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RYEDALE DISTRICT COUNCIL


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# SPECIAL POLICY & RESOURCES COMMITTEE (BUDGET)

Thursday 4 February 2010 at 6.30 pm
Council Chamber, Ryedale House, Malton

**ALL MEMBERS OF THE COUNCIL ARE INVITED TO ATTEND THE MEETING**

## Agenda

1 **Apologies for absence**

2 **Urgent Business**

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

3 **Declarations of Interest**

Members to indicate whether they will be declaring any interests under the Code of Conduct.

Members making a declaration of interest at a meeting of a Committee or Council are required to disclose the existence and nature of that interest. This requirement is not discharged by merely declaring a personal interest without further explanation.

**PART 'B' ITEMS - Matters to be referred to Council**

4 **Financial Strategy 2010/2011** (Pages 1 - 38)

5 **Any other items that the Chairman decides to be urgent.**

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RYEDALE DISTRICT COUNCIL

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| **PART B:** | **RECOMMENDATIONS TO COUNCIL** |
| **REPORT TO:** | **POLICY AND RESOURCES COMMITTEE** |
| **DATE:** | **4 FEBRUARY 2010** |
| **REPORT OF THE:** | **CORPORATE DIRECTOR (s151)**<br>**PAUL CRESSWELL** |
| **TITLE OF REPORT:** | **FINANCIAL STRATEGY 2010/2011** |
| **WARDS AFFECTED:** | **ALL** |

**EXECUTIVE SUMMARY**

**1.0 PURPOSE OF REPORT**

1.1 The report sets out the budget for 2010/11, a proposed Council Tax level, the Financial Strategy, details of balances and reserves and the indicators under the Prudential Code for capital finance as required by the Local Government Act 2003.

**2.0 RECOMMENDATION(S)**

2.1 That Council is recommended to approve:

(i) the Council's Financial Strategy (Annex A) which includes:
  a. The prudential indicators
  b. The revised capital programme
  c. Savings/Efficiencies totalling £295,000
  d. Investment in Priorities of £110,000

(ii) a Revenue Budget for 2010/2011 of £8,280,060 which represents no increase in the Ryedale District Council Tax of £176.72 for a Band D property (note that total Council Tax, Including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council)

(iii) approve the special expenses amounting to £51,980.

(iv) the Capital Contingency Fund balance of £150,000 be transferred to the General Reserve.

**3.0 REASON FOR RECOMMENDATION(S)**

3.1 To agree a balanced revenue budget for submission to Council for the financial year 2010/2011.

## 4.0 SIGNIFICANT RISKS

4.1 Section 9 of the Financial Strategy outlines the significant risks in the Council's finances and mitigating controls.

## REPORT

## 5.0 BACKGROUND AND INTRODUCTION

5.1 This committee at its meeting on the 1 October 2009 set the budget strategy for the Council with the following parameters:

(i) Proposals be brought forward for a 0% increase in Council Tax with options to increase beyond this through investment in services;
(ii) Increases in non statutory fees and charges to be not less than 4%; and
(iii) Efficiencies to be identified to meet the shortfall in Council finances and presented to the Resources Working Party.

5.2 Details of the action taken and savings proposals have been presented to the members through the Resources Working Party on the 18 November 2009, 13 January 2010 and at the Budget Briefing on the 20 January 2010.

## 6.0 POLICY CONTEXT

6.1 The Financial Strategy is a key strategy document that affects all service delivery. It links to the Corporate Plan and all other strategic plans as well as providing the means for attaining the Council's objectives and priorities.

6.2 The Policy & Resources Committee is the Committee designated to make recommendations to the Council relating to the budget and levels of Council Tax. Consequently, recommendations from this Committee will inform the Council and subsequently the Council Tax resolution.

## 7.0 CONSULTATION

7.1 Budget consultation with the public has taken place through Ryedale News and the Council's web site. Member consultation has been through the member briefing.

## 8.0 REPORT DETAILS

8.1 The Financial Strategy sets out the Council's financial position in the medium term in detail, including issues around the Local Government Finance Settlement and efficiencies as well as the principles and procedures adopted by the Council to manage its finances to a high standard.

8.2 Monitoring of the 2009/2010 budget has taken place through the group leaders, Resources Working Party and this Committee who received a Revenue Budget Monitoring report to the meeting on the 3 December 2009, and will receive a further report to the meeting on the 11 February 2010 meeting. Annex B provides a variance analysis summary.

8.3 Budget and Council Tax for 2009/10

8.3.1 Budgets have been drafted in line with Service Delivery Plans and the Budget Strategy. The following budget assumptions have been made in preparing the budget:

- General Inflation 0% plus committed
- Pay Inflation 1%
- Council Tax 0%
- Fees and Charges 4%

8.3.2 The Financial Strategy appendix A highlights the significant financial pressures, totalling £225,000 which have had to be accommodated in preparing the budget. This is in addition to services planning to manage non staff budgets without inflationary increases.

8.3.3 Members will be aware of the difficulties facing the public sector finance as part of the next spending review covering 2011/2012 to 2013/2014. Cash cuts in Government Grant to Council's are expected with only the severity of these cuts being debated at present. In addition additional costs arising from the transfer of responsibility for concessionary fares to County Councils and the triennial revaluation of the pension fund together with the usual pressures on the Council income and expenditure will make the 2011/2012 very challenging. Work is already underway in tackling this difficult situation in order to minimise service cuts through maximising efficiencies within the organisation. Even with these plans the scope to balance the 2011/2012 budget without cuts or reductions in services is unlikely and the level required will be determined by the level of funding cuts from Government. The 2011/2012 budget will in all probability be the most challenging Ryedale District Council will ever set. It is therefore important that the 2010/2011 budget is robust and deliverable to avoid carry over of unachieved efficiencies or income in setting the 2011/2012 budget.

8.3.4 Officers have prepared the 2010/2011 budget and produced a balanced robust budget with a zero increase in Council Tax. The savings proposals in appendix A to the Financial Strategy total £295,000 and include only one service cut, the Summer Festival of Fun, £13,000. The Ryedale District Council bill makes up approximately 12% of the total bill which is delivered to Ryedale residents. It is almost certain that none of the other precepting Authorities, North Yorkshire County Council, North Yorkshire Fire and Rescue Service or the Police Authority will set a zero increase in Council Tax, nor it is presently believed will any of the other District Councils in North Yorkshire.

8.3.5 With the increase in Council Tax at zero, there is limited scope for investment in priorities, however the following are included within the budget and have been considered by the Resources Working Party:

- Business Rates Hardship Relief Provision £10k. There is presently no budget for the granting of such reliefs and since the approval of a scheme a number of applications have been received.
- Restructure provision £100k. In preparing for the 2011/2012 budget funding will be required to meet the cost of restructuring services to put in place the savings for 2011/2012 and beyond.

8.3.6 Members requested that options to increase Council Tax above zero for 2010/2011 be presented and Annex C provides suggested investment the Council could make. With the difficulties facing the Council in 2011/2012 general consensus is that Authorities should look to increase their financial base in 2010/2011, more beneficially with one off budgets which could then be taken as savings to minimise those required in 2011/2012. As an example an investment of £93,000 in business grants extending the current successful scheme would add 2.5% to the Council tax bill for Ryedale residents, totalling £4.42 (8.5p per week) per resident for the year. This budget would then be a one year requirement and could then be taken towards saving required for 2011/2012 at this time next year, reducing the need for service cuts.

8.3.7 Given the significant efficiencies already proposed within the Financial Strategy it will be difficult to identify additional robust deliverable efficiency savings for the 2009/2010 budget.

8.3.8 It is likely that in 2009/2010 the Council will need to use the General Fund Reserve when the accounts are closed. As detailed in the Revenue Budget Monitoring report presented to this committee on 3 December 2009, significant unplanned costs are being faced including compensation to the Red Cross (£75k), Car Parking (£70k) and Auditors Fees (£35k). The total predicted draw down on the General Reserve for 2009/2010 is £240k. This has the potential to place the reserve below the range as set by the Council of 5-7% of Net Revenue Expenditure.

8.4 Capital Programme

8.4.1 The Financial Strategy provides a detailed breakdown of the Council's proposed Capital Programme up to 2013/2014 totalling £12.428m. External funding of £1.655m is included, leaving a balance of £10.773m to be financed by the Council's funds and reserves as follows:

| Funding Source | £'000s |
|---|---|
| Capital Fund | 2,933 |
| Capital Contingency Fund | 50 |
| Capital Receipts | 5,340 |
| Borrowing | 2,450 |
| | 10,773 |

8.4.2 Members will see that the capital programme has been represented with a wider capital plan including schemes which are within the capital programme and those which are potential capital investment opportunities should a suitable scheme be forthcoming. This also provides unallocated capital resources of over £3m against which any proposed detailed schemes from the potential opportunities list or new bids can be considered. The principle of the capital plan is that only those schemes which are fully worked up, evaluated and approved by members and as such would not require further member approval to proceed (other than in meeting constitutional requirements) are within the Capital Programme. This represents best practice and will assist in the Council's external inspection where deliverability of the capital programme has counted against the Council.

8.4.3 Within the capital plan the Council has approved borrowing of £2.45m. This was approved in consideration of the Brambling Fields and Vivis Lane highways projects. It is the recommendation of your Chief Finance Officer that further borrowing cannot be accommodated on affordability grounds due to the revenue implications.

8.4.4 The proposed revisions to the capital programme eliminate the need for the Capital Contingency Fund as any new in year schemes can be considered against the unallocated capital funds of over £3m. As detailed in para 8.3.7 the 2009/2010 revenue budget projections as presented to this committee highlight a probable need to call on the General Reserve in the current year, it is therefore proposed that the Capital Contingency Fund balance of £150,000 be transferred to the General Reserve.

8.5 Special Expenses

8.5.1 As in previous years, the Council undertakes the management of street lighting in the areas of the former Malton and Norton Urban District Councils and Pickering Rural District Council. The special expenses are a specific charge to the Parishes concerned and are estimated as follows:-

| **Town/Parish** | **£** |
|---|---|
| Malton | 7,180 |
| Norton | 16,840 |
| Pickering Rural | 27,960 |
| **TOTAL SPECIAL EXPENSES** | **51,980** |

8.6 National Non-Domestic Rates (NNDR)

8.6.1 For 2009/10 the NNDR multipliers are: a small business non-domestic rate multiplier of 48.1p and a non-domestic rate multiplier of 48.5p. For 2010/11 the draft multipliers are 40.7p and 41.4p respectively.

8.6.2 It is proposed to consult business ratepayers on the budget by letter only unless individual ratepayers wish to discuss specific issues.

8.7 Prudential Code

8.7.1 Under the Local Government Act 2003 it is necessary for the Council to agree a series of prudential indicators mainly related to capital but taking account of affordability of the revenue consequences. Appendix B of the Financial Strategy lists the various indicators.

8.7.2 These indicators can be amended during the year if they are found to be inadequate.

8.8 Funds & Reserves

8.8.1 As part of the budget setting process, it is necessary to give Members an indication of the levels of reserves and balances and comment thereon. Appendix C in the Financial Strategy sets out the projected major Funds and Reserve balances.

8.8.2 The Council's funds and reserves were substantially reviewed by the Policy and Resources Committee on the 2 October 2008 and subsequently approved by Full Council on the 6 November 2008. No significant changes to the reserves are proposed this year other than the change to the Capital Contingency Fund.

8.9 Local Government Act 2003 – Section 25 Report

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) to report to the Authority when it is making the statutory calculations required to determine its Council tax or precept. The Authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

What is required is the professional advice of the Chief Finance Officer on these two questions. Both are connected with matters of risk and uncertainty. They are interdependent and need to be considered together. In particular, decisions on the appropriate level of reserves should be guided by advice based on an assessment of all the circumstances considered likely to affect the Authority.

In each Local Authority the Chief Finance Officer alone must prepare the Section 25 report.

Section 25 requires the report to be made to the Authority when the decisions on the calculations are formally being made (i.e. Council). However, those decisions are the conclusion of a process involving consideration of the draft budget by various parts of the organisation, including the member committees and officers. During this process appropriate information and advice has been given at the earlier stages on what would be required to enable a positive opinion to be given in the formal report.

ODPM guidance states that "*it should be possible to identify the sections of a composite report that are made under section 25, so that the Authority is able to discharge its duty to take account of the statutory report under section 25 (2).*"

**Section 25 Report (Report of the Chief Finance Officer – Corporate Director (s151))**

In setting the Revenue budget for 2010/11 **I consider that the proposed budget is robust, and reflects a realistic and prudent view of all anticipated expenditure and income.**

The proposed new savings are £0.295m. The achievement of these savings will be crucial in managing within the budget. The risk of this has been mitigated in part by thoroughly reviewing all savings proposals for their robustness, and effective budget monitoring procedures are in place. However, there inevitably remains a risk in delivering on this level of efficiency savings in the year, and there is always potential for delay in achieving savings. Where this occurs, compensating savings will need to be identified. Assumptions are within the 2010/2011 budget that further efficiencies, identified in the 2009/2010 budget will be delivered including the moratorium £58k, Procurement £25k and Administrative Systems £70k.

The overall level of reserves is considered in detail within the Financial Strategy. In summary I consider that the overall level of reserves is adequate subject to the proposed changes within this report to the Capital Contingency Fund.

The revised Capital Plan and Capital Programme improve the Council's financial management and deliverability of the Council's capital programme whilst providing members the flexibility to consider capital proposals in year against the Council priorities. The significant reduction in interest receipts as a result of the global recession have been factored into the Council's available capital balances, this situation will be reviewed during the year. It is important that proper project management disciplines are followed for schemes within the programme together with regular monitoring to minimise the potential for unexpected overspends.

Within the current economic climate it will be important that close budget monitoring of services which generate income and partnerships takes place. In particular Land Charges, Building Control, Car Parking and Planning to enable action to be taken in year where necessary.

**9.0 IMPLICATIONS**

9.1 The following implications have been identified:

a) Financial
Significant financial implications on the Council are detailed in the report and the Financial Strategy.

b) Legal
There are no additional legal issue on the Council from the recommendations.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
The proposals within the financial Strategy do impact on the staffing resources of the Authority. Appropriate procedures and plans are in place to manage these issues.

**Paul Cresswell**
**Corporate Director (s151)**


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**Background Papers:**
None

**Background Papers are available for inspection at:**
N/a

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**ANNEX A**

RYEDALE DISTRICT COUNCIL

# FINANCIAL STRATEGY

## 2010 - 2014

## FINANCIAL STRATEGY

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**Main Report**


1. Purpose and Scope
2. Objectives of the Financial Strategy
3. The Current Financial Position
4. The Financial Strategy Objectives
5. The Revenue Plan 2010 – 2014
6. Development of the Financial Strategy
7. The Capital Plans 2010 – 2014
8. Balances and Reserves
9. Impact/Risk Assessment
10. Conclusion

**Appendix A**: 2010/2011 Revenue Budget Pressures and Savings

**Appendix B**: Prudential Indicators

**Appendix C**: Reserves and Balances

**Appendix D:** Capital Programme 2010 – 2014

# 1.INTRODUCTION – THE PURPOSE AND SCOPE OF THE FINANCIAL STRATEGY

The Financial Strategy sets out the overall shape of the Council's budget by establishing how available resources will be allocated between services, reflecting Council and community priorities, and therefore providing a framework for the preparation of annual budgets.

The Strategy is linked with and supports service priorities and the Council's other strategies and plans, including but not limited to:

- The Community Plan – Imagine Ryedale
- The Council's Corporate Plan
- The Asset Management Plan
- The IT Strategy
- The Procurement Strategy
- The Capital Strategy
- The Treasury Management Strategy
- The Risk Management Strategy
- The HR Strategy

The focus of the Financial Strategy is on medium and long term planning, and decision making for the future. Whilst the Strategy includes specific proposals for a particular financial year, there should not be an over concentration on just one years budget. This Strategy seeks to avoid year on year budget setting, and use of short term/one off measures to balance the budget. It is a Strategy for the future, to ensure effective resource planning and the delivery of Corporate Objectives.

In particular it:

- sets out the Council's medium term financial aims and the measures to be taken to ensure they will be achieved;
- sets out the Council's approach to delivering improved services and value for money over the next few years;
- describes the Council's arrangements for developing the financial strategy, including:
  - The identification and prioritisation of spending needs;
  - The key financial influences on the medium term financial planning and the assumptions made in developing the plan;
  - The challenges and risks associated with the plan and how the Council will deal with them.
- sets out the Council's policy on reserves and balances.
- identifies the resource issues and principles, which will shape the Council's Financial Strategy and annual budgets.

The Financial Strategy covers all revenue and capital spending plans of the Authority.

## 2. OBJECTIVES OF THE FINANCIAL STRATEGY

The Financial Strategy seeks to achieve the following **Objectives**: -

1. Budgets are Prudent and Sustainable in the Long Term,

2. Financial plans recognise corporate Priorities and Objectives,

3. Significant risks are identified, and mitigation factors identified,

4. The Capital Programme is planned over a 4 year period. Borrowing will only take place where there is a clear financial business case to borrow and it meets the requirements of the Prudential Code,

5. Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account,

6. Council Tax increases will be kept below the Government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change,

7. Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council,

8. Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy,

9. The Financial Strategy supports the achievement of Excellence in Financial Management and Use of Resources.

## 3. THE CURRENT FINANCIAL POSITION

The Council's net budget for 2009/10 totals £8.128m after allowing for £100,000 contribution from the General Fund Reserve and is allocated to services as shown below:

| Service | Gross Expenditure £'000 | Gross Income £'000 | Net Expenditure £'000 |
|---|---|---|---|
| Central Services | 10,067 | 7,041 | 3,026 |
| Cultural & Related Services | 1,621 | 50 | 1,571 |
| Environmental Services | 4,288 | 1,621 | 2,667 |
| Planning & Development Services | 2,670 | 1,068 | 1,602 |
| Highways, Roads & Transport Services | 908 | 1,126 | (218) |
| Housing Services | 11,049 | 9,652 | 1,397 |
| | 30,603 | 20,558 | 10,045 |
| General Fund Reserve | | | (100) |
| Other Financial Adjustments | | | (1,817) |
| **Net Revenue Budget** | | | **8,128** |
| Financed By: | | | |
| Government Formula Grant | | | 4,385 |
| Collection Fund Surplus | | | 56 |
| Ryedale District Council Precept | | | 3,687 |
| **Total** | | | **8,128** |

Overall Ryedale continues to have a strong financial discipline, which is exemplified by the size and diversity of its balances and its year-on-year budgetary performance. However, revenue spending demands are increasing in several areas.

These spending demands have a fundamental impact on the way in which the Council operates. It has to continually deliver real efficiencies to balance year-on-year financial resources with the high quality services which residents and visitors expect.

Appendix A details the budget pressures and savings proposals for the 2009/2010 budget.

As Council Tax pays for 46% of the Council's revenue spending most of the Council's resources come from central government and, consequently, the financial strategy is to some extent shaped by factors outside the Council's immediate control. However, there are many facets to an effective financial strategy, and the Council must ensure it proactively manages its resources with a view to ensuring robust financial planning that delivers Council priorities.

**External Factors:**

***Three year settlements for Revenue Support Grant and Capital Financing -*** In December 2007 Government announced its first 3-year finance settlement for Local Government, covering the Council's grant allocation for 2008//09 to 2010/11. The introduction of 3-year settlements is aimed to improve the ability to forecast the overall financial position for the Council. However, there will remain significant uncertainties in long term planning, as the level of grant is only one part of a complicated set of assumptions in long term financial planning. The details of the next spending review are yet to be announced which makes long term budgetary planning difficult.

***Public Spending Plans and National Priorities -*** It should be recognised that the growth in public spending in recent years is unlikely to continue at the same rate. Public services are however under increased pressure from their customers for improved service provision. In addition, national targets for improved service delivery are becoming common, including electronic service delivery, planning, concessionary fares and recycling. This financial strategy seeks to ensure national priorities are considered alongside local priorities.

Comprehensive Area Assessment - ***The white paper 'Strong and Prosperous communities' published in October 2006 set out wide ranging proposals for supporting and improvement of local services. A key part of these proposals is a new performance assessment framework Comprehensive Area Assessment (CAA) that took effect from 1 April 2009. CAA focuses on the delivery of outcomes that are the responsibility of Councils either alone or working in partnership.***

Efficiency and Value for Money are key measures in these assessments with one of the new national indicators measuring the levels of savings achieved by the Council.

**Efficiencies**

In October 2007 the Department of Communities and Local Government (DCLG) published a report 'Delivering Value for Money in Local Government'. The report highlights that public services have been set a target of achieving at least 3% net cash releasing value for money gains per annum, between 2008 and 2011. Collectively Councils are expected to achieve £4.9 billion cash releasing efficiency by 2010-11.

These efficiencies have to be achieved through a greater focus on Value for Money and through a culture of innovation. Responsibility for identifying opportunities for efficiency gains are left to individual councils and it will be up to them to put in place the processes that they need to plan VFM projects, track delivery, measure achievement, and assure service quality. The Council's Corporate Efficiency Programme, supplemented by the One-11 programme, will be an essential tool in delivering savings to meet the target and to finance other services within the Authority.

***Local Public Service Agreements and Local Area Agreements***

The Government is committed to working with local authorities to set stretching targets for service improvements and providing 'rewards' in the form of one-off grants for success. LAA's are about improving local services through a 3-year agreement between the main public sector agencies working in an area and the government.

***Additional Cost Pressures***

There has been a trend in local government in recent years for additional cost pressures (for example pay increases, impact of meeting national targets, new duties/legislation) to significantly outweigh increases in Government funding. In addition to this some of the pressures carry significant growth year on year, which is not reflected in Revenue Grant Settlements.

Looking ahead, it is likely that further pressures will be placed upon local authorities resulting in the requirement for authorities to achieve efficiencies/savings. These anticipated pressures are reflected within this financial strategy.

***External Funding***
The Audit Commission sees the achievement of external funding as a key part in the demonstration of Value for Money. External funding opportunities include European funding, lottery funding, and Yorkshire Forward funding.

The Council must carefully appraise the role that external grant resources can play in meeting its objectives. Decisions about bidding for external grants must be taken in the context of the priorities in the Corporate Plan.

***Pensions***
The Councils contribution rate for the North Yorkshire Pension Fund is set based up on the returns to the fund and the recovery period for the fund. These are affected by economic fluctuations and with the economic downturn increases in contribution rates may ensue. The contribution rates are established in consultation with the Council based on a triennial review by the actuary. The next review will take place during 2010/2011 and some estimation of the impact is included in the Financial Strategy.

***Significant Partnerships***
The following have been identified as the Council's significant partnerships:

- Moors and Coast Tourism Partnership
- Ryedale Strategic Partnership
- North Yorkshire Concessionary Fares Partnership
- North Yorkshire Building Control Partnership
- North Yorkshire Audit Partnership

The above is meant to be indicative only as there are many other areas of increased customer expectation, Government priorities or Members' wishes for improved services. As stated these future revenue pressures are increasing amidst a heightened need for moderate Council tax increases although the Government is providing some funding for its new spending pressures. In these circumstances the Council will have to consider further pro-active approaches to reallocation of resources with the attendant consequences for some existing local services as funding is switched to meeting new initiatives.

## 4. FINANCIAL STRATEGY OBJECTIVES

The following are the objectives of the Council's financial strategy:

**Objective 1 - Budgets are Prudent and Sustainable in the Long Term**

This seeks to ensure that budgets recognise real cost pressures.

This will be achieved by ensuring:-
- Adequate provision is made for inflation pressures, pay awards, and new legislation
- The revenue budget is not supported by one off savings, or any significant use of reserves
- Effective budget monitoring to ensure early identification of issues and action planning

**Objective 2 – Financial Plans Recognise Corporate Priorities and Objectives**

This seeks to ensure that financial plans link in with corporate planning and priorities, and that there is provision within the Financial Strategy for growth/development funding on an ongoing basis.

This will be achieved by ensuring:-
- additional investment, and savings proposals make explicit reference to corporate priorities
- Local and national targets are considered
- Long term vision and objectives are considered within the report
- Provision within financial planning figures for growth and contingency amounts based upon perceived risk,
- Review capital prioritisation process/option appraisal

**Objective 3 - Significant risks are identified, and mitigation factors identified**

Risk Management is crucial in long term planning, and it is essential that the Financial Strategy clearly identifies the associated risks, and that this is supported by an embedded risk management culture within the organisation.

This will be achieved by:-
- Risk management being embedded in corporate and service planning
- Financial risks being specifically considered on an ongoing basis, and specifically reflected within the Financial Strategy

**Objective 4 - The Capital Programme is planned over a 4 year period, with no further borrowing planned.**

This seeks to ensure that the capital programme is prudent and sustainable, and does not lead to unaffordable revenue implications.

This will be achieved by ensuring: -
- the development of a 4 Year capital programme
- Regular review of reserves and balances

- a Corporate approach to external funding opportunities
- only includes fully evaluated schemes within the programme

**Objective 5 - Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account;**

It is important that the Financial Strategy is realistic and that there is a corporate awareness of the constraints on Council funding.

This will be achieved by ensuring:-
- specific reference within each financial strategy of constraints, and current issues
- regular reporting to members on local government finance issues
- awareness of the financial position within the organisation through effective Communication

**Objective 6 - Council Tax increases will be kept below the Government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change.**

The Government may in the future require authorities to set out planned Council Tax increases for the next three years. It is important in developing the financial plan that an assumed Council Tax increase in included, ensuring that financial plans do not place over-reliance upon excessive Council Tax increases.

This will be achieved by ensuring that financial plans take account of this level of Council Tax increase, Government expectations on Council Tax increases, and in particular that target efficiency gains reflect the likely levels of Council Tax. However, it has to be recognised that additional burdens and demands can be placed upon local authorities, and that it may not always be feasible to achieve an increase in Council tax in line with the inflation rate.

**Objective 7 - Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council.**

It is important to strike a balance between maintaining adequate reserves and contingencies and delivering priorities and achievement of Value For Money.

This will be achieved by ensuring:-

- an annual review of reserves, linked to corporate priorities and treasury management implications
- that capital reserves are maintained at a level to fund the planned capital programme

**Objective 8 - Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy**

Value For Money should be at the heart of everything the Council does, and the pursuit of improved efficiency and performance needs to be established as an ongoing underlying principle

This is being achieved through:-
- A Corporate Efficiency Programme and One-11 programme to monitor and manage proposed efficiencies
- Ongoing review of costs, challenge and benchmarking with others.

**Objective 9 - The Financial Strategy supports the achievement of Excellence in Financial Management and Use of Resources**

A Financial Plan in isolation will achieve little. It needs to be supported by :-
- Effective financial governance arrangements
- Financial Management that supports performance
- Effective Monitoring arrangements
- Effective Financial Reporting

This will be achieved by
- Implementation of the action plan in relation to the Comprehensive Area Assessment
- Developing the financial culture within the Council
- Financial reporting and documentation based upon stakeholder needs
- Maintaining the quality and performance of the Financial Systems
- Training and Development – finance/non finance
- Integration of financial and non financial performance measures

## 5. THE REVENUE PLAN 2010-2014

The medium term revenue plan is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council. The financial forecast is based on the following factors and assumptions:

***Local Government Finance Settlement***

The Council receives external support from Central Government through the distribution of resources within the Local Government Finance Settlement. The distribution is made in accordance to authorities' relative needs with a mechanism for protection against detrimental changes in grant allocations. Approximately 54% of the Councils net expenditure is financed from the Local Government Finance Settlement.

To strengthen financial stability and promote medium term financial planning this external funding has been announced for 3 years starting in 2008/09.

The 3-year finance settlement for the Council identified grant increases of 3.12% for 2009/10 and 3.07% for 2010/11. Proposals for 2011/2012 are not yet known as the proposed timescales for the next comprehensive spending review have not been established. With the current economic climate predictions are already that CSR10 will provide cash cuts in funding to local authorities.

***Council Tax***

In accordance with Objective 6 of this Financial Strategy, the plan makes a clear assumption that future Council Tax increases will be restricted to below Government upper limits. The Government have said that they expect the overall increase in Council Tax to be substantially below 5%.

The proposed Council Tax increase for 2009/10 is 0%. Future years Council Tax rises are provisionally predicted at 2.5%.

***Inflation rates and pay increases***

The medium term plan makes provision for inflation and pay awards as follows:
*Inflation:* a composite rate of approximately 3% has been used for non-salary expenditure budgets
*Pay awards:* an estimated increase of 1% has been included for 2010/11. future years are based on a 2% increase.

***The ongoing effect of existing policies and priorities***

The ongoing effect of current policies is included in the plan. These additional costs include planned increases in the contribution rate to the Pension Fund, Salary Increments, investment in the Local Development Framework and revenue implications of capital projects.

***Growth and Contingency***

The plan assumes provision for growth/contingency as follows:-
2010/11 - £100,000
2011/12 - £100,000
2011/12 - £100,000
2012/13 - £100,000

The budget contingency for 2010/11 has been fully utilised to meet unavoidable growth in a number of areas.

Provision is included for years 2011 onwards, to recognise the likelihood of additional burdens/pressures upon the Council.

***Efficiency savings and the Gershon Review***

The Council has achieved its targeted efficiency savings identified under the Gershon Review. The Budget for 2010/2011 includes estimated efficiency and other savings of £295k plus assumptions are within the 2010/2011 budget that further efficiencies, identified in the 2009/2010 budget will be delivered including the moratorium £58k, Procurement £25k and Administrative Systems £70k.

In October 2007, The Department for Communities and Local government published *Delivering Value for Money in Local Government: Meeting the challenge of Comprehensive Spending Review 2007 (CSR07)*, also called the VFM Delivery Plan. There are no mandatory targets for individual councils in CSR07. It is expected that the Local Government Sector will achieve annual £4.9bn VFM gains by 2010-2011. Local government is however expected to achieve at least 3% per annum net cash-releasing VFM gains, that is 9.3% over the three-year period.

The Council's baseline target figure is £300,000. The Corporate efficiency Programme will be the tool for identification, monitoring and delivery of the efficiencies required for the Councils financial strategy. However, in recognising the need to achieve such a scale of transformation the Council needs to look closely at all areas of potential efficiency including partnership working, procurement, trusts and streamlining back office duties.

***Risks, contingencies and balances***

There are significant risks inherent in the Medium Term Plan for the reasons summarised above and exemplified in the section below. A number of key items in the plan cannot be estimated with accuracy and the figures in the plan assume that significant savings will be made. In this situation it is essential to maintain sufficient balances, not only to deal with unforeseen events but also to cover the potential risk of not achieving the savings required.

## 6. DEVELOPMENT OF THE FINANCIAL STRATEGY

As noted above, the development of the budget and medium term financial plan is driven by the Council's priorities.

The Council already have in place a comprehensive Financial Strategy, and this document represents an update to the existing Strategy. The objectives are to:

- help Members to determine priorities;
- forecast the changes in demand for services;
- identify the likely financial implications of changes in legislation;
- demonstrate the future cost of policies or proposals;
- match the demand for spending with the resources likely to be available; and

- provide a financial framework within which services and individual managers can plan their services.

**The budget process**

The Financial Strategy comprises a 4-year revenue plan and a 4-year capital plan.

The plans will be reviewed annually and rolled forward by a year. The process, from the start of the review of the financial plans through to the approval and allocation of budgets, spans the whole year.

One of the key features of the budget processes is the linkage between the corporate financial requirements and the operational needs and demands of the Council. This will be done through the Service Delivery Plans that identify funding requirements for the revenue and capital budget, performance outcome expectations and risk assessments.

**Consultation and Communication**

There is a need for this Strategy to be effectively communicated to staff and key stakeholders. In addition, it is important that in the development of the Strategy, allocations of resources, and the setting of Council Tax that there are effective consultation mechanism in place.

Looking ahead the following broad actions are planned to ensure effective communication and consultation:-

- Budget Consultation – working with Parish Council's and meeting with harder to reach groups.

- Regular communication with staff at all levels, and with unions

**Budget Monitoring arrangements**

It is essential that the financial plan is regularly monitored, with the progress being reported to Members. This will be done through the issuing of monthly revenue and capital monitoring reports to Corporate Management Team, and quarterly financial and performance monitoring reports to the Resources Working Party and then onto the Policy and Resources Committee.

The monitoring process focuses on high risk budgets and involves:

- Regular reviews/dialogue between finance staff and service managers with timely and accurate budget monitoring information
- Quarterly service level performance review boards incorporating budgets and financial performance.

The process requires budget holders to explain the reasons for any significant variances and Heads of Service to identify ways in which such variances can be managed within their total resources available. This is one of the key principles underlying this strategy – that growth items are wherever possible accommodated from existing resources. To achieve this requires a culture of financial awareness within the authority and this is seen as a key priority.

## 7. CAPITAL PLANS

The capital strategy is the key vehicle for developing long term change to deliver the key priorities and corporate objectives.

### *a) Prioritisation methodology*

The Council has developed a prioritisation process that allows members and officers to focus on corporate priorities when formulating spending proposals and ensures that any resources available can be allocated in the context of the Council's priority needs.

This prioritisation methodology will be applied to all proposals, regardless of the source of funding, prior to any decision being made to apply for external capital support such as grant funding, so that the Council can ensure that they form part of an overall capital investment strategy.

### *b) Engagement with partners of the community*

The Council is committed to seeking out innovative partnership and funding opportunities in order to deliver the capital strategy and achieve best value.

The Council has worked closely with funding partners (particularly Yorkshire Forward and Government Office). Future projects will continue to be developed through partnership working. The Council also recognises the importance of increased community engagement and participation as fundamental to the quality of public services and the health of community life. The Council will therefore seek to develop major projects with the full involvement of local communities and ensure appropriate consultation prior to scheme approval.

### *c) Affordability of funding*

**Financing the Capital Programme for the Future**

Resources to fund capital spending are provided from central government in the form of specific grants. In addition other external grants and contributions are sought. Council funding in the form of capital receipts, use of reserves and from revenue sources make up the balance of resources. However, grants provided by central government and resources from other external agencies are often specific to an individual scheme and cannot be used for any other purpose by the Council. The Council has limited scope to generate significant capital receipts.

### *(d) Integration of Capital and Revenue Decision-Making*

#### *The Prudential Code*

Under the Prudential Regime, which has operated since April 2004, the Council has the responsibility to demonstrate that its capital investment programme is affordable, prudent and sustainable. The Prudential Code requires that this is done by calculating specific indicators for capital expenditure and financing and by setting borrowing limits. The indicators and borrowing limits for the current and next two years are set out at Appendix B.

#### *Revenue Implications*

The revenue implications of funding the capital programme are built into the medium term financial forecasts.

### *(e) Framework for Managing and Monitoring the Capital Programme*

The Corporate Director (s151) has overall responsibility for the preparation and monitoring of the Council's capital programme and for reporting the outcome to members. The process involves:

- Reviewing the capital programme annually.
- Reviewing the current and estimated future availability of external earmarked funding and other opportunities for obtaining or bidding for additional capital resources.
- Prioritising and appraising any new proposals against agreed corporate criteria.
- Preparing the Council's capital programme, strategy and consultation process.
- Monitoring progress in achieving the capital programme objectives.
- Ensuring that the outcomes of investment are reported to members.
- Ensuring there are effective arrangements for project planning and project evaluation.
- Issuing corporate guidance to ensure that there is a consistent approach across all service areas.
- Reviewing and monitoring the Council's capital resources and asset disposal programme.

Full details of the programme together with funding streams are attached at Appendix D. The programme is split into six sections:

- Asset Management
- Priority Aims
- Major Schemes
- Externally Funded Schemes
- Investment Opportunities
- Other

Schemes relating to Asset Management comprise all those that will result in the Council's assets being improved. These can include works to land and buildings or IT upgrades of either hardware or software.

Schemes under Priority Aims are those where the Council has taken a deliberate decision that these will help satisfy its corporate objectives/key priorities.

## 8. BALANCES AND RESERVES

The Local Government Act 2003 places a specific duty on the Chief Finance Officer, i.e. the Corporate Director (s151), to make a report to the authority when it is considering its budget and the level of the Council Tax. This report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals. The Council must have regard to this report in making their decisions.

The Council also has a fiduciary duty to local taxpayers and the Corporate Director (s151) must be satisfied that the decisions taken on the level of balances and reserves represent the proper stewardship of funds.

In assessing the adequacy of the contingencies, balances and reserves, the Director takes account of the key financial assumptions underpinning the budget, together with an assessment of the Council's financial management arrangements. This assessment will include a review of past performance and external influences on the financial plan, and full consideration of the risks and uncertainties associated with the plan, their likelihood and potential impact.

The Council's policy is to maintain its contingencies, balances and reserves at levels that are prudent but not excessive.

Appendix C details the position on the Councils Reserves

## 9. IMPACT/RISK ASSESSMENT

This section recognises the challenges and risks that have implications for the Council's financial position in the medium term. This assessment of risk is an essential element of the budget process; it is used to inform decisions about the appropriate levels of contingencies and reserves that may be required and to indicate priorities for financial monitoring.

Managing Risk is an important part of the Financial Strategy. In addition to the Corporate Risk Register each service maintains its own risk register and these will be reported to the Overview and Scrutiny Committee during the forthcoming year.

The key risks identified for 2010/11 and in the medium term are listed below, together with comments on how they will be managed:

| Issue/Risk | Consequences if allowed to happen | Likelihood | Impact | Mitigation | Mitigated Likelihood | Mitigated Impact |
|---|---|---|---|---|---|---|
| Fluctuations in inflation, Government grants, and changes in Government legislation | Council unable to set a balanced budget without significant cuts to services and service quality, adverse external inspection, excessive call on Council reserves | Very Likely | Major | Keep under review through the financial strategy. Consider fully any changes in legislation. Ensure minimum reserves are maintained to mitigate the risk. Ensure authorities interests are represented through the LGA/other groups. Ensure Longer Term plans for significant variations are in place. | Very Likely | Medium |
| Budgets are overspent | Unplanned use of reserves which may impact on future year Council Tax, adverse external inspection | Not Likely | Major | Robust budget setting, challenging budget provision. Regular monitoring with corrective actions. Develop a culture of financial awareness. Effective project planning and management. Ensure sufficient contingency sums. Review of any material overspends | Not Likely | Minor |
| Savings are not achieved | If compensating savings not identified unplanned use of reserves, potential for cuts to services or service levels | Likely | Major | Regular budget monitoring to identify issues at an early stage. Corporate efficiency programme.<br>Detailed scrutiny of all savings proposals. | Not Likely | Minor |

| | | | | | | |
|---|---|---|---|---|---|---|
| Changes in demand/usage levels affecting income from fees and charge | Unplanned use of reserves with potential to impact on future Council Tax levels or requiring cuts to services or service levels | Very Likely | Major | Ensure regular monitoring<br>Review trends<br>Take appropriate action<br>Ensure income budgets are realistic | Likely | Medium |
| Budget does not reflect corporate priorities | Council fails to achieve Corporate plan with consequent impact on Community Plan. Adverse external inspection. | Not Likely | Major | Ensure corporate involvement in the process. Early consideration of budget pressures and legislation changes. Regular reporting to members. Approved scoring criteria for prioritising capital schemes | Not Likely | Minor |
| The capital programme is not affordable | Council may need to remove existing planned schemes from the programme or use reserves earmarked for other purposes. Adverse External inspection. | Likely | Disaster | Schemes are monitored and reported on a regular basis. Financing profile based on realistic assumptions. Ensure only fully evaluated schemes are included within the programme with sufficient contingency sums. | Not Likely | Minor |
| Poor budget planning with decisions being made without proper consideration/consultation | Council fails to meet community needs, adverse impact on Corporate and Community Plan. Adverse external inspection | Likely | Major | Develop a long-term financial strategy. Set out a clear budget timetable. Regular updates to Members. Effective consultation processes. | Not Likely | Minor |

## 10. CONCLUSION

This Financial Strategy sets out a range of proposals regarding the future management of resources and delivery of priorities.

The Strategy is underpinned by nine key Objectives, which are set out within section 2.

The process of developing the Financial Strategy is ongoing. Although there is a considerable amount of work to be done, and further improvements to be made, the Council has put in place the framework for ensuring a strong financial base that delivers priorities. This strong financial base has been previously commented upon within External Audit reports, with the Council receiving high scores for its financial management and reporting.

As far as possible, the plan anticipates future needs and recognises the financial uncertainties, risks and challenges faced by the Council. The Council has in place rigorous financial monitoring and aims to ensure it hold balances and reserves that are considered adequate without being excessive.

Consequently, Ryedale now has in place a sound Financial Strategy and a robust financial plan that is designed to support the delivery of the targets in the Corporate Plan and meet the Council's Objectives.

**APPENDIX A**

## 2010/2011 Budget Pressures

| | | £'000 |
|---|---|---|
| Malton Market Place | Net loss of car parking and market income following termination of lease agreement | 65 |
| Transport Costs | Increase in cost of fuel and new lease agreements for replacement of vehicles | 45 |
| Audit Fees | Increase in external auditors fees | 25 |
| Housing Benefit Grant | Reduction in government grant to cover the cost of benefits administration | 23 |
| Planning Costs | Restatement of advertising budget and shortfall of income from planning advice service | 16 |
| Car Park Machines | Replacement of pay machines through lease arrangements | 16 |
| Benefit Fraud | Contract to cover for maternity leave | 10 |
| Elections | Reduction in Government Grant towards election costs | 10 |
| NYNET Broadband | Additional costs from necessary change in supplier | 10 |
| North Yorkshire Credit Union | One off contribution approved February 2008 | 5 |
| **Total** | | **225** |

## 2010/2011 Meeting Priorities

| | | £'000 |
|---|---|---|
| Provision for Restructure | Resource to implement organisational changes | 100 |
| Hardship Relief | Provision for Business Rates Hardship Relief scheme | 10 |
| **Total** | | **110** |

## 2010/2011 Savings Proposals

| Proposal | Efficiency £'000 | Other £'000 | Risk L/M/H |
|---|---|---|---|
| **Efficiency & Budget Reduction Savings** | | | |
| Revenues & Benefits System | 75 | | Medium |
| Community Leisure | 42 | | Low |
| Community Safety | 27 | | Low |
| Concessionary Fares | 25 | | Low |
| Winter Monthly Garden Waste Collection | 24 | | Low |
| Transport Management | 15 | | Low |
| Development Control Student Placement | 13 | | Low |
| Members Teas | 7 | | Low |
| **Income Generation** | | | |
| Recycling Incentive Bonus | | 29 | Medium |
| Land Charges Income | | 15 | Medium |
| Street Cleaning Diversion Credits | | 10 | Medium |
| **Service Cuts** | | | |
| Withdrawal of the Festival of Fun | | 13 | Low |
| **Total of Savings** | **228** | **67** | |

**APPENDIX B**

## Prudential Indicators

### Capital Expenditure

The actual capital expenditure that was incurred in 2008/09 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

| | 2008-09 Actual £'000 | 2009-10 Forecast £'000 | 2010-11 Estimate £'000 | 2011-12 Estimate £'000 | 2012-13 Estimate £'000 |
|---|---|---|---|---|---|
| Total Capital Programme | 1,694 | 2,246 | 5,624 | 3,163 | 715 |

### Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2008/09 are:

| | 2008-09 Actual | 2009-10 Forecast | 2010-11 Estimate | 2011-12 Estimate | 2012-13 Estimate |
|---|---|---|---|---|---|
| Estimate of ratio of financing costs to net revenue stream | -11.27% | -2.92% | -2.42% | -1.79% | -3.48% |

The ratio of financing costs to net revenue stream is negative, reflecting the fact that interest on investments is making a contribution to the income & expenditure account.

### Capital Financing Requirement

Estimates of the Capital Financing Requirement for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2009 are:

| 2008-09 Actual £'000 | 2009-10 Forecast £'000 | 2010-11 Estimate £'000 | 2011-12 Estimate £'000 | 2012-13 Estimate £'000 |
|---|---|---|---|---|
| 0 | 0 | 0 | 2,396 | 2,339 |

The Capital Financing Requirement (CFR) measures the authority's underlying need to borrow for a capital purpose.

CIPFA's' Prudential Code for Capital Finance in Local Authorities' includes the following as a key indicator of prudence:

*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing*

*requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."*

The Corporate Director (s151) reports that the authority had no difficulty meeting this requirement in 2008/09, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

**Authorised Limit for External Debt**

In respect of its external debt, it is recommended that the Council approves the following authorised limits for its total external debt gross of investments for the next three financial years, and agrees the continuation of the previously agreed limit for the current year since no change to this is necessary. These limits separately identify borrowing from other long-term liabilities such as finance leases. The Council is asked to approve these limits and to delegate authority to the Corporate Director (s151), within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its next meeting following the change.

| | 2009-10<br>£'000 | 2010-11<br>£'000 | 2011-12<br>£'000 | 2012-13<br>£'000 |
|---|---|---|---|---|
| Borrowing | 20,000 | 20,000 | 20,000 | 20,000 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 |
| Authorised Limit | 20,000 | 20,000 | 20,000 | 20,000 |

The Corporate Director (s151) reports that these authorised limits are consistent with the Authority's current commitments, existing plans and the proposals in this budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Corporate Director (s151) confirms that they are based on the estimate of most likely, prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account; as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cashflow requirements for all purposes.

**Operational Boundary for external debt**

The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Corporate Director's (s151) estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Corporate Director (s151). Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. The Council is also asked to delegate authority to the Corporate Director (s151); within the total operational boundary for any individual year; to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

| | 2009-10 £'000 | 2010-11 £'000 | 2011-12 £'000 | 2012-13 £'000 |
|---|---|---|---|---|
| Borrowing | 5,000 | 5,000 | 5,000 | 5,000 |
| Other Long Term Liabilities | 0 | 0 | 0 | 0 |
| Operational Boundary | 5,000 | 5,000 | 5,000 | 5,000 |

The Council's actual external debt at 31 March 2009 was nil. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2010/11 (see above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

**<u>Estimate of Incremental Impact of Capital Investment</u>**

The estimate of the incremental impact of capital investment decisions proposed in this budget report, over and above capital investment decisions that have previously been taken by the Council are:

| | 2010/11 | 2011/12 | 2012/13 |
|---|---|---|---|
| For the Band D Council Tax | £4.39 | £15.55 | £8.53 |

These forward estimates are not fixed and do not commit the Council.

Consideration of options for the capital programme

In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:

- affordability, e.g. implications for Council Tax
- prudence and sustainability, e.g. implications for external borrowing
- value for money, e.g. option appraisal
- stewardship of assets, e.g. asset management planning
- service objectives, e.g. strategic planning for the authority
- practicality, e.g. achievability of the forward plan.

A key measure of affordability is the incremental impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their differential impact on the Council Tax.

## APPENDIX C

# Key Reserves and Balances

| | General Reserve £'000 | Capital Fund £'000 | Capital Receipts £'000 | Capital Grants & Conts £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Balance as at 1 April 2009** | **500** | **4,111** | **5,140** | **-** | **9,751** |
| **Add** | | | | | |
| Estimated Income During Year: | | | | | |
| Contribution from General Fund | - | 58 | - | - | 58 |
| Interest on Investment of Balances | - | 265 | - | - | 265 |
| Transfer from Capital Contingency Fund | 150 | - | - | - | 150 |
| Capital Receipts | - | - | - | - | - |
| Capital Grants & Contributions | - | - | - | 618 | 618 |
| | 650 | 4,434 | 5,140 | 618 | 10,842 |
| **Deduct** | | | | | |
| Estimated Expenditure During Year: | | | | | |
| Transfer to General Fund | -240 | - | - | - | -240 |
| Capital Expenditure | - | -1,578 | - | -618 | -2,196 |
| **Estimated Balance 31 March 2010** | **410** | **2,856** | **5,140** | **-** | **8,406** |
| **Add** | | | | | |
| Estimated Income During Year: | | | | | |
| Contribution from General Fund | - | 53 | - | - | 53 |
| Interest on Investment of Balances | - | 220 | - | - | 220 |
| Capital Receipts | - | - | 50 | - | 50 |
| Capital Grants & Contributions | - | - | - | 458 | 458 |
| | 410 | 3,129 | 5,190 | 458 | 9,187 |
| **Deduct** | | | | | |
| Estimated Expenditure During Year: | | | | | |
| Transfer to General Fund | -100 | - | - | - | -100 |
| Capital Expenditure | - | - | -5,166 | -458 | -5,624 |
| **Estimated Balance 31 March 2011** | **310** | **3,129** | **24** | **-** | **3,463** |
| **Add** | | | | | |
| Estimated Income During Year: | | | | | |
| Contribution from General Fund | - | 75 | - | - | 75 |
| Interest on Investment of Balances | - | 330 | - | - | 330 |
| Capital Receipts | - | - | 50 | - | 50 |
| Capital Grants & Contributions | - | - | - | 189 | 189 |
| | 310 | 3,534 | 74 | 189 | 4,107 |
| **Deduct** | | | | | |
| Estimated Expenditure During Year: | | | | | |
| Transfer to General Fund | - | - | - | - | - |
| Capital Expenditure | - | -450 | -74 | -189 | -713 |
| **Estimated Balance 31 March 2012** | **310** | **3,084** | **-** | **-** | **3,394** |
| **Add** | | | | | |
| Estimated Income During Year: | | | | | |
| Contribution from General Fund | - | 75 | - | - | 75 |
| Interest on Investment of Balances | - | 490 | - | - | 490 |
| Capital Receipts | - | - | 50 | - | 50 |
| Capital Grants & Contributions | - | - | - | 195 | 195 |
| | 310 | 3,649 | 50 | 195 | 4,204 |
| **Deduct** | | | | | |
| Estimated Expenditure During Year: | | | | | |
| Transfer to General Fund | - | - | - | - | - |
| Capital Expenditure | - | -470 | -50 | -195 | -715 |
| **Estimated Balance 31 March 2013** | **310** | **3,179** | **-** | **-** | **3,489** |

## RYEDALE DISTRICT COUNCIL - PROPOSED CAPITAL PROGRAMME 2009/10 TO 2013/14

| Cttee | Category / Scheme | 2009/10 Rev Est £'000 | 2009/10 Forecast £'000 | 2010/11 Estimate £'000 | 2011/12 Estimate £'000 | 2012/13 Estimate £'000 | 2013/14 Estimate £'000 | Total Cost £'000 | External Funding £'000 | Net RDC Cost £'000 | Comments | External Funding Assumptions £'000 | External Funding Assumptions Comments | Revenue Implications 2009/10 £'000 | Revenue Implications 2010/11 £'000 | Revenue Implications 2011/12 £'000 | Revenue Implications 2012/13 £'000 | Revenue Implications 2013/14 £'000 | Revenue Implications Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **ASSET MANAGEMENT** | | | | | | | | | | | | | | | | | | |
| CS | Car Parks Major Repairs | 56 | 56 | 30 | 30 | 30 | 0 | 146 | 0 | 146 | In accordance with Asset Mgt Plan, Hlth & Safety risk | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Ryedale Pool Major Repairs | 50 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 50 | Replace air handling unit | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Vehicle Replacement Programme | 0 | 0 | 170 | 260 | 0 | 0 | 430 | 50 | 380 | Replacement for recycling and grass cutting services | 50 | NYCC Recycling Reward Grant | 0 | 0 | 0 | 0 | 0 | |
| CS | Derwent Pool Remodel Reception | 71 | 71 | 0 | 0 | 0 | 0 | 71 | 0 | 71 | Revenue savings to be secured from reduction in separate office costs | 0 | | 0 | -7 | -7 | -7 | -7 | Invest to save |
| CS | Public Conveniences Rosedale | 76 | 76 | 0 | 0 | 0 | 0 | 76 | 0 | 76 | Toilet facilities to meet Disability Discrimination Act | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Public Conveniences Refurbishment | 60 | 60 | 30 | 30 | 0 | 0 | 120 | 0 | 120 | Refurbishment of 3 sites | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Wall Repairs Land Castlegate Malton | 5 | 5 | 0 | 0 | 0 | 0 | 5 | 0 | 5 | Repairs to boundary walls | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Recreational Open Space Development | 32 | 32 | 0 | 0 | 0 | 0 | 32 | 0 | 32 | Implement improvements identified in ILAM report | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Energy Efficiency Improvements to Council Property | 318 | 75 | 293 | 25 | 0 | 0 | 393 | 0 | 393 | Efficient energy use, reduce pollution | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Major Repair & Replacement Programme to RDC Property | 24 | 24 | 105 | 15 | 0 | 0 | 144 | 0 | 144 | Planned maintenance programme in accordance with Asset Mgt Plan | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | ICT Strategy Provision | 400 | 200 | 600 | 180 | 0 | 0 | 980 | 0 | 980 | Investment programme aimed at generating revenue efficiency savings | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Property Condition Survey | 125 | 125 | 125 | 125 | 125 | 125 | 625 | 0 | 625 | Programme of minor capital works to property portfolio | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Ryedale House Public Areas | 282 | 182 | 100 | 0 | 0 | 0 | 282 | 0 | 282 | Programme of minor capital works to Civic Suite and Council Reception areas | 0 | | 0 | 0 | 0 | 0 | 0 | |
| | | **1,499** | **956** | **1,453** | **665** | **155** | **125** | **3,354** | **50** | **3,304** | | **50** | | **0** | **-7** | **-7** | **-7** | **-7** | |
| | **PRIORITY AIMS - HOUSING** | | | | | | | | | | | | | | | | | | |
| CS | Aff Hsg Init - Home Repair Grant | 78 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 50 | Facilitate internal/external repairs, insulation, | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Aff Hsg Init - Home Repair Loans | 77 | 0 | 160 | 165 | 170 | 170 | 665 | 0 | 665 | Equity loans to applicants | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Aff Hsg Init - HMO Grant | 30 | 0 | 0 | 30 | 30 | 30 | 90 | 0 | 90 | Improvement/repair work to help owners comply with licensing | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Aff Hsg Init - Empty Property Grant | 30 | 0 | 0 | 30 | 30 | 30 | 90 | 0 | 90 | Bring property back into use; tenancy nomination rights | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Aff Hsg Init - Exception Sites Land Purchase | 100 | 100 | 0 | 0 | 0 | 0 | 100 | 0 | 100 | Contribution to RSL land acquisitions | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | PS Renewal - Disabled Facilities Grant | 317 | 317 | 305 | 315 | 325 | 325 | 1,587 | 952 | 635 | Improve access to and within properties for people | 952 | 60% DCLG | 0 | 0 | 0 | 0 | 0 | |
| CS | Mortgage Rescue Scheme | 88 | 83 | 78 | 0 | 0 | 0 | 161 | 0 | 161 | Scheme in partnership with Registered Social Landlord | 0 | | 0 | 0 | 0 | 0 | 0 | |
| | | **720** | **550** | **543** | **540** | **555** | **555** | **2,743** | **952** | **1,791** | | **952** | | **0** | **0** | **0** | **0** | **0** | |
| | **PRIORITY AIMS - JOBS** | | | | | | | | | | | | | | | | | | |
| P&R | Provision for Managed Workspace Facilities | 0 | 0 | 550 | 0 | 0 | 0 | 550 | 0 | 550 | Provision for contribution to Yorkshire Forward scheme | 0 | | 0 | 0 | 0 | 0 | 0 | |
| | | **0** | **0** | **550** | **0** | **0** | **0** | **550** | **0** | **550** | | **0** | | **0** | **0** | **0** | **0** | **0** | |
| | **MAJOR SCHEMES** | | | | | | | | | | | | | | | | | | |
| CS | Dry Sports Centre Malton School | 1000 | 0 | 1500 | 0 | 0 | 0 | 1,500 | 0 | 1,500 | Grant to Malton School for the provision of leisure facilities for community use | 0 | | 0 | 0 | 50 | 50 | 50 | Operational |
| P&R | A64 Brambling Fields Junction Upgrade | 0 | 0 | 0 | 1950 | 0 | 0 | 1,950 | 0 | 1,950 | Contribute to upgrade for improvement to traffic managem't in Malton | 0 | | 0 | 0 | 130 | 130 | 130 | Borrowing |
| | | **1,000** | **0** | **1,500** | **1,950** | **0** | **0** | **3,450** | **0** | **3,450** | | **0** | | **0** | **0** | **180** | **180** | **180** | |
| | **EXTERNALLY FUNDED SCHEMES AT A HIGH RATE** | | | | | | | | | | | | | | | | | | |
| CS | Private Sector Housing Grants | 275 | 300 | 225 | 0 | 0 | 0 | 525 | 525 | 0 | Grant to support Energy Efficiency, Decent Homes, Empty Properties | 525 | 100% DCLG | 0 | 0 | 0 | 0 | 0 | |
| | | **275** | **300** | **225** | **0** | **0** | **0** | **525** | **525** | **0** | | **525** | | **0** | **0** | **0** | **0** | **0** | |
| | **OTHER SCHEMES** | | | | | | | | | | | | | | | | | | |
| CS | Helmsley Sports | 0 | 0 | 500 | 0 | 0 | 0 | 500 | 0 | 500 | Grant for the redevelopment of existing sports facilities in Helmsley | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Market Improvements | 25 | 10 | 0 | 0 | 0 | 0 | 10 | 0 | 10 | Renewal of market stalls | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Ryedale Folk Museum | 125 | 50 | 200 | 0 | 0 | 0 | 250 | 0 | 250 | Grant for the purchase & development of building to house Harrison Collection | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Environmental Improvements Norton | 60 | 60 | 0 | 0 | 0 | 0 | 60 | 0 | 60 | Enhancement to basic scheme e.g. street furniture | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Castle Gardens Malton | 4 | 4 | 0 | 0 | 0 | 0 | 4 | 0 | 4 | Creation of new public park in Malton | 0 | | 0 | 0 | 0 | 0 | 0 | |
| CS | Vale of Pickering Channel Management Pilot | 0 | 0 | 15 | 8 | 5 | 0 | 28 | 0 | 28 | Contribution to joint funded project | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Malton Town Centre Physical Improvements Works | 153 | 153 | 0 | 0 | 0 | 0 | 153 | 26 | 127 | Initial phase of implementation of Malton Town Centre Strategy | 26 | NYCC, Malton Estate Company | 0 | 0 | 0 | 0 | 0 | |
| P&R | Former Town Hall Malton - Roof Repairs | 87 | 1 | 86 | 0 | 0 | 0 | 87 | 0 | 87 | Work required under terms of lease | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Former Town Hall Malton - Stonework Repairs | 52 | 0 | 52 | 0 | 0 | 0 | 52 | 0 | 52 | Work required under terms of lease | | | | | | | | |
| P&R | Conservation Area Partnership Scheme | 180 | 154 | 0 | 0 | 0 | 0 | 154 | 102 | 52 | Grant for structural repair to eligible historic buildings | 102 | NYCC, English Heritage | 0 | 0 | 0 | 0 | 0 | |
| P&R | A64 Brambling Fields Junction Upgrade - Design | 0 | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 8 | Contribution to design of upgrade | 0 | | 0 | 0 | 0 | 0 | 0 | |
| P&R | Realignment of A170 / Vivis Lane Pickering | 0 | 0 | 500 | 0 | 0 | 0 | 500 | 0 | 500 | Contribution to improvement of junction | 0 | | 0 | 0 | 33 | 33 | 33 | Borrowing |
| | | **686** | **440** | **1,353** | **8** | **5** | **0** | **1,806** | **128** | **1,678** | | **128** | | **0** | **0** | **33** | **33** | **33** | |
| | **TOTAL OF PROPOSED CAPITAL PROGRAMME** | **4,180** | **2,246** | **5,624** | **3,163** | **715** | **680** | **12,428** | **1,655** | **10,773** | **TOTAL** | **1,655** | **TOTAL** | **0** | **-7** | **206** | **206** | **206** | |

**CAPITAL RESOURCES AVAILABLE FOR NEW SCHEMES** **£3042k**

| **CAPITAL INVESTMENT PLAN - POTENTIAL SCHEMES** | **Net Cost RDC £'000** | | **Annual Revenue Implications £'000** | |
|---|---|---|---|---|
| Heart of Malton Project (incl. Milton Rooms) | 1,000 | minimum | 0 | Includes Milton Rooms, Assembly Rooms & Caretaker House delaps |
| Pickering Flood Defence | 972 | | 0 | Contribution to potential DEFRA scheme |
| Provision for an Economic Development Scheme | 750 | | 0 | Site acquisition & infrastructure works |
| Regeneration Schemes Pickering / Kirkbymoorside | 500 | | 0 | Contribution to development & design costs and minor public realm improvements |
| Plastics Recycling Rollout | 75 | | 150+ | Additional equipment to implement fortnightly collection of plastics |
| **PROVISION FOR INVESTMENT OPPORTUNITIES** | | | | |
| Customer Centre in Malton/Norton | N/A | | N/A | Possible joint scheme with NYCC |
| Land and Property Acquisitions | N/A | | N/A | Possible acquisitions |
| Environmental Improvement Schemes | N/A | | N/A | Mitigation against adverse environmental impact |

## CAPITAL PROGRAMME 2009/10 TO 2013/14 - SUMMARY OF FUNDING

| Source of Funding | 2009/10 Rev Est Funding £'000 | 2009/10 Forecast Funding £'000 | 2010/11 Estimate Funding £'000 | 2011/12 Estimate Funding £'000 | 2012/13 Estimate Funding £'000 | 2013/14 Estimate Funding £'000 | Total Estimate Funding £'000 | Scheme |
|---|---|---|---|---|---|---|---|---|
| **External Grants and Contributions** | | | | | | | | |
| Department Constitution & Local Government (DCLG) | 190 | 190 | 183 | 189 | 195 | 195 | 952 | Private Sector Renewal - Disabled Facilities Grant |
| Department Constitution & Local Government (DCLG) | 275 | 300 | 225 | 0 | 0 | 0 | 525 | Private Sector Housing Grant |
| North Yorkshire County Council (NYCC) | 83 | 74 | 50 | 0 | 0 | 0 | 124 | Malton Town Centre £23k, Conservation Area Partnership £51k, Vehicle replacement programme £50k |
| English Heritage | 60 | 51 | 0 | 0 | 0 | 0 | 51 | Conservation Area Partnership |
| Other Organisations | 3 | 3 | 0 | 0 | 0 | 0 | 3 | Malton Town Centre Physical Improvements Works |
| **Total External Grants and Contributions** | **611** | **618** | **458** | **189** | **195** | **195** | **1,655** | |
| **Ryedale DC Funding of Schemes** | **3,569** | **1,628** | **5,166** | **2,974** | **520** | **485** | **10,773** | |
| **TOTAL FUNDING OF CAPITAL PROGRAMME** | **4,180** | **2,246** | **5,624** | **3,163** | **715** | **680** | **12,428** | |

**ANNEX B**

## REVENUE BUDGET 2010/11 - VARIANCE ANALYSIS SUMMARY

| | £'000 | £'000 |
|---|---|---|
| **Original Estimate 2009/10 Net Expenditure** | | **8128** |
| **Cost Increases** | | |
| Provision for Pay Increase & General Inflation (net) | 93 | |
| Budget Pressures - Financial Strategy Appendix A | 225 | |
| Meeting Priorities - Financial Strategy Appendix A | 110 | |
| **Total Cost Increases** | | **428** |
| **Savings** | | |
| Savings Proposals - Financial Strategy Appendix A | -295 | |
| **Total Savings** | | **-295** |
| **Other Movements in Costs and Savings (net)** | | **19** |
| **Original Estimate 2010/11 Net Expenditure** | | **8280** |

| **Financed By:** | **£'000** |
|---|---|
| External Government Support | 4520 |
| Council Tax ( 0% increase) | 3710 |
| Collection Fund Surplus | 50 |
| | **8280** |

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**ANNEX C**

## Options for Increasing Council Tax to Invest in Service Delivery

| Proposal | Cost | % Increase in Council Tax | Council Tax* (£) Increase |
|---|---|---|---|
| Scrutiny Support Officer – Part time (0.6FTE) Dedicated Scrutiny Officer | 27k | 0.73% | 1.28 |
| Extensions to Business Grant Scheme – Current scheme has allocated £100k in 2009/2010 and is closed to new applications. There is still unmet demand. The scheme could be restarted with any amount up to £93k. | 93k | 2.50% | 4.42 |
| Malton Town Ambassador Extension – Proposal is for RDC to half fund to project, with other stakeholders providing the remaining funding | 13k | 0.35% | 0.62 |

* Band D equivalent

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