenditure to be incurred for the current and future years are:</p> <table border="1"> <thead> <tr> <th>Year</th> <th colspan="2">February 2020</th> <th colspan="2">Update August 2020</th> </tr> <tr> <td></td> <th>Basis</th> <th>£m</th> <th>Basis</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2019/20</td> <td>probable</td> <td>121.8</td> <td>actual</td> <td>99.1</td> </tr> <tr> <td>2020/21</td> <td>estimate</td> <td>133.6</td> <td>estimate</td> <td>176.8</td> </tr> <tr> <td>2021/22</td> <td>estimate</td> <td>18.6</td> <td>estimate</td> <td>43.0</td> </tr> <tr> <td>2022/23</td> <td>estimate</td> <td>5.6</td> <td>estimate</td> <td>10.3</td> </tr> </tbody> </table> <p>The above figures reflect the updated Capital Plan (Q1 2019/20) together with:-</p> <p>(i) expenditure on fixed assets funded directly from the Revenue Budget and not included in the Capital Plan.</p> <p>(ii) an estimated allowance for future expenditure re-phasing between years.</p>			Year	February 2020		Update August 2020			Basis	£m	Basis	£m	2019/20	probable	121.8	actual	99.1	2020/21	estimate	133.6	estimate	176.8	2021/22	estimate	18.6	estimate	43.0	2022/23	estimate	5.6	estimate	10.3	<p>The Indicators approved by Executive on 4 February 2020 were based on a Capital Plan up to 31 December 2019. This Indicator now reflects the Capital Outturn in 2019/20 and the Capital Plan update for Q1 2020/21.</p> <p>The variations are principally a result of:-</p> <p>(a) additional provisions and variations to existing provisions which are self-funded from Capital Grants and Contributions, revenue contribution and earmarked capital receipts</p> <p>(b) Capital expenditure re-phasing between years including slippage from 2019/20 outturn and Q1 2020/21 to later years</p> <p>(c) various other Capital approvals and refinements reflected in the latest Capital Plan update</p>	
Year	February 2020		Update August 2020																															
	Basis	£m	Basis	£m																														
2019/20	probable	121.8	actual	99.1																														
2020/21	estimate	133.6	estimate	176.8																														
2021/22	estimate	18.6	estimate	43.0																														
2022/23	estimate	5.6	estimate	10.3																														

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	February 2020				Update August 2020			
	Basis	Borrowing £m	Other Long Term Liabilities (PFI etc) £m	Total £m	Basis	Borrowing £m	Other Long Term Liabilities (PFI etc) £m	Total £m
31 Mar 20	probable	299.8	155.1	454.9	actual	297.5	155.1	452.6
31 Mar 21	estimate	306.7	151.6	458.3	estimate	294.4	151.6	446.0
31 Mar 22	estimate	292.0	176.2	468.2	estimate	292.1	176.2	468.3
31 Mar 23	estimate	281.7	170.6	452.3	estimate	270.2	170.6	440.8

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 February 2020 figures were based on a Capital Plan approved as at 31 December 2019.

The updated figures reflect the following variations to the February 2020 figures

- (a) re-phasing between years of expenditure that is funded from borrowing including slippage between years identified at 2019/20 outturn and Q1 2020/21
- (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
<p>4 Gross Debt and the Capital Financing Requirement</p> <p>The Prudential Code emphasises that in order to ensure that over the medium term debt will only be for a capital purpose, the County Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the previous year (2019/20), plus the estimate of any additional capital financing requirement for the current (2020/21) and next three financial years (2021/22 to 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.</p> <p>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.</p> <p>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.</p>	<p>This Prudential Indicator was changed in 2013/14 to reflect the comparison of gross debt (external debt plus other long term liabilities less debt administered on behalf of the Police Authority) with the Capital Financing Requirement (CFR). The comparator debt figure had previously been net debt which was gross debt less investments.</p> <p>The Prudential Code requires that where there is a significant difference between the gross debt and the gross borrowing requirement, as demonstrated by the CFR, then the risks and benefits associated with this strategy should be clearly stated in the annual Treasury Management Strategy.</p> <p>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.</p> <p>This situation, however, could be reversed in future as a result of two key factors:</p> <ul style="list-style-type: none"> (i) externalising some or all of the internally financed CFR together with (ii) the potential for the annual Minimum Revenue Provision (MRP) for debt repayment reducing the CFR below gross debt because the debt cannot readily be prematurely repaid without incurring significant penalties (premiums). <p>This potential situation will be monitored carefully by the Corporate Director – Strategic Resources.</p>

Prudential Indicator				Comment																																												
<p>5 Authorised Limit for External Debt</p> <p>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.</p> <p>The Prudential Code requires external borrowing and other long term liabilities (PFI and Finance leases) to be identified separately.</p> <p>The authorised limit for 2020/21 will be the statutory limit determined under section 3(1) of the Local Government Act 2003.</p>				<p>The Corporate Director – Strategic Resources confirms that these authorised limits are consistent with the County Council’s current commitments, 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.</p>																																												
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Year	February 2020			August 2020																																												
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Prudential Indicator				Comment																																												
<p>6 Operational Boundary for External Debt</p> <p>It is recommended that the County Council approves the following Operational Boundary for external debt for the same period.</p> <p>The proposed operational boundary for external debt is based on the same estimates as the Authorised Limit (ie Indicator 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.</p> <table border="1"> <thead> <tr> <th>Year</th> <th colspan="3">February 2020</th> <th colspan="3">August 2020</th> </tr> <tr> <td></td> <th>Borrowing</th> <th>Other Long Term Liabilities (PFI etc)</th> <th>Total</th> <th>Borrowing</th> <th>Other Long Term Liabilities (PFI etc)</th> <th>Total</th> </tr> <tr> <td></td> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>404.0</td> <td>151.6</td> <td>555.6</td> <td>365.5</td> <td>151.6</td> <td>517.1</td> </tr> <tr> <td>2021/22</td> <td>375.8</td> <td>176.2</td> <td>552.0</td> <td>362.2</td> <td>176.2</td> <td>538.4</td> </tr> <tr> <td>2022/23</td> <td>404.6</td> <td>170.6</td> <td>575.2</td> <td>389.2</td> <td>170.6</td> <td>559.8</td> </tr> </tbody> </table>				Year	February 2020			August 2020				Borrowing	Other Long Term Liabilities (PFI etc)	Total	Borrowing	Other Long Term Liabilities (PFI etc)	Total		£m	£m	£m	£m	£m	£m	2020/21	404.0	151.6	555.6	365.5	151.6	517.1	2021/22	375.8	176.2	552.0	362.2	176.2	538.4	2022/23	404.6	170.6	575.2	389.2	170.6	559.8	<p>The Operational Boundary represents a key management tool for the in year monitoring of external debt by the Corporate Director – Strategic Resources.</p> <p>The updated figures reflect refinements which are common to the Capital Financing Requirement (see Indicator 3 above), together with</p> <p>(a) relative levels of capital expenditure funded internally from cash balances rather than taking external debt</p> <p>(b) loan repayment cover arrangements and the timing of such arrangements</p> <p>These two financing transactions affect external debt levels at any one point of time during the financial year but do not impact on the Capital Financing Requirement.</p>		
Year	February 2020			August 2020																																												
	Borrowing	Other Long Term Liabilities (PFI etc)	Total	Borrowing	Other Long Term Liabilities (PFI etc)	Total																																										
	£m	£m	£m	£m	£m	£m																																										
2020/21	404.0	151.6	555.6	365.5	151.6	517.1																																										
2021/22	375.8	176.2	552.0	362.2	176.2	538.4																																										
2022/23	404.6	170.6	575.2	389.2	170.6	559.8																																										

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.

Date	February 2020				Update August 2020			
	Basis	Borrowing £m	Other Long Term Liabilities (PFI etc) £m	Total £m	Basis	Borrowing £m	Other Long Term Liabilities (PFI etc) £m	Total £m
31 Mar 20	probable	263.1	155.1	418.2	actual	263.1	155.1	418.2
31 Mar 21	estimate	236.0	151.6	387.6	estimate	236.0	151.6	387.6
31 Mar 22	estimate	221.8	176.2	398.0	estimate	221.8	176.2	398.0
31 Mar 23	estimate	208.5	170.6	379.1	estimate	208.5	170.6	379.1

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 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 2020 was 8% (£20m out of a total of £263.1m) 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.

Prudential Indicator	Comment																																								
<p>9 Maturity Structure of Borrowing</p> <p>The upper and lower limits for the maturity structure of County Council borrowings are as follows:-</p> <p>The amount of projected borrowing maturing in each period as a percentage of total projected borrowing that is fixed rate:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Period</th> <th style="text-align: center;">Lower Limit</th> <th style="text-align: center;">Upper Limit</th> <th style="text-align: center;">Actual 1 April 20</th> <th style="text-align: center;">Forecast 1 April 21</th> </tr> </thead> <tbody> <tr> <td>under 12 months</td> <td style="text-align: center;">0</td> <td style="text-align: center;">50</td> <td style="text-align: center;">6</td> <td style="text-align: center;">6</td> </tr> <tr> <td>12 months and within 24 months</td> <td style="text-align: center;">0</td> <td style="text-align: center;">25</td> <td style="text-align: center;">6</td> <td style="text-align: center;">0</td> </tr> <tr> <td>24 months and within 5 years</td> <td style="text-align: center;">0</td> <td style="text-align: center;">50</td> <td style="text-align: center;">3</td> <td style="text-align: center;">7</td> </tr> <tr> <td>5 years and within 10 years</td> <td style="text-align: center;">0</td> <td style="text-align: center;">75</td> <td style="text-align: center;">3</td> <td style="text-align: center;">12</td> </tr> <tr> <td>10 years and within 25 years</td> <td style="text-align: center;">10</td> <td style="text-align: center;">100</td> <td style="text-align: center;">7</td> <td style="text-align: center;">23</td> </tr> <tr> <td>25 years and within 50 years</td> <td style="text-align: center;">10</td> <td style="text-align: center;">100</td> <td style="text-align: center;">74</td> <td style="text-align: center;">52</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">100</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>	Period	Lower Limit	Upper Limit	Actual 1 April 20	Forecast 1 April 21	under 12 months	0	50	6	6	12 months and within 24 months	0	25	6	0	24 months and within 5 years	0	50	3	7	5 years and within 10 years	0	75	3	12	10 years and within 25 years	10	100	7	23	25 years and within 50 years	10	100	74	52				100	100	<p>These limits are reviewed annually and have been updated to reflect the current maturity structure of the County Council's debt portfolio.</p>
Period	Lower Limit	Upper Limit	Actual 1 April 20	Forecast 1 April 21																																					
under 12 months	0	50	6	6																																					
12 months and within 24 months	0	25	6	0																																					
24 months and within 5 years	0	50	3	7																																					
5 years and within 10 years	0	75	3	12																																					
10 years and within 25 years	10	100	7	23																																					
25 years and within 50 years	10	100	74	52																																					
			100	100																																					

Prudential Indicator	Comment
<p>10 Total Principal Sums Invested for periods longer than 365 days</p> <p>The 2020/21 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.</p> <p>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.</p>	<p>No change to this limit is proposed.</p> <p>Prior to 1 April 2004, Regulations generally prevented local authorities from investing for longer than 364 days. As a result of the Prudential Regime however, these prescriptive regulations were abolished and replaced with Government Guidance from April 2004.</p> <p>This Guidance gives authorities more freedom in their choice of investments (including investing for periods longer than 364 days) and recognises that a potentially higher return can be achieved by taking a higher (ie longer term) risk.</p> <p>This flexibility requires authorities to produce an Annual Investment Strategy that classifies investments as either Specified (liquid, secure, high credit rating & less than 365 days) or Non Specified (other investments of a higher risk). Non Specified investments are perfectly allowable but the criteria and risks involved must be vigorously assessed, including professional advice, where appropriate. Therefore, investments for 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.</p>

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North Yorkshire County Council**EXECUTIVE****25 August 2020****Proposed Changes to the Constitution for Recommendation to County Council****Report of the Assistant Chief Executive (Legal and Democratic Services)****1.0 PURPOSE OF REPORT**

- 1.1 To present to Members, for their consideration for recommendation to full Council for approval, proposed changes to the Constitution.

2.0 BACKGROUND

- 2.1 The Constitution is maintained by the Monitoring Officer and kept under review on an ongoing basis. This report sets out amendments required to the Constitution to keep it up to date.

3.0 AMENDMENTS TO THE CONSTITUTION

- 3.1 The more substantive items for consideration are the subject of separate sections in this report. Other proposed miscellaneous changes to the Constitution are set out in the table of proposed amendments set out at **Appendix 1**.

4.0 PROCUREMENT AND CONTRACT PROCEDURE RULES

- 4.1 The substantive changes to the Procurement and Contract Procedure Rules (PCPR) are summarised below and as set out in the table of proposed amendments at **Appendix 2**. The annotated version of the Procurement and Contract Procedure Rules is at **Appendix 3**.

4.2 Transparency and Decision Making

The Council believes in public access to information in order to ensure that citizens can exercise their rights to have a say about decisions, and can understand what decisions have been taken and why. Tables 1-4 within PCPR 2 have been updated to align procurement process to the Access to Information Procedure Rules. The intention of this addition is to provide clarity and promote the responsibilities of Council Officers in relation to decision making in a procurement context.

4.3 Bonds and Liquidated Damages

Due to the additional resource pressures on senior management, and to ensure the continued efficient operating of decision making, it is proposed that:

- a) PCPR 7.1 is amended to remove the requirement for Directors, in consultation with the CD-SR, to consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract.

- b) PCPR 7.2 is amended to remove the requirement for Directors, in consultation with the CD-SR, to consider whether to include provision of a performance bond to secure the performance of the Contract.

Operationally the responsibility for consideration of these requirements will transfer to Legal Services.

4.4 Evaluation procedure

PCPR 9.10 has been added to provide clarity and ensure a robust procedure is undertaken in relation to the evaluation of bids and tenders. This PCPR outlines the responsibility of the commissioning service, specifically around the suitability and appropriateness of panel members to be involved in the evaluation. This is a key requirement for ensuring an open, fair and transparent process and mitigating risk of legal challenge.

4.5 Certification of Contracts

The Local Government (Contracts) Act (LGCA) 1997 clarified the power of local authorities to enter into certain contracts, including Private Finance Initiative Contracts. PCPR 15.1 has been amended to remove the requirement for any contracts which require certifying under the 1997 Act to be approved by the Executive. It is proposed that those Officers authorised to certify under the LGCA, do so in consultation with the relevant Executive Member.

4.6 EU Procurement thresholds

The EU Procurement thresholds have changed and the revised thresholds needed to be reflected in the Council's Constitution. The Assistant Chief Executive (Legal and Democratic Services) made these amendments and the administrative correction of a paragraph number under his delegated powers to amend the Constitution to ensure that the Constitution and the Council's procedures meet all legal requirements and to correct administrative issues, under Article 15.02(c) of the Constitution and is reporting back to Council about these changes via this report.

5.0 **PROVISIONS REGARDING REGIONAL ADOPTION ARRANGEMENTS**

- 5.1 The Executive has previously been informed of the full Regional Adoption Agency arrangements and developments in relation to the Regional Adoption services programme. Amendments are therefore proposed to the Constitution, as set out in the table of proposed amendments at **Appendix 1**, to reflect those arrangements which are currently in place.

6.0 **OTHER PROPOSED AMENDMENTS**

- 6.1 Other proposed changes to the Constitution are set out in the table of proposed amendments set out at **Appendix 1** to this report, including:
- (a) Updates to the Appointments to Outside Bodies in Schedule 5
 - (b) Miscellaneous proposed changes in order to keep the Constitution up to date and correct administrative type amendments.

7.0 **FINANCIAL IMPLICATIONS**

- 7.1 There are no specific financial implications arising from this report.

8.0 **LEGAL IMPLICATIONS**

8.1 The legal implications of the proposed amendments to the Constitution are set out in the body of this report and in the Appendices.

9.0 **CONSULTATION**

9.1 Relevant Officers and Members have been consulted on the proposed changes set out in this report and its appendices. The papers were considered at the Members' Working Group on the Constitution on 12 August 2020.

10.0 **REASONS FOR RECOMMENDATIONS**

10.1 For the reasons set out in the Constitution Amendments Chart at **Appendix 1**, the Procurement and Contract Procedure Rules Amendments Chart at **Appendix 2**, the annotated copy of the Procurement and Contract Procedure Rules at **Appendix 3** and in the body of this report, it is recommended that, subject to any comments Members may have, the recommendations and changes to the Constitution set out below be proposed to the County Council for approval.

11.0 **RECOMMENDATIONS**

11.1 That, subject to any comments Members may have:

- (a) the proposed changes to the Constitution set out in the Amendments Chart at **Appendix 1**; and
- (b) the proposed changes to the Procurement and Contract Procedure Rules, set out in **Appendices 2 and 3**

be proposed to full Council for approval.

BARRY KHAN
Assistant Chief Executive (Legal and Democratic Services)

GARY FIELDING
Corporate Director, Strategic Resources

Author of Report –

Kevin Draisey
Head of Procurement and Contract Management

Background Document:

- The Council's Constitution

Appendices:

Appendix 1 – Amendments to the Constitution

Appendix 2 – Summary of amendments to the Procurement and Contract Procedure Rules

Appendix 3 – Annotated copy of the Procurement and Contract Procedure Rules.

Proposed Amendments to Constitution – 2020

Where amendments are suggested to part of a paragraph, only the relevant part is replicated in the amendment chart below.

<u>PART A: ITEMS FOR DECISION</u>			
Provision in Constitution	Current Wording	Proposed Amendment	Reason(s)
Part 3 Responsibility for Functions Schedule 2 The Executive Delegation of Executive Functions by the	... 8. Adoption Panels 8.1 The Executive will appoint one or more panels to discharge the functions of adoption panels under the Adoption Agencies Regulations 2005. Each such panel must include at least one member of the Executive (being an Executive member for Children’s Services) or of the Young People Overview and Scrutiny Committee. <i>Note: There are currently two such Panels:</i> <ul style="list-style-type: none"> ◆ <i>The Harrogate Child Placement Panel</i> ◆ <i>The Northallerton Child Placement Panel</i> 	... 8. Adoption Panels 8.1 <u>The Executive delegates its statutory functions in relation to adoption panels pursuant to the Adoption Agencies Regulations 2005 to City of York Council as the host local authority for the Regional Adoption Agency "One Adoption North and Humber" in accordance with the terms of the "One Adoption North and Humber Partnership Agreement".</u> The Executive will appoint one or more panels to discharge the functions of adoption panels under the Adoption Agencies Regulations 2005. Each such panel must include at least one member of the Executive (being an Executive member for Children’s Services) or of the Young People Overview and Scrutiny Committee. <i>Note: There are currently two such Panels:</i> ◆ <i>The Harrogate Child Placement Panel</i> ◆ <i>The Northallerton Child Placement Panel</i>	To ensure that the Constitution reflects current arrangements. The Executive has previously been informed of the full Regional Adoption Agency arrangements and developments in relation to the Regional Adoption services programme. The proposed amendments update the Constitution to reflect those arrangements.



<p>Part 3</p> <p>Responsibility for Functions</p> <p>Schedule 4 – Officers’ Delegation Scheme</p> <p><u>4.0 Specific Delegations</u></p> <p>4.2 To the Corporate Director – Children and Young People’s Service</p>	<p>...</p> <p>(o) To progress the more detailed implementation work required to establish the Regional Adoption Agency be delegated to the Corporate Director - Children and Young People’s Service in consultation with the Executive Member for Children Services.</p>	<p>...</p> <p>(o) To exercise or to delegate to a nominated officer(s), the specified functions of the council as set out in the Regional Adoption Agency "One Adoption North and Humber" partnership agreement and associated documents attached to/referenced within the agreement.</p> <p>To progress the more detailed implementation work required to establish the Regional Adoption Agency be delegated to the Corporate Director – Children and Young People’s Service in consultation with the Executive Member for Children Services.</p>	<p>To ensure that the Constitution reflects current arrangements.</p> <p>The Executive has previously been informed of the full Regional Adoption Agency arrangements and developments in relation to the Regional Adoption services programme. The proposed amendments update the Constitution to reflect those arrangements.</p>
<p>Part 3</p> <p>Responsibility for Functions</p> <p>Schedule 5</p> <p>Appointments to Outside Bodies</p> <p>1. PARTNER BODIES</p>		<p><i>Amend the schedule in section 1. PARTNER BODIES to include reference to:</i></p> <p>Border to Coast Pensions Partnership 1 seat Appointment by the Executive Appointed - CC Mulligan Appointment until May 2021</p>	<p>To reflect appointments which have been made and to keep the Constitution up to date.</p>
<p><u>PART B: ITEMS FOR INFORMATION</u></p>			
		<p><i>Certain typographical/formatting/administrative changes have been made in the Constitution under the Monitoring Officer’s delegated powers as set out in Article 15.02(c)(i) of the Constitution to correct administrative issues.</i></p>	<p>To ensure that the Constitution is accurate and up to date.</p>

CONTRACT PROCEDURE RULES**PROPOSED AMENDMENTS**

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		Not currently included.	Please note that any reference within these Rules to the Public Contract Regulations 2015 and any requirement arising from them, and the European Union, remain in force in accordance with the Withdrawal Agreement 2019 until the end of the transition period which is currently due to end 31 December 2020. From the 1st January 2021, any subsequent amendments by Government are to supersede the references within these Rules. Further guidance will be issued by the Procurement and Contract Management Service in due course.	To provide clarity around the implications of Brexit.
1.1		CM means the Contract Manager.	CM means the Contract Manager who is responsible for the contract management role on behalf of the Council.	To provide clarity around the responsibility of the Contract Manager.
1.1		Not currently included.	Concession means as defined in Regulation 3(4) of the Concession Contracts Regulations 2016.	Defined term added.
1.1		Contracts Finder means the web-based portal as described in the PCRs.	Contracts Finder means the web-based portal as described in Chapters 7 & 8 of the Public Contracts Regulations 2015PCRs.	Definition amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
1.1		Contract Management Practitioners Group means the Council's practitioner group responsible for improving contract management standards, chaired by the Contracts Manager.	Contract Management Practitioners Group means the Council's practitioner group responsible for improving contract management standards.	The Contract Management Practitioners Group is chaired by the HoP.
1.1		Not currently included.	Decision Record means a record of a decision produced in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012.	Defined term added.
1.1		Directors Recommendation means a written record of the decision and justification to apply one of the exceptions set out in Rule 16.1 to be signed and kept by the relevant Director.	Directors Recommendation means a written record of the decision and justification to apply one of the exceptions set out in Rule 16.1 to be signed by the relevant Director.	Reference to the written record being kept by the relevant Director removed. In practice, Directors Recommendations are held by the Procurement and Contract Management Service.
1.1		Framework Agreement means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for: (i) multiple orders to be placed with one Contractor (a single supplier framework), or (ii) a	Framework Agreement means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for:	Definition amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		framework of multiple Contractors to engage in further competitions (a multiple supplier framework)	(i) multiple orders to be placed with one Contractor (a single supplier framework), or (ii) a framework of multiple Contractors to engage in further competitions or direct award (a multiple supplier framework)	
1.1		HoP means the Head of Procurement.	HoP means the Head of Procurement and Contract Management.	Definition amended to provide clarity.
1.1		Procurement and Contract Management Strategy means the Council's approved Procurement and Contract Management Strategy as agreed from time to time.	Procurement and Contract Management Strategy means the Council's approved Procurement and Contract Management Strategy.	Definition amended to provide clarity.
1.2		These Procurement and Contract Management Rules form part of the overall control framework within which North Yorkshire County Council operates.	These Rules form part of the overall control framework within which the Council operates.	Amended to reflect correct usage of defined terms.
2.9		Wherever appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to Selection Questionnaires, Invitation to Tenders or Invitation to Bids. Wherever alternative documents are to be used they must be approved by the HoP and, where appropriate, the ACE(LDS).	Wherever appropriate procurement shall be undertaken using the standard documents contained in the Procurement Manual applying to Selection Questionnaires, Invitation to Tenders or Invitation to Bids. Wherever alternative documents are to be used they must be approved by the HoP and, where appropriate, the ACE(LDS).	Amended to provide clarity.
2.11		Where the Council is procuring in partnership with another Authority who are the lead procurer,	Where the Council is procuring in partnership with another contracting authority who are the lead	

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		subject to agreement from the HoP, the Council will follow the lead procurers Procurement and Contract Procedure Rules or equivalent.	procurer, subject to agreement from the HoP, the Council will follow the lead procurers Procurement and Contract Procedure Rules or equivalent.	
	2.13		Where a proposed procurement includes two or more types of provision (i.e. Goods, Services or Works) the value shall be based on the provision that characterises the main subject of the Contract in question.	Added to provide clarity on determining the total contract value.
2			For the purposes of the Transparency Procedures set out in Tables 1-4, below, the Responsible Officer must also consider the Key Decision criteria set out in Article 13.03(b)(i) of the Constitution when determining whether the procurement comprises a Key Decision.	Added to provide clarity around Officer responsibilities in relation to Key Decisions.
2		<p>Table 1: Goods and Services (excluding Social & Other Specific Services)</p> <p>Table 2: Works</p> <p>Table 3: Social & Other Specific Services</p>  <p>Rule 2 Tables 1 - 3 Existing.docx</p>	<p>Table 1: Goods and Services (excluding Social & Other Specific Services)</p> <p>Table 2: Works & Concessions</p> <p>Table 3: Social & Other Specific Services</p>  <p>Rule 2 Tables 1 - 3 Proposed.docx</p>	Tables 1-4 within PCPR 2 have been updated to align procurement process to the Access to Information Procedure Rules. The intention of this addition is to provide clarity and promote the responsibilities of Council Officers

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
				in relation to decision making in a procurement context.
5.5		The standard clauses contained in the Procurement Manual relating to the Freedom of Information Act 2000 and the Data Protection Act 2018 shall, wherever possible, be included in all Contracts exceeding £25,000 in value.	The standard clauses contained in the Procurement Manual relating to the Freedom of Information Act 2000 and the Data Protection Act 2018 shall, wherever possible, be included in all Contracts.	Amended to reflect the requirement to include the standard clauses in all contracts.
6.6		Electronic Signatures may only be affixed using the Council's chosen electronic signature system or an approved alternative.	Electronic Signatures may only be affixed using the Council's chosen electronic signature system or an approved alternative, as agreed by the HoP.	Amended to reflect that the HoP must approve the use of any alternative.
7.1		Where appropriate Directors (in consultation with the CD-SR) shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract. Such consideration shall be recorded in the Gateway Process (Stage 1).	Where appropriate, the Council shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract.	Amended to remove the requirement for Directors, in consultation with the CD-SR, to consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract. Operationally the responsibility for

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
				consideration of this requirement will transfer to Legal Services.
7.2		Where considered appropriate by a Director (in consultation with the CD-SR), the Contractor will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the contract or such other sum as the CD-SR considers appropriate.	Where considered appropriate by the Council, the Contractor will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the contract or such other sum as the CD-SR considers appropriate.	Amended to remove the requirement for Directors, in consultation with the CD-SR, to consider whether the Contractor will be required to provide a performance bond to secure the performance of the Contract Operationally the responsibility for consideration of this requirement will transfer to Legal Services.
9.4		Before Bids with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the Invitation to Bid evaluation model. The evaluation criteria must be identified and the weighting between price and quality established	Before bids with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the Selection Questionnaire and / Invitation to Bid documents. The evaluation criteria must be identified and the weighting between price and quality	Amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		and stated in the request for Bids sent to Participants.	established and stated in the request for bids sent to participants.	
	9.10		The evaluation of bids shall be carried out by a panel of suitably qualified Officers who are considered appropriate having regard for the subject matter and value of the Contract.	Added to provide clarity and ensure a robust procedure is undertaken in relation to the evaluation of bids and tenders. This PCPR outlines the responsibility of the commissioning service, specifically around the suitability and appropriateness of panel members to be involved in the evaluation.
11.2		Before an Official Journal of the European Union Tender is requested the evaluation criteria to be applied to the Official Journal of the European Union Tender must be recorded in writing in the Invitation to Tender evaluation model. The evaluation criteria must be identified and the weighting between price and quality established and stated in the Invitation to Tender sent to Participants.	Before an Official Journal of the European Union Tender is requested the evaluation criteria to be applied to the Official Journal of the European Union Tender must be recorded in writing in the Selection Questionnaire and / or Invitation to Tender document. The evaluation criteria must be identified and the weighting between price and quality established and stated in the Selection Questionnaire and/or Invitation to Tender sent to Participants.	Amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
11.3		Irrespective of the procurement process being undertaken an Official Journal of the European Union notice must be published through the E-Sourcing system.	Irrespective of the procurement process being undertaken an Official Journal of the European Union notice must be published, where possible this should be through the E-Sourcing system or an appropriate alternative system as agreed with the HoP.	Amended to confirm requirement for alternatives to be approved by HoP
12.1		<p>12.1 The Gateway Process shall identify which of the following Official Journal of the European Union Tender processes shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:</p> <ul style="list-style-type: none"> (i) the Open Procedure (as prescribed by Regulation 27) (ii) the Restricted Procedure (as prescribed by Regulation 28) (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29) (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30) (v) the Innovation Partnership Procurement (as prescribed by Regulation 31) (vi) Negotiated Procedure without prior publication (as prescribed by Regulation 32) 	<p>The Gateway Process shall identify which of the following Official Journal of the European Union Tender Procedures shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:</p> <ul style="list-style-type: none"> (i) the Open Procedure (as prescribed by Regulation 27) (ii) the Restricted Procedure (as prescribed by Regulation 28) (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29) (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30) (v) the Innovation Partnership Procurement (as prescribed by Regulation 31) (vi) use of the Negotiated Procedure without prior publication (as prescribed by Regulation 32) (vii) Social and Other Specific Services (Light Touch Regime) (as prescribed by Regulations 74-76) and such identified process shall be used for the invitation of Official Journal of the European Union 	Amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		<p>(vii) Framework Agreement (as prescribed by Regulation 33)</p> <p>(viii) Dynamic Purchasing System (as prescribed by Regulation 34)</p> <p>(ix) Electronic auctions (as prescribed by Regulation 35)</p> <p>(x) Electronic catalogues (as prescribed by Regulation 36)</p> <p>(xi) Social and Other Specific Services Light Touch Regime (as prescribed by Regulations 74-76)</p> <p>and such identified process shall be used for the invitation of Official Journal of the European Union Tenders in accordance with the requirements of the PCR's.</p>	Tenders in accordance with the requirements of the PCR's.	

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
	12.2		<p>The Gateway Process shall also identify which of the following techniques and instruments which can be used for Electronic and Aggregated Procurements:</p> <p>(i) Framework Agreement (as prescribed by Regulation 33)</p> <p>(ii) Dynamic Purchasing System (as prescribed by Regulation 34)</p> <p>(iii) Electronic auctions (as prescribed by Regulation 35)</p> <p>(iv) Electronic catalogues (as prescribed by Regulation 36)</p>	Amended to provide clarity.
13.3		<p>Official Journal of the European Union Tenders, whether electronic or hard copy must be opened at the same time and in the presence of the CD-SR (or a person designated by him) or, where the Procurement and Contract Management Services is undertaking the procurement, the ACE(LDS) (or an Officer designated by him). The E-Sourcing System records the date and time of Official Journal of the European Union Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums. Where permitted under Regulation 84(h) of the PCRs and Official Journal of the European Union Tenders are returned in hard copy format a written record shall be maintained by the HoP, of the Official Journal of the European Union Tenders received. Such a</p>	<p>Electronically submitted Official Journal of the European Union Tenders must be opened at the same time, in an auditable way, through the E-Sourcing system by an independent Officer from the Procurement and Contract Management Service.</p>	Amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		record shall include the date and time of Official Journal of the European Union Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums (where readily ascertainable).		
	13.5		Official Journal of the European Union Tenders submitted in hard copy must be opened at the same time and in the presence of the CD-SR (or a person designated by him) or, where the Procurement and Contract Management Services is undertaking the procurement, the ACE(LDS) (or an Officer designated by him).	Amended to provide clarity.
14.1		The Responsible Officer shall evaluate Official Journal of the European Union Tenders using the evaluation model published in accordance with Rule 11.2.	The Responsible Officer shall evaluate Official Journal of the European Union Tenders using the evaluation criteria published in accordance with Rule 11.2.	Amended to provide clarity.
14.3		If, as a result of the Official Journal of the European Union Tender evaluation process the HoP is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The HoP shall record any such clarification in writing.	If, as a result of the Official Journal of the European Union Tender evaluation process the HoP is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The HoP shall record any such clarification in writing through the E-Sourcing System.	Amended to reflect the requirement for the clarification to be recorded in writing through the E-Sourcing system.
15.1		The Local Government (Contracts) Act (LGCA) 1997 clarified the power of local authorities to enter into certain contracts, including Private Finance	The Local Government (Contracts) Act (LGCA) 1997 clarified the power of local authorities to enter into certain contracts, including Private Finance Initiative	Amended to remove the requirement for any contracts which

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON				
		Initiative Contracts. Where Contracts need to be certified under the 1997 Act, only the following Officers are authorised to do so: the Corporate Director Children and Young People’s Service, the Corporate Director Business and Environmental Services, the Corporate Director Health and Adult Services, the Director of Public Health, the ACE(LDS) and the CD-SR. Any contract which requires certifying as a LGCA contract, must have the approval from the Council’s Executive.	Contracts. Where Contracts need to be certified under the 1997 Act, only the following Officers are authorised to do so, following consultation with the relevant Executive Member: the Corporate Director Children and Young People’s Service, the Corporate Director Business and Environmental Services, the Corporate Director Health and Adult Services, the Director of Public Health, the ACE(LDS) and the CD-SR.	require certifying under the 1997 Act to be approved by the Executive. It is proposed that those Officers authorised to certify under the LGCA, do so in consultation with the relevant Executive Member.				
16.1(c)		where a grant or other external funding is received by the Council, either in its own right or as an accountable body, and the terms of such grant or other external funding state that such grant or other external funding must be applied in accordance with the terms of such grant or other external funding.	where funding is received by the Council, either in its own right or as an accountable body, and the terms of such grant or other external funding state that it must be applied in accordance with those terms.	Amended to provide clarity.				
17.10(a)		CM shall ensure that:- (a) all relevant Contracts (including those Contracts to which Rule 16 applies) are entered onto the Contract Register	The HoP shall ensure that:- (a) all relevant Contracts (including those Contracts to which Rule 16 applies) are entered onto the Contract Register	Amended to reflect that this responsibility sits with the HoP.				
18.1		<p>Table 5: Gateway Process - Authorisation to Approve</p> <table border="1" data-bbox="488 1321 1093 1382"> <tr> <td data-bbox="488 1321 750 1382">Gateway Process gate</td> <td data-bbox="750 1321 1093 1382">Approval process</td> </tr> </table>	Gateway Process gate	Approval process	<p>Table 5: Gateway Process - Authorisation to Approve</p> <table border="1" data-bbox="1126 1321 1753 1382"> <tr> <td data-bbox="1126 1321 1388 1382">Gateway Process gate</td> <td data-bbox="1388 1321 1753 1382">Approval process</td> </tr> </table>	Gateway Process gate	Approval process	Gate 2 Authorisation amended to include approval by an Officer from the
Gateway Process gate	Approval process							
Gateway Process gate	Approval process							

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING		PROPOSED AMENDMENT		REASON
		Gate 1 – Commissioning and Procurement Options Appraisal	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate</i> AND The ACE(LDS)	Gate 1 – Commissioning and Procurement Options Appraisal	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate</i> AND The ACE(LDS)	Procurement and Contract Management Service.
Gate 2 – Authorisation of Documents	SCM	Gate 2 – Authorisation of Documents	An Officer from the Procurement and Contract Management Service AND SCM			
Gate 3 – Contract Award	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i>	Gate 3 – Contract Award	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i>			
Gate 4(a) – Contract Extension/Variation	PAB AND The relevant Director or delegated Assistant Director	Gate 4(a) – Contract Extension/Variation	PAB AND			

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING		PROPOSED AMENDMENT		REASON
			<p>AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i> AND, where appropriate ACE(LDS) – <i>only in cases where the extension is not part of the original Contract.</i></p>		<p>The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i> AND, where appropriate ACE(LDS) – <i>only in cases where the extension is not part of the original Contract.</i></p>	
		<p>Stage 4(b) – Contract Termination (during the contract period)</p>	<p>PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i></p>	<p>Stage 4(b) – Contract Termination (during the contract period)</p>	<p>PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i></p>	
18.2		<p>18.2 The whole contract financial value thresholds for the purposes of Rule 18.1 are:</p> <p>(a) Works contracts - £1m</p>		<p>18.2 The whole contract financial value thresholds for the purposes of Rule 18.1 are:</p> <p>(a) Works & Concession Contracts - £1,000,000</p>		Amended to provide clarity.

EXISTING RULE NO.	NEW RULE NO.	CURRENT WORDING	PROPOSED AMENDMENT	REASON
		(b) Social and Other Specific Services Contracts - £663,540 (c) Goods and Services contracts - £189,330	(b) Social and Other Specific Services Contracts - £663,540 (b) Goods and Services contracts - £189,330	
21.1		To ensure that persons involved in the procurement process are aware of, and adhere to the principles of impartiality and professional standards when dealing with, and completing commercial undertakings, a Conflict of Interest and Confidentiality Undertaking Declaration form is required. This must be completed by all members of the evaluation panel upon commencement of this project.	To ensure that persons involved in the procurement process are aware of, and adhere to the principles of impartiality and professional standards when dealing with, and completing commercial undertakings, a Conflict of Interest declaration must be completed by all members of the evaluation panel upon commencement of this project. A Confidentiality Agreement or Declaration form must also be completed by any members of the evaluation panel who are not directly employed by the Council, unless there are alternative appropriate confidentiality provisions within the persons appointment documents (such as a consultancy agreement).	To ensure an open, fair and transparent process and mitigating risk of legal challenge.
Various			Miscellaneous corrections.	Ensuring correct use of defined terms.

Procurement and Contract Procedure Rules

CONTENTS

1. [Introduction](#)
2. [General](#)
3. [Compliance with Legislation and Standards](#)
4. Powers and Key Decisions
5. Form of Contract
6. Signature/Sealing of Contracts
7. [Bonds and Liquidated Damages](#)
8. Quotes
9. Bids
10. Post Bid Negotiations and Clarification
11. OJEU Tenders
12. Options for OJEU Tender
13. Receipt and Opening of OJEU Tenders
14. OJEU [Tender Evaluation and Acceptance](#)
15. [Certification of Contracts](#)
16. [Exceptions to Procurement and Contract Procedure Rules](#)
17. [Compliance, Contract Register and Forward Procurement Plan](#)
18. [Gateway Process Reports including Notification of Section 151 Officer and Monitoring Officer](#)
19. [Contract Management](#)
20. [Training for Procurement](#)
21. [Declaration of Interests](#)
22. Grants
23. Hiring and Engaging Staff

*These Rules constitute the Council's Standing Orders in relation to contracts under Section 135 of the Local Government Act 1972 and apply to all contracts (excluding those stated in **Rule 2.2**), including those made in the course of the discharge of functions which are the responsibility of the Executive.*

Please note that any reference within these Rules to the Public Contract Regulations 2015 and any requirement arising from them, and the European Union, remain in force in accordance with the Withdrawal Agreement 2019 until the end of the transition period which is currently due to end 31 December 2020. From the 1st January 2021, any subsequent amendments by Government are to supersede the references within these Rules. Further guidance will be issued by the Procurement and Contract Management Service in due course.

1. INTRODUCTION

1.1 These terms will have the following meanings in the Procurement and Contract Procedure Rules:-

ACE(LDS)	means Assistant Chief Executive (Legal and Democratic Services)
Best Value Form	means the form to be completed to capture the rationale for not seeking bids in accordance with Rule 8.3
CD-SR	means the Corporate Director - Strategic Resources
CM	<u>means the Contract Manager who is responsible for the contract management role on behalf of the Council</u> means the Contracts Manager
<u>Concession</u>	<u>means as defined in Regulation 3(4) of the Concession Contracts Regulations 2016</u>
Constitution	means the Council's Constitution of which these Rules form part.
Contract	means any agreement made between the Council and any other person which is intended to be legally enforceable and involves the acceptance of an offer made by one party to commit itself to an action or series of actions and subject to the exceptions in Rule 2.2
Contracts Finder	means the web-based portal as described in <u>Chapters 7 & 8 of the Public Contracts Regulations 2015</u> PCRs
Contract Management Practitioners Group	means the Council's practitioner group responsible for improving contract management standards, chaired by the Contracts Manager
Contract Register	means the register of Contracts maintained by the Council as set out in Rule 17.8
Contractor	means a person or entity with whom the Council has a contract
Council	means North Yorkshire County Council

<u>Decision Record</u>	<u>means a record of a decision produced in accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012</u>
Director	means the Chief Executive Officer; Corporate Director Business and Environmental Services; Corporate Director Health and Adult Services; Corporate Director Children and Young People's Service; Corporate Director - Strategic Resources as the context requires
Directors Recommendation	means a written record of the decision and justification to apply one of the exceptions set out in Rule 16.1 to be signed and kept by the relevant Director
DMT	means the Directorate Management Team
Electronic Signatures	means an advanced electronic signature which is: <ul style="list-style-type: none"> (i) uniquely linked to the signatory; and (ii) capable of identifying the signatory; and (iii) created using means that the signatory can maintain under his/her sole control; and (iv) linked to the data to which it relates in such a manner that any subsequent change of the data is detectable.
E-Sourcing system	means the Council's chosen E-sourcing system (currently YORtender) or an approved alternative
EU	means the European Union
EU Threshold	means the current threshold above which the PCR's apply, currently £189,330 for services and supplies £663,540 for social and other specific services and £4,733,252 for works
FPP	means the Forward Procurement Plan which outlines all future procurement requirements of the Council
Framework Agreement	means an agreement with one or more contracting authorities and one or more economic operator which establishes an arrangement for: <ul style="list-style-type: none"> (i) multiple orders to be placed with one Contractor (a single supplier framework), or (ii) a framework of multiple Contractors to engage in further competitions <u>or direct award</u> (a multiple supplier framework)
Gateway Process	means the Council's value based gateway commissioning and procurement process that combines assessment and understanding of various aspects of value with appropriate

review and scrutiny at defined points in the commissioning and procurement cycle

HoP	means the Head of Procurement and Contract Management
Internal Audit	means the Council's appointed internal auditors (currently Veritau)
ITB	means an Invitation to Bid
ITQ	means an I ninvitation to Q uote
ITT	means an Invitation to Tender
Key Decision	means a decision made in connection with the discharge of a function which is the responsibility of the Executive set out in Article 13.03(b) of the Constitution [(http://democracy.northyorks.gov.uk/)]
Leasing Agreement	means a contract for the provision of finance to enable goods or services to be obtained and where ownership in those goods does not automatically pass to the Council at the end of the contract period
LDSO	means a Legal and Democratic Services Officer
MEAT	means the Most Economically Advantageous Tender
Member	means a member of the Council or co-opted member on a Council committee
Officer	means a Council employee or other authorised agent
OJEU	means the Official Journal of the European Union
OJEU Tender	means the procurement process to be followed where the estimated whole life value of a Contract exceeds the relevant EU Threshold
PAB	means the Procurement Assurance Board, chaired by the HoP
Participant	means a person or entity participating in a procurement process, who has expressed an interest in tendering for a Contract or who has tendered for a Contract
PSBO	means Public Sector Buying Organisation
PCR	means the Public Contracts Regulations 2015
Person	means any individual, partnership, company, trust, other local authority, Government department or agency
Procurement Manual	means the manual to accompany these Rules which provides detailed guidance on procurement techniques and the effect of the Rules

Procurement and Contract Management Strategy	means the Council's approved Procurement and Contract Management Strategy as agreed from time to time.
Property Contract	means a contract which creates an estate or interest in land or buildings
Responsible Officer	means the Officer who is responsible for the procurement and/or management of a Contract
Rules	means these Procurement and Contract Procedure Rules
SCM	means Senior Category Manager
Scheme of Delegation	means a record of all duties and responsibilities as delegated under these Rules which is to be maintained by each Director, the CD-SR and the ACE(LDS)
Services or Supplies	means as defined in Regulation 2 of the PCRs
Social and Other Specific Services	means those services defined as such in Schedule 3 of the PCRs
SQ	means the Selection Questionnaire
Waiver Request Form	means the prescribed form to be completed when requesting a waiver in accordance with Rule 16.4
Works	means as defined in Regulation 2 of the PCRs

1.2 These ~~Procurement and Contract Procedure~~ Rules form part of the overall control framework within which ~~North Yorkshire County~~the Council operates. They aim to facilitate sound, innovative service delivery by setting out best practice for the administration of all procurement and contract management matters throughout the Council, ensuring a high quality of procurement and contract management information, robust procurement and contract management and enabling good decision making. They should not be viewed as a barrier to executive action and are constantly kept under review to ensure that they remain relevant to the day to day activities of the Council and contribute to the delivery of value for money.

1.3 References in these Rules to:-

- (a) any legislation (e.g. Act, Statutory Instrument, EU Directive) include a reference to any amendment or re-enactment of such legislation;
- (b) the value of any contract are to the total estimated aggregate gross value payable over the full period of the Contract including any options or extensions to the Contract without any deduction for income due to the Contractor or the Council;
- (c) the singular include the plural and vice versa;
- (d) the masculine include the feminine and vice versa;

(e) Directors, the CD-SR and the ACE(LDS) shall be taken to include such Officers as are designated by those officers to undertake the duties and responsibilities set out in these Rules, except in the case of the following Rules:-

- | | | | |
|-------|----------|---|---|
| (i) | Director | - | Rules 9.6, 16.1(d), (g) and (h), 16.3(b) |
| (ii) | CD-SR | - | Rules 2.1, 2.4, 2.5, 9.6, 16.1(d), (g) and (h), 16.3(b), 16.4, 16.5 and 17.2 |
| (iii) | ACE(LDS) | - | Rules 2.1, 2.4, 9.6, 16.3(b), 16.4 and 18.1 |

where delegation is not permitted. A record of all duties and responsibilities as delegated under these Rules is to be maintained by each Director, the CD-SR and the ACE(LDS).

2. GENERAL

- 2.1 These Rules are made by the Council on the advice of the CD-SR (in consultation with the ACE(LDS)) under Article 14.02 of the Constitution and define the correct procedures to be followed when the Council enters into any contractual arrangement and should be read in conjunction with the Finance Procedure Rules under Article 14.01 of the Constitution.
- 2.2 These Rules apply to all Contracts for Works, Supplies, Services or Social and Other Specific Services but do not apply to:-
- (a) contracts of employment;
 - (b) property contracts (which are covered by the Property Procedure Rules); and
 - (c) financial instruments (including, but without limitation, shares, bonds, bills of exchange, future or options contracts) (which are covered by the Financial Procedure Rules).
- 2.3 The CD-SR (in consultation with the ACE(LDS)) shall review the application and effect of these Rules and make an annual report or as required but no less than once per year to the Audit Committee recommending such amendments to the Rules as are considered appropriate.
- 2.4 The CD-SR has produced a Procurement Manual which sets out important issues to be considered in the procurement context. These Rules should be read in conjunction with the Procurement Manual.
- 2.5 The CD-SR has also produced a Finance Manual which gives advice on financial procedures.
- 2.6 Where a contract for the acquisition or hire of goods or services involves any form of Leasing Agreement to finance the transaction then the CD-SR shall undertake the negotiation of terms and authorise the arrangement in accordance with Rule 9.3 of the Financial Procedure Rules.
- 2.7 Directors and the HoP shall ensure that all documentation relating to Contracts and procurement processes is retained in accordance with the Council's Records Retention and Destruction Schedule.
- 2.8 Where the Council has awarded a contract to any person to supervise or otherwise manage a contract on its behalf such a person shall be required to comply with these Rules as if they were an Officer of the Council.

- 2.9 Wherever appropriate procurement shall be undertaken using the standard precedent documents contained in the Procurement Manual applying to SQ's, ITT's or ITBs. Wherever alternative documents are to be used they must be approved by the HoP and, where appropriate, the ACE(LDS).
- 2.10 All Officers shall adhere to the approved Procurement and Contract Management Strategy of the Council.
- 2.11 Where the Council is procuring in partnership with another contracting aAuthority who are the lead procurer, subject to agreement from the HoP, the Council will follow the lead procurers Procurement and Contract Procedure Rules or equivalent.
- 2.12 Where the total Contract value for procurement is within the values in the first column of **Tables 1-4**, below, the award procedure in the second column must be followed.
- 2.13 Where a proposed procurement includes two or more types of provision (i.e. Goods, Services or Works) the value shall be based on the provision that characterises the main subject of the Contract in question.
- 2.14 For the purposes of the Transparency Procedures set out in Tables 1-4, below, the Responsible Officer must also consider the Key Decision criteria set out in Article 13.03(b)(i) of the Constitution when determining whether the procurement comprises a Key Decision.

Table 1: Goods and Services (excluding Social & Other Specific Services)

<u>Total Contract Value</u> Total Contract Value	<u>Award Procedure</u> Award Procedure	<u>Transparency Procedure</u>	<u>Signature/Sealing Contract</u> Signature/Sealing Contract
Up to £25,000	<p>Quotes should be invited or the Best Value Form process followed in accordance with Rule 8.</p> <p>Quotes do Does not need to be advertised using the E-Sourcing system or Contracts Finder. If Quotes are not obtained, the Best Value Form must be completed.</p>	<u>The Responsible Officer will notify the Procurement and Contract Management Service of any Contract awarded below £25,000.</u>	<p>One signature</p> <p>The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p>
£25,000 up to EU Threshold (currently £189,330)	<p>Bids must be invited in accordance with Rule 9.</p> <p>These must be advertised using the E-Sourcing system and published to Contracts Finder.</p>	<p><u>The Responsible Officer must complete the Decision Record process for Contracts with a value of £50,000 or above.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p>One signature</p> <p>The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p>
Above EU Threshold (currently £189,330)	<p>Follow the appropriate EU Procedure as set out in Rules 11 and 12. Approval must be sought through the Gateway Process.</p>	<p><u>The Responsible Officer must complete the Decision Record process.</u></p> <p><u>The Responsible Officer must complete the Key Decision process for Contracts with a value of £500,000 or above.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p>Two signatures:</p> <p>The Director (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p> <p>AND</p> <p>The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation).</p> <p>Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6.</p>

Table 2: Works & Concessions

Total Contract Value	Award Procedure	Transparency Procedure	Signature/Sealing Contract
Up to £25,000	<p>Quotes should be invited <u>or the Best Value Form process followed</u> in accordance with Rule 8.</p> <p>Quotes do <u>Does</u> not need to be advertised using the E-Sourcing system or Contracts Finder.</p> <p>If Quotes are not obtained, the Best Value Form must be completed.</p>	<p><u>The Responsible Officer will notify the Procurement and Contract Management Service of any Contract awarded below £25,000.</u></p>	<p>One signature</p> <p>The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p>
<p>£25,001 up to <u><£1,000,000 EU Threshold</u> (currently <u>£4,733,252 for Works</u>)</p>	<p>Bids must be invited in accordance with Rule 9.</p> <p>These must be advertised using the E-Sourcing system and published to Contracts Finder.</p> <p>For Contracts with a value of £1m+, approval must be sought through the Gateway Process.</p>	<p><u>The Responsible Officer must complete the Decision Record process for Contracts with a value of £50,000 or above.</u></p> <p><u>The Responsible Officer must complete the Key Decision process for Contracts with a value of £500,000 or above.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p>One signature</p> <p>The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p> <p>Contracts with a value in excess of £1m must be sealed by ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6.</p>
<p><u>£1,000,000 up to EU Threshold</u> (currently <u>£4,733,252 for Works</u>)</p>	<p>Bids must be invited in accordance with Rule 9.</p> <p><u>These must be advertised using the E-Sourcing system and published to Contracts Finder.</u></p> <p><u>For Contracts with a value of £1,000,000 or greater approval must be sought</u></p>	<p><u>The Responsible Officer must complete the Key Decision process.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p><u>Contracts with a value in excess of £1,000,000 must be sealed by ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6.</u></p>

Total Contract Value	Award Procedure	<u>Transparency Procedure</u>	Signature/Sealing Contract
	<u>through the Gateway Process.</u>		
Above EU Threshold (currently £4,733,252 for Works)	Follow the appropriate EU Procedure as set out in Rules 11 and 12 . Approval must be sought through the Gateway Process.	<u>The Responsible Officer must complete the Key Decision process.</u> <u>Contracts must be published on the Contracts Register.</u>	Contracts must be sealed by ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6 .

Table 3: Social & Other Specific Services

Total Contract Value	Award Procedure	<u>Transparency Procedure</u>	Signature/Sealing Contract
Up to £25,000	<p>Quotes should be invited or the Best Value Form process followed in accordance with Rule 8.</p> <p>Quotes do Does not need to be advertised using the E-Sourcing system or Contracts Finder.</p> <p>If Quotes are not obtained, the Best Value Form must be completed.</p>	<p><u>The Responsible Officer will notify the Procurement and Contract Management Service of any Contract awarded below £25,000.</u></p>	<p>One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p>
£25,001 up to EU Threshold (currently £663,540)	<p>Bids must be invited in accordance with Rule 9. These must be advertised using the E-Sourcing system and published to Contracts Finder.</p>	<p><u>The Responsible Officer must complete the Decision Record process for Contracts with a value of £50,000 or above.</u></p> <p><u>The Responsible Officer must complete the Key Decision process for Contracts with a value of £500,000 or above.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p>One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p>
Above EU Threshold (currently £663,540)	<p>Follow the appropriate EU Procedure as set out in Rules 11 and 12. Approval must be sought through the Gateway Process.</p>	<p><u>The Responsible Officer must complete the Key Decision process.</u></p> <p><u>Contracts must be published on the Contracts Register.</u></p>	<p>Two signatures The Director (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).</p> <p>AND The ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation).</p> <p>Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6.</p>

Table 4: Grants

Total Contract Value	Award Procedure	Signature/Sealing Contracts
Up to £175,000 over three years	A competitive application process should be completed in accordance with Rule 22 . Competitive applications do not need to be advertised using the E-Sourcing system or Contracts Finder. If competitive applications are not obtained the Best Value Form must be completed.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).
Above £175,000 - relevant EU threshold	A competitive application process should be completed in accordance with Rule 22 . This should be advertised using the E-Sourcing system. The use of Contracts Finder is not mandatory.	One signature The Director within the relevant Directorate (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation).
Above EU Threshold	Where the grant value meets the relevant EU Threshold the Gateway Process must be completed. A competitive process must be completed. The opportunity must be advertised using the E-Sourcing system. The use of Contracts Finder is not mandatory.	Two signatures. The Director (or by an Officer authorised by the Director to sign on the Directors behalf, as defined in the Scheme of Delegation). AND The ACE(LDS) (or by an Officer authorised by the ACE(LDS) to sign on his behalf, as defined in the Scheme of Delegation). Sealing (where appropriate) ACE(LDS) (or by an Officer authorised by the ACE (LDS) to sign on his behalf, as defined in the Scheme of Delegation) in accordance with Rule 6 .

3. COMPLIANCE WITH LEGISLATION AND STANDARDS

- 3.1 Every Contract shall comply with all relevant applicable legislation and government guidance including:-
- (a) EU Law
 - (b) Acts of Parliament
 - (c) Statutory Instruments including, but without limitation, the Public Contracts Regulations 2015.
- 3.2 Where relevant, every Contract shall specify that materials used, goods provided, services supplied or works undertaken (as the case may be) shall comply with applicable standards. Such standards are, in order of priority:-

- (a) EU Standards
- (b) British Standards implementing international standards
- (c) British Standards

4. POWERS AND KEY DECISIONS

- 4.1 In consultation with the ACE(LDS) Directors shall ensure that the Council has the legal power to enter into any Contract and that in respect of all Contracts, regardless of whether they involve the procurement or provision by the Council of Works, Supplies, Services or Social and Other Specific Services Directors shall ensure that no Contract shall be entered into which is ultra vires.
- 4.2 Directors shall ensure that a written record of the decision to procure a Contract is made in accordance with the Gateway process where **Rule 17** applies. Where such a decision comprises a Key Decision under the Constitution, Directors shall ensure that it is entered on to the Forward Plan and treated as a Key Decision in all respects.

5. FORM OF CONTRACT

- 5.1 Every contract shall be evidenced in writing (by the use of a purchase order, exchange of correspondence or other written medium). A signed Contract must be in place on or before the service commencement date, unless otherwise agreed by the HoP or ACE(LDS).
- 5.2 Wherever appropriate, and for all Contracts exceeding £25,000 in value, such written agreements shall be made on the basis of terms and conditions agreed by the ACE(LDS). Such terms and conditions may be incorporated into standard order conditions. The Council may accept different terms and conditions proposed by a Contractor provided that the advice of the ACE(LDS) or CD-SR as to their effect has been sought and considered.
- 5.3 The written form of agreement must clearly specify the obligations of the Council and the Contractor and shall include:-
- (a) the work to be done or the Supplies, Services or Social and Other Specific Services to be provided
 - (b) the standards which will apply to what is provided
 - (c) the price or other consideration payable
 - (d) the time in which the Contract is to be carried out
 - (e) the remedies which will apply to any breach of Contract.
- 5.4 The written form of agreement for all Contracts exceeding £25,000 in value must include the following or equivalent wording:-
- (a) "If the Contractor:-
 - (i) Has offered any gift or consideration of any kind as an inducement or disincentive for doing anything in respect of this Contract or any other Contract with the Council, or

- (ii) Has committed any offence under the Bribery Act 2010, or
- (iii) Has committed an offence under Section 117 (2) of the Local Government Act 1972

the Council may terminate the Contract immediately and will be entitled to recover all losses resulting from such termination”.

- (b) “If the Contractor is in persistent and/or material breach of contract the Council may terminate the Contract and purchase the Supplies, Works, Services or Social and Other Specific Services from a third party and the Council may recover the cost of doing so from the Contractor.”

5.5 The standard clauses contained in the Procurement Manual relating to the Freedom of Information Act 2000 and the Data Protection Act 2018 shall, wherever possible, be included in all Contracts ~~exceeding £25,000 in value~~.

5.6 Other standard clauses are contained in the Procurement Manual relating to, for example, equalities, the Public Services (Social Value) Act 2012, sustainability and best value; these are not mandatory for each such written agreement referred to in **Rule 5.4** above, but should be included where appropriate.

6. SIGNATURE/SEALING OF CONTRACTS

6.1 Every written Contract must be either signed or sealed in accordance with this Rule. The ACE(LDS) (or an Officer authorised by the ACE(LDS)) will determine whether a Contract must be signed or sealed.

6.2 The ACE(LDS) and such of his staff as he may designate are authorised to sign any such contract.

6.3 The ACE(LDS) also authorises such Contracts to be signed as outlined in **Rule 2.12, Tables 1-4** and **Rule 1.3(e)** provided that:-

- (a) appropriate authority exists for the Council to enter into the Contract, and
- (b) the Contract is either:-
 - (i) in a nationally recognised form, or
 - (ii) a standard form prepared or approved by the ACE(LDS), or
 - (iii) is otherwise in a form approved by the ACE(LDS); and
- (c) any variations to approved forms of Contract must themselves be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence

6.4 Only the ACE(LDS) (or a Legal and Democratic Services’ Officer (LDSO) authorised by the ACE(LDS)) may seal a Contract on behalf of the Council, in each case being satisfied that there is appropriate authority to do so.

6.5 Signatures may be affixed to a Contract either using physical, handwritten means or an Electronic Signature, as appropriate and in accordance with both UK and European law.

- 6.6 Electronic Signatures may only be affixed using the Council's chosen electronic signature system or an approved alternative, as agreed by the HoP.
- 6.7 The use of Electronic Signatures is not permitted in circumstances where:
- (a) the Contract is to be sealed;
 - (b) a physical handwritten signature needs to be filed;
 - (c) there is a proviso in the Contract which prevents the use of an Electronic Signature;
 - (d) the Contract may need to be enforced in a jurisdiction where Electronic Signatures are not accepted;
 - (e) the Contract needs to be notarised.

7. BONDS AND LIQUIDATED DAMAGES

- 7.1 Where appropriate ~~Directors (in consultation with the CD-SR)~~, the Council shall consider whether to include provision for the payment of liquidated damages by a Contractor for breach of Contract. ~~Such consideration shall be recorded in the Gateway Process (Stage 1).~~
- 7.2 Where considered appropriate by the Council, ~~a Director (in consultation with the CD-SR)~~, the Contractor will be required to provide a performance bond to secure the performance of the Contract. Such performance bonds should provide for a sum of not less than 10% of the total value of the contract or such other sum as the CD-SR considers appropriate.
- 7.3 Agreements made under Section 38 (adoption of new highways) or Section 278 (development of existing highways) of the Highways Act 1980 shall always include provision for a bond in respect of such sum as the Corporate Director Business and Environmental Services shall consider appropriate except where:-
- (a) the identity of the developer renders the need for a bond unnecessary, or
 - (b) adequate alternative security is provided, or
 - (c) the Corporate Director Business and Environmental Services (in consultation with the CD-SR) agrees that it is inappropriate for a bond to be required.

8. QUOTES

- 8.1 Where the estimated value of a Contract is £25,000 or less (taking into account the whole life cost of the Contract, including extensions and/or variations and excluding VAT) a minimum of three quotes should be sought. There is no requirement to use the E-Sourcing system or publish the opportunity on Contracts Finder.
- 8.2 It is the Officer's responsibility to keep a record of quotes sought for audit purposes and to demonstrate best value has been achieved.
- 8.3 If three quotes are not sought, the Contract may be directly awarded using the Best Value Form. It is the Officer's responsibility to complete the Best Value Form.

9. BIDS

- 9.1 If the estimated value of a contract exceeds £25,000 but is less than the appropriate EU Threshold, [bBids](#) must be invited from all potential Contractors in accordance with **Rule 2.12, Tables 1-3**. A notice advertising the opportunity shall be published through the E-Sourcing System and on Contracts Finder and, if considered appropriate, a local newspaper and a suitable professional or trade journal or website. The form of advertising shall take into account the value, location and subject matter of the Contract. The notice shall specify brief details of the Contract, how the ITB documents may be obtained and the closing date for receipts of [bBids](#) by the Council.
- 9.2 All potential Contractors invited to submit [bBids](#) shall be provided in all instances with identical information and instructions. Where considered appropriate, Directors may permit potential Contractors who have been invited to submit [bBids](#) under **Rule 9.1** to also submit variant [bBids](#) (i.e. [bBids](#) which do not comply with some or all of the requirements of the primary [bBid](#)). The same opportunity to submit variant [bBids](#) must be given to all potential Contractors.
- 9.3 A written [Bbid](#) may only be considered if:-
- (a) it has been received electronically through the E-Sourcing System, or
 - (b) (where permitted in exceptional circumstances) it has been received in a sealed envelope marked "Bid" and indicating the subject matter of the [bBid](#) and
 - (c) it has been opened after the expiry of the deadline for submissions and at the same time as other [bBids](#) for the same subject matter in the presence of at least two Officers authorised to open [Bbids](#).
- 9.4 Before [Bbids](#) with a value in excess of £25,000 are requested the evaluation criteria must be recorded in writing in the [SQ and/ITB evaluation model documents](#). The evaluation criteria must be identified and the weighting between price and quality established and stated in the request for [Bbids](#) sent to [pParticipants](#).
- 9.5 If a [bBid](#) other than the lowest or the most economically advantageous [bBid](#) is to be accepted, the written approval of the Director (in consultation with the CD-SR or if the relevant Director is the CD-SR, in consultation with the Chief Executive) shall be sought and obtained before the [bBid](#) is accepted.
- 9.6 A [bBid](#) cannot be accepted where the value exceeds the relevant EU Threshold. If the value of the [bBid](#) exceeds the relevant EU Threshold a Director must seek tenders in accordance with **Rules 11 and 12**.
- 9.7 Before a Contract is awarded after a [bBid](#) exercise such steps shall be taken by the Responsible Officer, in conjunction with the CD-SR, as are reasonably necessary (having regard to the subject matter, value, duration of the Contract and other relevant factors) to complete a risk assessment of the potential Contractor's financial stability.
- 9.8 Bids may be altered only in accordance with **Rule 10**.
- 9.9 Where a Contract is terminated within the first 6 months of the Contract commencement date, the Council may award the Contract to the second placed supplier, provided that this demonstrates Best Value and with agreement from the HoP in consultation with the appropriate SCM.

9.10 The evaluation of bids shall be carried out by a panel of suitably qualified Officers who are considered appropriate having regard for the subject matter and value of the Contract.

10. POST BID NEGOTIATION AND CLARIFICATION

10.1 Post **b**Bid negotiations may not be undertaken where the value of the Contract exceeds the relevant EU Threshold. If the value of the **b**Bid exceeds the relevant EU Threshold, the Director must invite tenders in accordance with **Rules 11 and 12**.

10.2 Post **b**Bid negotiations with selected Participants shall only be carried out where:-

- (a) post tender negotiations are permitted by law; and
- (b) the Director in consultation with the HoP considers that added value may be obtained; and
- (c) post **B**bid negotiations are conducted by a team of suitably experienced Officers approved by the Director and who have been trained in post **b**Bid negotiations; and
- (d) a comprehensive, written record of the post **b**Bid negotiations is kept by the Director; and
- (e) a clear record of the added value to be obtained as a result of the post **B**bid negotiations is incorporated into the Contract with the successful Participant.

10.3 **Rules 10.1 and 10.2** shall not operate to prevent clarification of all or part of any **b**Bid to the extent permitted by law and where such clarifications are sought the provisions of **Rules 10.2(c) and 10.2(d)** shall apply, except that the word "clarification" shall be substituted for the word "negotiation" in these Rules.

11. OJEU TENDERS

11.1 Tenders for Contracts which exceed the EU Threshold shall be invited and awarded in accordance with the PCRs and as prescribed in **Rule 11 and 12**.

General Requirements

11.2 Before an OJEU Tender is requested the evaluation criteria to be applied to the OJEU Tender must be recorded in writing in the SQ and/or ITT evaluation model document. The evaluation criteria must be identified and the weighting between price and quality established and stated in the SQ and/or ITT sent to Participants.

11.3 Irrespective of the procurement process being undertaken an OJEU notice must be published, where possible this should be through the E-Sourcing system, or an appropriate alternative system as agreed with the HoP.

~~11.4~~ All Participants invited to submit OJEU Tenders shall be provided in all instances with identical instructions and information.

11.5 Where considered appropriate, the HoP may, in consultation with the SCM, permit Participants to submit variant OJEU Tenders (i.e. tenders which do not comply with some or all of the requirements of the primary tender). The same opportunity to submit variant OJEU Tenders shall be given to all Participants. Variant OJEU Tenders shall only be considered if the Participant also submits a compliant primary tender.

- 11.6 The evaluation of the OJEU Tender submissions shall be carried out by Officers who are considered appropriate having regard for the subject matter and value of the Contract.
- 11.7 All Tenders undertaken in accordance with **Rule 11** shall have a minimum of 3 appropriate Officers (excluding the Procurement and Contract Management Service representative) to undertake the evaluation process. The evaluation process will include:
- Individual evaluation assessment and scoring
 - Consensus marking exercise, chaired by a member of the Procurement and Contract Management Service
 - Moderation, where required
 - Independent verification, where required and in accordance with the Gateway process, Gate 3.
- 11.8 All evaluation panel members must have completed the evaluation training prior to completing any evaluation process.
- 11.9 Where a Contract is terminated within the first 6 months of the Contract commencement date, the Council may award the contract to the second placed supplier with agreement from the HoP in consultation with the ACE(LDS) provided that this demonstrated Best Value and none of the original award criteria has changed.

12. OPTIONS FOR OJEU TENDER

- 12.1 The Gateway Process shall identify which of the following OJEU Tender processes Procedures shall be used to invite tenders for Contracts with a value in excess of the relevant EU Threshold:
- (i) the Open Procedure (as prescribed by Regulation 27)
 - (ii) the Restricted Procedure (as prescribed by Regulation 28)
 - (iii) the Competitive Procedure with Negotiation (as prescribed by Regulation 29)
 - (iv) the Competitive Dialogue Procedure (as prescribed by Regulation 30)
 - (v) the Innovation Partnership Procurement (as prescribed by Regulation 31)
 - (vi) use of the Negotiated Procedure without prior publication (as prescribed by Regulation 32)
 - (vii) Social and Other Specific Services (Light Touch Regime) (as prescribed by Regulations 74-76)
- and such identified process shall be used for the invitation of OJEU Tenders in accordance with the requirements of the PCR's.
- 12.2 The Gateway Process shall also identify which of the following techniques and instruments which can be used for Electronic and Aggregated Procurements:
- (i) Framework Agreement (as prescribed by Regulation 33)

- (viii) Dynamic Purchasing System (as prescribed by Regulation 34)
- (ix) Electronic auctions (as prescribed by Regulation 35)
- (x) Electronic catalogues (as prescribed by Regulation 36)
- ~~(xi) Social and Other Specific Services Light Touch Regime (as prescribed by Regulations 74-76)~~

~~and such identified process shall be used for the invitation of OJEU Tenders in accordance with the requirements of the PCR's.~~

13. RECEIPT AND OPENING OF OJEU TENDERS

13.1 A written OJEU Tender may only be considered if:-

- (a) it has been received electronically through the E-Sourcing System; or
- (b) (where permitted under Regulation 84(h)) it has been received in hard copy in a sealed envelope marked "OJEU Tender" and indicating the subject matter of the OJEU Tender, and the identity of the Participant cannot be ascertained from the tender envelope; and
- (c) (subject to **Rule 13.4**) it has been received by the OJEU Tender closing date and time.

13.2 The CD-SR (or a person designated by him) shall be responsible for the reception and safe custody of OJEU Tenders until they are opened.

13.3 Electronically submitted OJEU Tenders, whether electronic or hard copy, must be opened at the same time, in an auditable way, through the E-Sourcing system by an independent Officer from the and in the presence of the CD-SR (or a person designated by him) or, where the Procurement and Contract Management Services is undertaking the procurement, the ACE(LDS) (or an Officer designated by him). The E-Sourcing System records the date and time of OJEU Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums.

13.4 Where permitted under Regulation 84(h) of the PCRs and OJEU Tenders are returned in hard copy format a written record shall be maintained by the HoP, of the OJEU Tenders received. Such a record shall include the date and time of OJEU Tender opening, the identity of the Officer(s) present, the identities of Participants and the tendered sums (where readily ascertainable).

13.5 OJEU Tenders submitted in hard copy must be opened at the same time and in the presence of the CD-SR (or a person designated by him) or, where the Procurement and Contract Management Services is undertaking the procurement, the ACE(LDS) (or an Officer designated by him).

13.64 If an OJEU Tender is received after the specified closing date and time it may not be considered unless the HoP is satisfied that the OJEU Tender was submitted electronically or posted or otherwise dispatched in sufficient time to be delivered before the specified time but that delivery was prevented by an event beyond the control of the Participant.

14. OJEU TENDER EVALUATION AND ACCEPTANCE

- 14.1 The Responsible Officer shall evaluate OJEU Tenders using the evaluation ~~criteria model~~ published in accordance with **Rule 11.2**.
- 14.2 Only in circumstances where an OJEU Tender is agreed by the CD-SR to be an abnormally low tender in accordance with the PCR's can an OJEU Tender other than the MEAT be accepted. In those circumstances a signed and dated record of the reasons for the action taken shall be made within the Gateway Process (Gate 3).
- 14.3 If, as a result of the OJEU Tender evaluation process the HoP is satisfied that an arithmetical error has been made inadvertently by a Participant such an error may, after clarification with the Participant, be corrected. The HoP shall record any such clarification in writing through the E-Sourcing System.
- 14.4 Before a Contract is awarded the HoP shall, in consultation with the SCMs, determine whether it is proportionate and appropriate to complete a risk assessment to ascertain the financial stability of the successful Participant. The risk assessment shall take into account the subject matter, complexity, duration, value and any other such factors as may be deemed to be relevant. This shall be recorded in accordance with the Gateway Process (Gate 3) where appropriate.
- 14.5 On completion of the evaluation of the OJEU Tenders received and once all internal approvals have been obtained through the Gateway Process (Gate 3), the HoP (or an Officer authorised by the HoP) shall write to all Participants informing them of the outcome of the OJEU Tender evaluation and providing feedback on the content of their submission, in accordance with Regulation 55 of the PCR's.
- 14.6 The HoP (or an Officer authorised by the HoP) shall wait a minimum of ten days (15 days if not sent electronically) from the date of issue of the letters notifying the Participants of the result of the evaluation before completing the Contract with the successful Participant.
- 14.7 The HoP (or an Officer authorised by the HoP) shall send for publication a Contract Award Notice stating the outcome of the procurement procedure no more than 30 days after the award of the Contract.

15. CERTIFICATION OF CONTRACTS

- 15.1 The Local Government (Contracts) Act (LGCA) 1997 clarified the power of local authorities to enter into certain contracts, including Private Finance Initiative Contracts. Where Contracts need to be certified under the 1997 Act, only the following Officers are authorised to do so, following consultation with the relevant Executive Member: the Corporate Director Children and Young People's Service, the Corporate Director Business and Environmental Services, the Corporate Director Health and Adult Services, the Director of Public Health, the ACE(LDS) and the CD-SR. ~~Any contract which requires certifying as a LGCA contract, must have the approval from the Council's Executive.~~

16. EXCEPTIONS TO PROCUREMENT AND CONTRACT PROCEDURE RULES

- 16.1 A Director does not need to invite bids in accordance with **Rule 9** in the following circumstances:-
- (a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to

PSBOs) and where such framework agreements are lawfully accessible to the Council. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement; or

- (b) the instruction of Counsel by the ACE(LDS); or
- (c) where ~~a grant or other external~~ funding is received by the Council, either in its own right or as an accountable body, and the terms of such grant or other external funding state that ~~it such grant or other external funding~~ must be applied in accordance with ~~those terms of such grant or other external funding~~; or
- (d) purchases at public auctions (including internet auction sites, e.g. Ebay) where the Director is satisfied that value for money will be achieved; or
- (e) the purchase of Supplies, Works, Services or Social and Other Specific Services which are of such a specialised nature as to be obtainable from one Contractor only; or
- (f) repairs to or the supply of parts for existing proprietary machinery or plant where to obtain such supplies from an alternative supplier would invalidate the warranty or contractual provisions with the existing supplier; or
- (g) Social or Other Specific Services Contracts where:-
 - (i) the service is currently supplied by a Contractor to the satisfaction of the relevant Corporate Director, is considered to be offering value for money and where the foreseeable disruption to service users cannot justify the invitation of further bids, or
 - (ii) the service is of a specialist or personal nature and where service users must be involved in the selection of the Contractor and where the Corporate Director Health and Adult Services and the Corporate Director Children and Young People's Service considers it inappropriate for bids to be invited, or
 - (iii) where the relevant Corporate Director is satisfied that the urgency of the need for the service prevents the invitation of bids in which case consideration shall be given to the duration of that service; or
- (h) Contracts where the Director with the agreement of the HoP agree that for reasons of extreme urgency brought about by unforeseeable events unattributable to the Council, the timescales for obtaining bids cannot be met. A written record shall be signed and dated by the Director, whenever this Rule applies.

16.2 Where any of the exceptions set out in **(d) to (h)** above are applied a Directors Recommendation, in consultation with the relevant SCMs, shall be signed, dated and kept. The Procurement and Contract Management Service shall maintain a register of all recommendations made under this Rule.

16.3 A Director does not need to invite OJEU Tenders in accordance with **Rule 11 and 12**, in the following circumstances:

- (a) purchases via Framework Agreements which have been established either by the Council or by other public sector bodies or consortia (including, but not limited to PSBO's) and where such Framework Agreements are lawfully accessible to the Council. Contracts awarded from such Framework Agreements shall be awarded in accordance with the provisions of that Framework Agreement. Where appropriate

Officers should apply a minimum 10 day standstill period for all call-off Contracts awarded under an existing Framework Agreement. This is not mandatory but is deemed best practice; or

- (b) where:
- (i) Regulations 12 or 72 of the PCRs apply; or
 - (ii) any other specific exclusions as set out in the PCRs apply;

and the ACE(LDS), the relevant Director and CD-SR are in agreement. A written record shall be signed and dated whenever this Rule applies and the Procurement and Contract Management Service shall maintain a register of such written records.

Waivers

- 16.4 Specific exceptions to **Rule 9** are permitted in such other circumstances as the CD-SR and the ACE(LDS) may agree.
- 16.5 Requests for waivers shall be made using the Waiver Request Form prescribed by the CD-SR which shall specify the reasons for the request.
- 16.6 Any requests for waivers shall be made in consultation with the relevant SCM's, and be signed, dated and kept. The Procurement and Contract Management Service shall maintain a register of all waivers made under this Rule.

17. COMPLIANCE, CONTRACT REGISTER AND FORWARD PROCUREMENT PLANS

- 17.1 Every Officer shall comply with these Rules and any unauthorised failure to do so may lead to disciplinary action.
- 17.2 The CD-SR shall be responsible for monitoring adherence to these Rules.
- 17.3 The HoP shall nominate a representative to act as a key contact point in relation to procurement matters for spend categories; such representatives shall be termed SCMs.
- 17.4 Each Director, in conjunction with the HoP, shall take all such steps as are reasonably necessary to ensure that Officers within their Directorate are aware of and comply with these Rules, the Procurement Manual and the Finance Manual referred to in **Rule 2.5**.
- 17.5 SCMs are responsible for the production of a spend category FPP which will be completed in such format as the HoP shall require.
- 17.6 The SCMs shall each present an updated category FPP to the relevant directorate management teams every 6 months for approval.
- 17.7 An annual report on procurement matters, such report to include an annual procurement plan and actions arising from the annual procurement plan, will be presented to a meeting of the Audit Committee.
- 17.8 The Council maintains a Contract Register the purpose of which is to record key details of all Contracts with an aggregate value of £25,000 or more.

17.9 All Responsible Officers will notify the Procurement and Contract Management Service of any Contract awarded below £25,000. The Responsible Officer will use the format prescribed by the Procurement and Contract Management Service and report this information quarterly.

17.10 ~~CM~~The HoP shall ensure that:-

- (a) all relevant Contracts (including those Contracts to which **Rule 16** applies) are entered onto the Contract Register
- (b) the Contract Register is maintained by entering new Contracts onto it and removing expired Contracts from it in line with the Council's Records Retention and Destruction Schedule.

Contracts Finder

17.11 When a Procurement leading to a Contract in excess of £25,000 is awarded the Procurement and Contract Management Service shall ensure that such information as is prescribed in the PCRs is published on Contracts Finder via the E-Sourcing system. This does not apply to Grants as detailed in **Rule 2.12 Table 4**.

18. GATEWAY PROCESS REPORTS INCLUDING NOTIFICATION OF SECTION 151 OFFICER AND MONITORING OFFICER

18.1 When a procurement is being considered which is expected to exceed the financial value thresholds specified in **Rule 18.2** the Gateway Process must be completed and signed off by the relevant Officers, as detailed in **Table 5** below.

Table 5: Gateway Process - Authorisation to Approve

Gateway Process gate	Approval process
Gate 1 – Commissioning and Procurement Options Appraisal	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate</i> AND The ACE(LDS)
Gate 2 – Authorisation of Documents	<u>An Officer from the Procurement and Contract Management Service</u> AND SCM
Gate 3 – Contract Award	PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i>
Gate 4(a) – Contract Extension/Variation	PAB AND

	<p>The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i> AND, where appropriate ACE(LDS) – <i>only in cases where the extension is not part of the original Contract.</i></p>
<p>Stage 4(b) – Contract Termination (during the contract period)</p>	<p>PAB AND The relevant Director or delegated Assistant Director AND Finance - CD-SR or delegated Assistant Director <i>Procurement Assurance Board to decide as appropriate.</i></p>

18.2 The whole contract financial value thresholds for the purposes of **Rule 18.1** are:

- (a) Works & Concession Contracts - £~~4m~~1,000,000
- (b) Social and Other Specific Services Contracts - £663,540
- (c) Supplies-Goods and Services contracts - £189,330

18.3 No action leading towards procurement, including any steps to undertake a further competition under an existing PSBOs framework arrangement or other legally compliant framework agreement accessible by the Council, shall be undertaken until confirmation of the process has been given under the terms set out in **Rule 18.1**.

19. CONTRACT MANAGEMENT

19.1 The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the Contract, having regard to its value, nature, duration and subject matter. As part of the monitoring and review process the Responsible Officer shall maintain adequate records of Contract performance and details of review meetings with the Contractor. Such records and details shall be made available to Internal Audit whenever required and shall be recorded in any relevant Gateway Process report (Gate 4). Such records shall also be used on the basis for any permitted extension to the Contract.

19.2 Where appropriate the Responsible Officer involved in contract management shall have received a level of formal training commensurate with the nature of the contract.

19.3 Where appropriate the Responsible Officer will attend the Contract Management Practitioners Group.

Contract Variation

19.4 Contracts with a value below the relevant EU Threshold may be varied or extended in accordance with the terms of that Contract. Any proposed variations which have the effect of materially changing the Contract must be approved by the ACE(LDS), whether or not they are effected by amending the Contract itself or by correspondence.

- 19.5 Contracts with a value in excess of the relevant EU Threshold may be varied or extended in accordance with the terms of that Contract or as outlined in Regulation 72 of the PCRs. Approval must be sought in accordance with **Rule 18.1**, (Table 5 - Gateway Process - Authorisation to Approve Gate 4a).

Contract Termination

- 19.6 If an Officer requires a Contract which exceeds the financial values stated in **Rule 18.2** to be terminated then this must be done in accordance with the terms of the Contract or as outlined in Regulation 72 of the PCRs. Approval must be sought in accordance with **Rule 18.1** (Table 5 - Gateway Process - Authorisation to Approve Gate 4b).

20. TRAINING FOR PROCUREMENT

- 20.1 Where appropriate any Officer involved in procurement activities shall have received a level of formal training commensurate with the nature of the procurement activity being undertaken.

21. DECLARATION OF INTERESTS

- 21.1 To ensure that persons involved in the procurement process are aware of, and adhere to the principles of impartiality and professional standards when dealing with, and completing commercial undertakings, a Conflict of Interest ~~and Confidentiality Undertaking Declaration form is required. This declaration~~ must be completed by all members of the evaluation panel upon commencement of this project. A Confidentiality Agreement or Declaration form must also be completed by any members of the evaluation panel who are not directly employed by the Council, unless there are alternative appropriate confidentiality provisions within the persons appointment documents (such as a consultancy agreement).
- 21.2 If it comes to the knowledge of a Member, Responsible Officer or other Officer that a Contract in which they have an interest (determined in accordance with the Members' and/or Officers' Code of Conduct as appropriate) has been or is proposed to be entered into by the Council, they shall immediately give written notice to the ACE(LDS).

22. GRANTS

- 22.1 The Council cannot procure services which it is itself required to deliver by means of a grant. The Council may grant-fund third party organisations to help deliver community cohesion or to provide complementary activities.
- 22.2 Taking into account 21.1 above Directors and the HoP shall consider when procuring the provision of the Services, Supplies Works or Social & Other Specific Services, whether a grant would be a preferable means to achieving its objectives rather than following a competitive ~~b~~ Bid process. A grant may only be awarded in circumstances where:
- There is the legal power to make a grant for the purpose envisaged;
 - It does not contravene EU rules on state aid.
- 22.3 Where the value of a ~~g~~ Grant is less than £175,000 over 3 years, the Director shall have the discretion to conduct a competitive application process for the award of that ~~g~~ Grant if doing so demonstrates best value for the Council. If a Director is not conducting a competitive application process then the Best Value Form must be completed to capture the rationale for the decision.

- 22.4 Where the value of the [gGrant](#) exceeds £175,000 over 3 years but is less than the relevant EU Threshold detailed in **Rule 2.12 Table 4** a competitive grants process must be completed. The opportunity must be advertised on the Council's E-Sourcing system.
- 22.5 Where the value of a [gGrant](#) exceeds the relevant EU Thresholds, the Director shall complete the Gateway Process in accordance with **Rule 18**. A competitive process must be completed and the opportunity must be advertised on the council E-Sourcing system.
- [21.422.6](#) The Responsible Officer shall take all such steps as are appropriate to monitor and review the performance of the grant agreement, having regard to its value, nature, duration and subject matter. As part of the grant monitoring and review process the Responsible Officer shall maintain adequate records of performance and details of review meetings with the grant recipient.

23. HIRING AND ENGAGING STAFF

- 23.1 Where an Officer is hiring or engaging a staff member who is not on the Council payroll there is a legal requirement to determine whether it is the responsibility of the Council to deduct tax and national insurance at source, in accordance with the requirements of the Social Security Contributions (Intermediaries) Regulations 2000, as amended (IR35).

North Yorkshire County Council

Executive

Tuesday 25th August 2020

The Healthy Child Programme Targeted Service Procurement

Joint Report of the Corporate Director of Health and Adult Services, the Corporate Director for Children and Young People's Service & Director of Public Health

1.0	Purpose of report
1.1	The purpose of this report is to present to the Executive the proposed arrangements between North Yorkshire County Council (NYCC) and North Yorkshire CCGs (NYCCGs), with Tees Esk and Wear Valley NHS Foundation Trust (TEWV FT) as the lead provider to deliver a School Based Universal and Targeted Emotional Wellbeing Service
1.2	The report is seeking approval to initiate a 30-day public consultation on the Section 75 agreement between NYCC and North Yorkshire CCG. It is proposed the consultation will begin in Autumn 2020, with the final Section 75 agreement being brought back to Executive in 2021 for approval
1.3	Members are requested to approve the proposed commissioning route for procuring the young people specialist substance misuse service.

2.0 Background and Issues

2.1 The Healthy Child Programme (HCP) is a universal preventative child and family health promotion programme for children aged 0-19 years and its aim is to:

“Ensure that every child gets the good start they need to lay the foundations of a healthy life”

2.2 The HCP is a local authority commissioned programme and some elements are mandated.

2.3 In North Yorkshire, the programme is currently made up of separate services:

- Universal or core elements Healthy Child Service, mandated Health Visiting (0-5) and School Age (5-19) delivered by Harrogate and District NHS Foundation Trust (HDFT)
- Targeted elements – emotional health and substance misuse service delivered by Compass

2.4 This report focuses on the targeted emotional health and substance misuse service provided by Compass.

3.0 School Based Universal and Targeted Emotional Wellbeing Service

- 3.1 The emotional wellbeing element of the Targeted Healthy Child Programme is a nurse-led service, working with children and young people who require support, including specialist treatment for drug and alcohol misuse and early help for emotional difficulties. The current contract expires 31 March 2021.
- 3.2 The intention is to separate the emotional wellbeing and specialist substance misuse elements of the service. The proposal is for NYCC to use a section 75 agreement with NYCCGs to pool investment for an early intervention school based emotional wellbeing service. NYCCGs will lead the partnership arrangement.
- 3.3 Local discussions have taken place with the North Yorkshire Mental Health and Learning Disability Partnership. The partnership is made up of NHS and Local Government leaders across North Yorkshire. They have come together as a formal partnership to align planning and investment to achieve better outcomes, and better value for money whilst considering the financial challenges partners face. The partnership has considered and supported a joint commissioning approach, to join together the current CCGs investment for emotional wellbeing capacity building in schools and NYCC Targeted Healthy Child emotional wellbeing investment.
- 3.4 The substance misuse element is being separated out, as it is not something the partnership felt there was sufficient clinical governance within the lead provider arrangement.
- 3.5 The NYCCGs, with contribution from Vale of York and Airedale Wharfedale Craven CCG's have a current annual investment of £432,090. The NYCC value is £318,000. This provides an annual joint investment total of £750,090.
- 3.6 The joint commissioning arrangement proposed would support ongoing development work. TEWV, as the NHS funded mental health provider across North Yorkshire and York, is leading on the development of an NHS England project looking at whole pathway commissioning. The joint ambition among commissioners across North Yorkshire, York and the Craven area is to work jointly with TEWV to move at pace to the provision of an integrated pathway of advice and support for children and young people.
- 3.7 The proposed arrangement is also supportive of current national directive and responds to local feedback from professionals, family and children received during the North Yorkshire Care Quality Commission (CQC) mental health thematic review in September 2017, which indicated a requirement for clearer entry points to emotional mental health support and a clear need for early intervention.
- 3.8 In order to allow time for the Section 75 agreement to be agreed and sufficient consultation to take place, it has been necessary to extend the current Compass contract to 31st March 2021. Subject to the outcome of any consultation, it is envisaged that the new arrangement will begin 1st April 2021.
- 3.9 The Section 75 Agreement describing the shared governance and management arrangements for the service is being developed and will be brought to the Executive for approval in January 2021.

4.0 Specialist Substance Misuse Service

- 4.1 The Substance Misuse Service is currently delivered as part of Compass Reach. It involves delivering a range of individually tailored packages of evidence based and age appropriate substance misuse interventions. These include targeted substance specific support through

to the delivery of planned specialist treatment interventions, in accordance with national best practice guidance.

- 4.2 The aim of the service is to reduce the harm caused by substance misuse by addressing identified individual need, building resilience and preventing any escalation of drug/alcohol related risk and harm and stopping young people from becoming substance misuse dependent adults.
- 4.3 There are effective pathways in place so that young people who require more specialist Tier 4 levels of care and treatment can access these. These include access to adult drugs and alcohol services provided by North Yorkshire Horizons, who provide pharmacological interventions for under 18 year olds where it has been deemed to be safe and appropriate.
- 4.4 The proposal is to separate the substance misuse from the emotional wellbeing contract provided by Compass Reach. The contract value is currently £182,000 per annum.
- 4.5 An options appraisal was completed to inform the procurement of a substance misuse offer and the options explored included:
- External market exercise
 - Use of existing contract flexibilities
 - In house delivery
- 4.6 The approved preferred option is external market exercise and a Gateway 1 report has been prepared in accordance with the Council's Contract Procedure Rules. The current Compass Reach contract has been extended to 31st March 2021 to allow sufficient time for a new offer to be secured from 1st April 2021.

5.0 Performance Implications

- 5.1 The proposal is likely to improve performance and outcomes, as there is likely to be a more integrated and coordinated approach in the system to meeting the emotional wellbeing needs of children and young people.
- 5.2 It will address the need for clearer access points to emotional mental health support and a clear need for early intervention.
- 5.3 One of the criteria in the procurement process for selecting a suitable substance misuse service provider will be the ability to deliver activities to agreed performance, and joint pathways with all mental health and emotional wellbeing services.

6.0 Policy Implications

- 6.1 The proposal for the emotional wellbeing is in line with the national model for improving the emotional health and wellbeing of children and young people which is now focused on schools based provision. This model advocates early intervention and developing strong preventative approaches.
- 6.2 The proposed partnership is an example of integrated working across health and children and young people services, and supports the philosophy of the Childhood Futures Programme.
- 6.3 The substance misuse service will build on and align with existing good practices on advice and support for tackling alcohol and drug problems in children and young people.

7.0 Financial Implications

- 7.1 The investment for NYCC for the proposed initial three-year agreement for a school based emotional health service would be a total of £954,000 this element is Children and Young People Services Investment.
- 7.2 The annual investment value for the substance misuse service is £182,000.

8.0 Procurement Implications

- 8.1 There is a requirement for NYCC, in partnership with NYCCGs to consult the public prior to entering into a Section 75 Agreement.
- 8.2 External market exercise to select a suitable provider for the substance misuse will commence in September 2020.

9.0 Legal Implications

- 9.1 Subject to the outcome of any consultation, NYCC can enter into a partnership agreement under Section 75 of the NHS Act 2006 with NYCCGs to pool budgets for the delivery of an early intervention school based emotional wellbeing service.
- 9.2 The draft Section 75 Agreement will be brought to the Executive along with the consultation results.
- 9.3 The Council's Contract Procedure Rules and the Public Contracts Regulations 2015 are being followed for the external market exercise to select a specialist substance misuse provider.

10.0 Consultation Undertaken and Responses

- 10.1 Feedback received from professionals, children and young people and families during the North Yorkshire Care Quality Commission (CQC) mental health thematic review in September 2017, has helped to inform the development of the new service and proposed partnership arrangements to support it.
- 10.2 Consultation has been carried out with young people during February 2020 and will inform the service specifications for both emotional wellbeing service and substance misuse service.

11.0 Impact on Other Services/Organisations

- 11.1 The proposal will support the local ambition to develop whole pathway commissioning, and move further and faster with the provision of an integrated pathway of emotional health advice and support for children and young people. Integration across the pathway is shown to bring benefits for patient care and effective and efficient service provision
- 11.2 Investment into early intervention has proven effective in supporting children and young people, and in diverting referrals from specialist CAMHS.
- 11.3 Drug and alcohol misuse problems can lead to emotional difficulties and vice versa, so the two services are complimentary.

12.0 Equalities Implications

- 12.1 An Equality Impact Assessment has been completed as part of the options appraisal in deciding the procurement routes for both services.

13.0 Recommendations

That the Executive:

- i. Note the proposed arrangements to deliver a school based universal and target emotional health service
- ii. Approve a 30-day public consultation on the use of the Section 75 agreement between NYCC and NYCCGs
- iii. Note that the consultations result and draft Section 75 Agreement will be brought back to the Executive for consideration in January 2021.
- iv. Approve the preferred procurement option to deliver a young person specialist substance misuse service

Richard Webb, Corporate Director of Health & Adult Services

Stuart Carlton Corporate Director Children & Young People Services (Emotional Wellbeing Investment)

Dr Lincoln Sargeant Director of Public Health (Substance Misuse Investment)

County Hall
Northallerton
25th August 2020

Authors of Report – Emma Lonsdale, Commissioning Manager Health & Victoria Ononeze Public Health Consultant

Presenter of Report: Richard Webb, Corporate Director of Health and Adult Services

Appendix 1 - Equality Impact Assessment

Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(Form updated April 2019)

Changes to Targeted Healthy Child Service

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.



যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	Health and Adult Services – Public Health & Children and Young Peoples Services
Lead Officer and contact details	Emma Lonsdale – Children’s Commissioning Manager Health
Names and roles of other people involved in carrying out the EIA	Matthew Edwards – YVCE strategic manager Rachel Miller – Commissioning Officer Sarah Morton – Senior Solicitor
How will you pay due regard? e.g. working group, individual officer	To be regularly reviewed as part of the Healthy Child Programme project group

When did the due regard process start?	August 2018
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Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

NYCC initiated a review of the HCP in 2018 this included the targeted element of the programme to determine commissioning options from 2020. This included review by a project group and staff, stakeholder and young people engagement. In particular, NYCC HAS and CYPS Leadership teams have been engaged throughout. A paper has been to Executive August 2019 informing them of the intention to pursue a joint commissioning approach with NY CCG's. Several discussions have taken place with the North Yorkshire Mental Health and Learning Disability Partnership in relation to the changes proposed.

What we have now	Proposals - What we will have going forward	What vehicle are we proposing
Compass Reach – Emotional wellbeing and specialist substance misuse service	A jointly commissioned Emotional Wellbeing Service with NY CCG's	Section 75 with NY CCG's
	Separate specialist substance service – provider to be appointed	Traditional contract - New service provider

The proposal is to move to;

School Based Universal and Targeted Emotional Wellbeing Service

The proposal is a jointly commissioned Emotional Wellbeing Service with NY CCG's. NYCC Executive on 25th August 2020 will be asked to approve the proposal for NYCC to enter into a Section 75 agreement with North Yorkshire CCG's to jointly commission a School Based Universal and Targeted Emotional Wellbeing Service, with TEVV NHS Foundation Trust as lead provider

Young People's Specialist Substance Misuse Service

NYCC Executive 25th August will be asked to support the external procurement for a new provider for the Substance Misuse Service

Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (e.g. to save money, meet increased demand, do things in a better way.)

The proposed arrangement would support a number of local and national ambitions to improve the emotional wellbeing of children and young people for example;

-NY Joint plan for Social Emotional Mental Health:

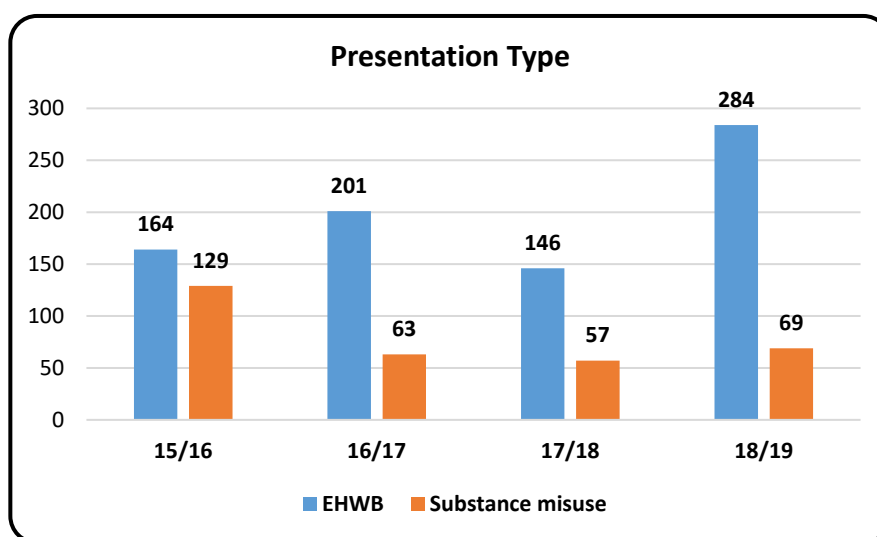
- Ensure a coordinate system across health education and social and that services meet the need identified locally
 - Improve individual outcomes for children and young people with social emotional and mental health needs
 - Improve confidence skills and knowledge across the children and young people workforce around SEMH
- Developing a local integrated offer is nationally recommended within the NHS mental health LTP and has been an ambition discussed locally as part of the NY Mental Health Strategy and Children's Plan. This approach would also support the national developments related to CAMHS whole pathway commissioning.
 - Economies of scale to deliver more comprehensive schools based early intervention service.
 - Help reduce the confusion which presently exists with multiple providers delivering similar services - This arrangement would allow the partnership to respond to family and stakeholder feedback that emotional wellbeing service provision is confusing and the offer is currently too focussed on mental health illness. There would be an opportunity to address this and work with communities to co-produce an offer the meets local need.
 - The proposal for the emotional wellbeing is in line with the national model for improving the emotional health and wellbeing of children and young people which is now focused on schools based provision. This model advocates early intervention and developing strong preventative approaches. The proposed

partnership is an example of integrated working across health and children and young people services, and supports the philosophy of the Councils B2020 Childhood Futures Transformation Programme.

The substance misuse service will build on and align with existing good practices on advice and support for tackling alcohol and drug problems in children and young people. There will be a clear expectation that there are strong aligned pathways with the emotional wellbeing service that supports proactive integrated working practices.

Section 3. What will change? What will be different for customers and/or staff?

The dominant demand within the current service is for emotional wellbeing and disaggregating the service provides an opportunity to streamline the emotional wellbeing offer with NY CCG's, and to provide a focussed specialist substance misuse service.



What we have now	Proposals - What we will have going forward	What vehicle are we proposing
Compass Reach – Emotional wellbeing and specialist substance misuse service	A jointly commissioned Emotional Wellbeing Service with NY CCG's	Section 75 with NY CCG's
	Separate specialist substance service – provider to be appointed	Traditional contract - New service provider

The entry points for emotional wellbeing and substance misuse will be separated. However, there are currently multiple entry points for emotional wellbeing and this will be streamlined as a result of the changed process. Clear stakeholder communication will support customer and stakeholder understanding of this. Service provider will be expected to deliver strong aligned pathways that supports proactive integrated working practices and ensures young people receive the service that meets their needs in a timely way.

Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

Engagement activity took place between August 2018 and January 2019. This consisted of a variety of approaches including;

- Young People Workshops
- Survey
- Customer experience interviews

- Strategic meetings
- Engagement events & Early Years Forums

Here is a summary of the activity and main themes reported.

Young people

Feedback - Young people reported that their health was important to them and overall, mental health was seen as an issue that was very important. Access to support for health issues varied amongst the group depending on individual experiences / where they lived / what the issues were etc.

Mental health dominated conversation and healthy eating, physical activity and dental care were deemed important but less of a priority. Addressing Mental Health and in particular stress and anxiety was something that young people felt very strongly about. Some key points included:

- Young people would welcome extra support because so many are struggling with things like stress and anxiety
- There was recognition that people that are struggling can have problems with relationships / become cut off and isolated
- People are starting to become more open about mental health issues
- Awareness and support are on the increase (the mental health flowchart was mentioned as was the 'Caring Cultures' award the YVE are working on)
- Some strong feelings that CAMHS support was not what it needed to be
- Mental health came out as a top priority for the majority of groups

Parents

- Emotional wellbeing, staying safe, behaviour and relationships and transition points were identified as priority areas for support
- Face to face and online were most preferred ways to receive support

Stakeholders

- **Joint working and information sharing** should be improved
- Interoperability of systems identified as a barrier
- All high impact areas were important **but emotional wellbeing across 0-5 and 5-19 was particularly highlighted**
- The offer should be **streamlined to match the resource** available and be clearly communicated to families and available equitably across the county
- Support for vulnerable children LGBT and not often engaged e.g. home schooled children should be prioritised
- Home based support is valued
- Direct and regular liaison with all stakeholders but particularly schools and GP's was highlighted as essential
- Timely communication with all stakeholders was important
- Rural access was highlighted as a barrier
- Innovations related to communications, digital offer and skill mix

In particular, more recent engagement during February 2020 has taken place with Young People regarding a specialist substance misuse; here are the key messages from that work;

- Young People want a flexible, holistic service, that is tailored to the individual.
- The service should have different options for contact and accessing support.
- Support should be available at evenings and weekends, not just in the day time.
- The service should offer appointments in a choice of venues, including at the young person's home address.
- Weekly appointments were felt the most appropriate in terms of frequency, but this should be flexible and tailored to an individual's needs.
- Young people want workers they can relate to, and who are trained / experienced working with young people through youth work or health services.
- The service should provide clear and honest information on the consequences of using substances.

- Young people want information and evidence relating to the strategies used to help them – they want to see that the methods ‘work’.
- The main issues caused by substance misuse, in the view of young people, relate to alcohol, followed by cannabis. MDMA, Ketamine, and Cocaine were also noted but not on the same scale.

Consultation and engagement with stakeholders is ongoing and will continue.

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

The cuts to the public health grant nationally from PHE is circa 15%. We are relatively protecting this area of work but we cannot keep providing at the level we did before when we face significant budget cuts. The investment will be subject to a reduction but greater efficiency will be achieved through the proposed joint commissioning arrangement reducing duplication and providing a streamlined service.

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
Age		x		There will be clarity about the age the service is offered to and respond to the engagement outcomes from young people.
Disability		x		The service will be available as a choice for young people affected by SEND up to 25 and provide a strong transitions pathway with adult provision. The service will be required to be compliant with all legislation and make reasonable adjustments as required.
Sex	x			
Race	x			
Gender reassignment	x			
Sexual orientation		x		The service will be required to have named LGBTQ champions that support service delivery and workforce development.
Religion or belief	x			
Pregnancy or maternity	x			
Marriage or civil partnership	x			

Section 7. How will this proposal affect people who...	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
..live in a rural area?		x		The streamlining of services and use of digital solutions will be included as response to feedback from stakeholders, parents and young people with regard to access in rural areas on an outreach basis.

...have a low income?		X		All risk factors and inequalities associated with poor emotional wellbeing and substance misuse will be paid regard to in the service speciation's and performance frameworks in response to consultation feedback for support to vulnerable children.
...are carers (unpaid family or friend)?		X		As above – direct link to young carers as a vulnerable group

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)

North Yorkshire wide	X
Craven district	
Hambleton district	
Harrogate district	
Richmondshire district	
Ryedale district	
Scarborough district	
Selby district	
If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below.	

Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.

No

Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	Tick option chosen
1. No adverse impact - no major change needed to the proposal. There is no potential for discrimination or adverse impact identified.	X
2. Adverse impact - adjust the proposal - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	

4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
Explanation of why option has been chosen. (Include any advice given by Legal Services.) <ul style="list-style-type: none"> • Ongoing engagement will support continuous points of review to ensure that no adverse impact. • The service specifications and regular monitoring will ensure the impact is kept under continuous review. 	

<p>Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)</p> <p>Ensure effective communication - to be carried out with all stakeholders (clinical and non-clinical and public) to enable the change management and mobilisation for September 2020.</p> <p>A 6-month formal review will take place in March 2020 and will be a carried out in partnership with NY CCG's.</p>

<p>Section 12. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.</p>				
Action	Lead	By when	Progress	Monitoring arrangements
HCP Project group continuous review	Emma Lonsdale	Ongoing fortnightly	–	Ongoing
6 month review	Emma Lonsdale	October 2021		

<p>Section 13. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.</p> <p>No adverse impacts have been identified at this stage;</p> <ul style="list-style-type: none"> • Ongoing engagement will support continuous points of review to ensure that no adverse impact. • The service specifications and regular monitoring will ensure the impact is kept under continuous review. <p>The use of the S75 for the Emotional Wellbeing service will be subject to a Key Decision by Executive and a 30-day consultation on its use and content to be completed by November 2020. Consultation will be carried out in partnership with NY CCG's colleagues. EIA considerations will be made at each stage.</p> <p>Legal advice has been sought from the Council's legal and democratic services as part of the gateway approval and will be kept under review during the consultation period. Legal advice is also being sought in drafting the Section 75 Agreement.</p> <p>Council procurement processes will be followed for the external market exercise to select a specialist substance misuse provider and EIA considerations will be considered throughout this process.</p> <p>This document will be reviewed at each decision point.</p>

Section 14. Sign off section

This full EIA was completed by:

Name: Emma Lonsdale

Job title: Children's Commissioning Manager Health

Directorate: CYPS

Signature: *Emma Lonsdale*

Completion date: 20.2.20 – reviewed 28.7.20

Authorised by relevant Assistant Director (signature): Victoria Ononeze- Consultant in Public Health

Date: 28.2.20 ongoing process v2

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North Yorkshire County Council

Executive

25th August 2020

Appointments to Committees and Outside Bodies

1.0 Purpose of the Report

- 1.1 To enable appointments to Committees and Outside Bodies to be considered.

2.0 North Yorkshire Health and Wellbeing Board

- 2.1 Following discussions with the Emergency Services, Andrew Brodie, Chief Fire Officer, North Yorkshire Fire and Rescue Service, has been nominated to be the representative of the Emergency Services, taking over from Rachel Pippin of the Yorkshire Ambulance Service.
- 2.2 Following the resignation of Dr. John Crompton, Dr. Sally Tyrer, Chair of the North Yorkshire Local Medical Committee, has been nominated as the representative of Primary Care.

3.0 Recommendation

- 3.1 That the Executive recommend to Council the following appointments to the North Yorkshire Health and Wellbeing Board:-
- a) Andrew Brodie, Chief Fire Officer, North Yorkshire Fire and Rescue Service, as the Emergency Services representative.
 - b) Dr. Sally Tyrer, Chair of the North Yorkshire Local Medical Committee, as the representative of Primary Care.

Barry Khan
Assistant Chief Executive (Legal and Democratic Services)

County Hall, Northallerton

14th August 2020

Report Author: Patrick Duffy

Background documents: None

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FORWARD PLAN

The decisions likely to be taken by North Yorkshire County Council in the following 12 months are set out below:

Publication Date: 14 August 2020

Last updated: 14 August 2020

Period covered by Plan: up to 31 August 2021

All public Committee meetings of the Council where the public can attend have been suspended. Following on from the Prime Minister's announcement on 23 March 2020 about fundamental restrictions on public travel and movement, the Leader of the Council, Cllr Carl Les, has stopped all public, committee meetings of the Council for the foreseeable future. The council business will continue but in a different way. Emergency powers have been invoked that enable the Chief Executive, Richard Flinton, to make decisions that would previously have been made by the Council's committees. We will keep the position under review as the Government consider drafting legislation and regulations to allow for virtual meetings and we will consider how best to engage with the public to ensure that good governance, transparency and public engagement is maintained during this time.

PLEASE NOTE:-

In accordance with the Local Authorities (Executive Arrangements)(Meetings and Access to information)(England) Regulations 2012, at least **28 clear days' notice**, excluding the day of notification and the day of decision taking, must be published on the Forward Plan of any intended key decision. It is also a requirement that **28 clear days' notice** is published of the intention to hold a Executive meeting or any part of it in private for the consideration of confidential or exempt information. For further information and advice please contact the Democratic Services and Scrutiny Manager on 01609 533531.

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
THE EXECUTIVE								
Standing Item	Executive	TRO's	Yes in most instances	Introduction of Traffic Regulation Orders	Executive Members, local Members, public	Statutory consultation	In writing to the Corporate Director Business and Environmental Services	
Standing Item	Executive	Area Constituency Committee Feedback		As required, but usually for noting	N/A	N/A	N/A	N/A
Standing Item	Executive	Appointments to Outside Bodies and/or recommendations to Council re Committee appointments		Approval of appointments to Outside Bodies and/or making of recommendations to Council re Committee appointments	N/A	N/A	N/A	N/A
Standing Item	Executive	Potential purchase of land for investment purposes This item will contain exempt information.	Yes	Following the Executive decision of 15 August 2017 the Executive have agreed an investment strategy of purchasing land of up to £5m where it would provide a suitable return on investment. These opportunities have a	Internal.	None.	Gary Fielding, Corporate Director - Strategic Resources	Once a relevant opportunity is identified the relevant reports will be drafted & circulated to the Executive.

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
				quick turnaround time therefore a standard item is included on the Forward Plan to give notice that such a decision may be requested by the Executive.				
TBC	Executive	To consider a proposal to formalise the relationship between NYCC and Brierley Homes Limited in relation to selling sites for development and to set out an initial list of sites that are to be considered. The final report may contain information of a commercially sensitive nature and so the whole or part of the	Yes	Whether or not to enter into a promotion and option agreement with Brierley Homes Limited in relation to several sites owned by NYCC.	None	None		None

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
		report may need to be exempt.						
TBC	Executive	Review of Extra Care provision The report will contain exempt information	Yes	Decision to agree to commence a consultation on extra care provision.	Employees and existing providers of Extra Care Provision	Online and face to face engagement and consultation	Michael Rudd Michael.rudd@northyorks.gov.uk	N/A
June/July 2020	Executive	Annual Report of the Looked After Children Members Group	No	To approve the Annual Report of the Chair of the LAC Group	LAC Members Group	LAC group meeting on 24 January 2020	Via Cllr Annabel Wilkinson, Chair of LAC Members Group & Principal Scrutiny Officer – Ray Busby	Young Peoples Overview and Scrutiny Committee meeting 26 June 2020
25 August 2020	Executive (Performance Monitoring)	Q1 Budget report including: <ul style="list-style-type: none"> • Revenue Plan • Capital Plan • Treasury Management • Prudential Indicators 			Management Board		Corporate Director - Strategic Resources	Previous quarterly reports
25 August 2020	Executive (Performance Monitoring)	Consideration of proposed amendments to the Council's Constitution for	YES	Subject to any comments Members may have, to recommend the proposed amendments to the Constitution to	Relevant NYCC Officers and Members	Correspondence and meetings	Daniel Harry, Democratic Services Manager	

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
		recommendation to full Council.		full Council for approval.	The Members' Working Group on the Constitution			
25 August 2020	Executive (Performance Monitoring)	Recommissioning of the targeted Healthy Child Programme element	YES	Approval of the use of S75 agreement with North Yorkshire CCG's to jointly commission an Emotional Health and Wellbeing Service and to seek approval for the proposed commissioning solution to deliver a specialist substance misuse offer for young people Agreement of appropriate delegations	Public and interested parties	Online 4 week consultation period via the Council's website	Victoria Ononeze 01609 797045 Emma Lonsdale 01609 535770	
25 August 2020	Executive (Performance Monitoring)	Transfer of a contracted supported living service to NYCC social care provider services Contains exempt information	Yes	Executive is asked to agree the transfer of a contracted supported living service to NYCC social care provider services	Engagement with those affected by the changes to the service	Engagement meetings	Dale Owens 01609 534814	N/A
22 September 2020	Executive	Annual complaints report	NO	Information only	None	None	Dani Reeves 01609 532272	None

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
		including LGSCO complaints					Dani.reeves@northyorks.gov.uk	
22 September 2020	Executive	Potential purchase of land within the Harrogate Borough Council area This item will contain exempt information.	Yes	To approve the acquisition of a property and the terms of the deal.	Internal	Meetings and Review of Draft Report	Ken Moody, Major Projects Manager Roger Fairholm, Asset & Workplace Manager, Property Service	None
22 September 2020	Executive	Consideration of proposal to rescind an historic approved proposal for an inner relief road in Ripon City Centre between Blossomgate and Somerset Row	YES	To seek Executive approval to rescind the County Council's current approved preferred route	Harrogate Borough Council Ripon City Council Local Elected Members Executive Members	Letters & emails to key groups and meetings where appropriate	Via email to ltip@northyorks.gov.uk	None
22 September 2020 or 13 October 2020	Executive	0-19 Universal Healthy Child Service	YES	Seeking approval from members to start a public consultation on a new model of 0-19 universal healthy child service (health visiting and school age service) and inform	Public and interested parties	Public consultation of proposed service model. Online consultation period for 4 weeks on use of S75 via the Council's website and jointly with HDFT.	Victoria Ononeze 01609 797045 Emma Lonsdale 01609 535770	Executive meeting 13 August 2019

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
				members of the start of a 4 week consultation on the use of S75				
13 October 2020	Executive	Young People's Accommodation Pathway	Yes	To consider options for the future commissioning of arrangements	District Councils	Officer engagement via working group	Mel Hutchinson by email: mel.hutchinson@northyorks.gov.uk	None
13 October 2020	Executive	Minerals and Waste Joint Plan approval for Adoption	YES	To make a recommendation to County Council regarding the adoption of the Minerals and Waste Joint Plan	Extensive consultation has taken place during preparation of the Plan. Representations will be sought on Main Modifications to Minerals and Waste Joint Plan (date of commencement TBC) and will subsequently be provided to the Planning Inspector for confirmation as to whether the Joint Plan may proceed towards adoption	Direct notification, website and deposit of documents at designated locations.	By email to mwjointplan@northyorks.gov.uk	Minerals and Waste Joint Plan Submission version recommendation d to Full Council for submission on 31 January 2017

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
24 November 2020	Executive (Performance Monitoring)	Q2 Performance Monitoring and Budget report including: <ul style="list-style-type: none"> • Revenue Plan • Capital Plan • Treasury Management • Prudential Indicators 			Management Board		Corporate Director - Strategic Resources	Previous quarterly reports
24 November 2020	Executive (Performance Monitoring)	A59 Kex Gill Diversion contract award Includes commercially sensitive information	YES	To inform members of the outcome of the tendering process and seek approval to award the contract subject to full funding approval from DfT.	Not applicable	Not applicable	Email Kenneth.moody@northyorks.gov.uk	
24 November 2020	Executive	Report of the Transport, Economy and Environment Overview and Scrutiny Committee on its review of North Yorkshire County Council's 20mph Speed Limit Policy	NO	The Executive is recommended to consider the report and approve the recommendations of the Transport, Economy and Environment Overview and Scrutiny Committee	The Executive	Task Group to report to the Transport, Economy and Environment Overview and Scrutiny Committee on 22/10/20	By email to Jonathan Spencer, Corporate Development Officer jonathan.spencer@northyorks.gov.uk	None

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
8 December 2020	Executive	A new NYCC Plan for Economic Growth	YES	To approve the revised NYCC plan for Economic Growth	NYCC Directorates, BES Executive members, District Authorities / NPA's LEP	The consultation process will consist of internal workshops with NYCC members and colleagues and written / informal consultation with external partners	representations can be made by email to Mark Kibblewhite mark.kibblewhite@northyorks.gov.uk	Current Plan for economic Growth approved by Executive May 2017
12 January 2021	Executive No items identified yet							
26 January 2021	Executive	To enter into a Section 75 agreement for the commissioning of the Integrated Sexual Health Service	Yes	Approval to enter into a Section 75 partnership agreement with York Teaching Hospital NHS Foundation Trust.	York Teaching Hospital NHS Foundation Trust	Published via the Council's website	Emma Davis 01609 797154	Report taken to Executive on 3 September 2019 and 26 November 2019
26 January 2020	Executive	To consider and recommend to County Council the Revenue Budget 2021/22 and the Medium Term Financial Strategy (MTFS). Also to consider: <ul style="list-style-type: none"> Revenue Plan 		Approval of the Revenue Budget/MTFS	Proposals will be subject to the appropriate consultation process	Budget Consultation Process	Gary Fielding, Corporate Director - Strategic Resources	County Council consideration of Budget savings proposals

FUTURE DECISIONS

Likely Date of Decision	Decision Taker (a full list of the membership of the Council and all its Committees is set out in Part 3 of the Constitution)	Description of Matter – including an indication if the report contains any exempt (not for publication) information and the reasons for this	Key Decision YES/NO	Decision Required	Consultees (ie the identity of the principal groups whom the decision-taker proposes to consult)	Consultation Process (ie the means by which any such consultation is to be undertaken)	How representations may be made and details of Contact Person (Tel: 0845 034 9494) unless specified otherwise)	Relevant documents already submitted to Decision Taker
		<ul style="list-style-type: none"> • Capital Plan • Treasury Management • Prudential Indicators 						
16 February 2021	Executive (Performance Monitoring)	Q3 Performance Monitoring and Budget report including: <ul style="list-style-type: none"> • Revenue Plan • Capital Plan • Treasury Management • Prudential Indicators 			Management Board		Corporate Director - Strategic Resources	Previous quarterly reports
9 March, 23 March and 20 April 2021	Executive No items identified yet							

Should you wish to make representation as to the matter being discussed in public please contact Daniel Harry
 Email: (daniel.harry@northyorks.gov.uk) Tel: 01609 533531.

North Yorkshire County Council

Executive

25 August 2020

Henshaws Home Support Service

Report of the Corporate Director – Health and Adult Services

The Appendices to this report contain information of the type defined in paragraph 3 of Part 1 of Schedule 12A Local Government Act 1972 (as amended).

1.0 Purpose of report

The report seeks to gain approval to transfer the provision of the supported living service provided currently by Henshaws Society for Blind People Trustee Limited, a registered charity, to North Yorkshire County Council (as an in-house service run directly by the Council).

2.0 Executive Summary

- 2.1 Henshaws Society for Blind People Trustee Limited (Henshaws) which currently operates supported living services in the Harrogate district, sought to give 4 weeks' notice to the Council on their contract in March 2020. The Council engaged with the provider and negotiated an extension to the notice period to the beginning of October 2020 to allow for options on the future service to be developed and a safe continuation of services for the people affected.
- 2.2 Initial work focussed on a provider to provider transfer to limit the financial exposure and risk to the Council whilst providing service continuity for those people using the service. However, the due diligence activity carried out by the Local Authority has demonstrated that we will need to exercise powers under the Care Act 2014 to manage provider failure and prevent services being withdrawn from the Market.
- 2.3 Following significant work with the existing provider, we cannot be assured that they can deliver a provider to provider transfer without resulting in some services being withdrawn. There remains a lack of clarity on the current services being offered and due diligence has highlighted that the existing service is heavily reliant upon agency staff.
- 2.4 In responding to these issues, the Council is determined to get the best outcome for individuals and their families, for the local community and for the taxpayer.

3.0 Issues

- 3.1 Henshaws is a charity which operates predominantly in the Harrogate locality and supports people living with sight loss and a range of other disabilities. Within North Yorkshire, there are four main service areas including:

- Harrogate Home Support (including supported living, community support and personal care)
- Residential Care Homes
- Arts and Crafts Centre (arts, crafts, horticulture and café, day activities which are also open to the public as a social enterprise)
- Specialist College (A specialist college which offers residential and day placements to people between the age of 16 -25)

3.2 The County Council became aware of financial sustainability issues related to the Charity in November 2019. Discussions focused on the Harrogate Home Support and Residential Services although more recently have expanded into concerns about the Arts and Craft Centre, which the charity unilaterally announced was closing. In addition, it was reported that a proportion of agency staff were being used each week which, in itself, raised quality concerns.

3.3 The Home Support Service includes 10 Supported living properties in Harrogate, with capacity for 26 people, NYCC currently funds 15 people. The service also provides community support to 11 people of which NYCC funds 4. There are 6 voids within the current property configuration and the 4 remaining tenants are funded by Bradford, Leeds and York.

3.4 Whilst concerns remain about other services Henshaws provides, and discussions with the charity about these services continue, this report is focussed solely on the Harrogate Home Support Service.

3.5 In March 2020, the provider sought to give 4 weeks' notice to the Council on their Harrogate Home Support Service contract. The Council engaged with the provider and negotiated an extension to the notice period to the beginning of October 2020 to allow for options on the future service to be developed and a safe continuation of services for the people affected.

3.6 Weekly operational and strategic meetings have been held with Henshaws in relation to the Harrogate Home Support Service. These meetings have sought to improve the quality of the service being delivered, whilst supporting the provider during the notice period and working to achieve an effective transfer to a new provider. These meetings have also offered support during the Covid-19 pandemic.

4.0 Options

4.1 Since the notice period was agreed, both NYCC and Henshaws have been managing the response to Covid-19 which has generated a short delay in due diligence to support the options appraisal. Options and due diligence have now been considered by the Health and Adult Services Leadership Team and this review has concluded that NYCC has very limited options to ensure the continuation of services. Given the risk particularly relating to timescales, the significant use of agency staff and associated cost pressures, the preferred option of the Health and Adult Services Leadership Team is to transfer services to NYCC provider services.

5.0 Financial Implications

5.1 Work has been undertaken to understand the financial implications of the current and proposed service model. The outcome of this work provides assurance that the proposal to bring services back in house would be more cost effective than the current service model. This information can be found in Appendix 1.

6.0 Legal Implications

6.1 The legal implications of the proposal can be found in Appendix 2, whereby TUPE implications have also been considered. As the service would be brought back in house, it is considered that there are no procurement issues.

7.0 Consultation Undertaken and Responses

7.1 Henshaws, together with NYCC staff, have engaged with people affected by these changes and their families with letters distributed.

7.2 Weekly meetings are in place with Henshaws and Key Lines of Enquiry (KLOE) are being pursued in relation to information which is requested.

7.3 Care and Support Teams have been working with individuals and their families on reassessments and pen pictures to support the transfer of care, ensuring that individuals views are known and that outcomes continue to be met.

7.4 Service Development intends to establish a user group to allow people to be involved in how the future service is provided. We also continue to update the other local authorities and have requested assessment information and pen pictures be shared too.

8.0 Impact on Other Services/Organisations

8.1 Information in relation to the position of tenancies held with Henshaws is included within Appendix 3. NYCC provider services would work with Henshaws, with the latter acting solely as landlords, to ensure properties remain suitable for the individuals living within them and enable people to achieve their outcomes.

8.2 The proposal is not thought to impact on other services/organisations.

9.0 Risk Management Implications

9.1 A review of the risks associated with the proposal has been completed and a number of risks have been identified which require consideration, particularly around timescales and Human Resources, these can be found in Appendix 4.

10.0 Human Resources Implications

10.1 A detailed review of the Human Resources Implications can be found in Appendix 5.

11.0 Reasons For Recommendations

- The incumbent provider (Henshaws) has given notice on the Harrogate Home Support Service and an alternative provider needs to be put in place.
- NYCC has considerable experience in the provision of care and support and has existing infrastructure in place to deliver the service safely and to a high standard.

- Due to challenges in working with the provider, we cannot be assured that a provider to provider transfer will be successfully achieved and will not result at this stage in some services being withdrawn.
- Due diligence has concluded that the existing service is heavily reliant upon agency staff and this makes a provider to provider transfer less attractive as an option. Meanwhile, as a provider of last resort, NYCC is well placed to attract the appropriately trained staff of the highest calibre with reduced reliance upon agency staff.
- Timescales remain very tight for any other option to be pursued without creating additional financial or service failure risks to NYCC and it is important to give certainty to individuals and families.
- Pursuing this option does not rule out the possibility of NYCC subsequently transferring the service to another provider at a later date if this is deemed appropriate

12.0 Recommendation(s)

Executive is asked to consider the contents of this report and agree to a transfer of service from 2 October 2020 back in-house to be delivered by the NYCC Provider Services to prevent provider failure and ensure full continuation of services.

Richard Webb
Corporate Director – Health and Adult Services

County Hall
Northallerton
25 August 2020

Author of report – Dale Owens
Presenter of report – Dale Owens

Confidential Appendices:

Appendix 1 – Financial Implications
Appendix 2 – Legal Implications
Appendix 3 – Impacts of other Services/Organisations
Appendix 4 – Risk Management Implications
Appendix 5 – Human Resources Implications