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RYEDALE DISTRICT COUNCIL

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POLICY AND RESOURCES COMMITTEE

Thursday 22 September 2016 at 6.30 pm

Council Chamber, Ryedale House, Malton

Agenda

1 **Emergency Evacuation Procedure**

The Chairman to inform Members of the Public of the emergency evacuation procedure.

2 **Apologies for absence**

3 **Minutes** (Pages 3 - 8)

4 **Recommendations from the Resources Working Party held on 8 September 2016** (Pages 9 - 10)

5 **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.

6 **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 'A' ITEMS - MATTERS TO BE DEALT WITH UNDER DELEGATED POWERS OR MATTERS DETERMINED BY COMMITTEE

7 **2015/2016 Statement of Accounts** (Pages 11 - 138)

8 **Rail Service Enhancement and Options for Car Parking and Reduced Congestion - Update** (Pages 139 - 146)

9 **Ryedale Housing Strategy Action Plan 2015-2021** (Pages 147 - 200)

10 **Delivering the Council Plan** (Pages 201 - 208)

11 **Response to the Business Rates Consultation and Fair Funding Review** (Pages 209 - 286)

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

12 **Exempt Information**

That under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), the public be excluded from the meeting for discussion of the annex to the following item as there would be a likely disclosure of exempt information relating the financial or business affairs of any particular person (including the authority holding that information).

13 **Scrutiny Review - Council Property Assets** (Pages 287 - 314)

14 **Any other business that the Chairman decides is urgent.**

Policy and Resources Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 16 June 2016

Present

Councillors Joy Andrews, Paul Andrews, Steve Arnold (Vice-Chairman), Clark, Cowling (Chairman), Farnell (Substitute), Goodrick (Substitute), Ives and Raper

Substitutes: Councillor F A Farnell and Councillor C Goodrick

Overview & Scrutiny Committee Observers: Councillors Frank and Wainwright

In Attendance

Beckie Bennett, Denise Hewitt, Jos Holmes, Peter Johnson, Nicki Lishman, Phil Long, Steve Richmond, Clare Slater, Janet Waggott and Anthony Winship

Minutes

1 **Apologies for absence**

Apologies for absence were received from Councillors V Arnold, substitute Councillor Farnell, Bailey and Oxley, substitute Councillor Goodrick.

2 **Minutes**

Decision

That the minutes of the meeting of the Policy and Resources Committee held on 31 March 2016 be approved and signed by the Chairman as a correct record.

Voting record
For 7
Abstentions 2

3 **Urgent Business**

There were no items of urgent business.

4 **Declarations of Interest**

Councillor P Andrews declared a personal non pecuniary but not prejudicial interest in Item 6 as he was a trustee of the Milton Rooms; Councillor S Arnold declared a personal non pecuniary but not prejudicial interest in Item 6 as he was a trustee of Helmsley Arts Centre; Councillor Ives declared a personal non pecuniary but not prejudicial interest in Item 8 as he worked within the Malton Air Quality Management Area and Councillor Clark declared a personal non pecuniary but not prejudicial interest in Item 8 as he was a North Yorkshire County Councillor.

PART 'A' ITEMS - MATTERS TO BE DEALT WITH UNDER DELEGATED POWERS OR MATTERS DETERMINED BY COMMITTEE

5 **Creative Economy Commissioning 2016/17**

Considered - Report of the Head of Economy and Infrastructure

Decision
That the Creative Economy Commissions for 2016/17, as detailed in Annex B of the report, be approved. **Voting record** For 8 Abstentions 1

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

6 **Delivering the Council's Priorities**

Considered - Report of the Chief Executive

Recommendation to Council
1. That the progress made by the Council in delivering its priorities in 2015/16 and the challenges to be faced in 2016/17 be noted 2. That the Aims and Strategic Objectives of the Council Business Plan for 2016/21 as attached at Annex A of the report be agreed. **Voting record** For 6 Abstentions 3

PART 'A' ITEMS - MATTERS TO BE DEALT WITH UNDER DELEGATED POWERS OR MATTERS DETERMINED BY COMMITTEE

7 **Update on Local Air Quality Management**

Considered - Report of the Head of Environment

Decision
That the contents of the report be noted. **Voting record** For 6 Against 1 Abstentions 2

8 **Appointment of Working Parties**

Members were appointed to the following Working Parties/Sub-Committees for the ensuing year, until such time as new appointments are made, as follows:

Senior Management Contracts Working Party

Conservative Members: Councillors S Arnold, Cowling, Farnell and Goodrick
Substitutes: Councillors V Arnold and Frank
Liberals: Councillor Clark, substitute Councillor Thornton
New Independents: One member to be appointed by the New Independents
Substitute: one member to be appointed by the New Independents

Resources Working Party (including Community Grants Working Party)
Conservatives: Councillors S Arnold, V Arnold, Cowling, Frank, Ives and Raper
Substitutes: Councillors Cleary, Farnell and Hope
Liberals: Councillor Clark
Substitutes: Councillor Thornton
New Independents: Councillor Burr
Substitutes: Councillor P Andrews
Liberal Democrats: Councillor Shields
Substitutes: Councillor Keal
Independents: Councillor Maud
Substitutes: Councillor Wainwright

Sub Committee – Appeals Panel
Conservatives: Councillors Farnell and Oxley
Liberal: Councillor Clark

In the absence of any of these Members, the panel to consist of three Members, reflecting political proportionality, to be appointed by the Chief Executive in consultation with the Chairman of Policy and Resources, or in the Chairman's absence, the Vice Chairman. The panel to meet as and when required.

Constitution Working Party
Chairman of Council, Group Leaders and Councillor Ives

Voting record
Unanimous

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

9 **Budget Strategy 2017/18 and Efficiency Statement**

Considered - Report of the Finance Manager (s151)

Recommendation to Council

1. That Council be recommended to approve the following strategy for the preparation of the 2017/18 budget:

(i) Proposals to be brought forward for a £5 increase in Council tax;
(ii) Increases in fees and charges to be to a maximum of 4.5% on a cost centre heading basis excluding VAT and only those charges officers recommend above this figure to be considered by the relevant policy committee;
(iii) Efficiencies to be maximised; and
(iv) The use of New Homes Bonus in line with the medium term financial plan.
(v) Options for service cuts to be provided if necessary. These proposals to be considered by the Resources Working Party and brought to the Policy and Resources Committee and Council.

2. That Council be recommended to approve the Annual Efficiency Plan and that delegated authority be given to the Finance Manager, in conjunction with the Chairman of Policy and Resources Committee, to accept the 4 year funding offer should they deem that it is in the best interests of the Council to accept the offer.

Voting record
For 6
Against 2
Abstentions 1

10 **Member Involvement in Appeal Panels**

Considered - Report of the Corporate Director

Recommendation to Council

That Council be recommended to approve that the Member Appeals Panel be replaced by an Officer Appeals Panel in all appeals against dismissal except where a case cannot be considered by the Head of Paid Service or nominated representative.

Voting record
For 5
Against 3
Abstention 1

Recorded Vote
For: Councillors Cowling, Farnell, Goodrick, Ives and Raper
Against: Councillor J Andrews, P Andrews and Clark
Abstention: Councillor S Arnold

11 **EXEMPT INFORMATION**

Decision

That those paragraphs referring to the Use of Reserves be removed from the exempt item and that under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), the public be excluded from the meeting for part of this item referring to Senior Staffing Matters, as there would be a likely disclosure of exempt information relating to any individual or which is likely to reveal the identity of any individual or the financial or business affairs of a particular person.

Voting record
Unanimous

12 **Towards 2020 - Use of Reserves**

Considered - Report of the Chief Executive

Recommendation to Council

That Council be recommended to approve:

i. that £958K is transferred from the NHB reserve as follows:

- transfer of £778K to the restructure reserve giving a total balance of £1.2m to fund the cost of further redundancies

- transfer of £180K to the ICE Fund as an invest to save measure to accommodate other organisational costs of change, including IT and transformational support and the continued work with iESE.

ii. that £150k is transferred from the General Reserve to the ICE Fund as detailed in bullet point 2 above

iii. Any unused funds which have been transferred from the NHB Reserve be returned to the NHB Reserve

Voting record
For 6
Against 1
Abstentions 2

13 **Towards 2020 - Senior Staffing Matters**

The Chief Executive presented a report which outlined the need to save £1.1 M and the corresponding need to reduce the numbers of staff including the numbers of senior managers within the Management team. As part of this report a request for Voluntary Redundancy was considered.

The Council is recommended to approve

i) The request for voluntary redundancy for Chief Officer Post CMT 165 be approved

ii) that delegated authority be given to the Chief Executive to terminate the employment of postholder CMT165 on the grounds of redundancy on the terms set out in the Council's Redundancy and Redeployment Policy

Cllr Ives moved an amendment which was seconded by Cllr Cowling that:

"The Chief Executive prepare a report to be considered at 7 July Council to address the request from the Leader of Selby District Council for the Chief Executive of Ryedale District Council to work as the interim Chief Executive for Selby District Council on a part time basis. It is proposed that this would commence from 01.08.16."

7 Members voted for the amendment
1 Member voted against the amendment
1 Member abstained

The amendment was carried.

Upon being put to the vote the substantive motion was carried.

Recommendation to Council

(A) That Council be recommended to approve the following matters:

(i) The request for voluntary redundancy for Chief Officer Post CMT 165 be approved;

(ii) That delegated authority be given to the Chief Executive to terminate the employment of postholder CMT165 on the grounds of redundancy on the terms set out in the Council's Redundancy and Redeployment Policy

(B) That Council consider a report from the Chief Executive consequent upon the Policy and Resources Committee making the following resolution :

The Chief Executive prepare a report to be considered at 7 July 2016 Council to address the request from the Leader of Selby District Council for the Chief Executive of Ryedale District Council to work as the interim Chief Executive for Selby District Council on a part time basis. It is proposed that this would commence from 01.08.16.

Voting record
For 7
Against 2
Abstentions 0

14 **Any other business that the Chairman decides is urgent.**

There being no items of urgent business the meeting closed at 11 pm.

Resources Working Party

Held at Meeting Room 1, Ryedale House, Malton
on Thursday 8 September 2016

Present

Councillors Cowling (Chairman), Clark, Steve Arnold, Frank, Val Arnold, Burr MBE, Raper and Shields

In Attendance

Councillor Wainwright, Councillor Cussons, Peter Johnson and Phil Long and Will Baines

Minutes

49 **Apologies for absence**

50 **Minutes of the meeting held on the 17 March 2016**

Decision

That the minutes of the meeting of the Resources Working Party held on 17 March 2016 be approved and signed by the Chairman as a correct record.

51 **Urgent Business**

There were no items of urgent business.

52 **Declarations of Interest**

Councillor Cowling and Councillor Burr declared a personal non-pecuniary but not prejudicial interest in item 6 as business owners.

53 **Final Outturn 2015-16**

Considered – Report of the Finance Manager (s151).

Decision

That the report be noted.

54 **Business Rates Consultation**

Considered – Report of the Finance Manager (s151).

Decision

That the comments of Members be taken into consideration when formulating the final response to the consultation

55 **Financial Management Information**

Considered – Report of the Finance Manager (s151).

Decision

That the report be noted.

56 **Capital Monitoring**

Considered – Report of the Finance Manager (s151)

Decision

That the report be noted.

57 **Capital Programme Progress Report**

Considered – Report of the Finance Manager (s151).

Decision

That the report be noted.

58 **Any other business that the Chairman decides is urgent.**

There being no other business, the meeting closed at 7:50pm.

RYEDALE
DISTRICT
COUNCIL

PART A:	**MATTERS DEALT WITH UNDER DELEGATED POWERS**
REPORT TO:	**POLICY AND RESOURCES COMMITTEE**
DATE:	**22 SEPTEMBER 2016**
REPORT OF THE:	**FINANCE MANAGER (s151)** **PETER JOHNSON**
TITLE OF REPORT:	**2015/2016 STATEMENT OF ACCOUNTS**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to present the Council's Statement of Accounts for the year ended 31 March 2016 and to request this committee's approval of the Statement of Accounts.

2.0 RECOMMENDATION

2.1 It is recommended that members approve the 2015/2016 Statement of Accounts (Appendix A) and authorise the Finance Manager (s151) to sign the letter of representation (Appendix B)

3.0 REASON FOR RECOMMENDATION

3.1 The Accounts and Audit Regulations require the Statement of Accounts to be approved by members by the 30 September each year.

3.2 The Council's external auditors, KPMG LLP, have concluded the audit of accounts for 2015/16 and have issued their final report to the Overview and Scrutiny Committee on the 21 September 2016. That report is attached at Appendix C

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in considering this report.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 and, more specifically, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

REPORT

6.0 REPORT DETAILS

6.1 The Statement of Accounts are attached to this report at Appendix A, members will find a review of the Council's financial position on page 5 of the Statement.

6.2 On satisfactory completion of a number of outstanding matters, KPMG LLP anticipate issuing an unmodified audit opinion on the truth and fairness of the financial statements and value for money conclusion.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial
   There are no financial implications regarding this report.

b) Legal
   There are no legal implications regarding this report.

c) Other
   None to report.

Peter Johnson
Finance Manager (s151)

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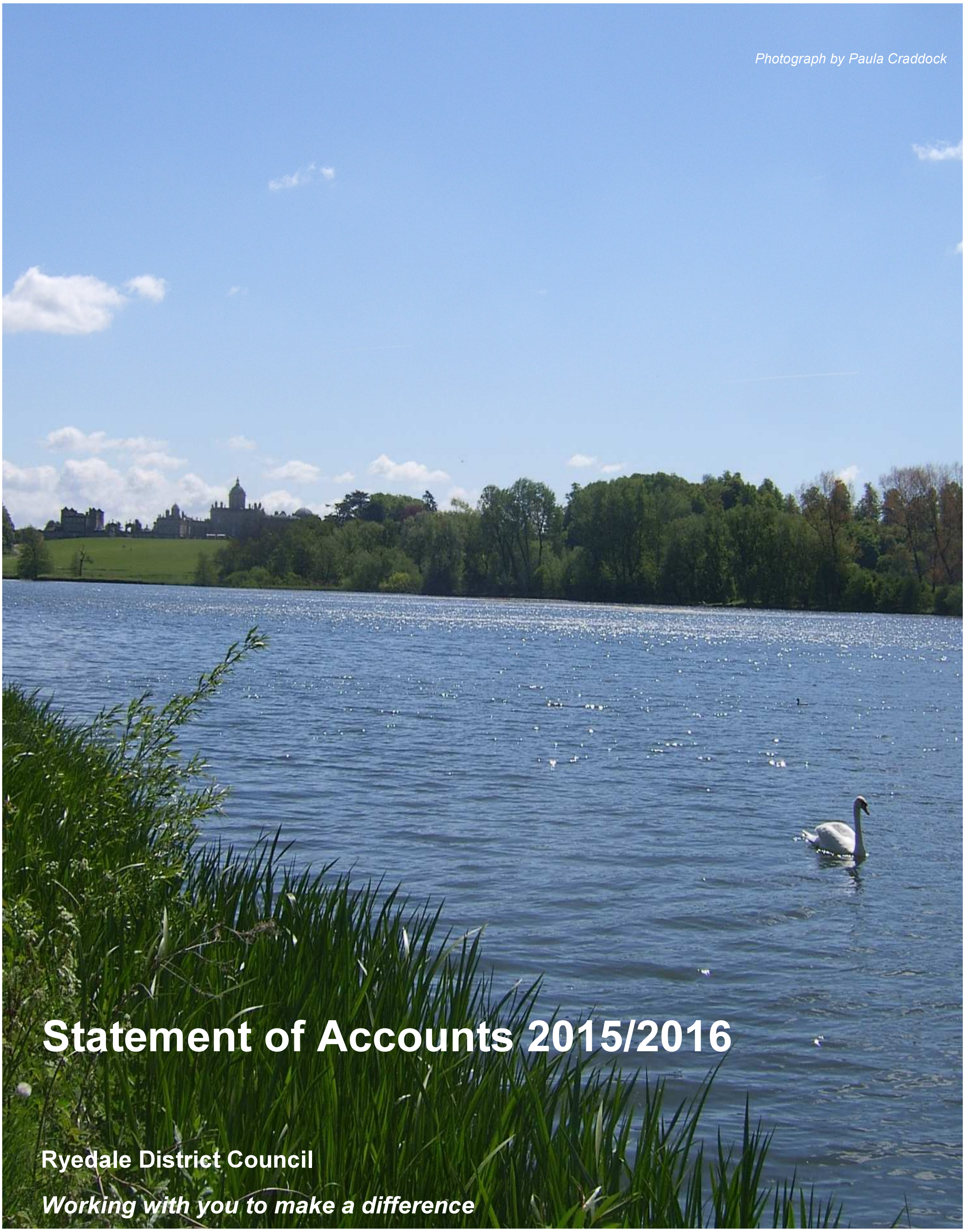
Background Papers:
None.

RYEDALE DISTRICT COUNCIL



Statement of Accounts 2015/2016

Ryedale District Council

Working with you to make a difference

Table of Contents

1. Introduction

The Narrative Report (a change in requirements for 2015/16 replacing the Explanatory Foreword) provides a concise explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

2. Explanation of the Financial Statements

The Council's accounts for the year ended 31 March 2016 are set out on pages 9 to 69. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2015/2016* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the ***Statement of Responsibilities for the Accounts*** - sets out the respective responsibilities of the Authority and the Chief Financial Officer (Finance Manager).

- the ***Movement in Reserves Statement*** **–** this statement shows the movement in the year on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services more details of which are shown in the Comprehensive Income and Expenditure Statement. The net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

- the ***Comprehensive Income and Expenditure Statement*** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- the ***Balance Sheet*** **–** the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

- the ***Cash Flow Statement*** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

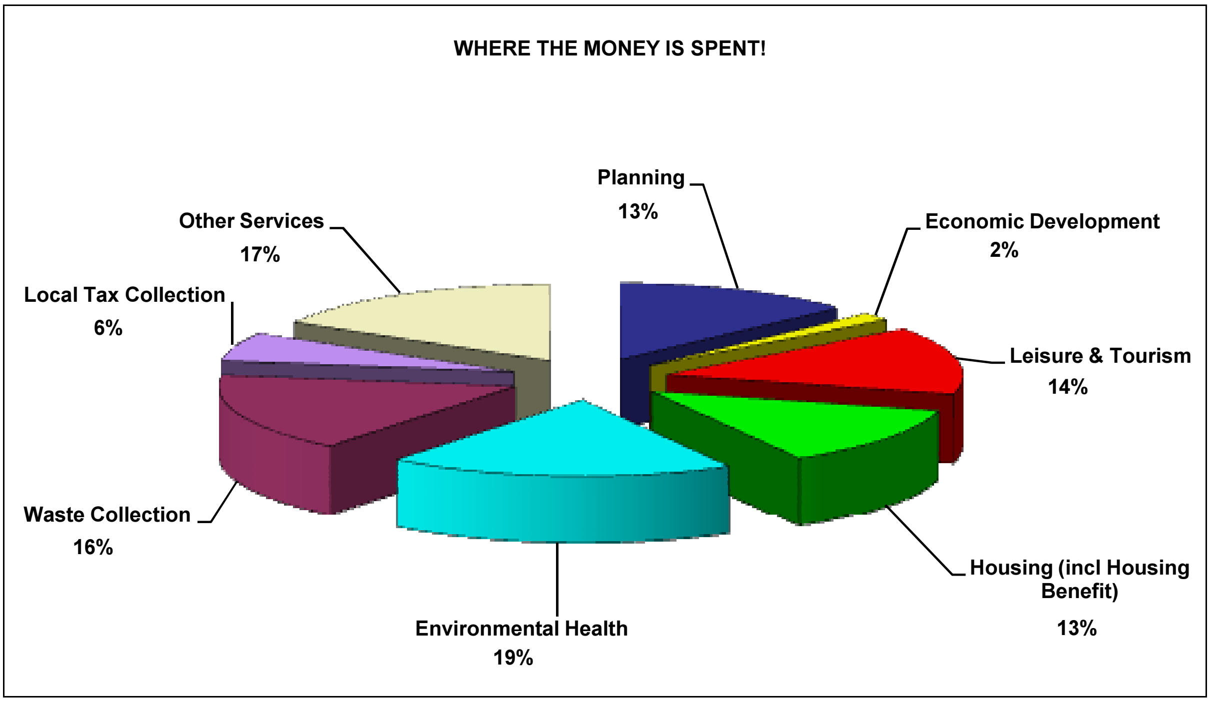
Supplementary Statements:

- the ***Collection Fund Statement*** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

- the ***Annual Governance Statement*** **–** which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

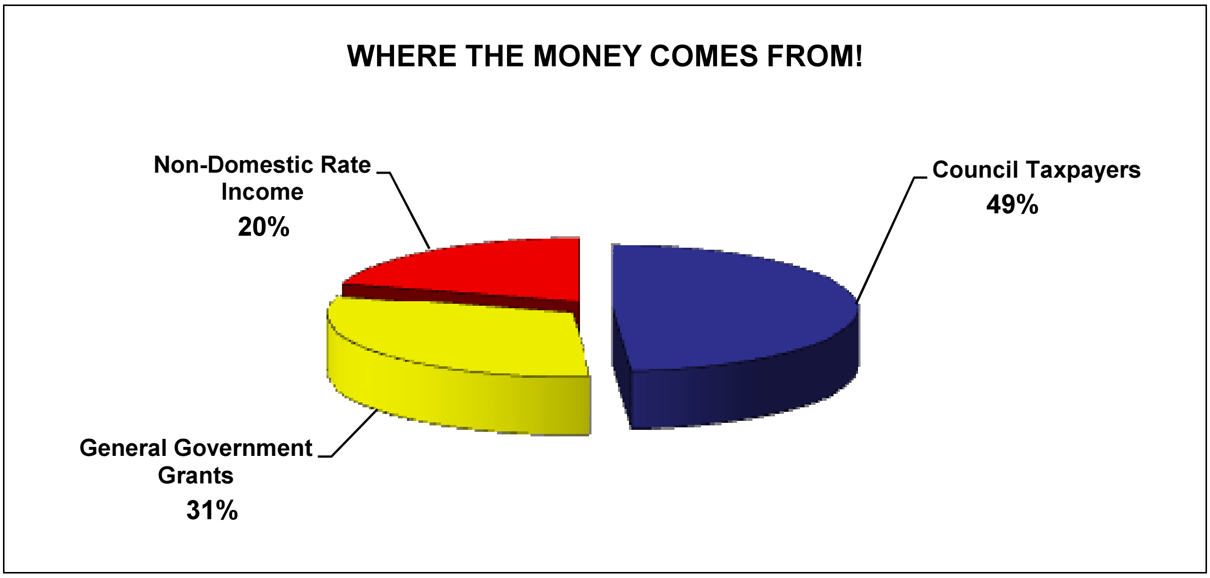
3. **General Fund Revenue Expenditure in 2015/2016**

The net cost of the Authority's revenue activities was £8.188m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on Pages 84 and 85 of this document.

After adjusting for the payment of parish precepts of £0.749m, the receipt of investment income (£0.099m) and the net credit from appropriations £0.262m the amount met from Taxation and Non-Specific Grant Income was £9.100m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 49% (£4.440m) was provided by the Council Taxpayers, an additional 20% (£1.852m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 31% (£2.808m) from non-ringfenced general government grants such as the Revenue Support Grant.

4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2015/16 and how these compared with the actual expenditure are set out below:

	Original Budget £000	Actual £000	Difference £000
Net Cost of Services	**7,935**	**8,188**	**253**
Other Operating Expenditure:			
Precepts paid to Parish Councils	749	749	-
Capital Receipts unattached to non current assets	-	(13)	(13)
(Gains) / Losses on disposal of non current assets	-	-	-
	749	**736**	**(13)**
Financing and Investment Income & Expenditure			
Interest Payable	103	72	(31)
Pensions interest cost & expected return on pension assets	1,120	653	(467)
Income from Investments	(59)	(99)	(40)
Income and expenditure in relation to investment properties	(27)	18	45
	1,137	**644**	**(493)**
Taxation & Non Specific Grant Income			
Council Precept	(4,379)	(4,379)	-
Collection Fund Surplus	(104)	(62)	42
Retained Business Rates	(1,775)	(1,852)	(77)
Revenue Support Grant	(1,315)	(1,315)	-
Other General Government Grants	(1,443)	(1,492)	(49)
	(9,016)	**(9,100)**	**(84)**
(Surplus) / Deficit on Provision of Services	**805**	**468**	**(337)**
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	-	-
Actuarial (gains) / losses on Pensions assets / liabilities	-	(2,873)	(2,873)
Total Comprehensive Income and Expenditure	**805**	**(2,405)**	**(3,210)**
Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves	(1,276)	1,552	2,828
Contributions to (+) or from (-) earmarked reserves	471	853	382
Increase/Decrease in General Fund Balance for Year	**-**	**-**	**-**

In overall terms, the Council achieved a surplus of £650k for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to the Council's New Homes Bonus Reserve.

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 84 and 85.

There are no material assets acquired or liabilities incurred that warrant specific disclosure and explanation.

5. Reserves

The balance of General Fund Earmarked Reserves during 2015/16 has increased by £0.853m from £5.056m to £5.909m at 31 March 2016.

Major drawings included a sum of £0.494m from the Collection Fund Equalisation Reserve to offset the deficit from Business Rates Income and a drawdown of £0.213m from the Restructure Reserve as contribution towards the costs of redundancy.

Major contributions to reserves and balances included the transfer of £0.401m into the Capital Fund to finance the capital programme and the transfer of £1.190m into the New Homes Bonus Reserve.

For further details regarding the purpose and balances of the Authority's reserves see Note 8 to the Accounts.

6. **Pension Liability**

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £20.440m as at 31 March 2015 to £18.359m as at 31 March 2016. This decrease of £2.081m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

7. **Capital Expenditure**

The original capital budget for the financial year 2015/16 totalled £1.263m. As 2015/16 progressed, the initial plans were revised to incorporate expenditure re-profiled from the previous year. This in turn has lead to the re-profiling of planned financing through prudential borrowing. The re-profiling of expenditure resulted in an increase of £0.826m and a revised budget of £2.089m.

The total amount invested in the capital programme for 2015/16 was £1.076m. Investment in schemes included essential IT Infrastructure works (£0.133m), Housing Grants and Loans (£0.519m) and a final contribution towards the Pickering Flood Defence Scheme (£0.200m).

Under spends included Housing Grants and Loans (£0.264m), Property Condition Survey (£0.243m), slippage on the Assembly Rooms and Milton Rooms Preservation Works (£0.155m) and IT Infrastructure Strategy (£0.101m).

Of the £1.076m capital expenditure incurred some £0.740m was funded through external borrowing, with a further £0.302m being financed by external grants and contributions.

The variance between the forecast capital expenditure and the final outturn for the year was an underspend of £1.013m This variance will need re-profiling into 2016/17 along with associated financing. Therefore this does not present any financial issues for the Council.

The table below summarises the approved resources available for the 2015/16 Capital Programme and the indicative programme to 2019/20. This level of resources ensure that overall planned spending and funding are in balance.	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
No revenue consequences					
Capital receipts	443	30	30	30	30
Grants and Contributions	200	200	200	200	200
Council Resources	706	745	519	465	365
Total	**1,349**	**975**	**749**	**695**	**595**
With revenue consequences					
Prudential Borrowing	740	320	0	0	0
Total	**740**	**320**	**0**	**0**	**0**
Total	**2,089**	**1,295**	**749**	**695**	**595**

8. **Changes in Accounting Policy**

There were no significant changes to Accounting Policy in 2015/16.

9. **Non Adjusting Events after the Reporting Date**

On the 23rd June 2016 the UK voted to leave the European Union. The full impact of this is unknown and inevitably the country is now in a period of uncertainty.

10. **Sustainability**

Sustainability in Procurement is the process of purchasing goods and services which takes into account the wider outcomes whether these are social, economic or environmental impact that such purchasing has on people and communities whilst still achieving value for money. This generally means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally.

Ryedale District Council is addressing this through:

- Embedding sustainability within the procurement process including whole life costing
- Raising awareness within the authority
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

"The Public Services (Social Value) Act 2012 places a statutory duty on authorities to consider in their procurement and commissioning processes:

a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and

b) how, in conducting the process of procurement, it might act with a view to securing that improvement"

Ryedale District Council is committed to ensuring any secured improvement is sustained.

Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but where possible, also seek to:

- Benefit local people and organisations, including developing the third sector and SMEs in our district
- Encourage innovative approaches to social, environmental and economic issues in our district
- Deliver sustainable solutions, benefiting our communities beyond the length of a contract
- Improve job opportunities and skills in the district

A number of initiatives have been introduced to reduce greenhouse gas emissions from Council owned buildings, as well as in transportation including LED lighting and efficient gas fired boilers, resulting in lower CO_2 emissions from reduced energy use.

Operational vehicle mileage has reduced as adjustments to waste collection rounds have been made, particularly with the changes to the garden waste service with a reduced level of households since charges were implemented (46% participation rate) plus Staff and Councillor mileage has reduced significantly over the last few years as employee numbers have decreased as part of ongoing transformational efficiencies programmes to rationalise and cutting out “waste” from back office processes. Additionally, all replacement vehicles benefit from the technological advances in reducing vehicle emissions such as Euro 6 technology. Our vehicles are going further on every litres of diesel that we use compared to previous years.

Other initiatives include recycling redundant wheelie bins and every effort is made to source second hand reconditioned parts for vehicles where feasible.

Changes to the waste collection service are on-going using route optimisation software to streamline collection rounds, leading to time saving, fewer road miles and reduced fuel use.

11. Medium Term Financial Plan for 2015/16 to 2019/20

In preparing the Medium Term Financial Plan (MTFP) for 2015/16 to 2019/20, the aim was to align to the objectives set out in the Council Plan. The MTFP was approved at Council on 23 February 2015 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

The revenue budget reductions included in the MTFP highlighted that the Council would have to continue to significantly reconfigure its future business and organisational arrangements in order to provide value for money public services. Information provided in the settlement was for 2015/16 only and no indicative figures were issued for 2016/17. Subsequent announcements, ending with the 2016/17 final Local Government Finance Settlement of 8 February 2016, have enabled a much more comprehensive assessment of the Council's future financial position. As a result the budget reduction requirement for the period 2015/16 to 2019/20 increased from £1.4m in February 2015 to £2.1m in February 2016.

The major influences on the budget going forward into 2017/18 and beyond are the continued anticipated reductions in Government support, including the outcomes from the New Homes Bonus consultation as well as implementation of 100% business rates retention, coupled with expenditure pressures including pay and price inflation.

The Medium Term Financial Plan will be revisited and will elaborate further on how the Council expects to deliver future savings to tackle the projected deficits over the period 2017/18 to 2019/20. If no action is taken, the deficit by 2019/20 is forecast to be a minimum of £1.1m. Closing the gap is likely to happen through a combination of a range of measures that are currently being appraised through the Council's transformation programme "Towards 2020". The future impact of the United Kingdom’s decision to leave the European Union will be included in these local level considerations as and when it becomes known.

11. Further Information

Further information about the accounts is available from Financial Services, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority’s website.

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Finance Manager (s151);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statements of Accounts.

The Chief Finance Officer's Responsibilities

The Finance Manager (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Finance Manager (s151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Finance Manager (s151) has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities, through the use of Veritau North Yorkshire Ltd.

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2016 and its income and expenditure for the year ended 31 March 2016.

Signed: P Johnson Dated: 30 June 2016
P Johnson
Finance Manager (s151) ***The Statement of Accounts is unaudited and may be subject to change***

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 22 September 2016.

Signed: Dated: 22 September 2016
Cllr. Mrs L Cowling
Chairman of Policy & Resources Committee

	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2014	**-**	**3,605**	**155**	**62**	**3,822**	**1,804**	**5,626**
Movement in reserves during 2014/15							
Surplus or (deficit) on the provision of services	(603)	-	-	-	(603)	-	(603)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(3,479)	(3,479)
Total Comprehensive Income and Expenditure	(603)	-	-	-	(603)	(3,479)	(4,082)
Adjustments between accounting basis & funding basis under regulations (note 7)	2,054	-	32	(62)	2,024	(2,024)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	1,451	-	32	(62)	1,421	(5,503)	(4,082)
Transfers to/from Earmarked Reserves (note 8)	(1,451)	1,451	-	-	-	-	-
Increase / Decrease in 2014/15	**-**	**1,451**	**32**	**(62)**	**1,421**	**(5,503)**	**(4,082)**
Balance as at 31 March 2015	**-**	**5,056**	**187**	**-**	**5,243**	**(3,699)**	**1,544**
Movement in reserves during 2015/16							
Surplus or (deficit) on the provision of services	(468)	-	-	-	(468)	-	(468)
Other Comprehensive Income and Expenditure	-	-	-	-	-	2,873	2,873
Total Comprehensive Income and Expenditure	(468)	-	-	-	(468)	2,873	2,405
Adjustments between accounting basis & funding basis under regulations (note 7)	1,321	-	98	-	1,419	(1,419)	-
Net Increase / Decrease before Transfers to Earmarked Reserves	853	-	98	-	951	1,454	2,405
Transfers to/from Earmarked Reserves (note 8)	(853)	853	-	-	-	-	-
Increase / Decrease in 2015/16	**-**	**853**	**98**	**-**	**951**	**1,454**	**2,405**
Balance as at 31 March 2016	**-**	**5,909**	**285**	**-**	**6,194**	**(2,245)**	**3,949**

2014/15				2015/16		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,240	408	832	Central Services to the Public	1,321	373	948
1,281	30	1,251	Cultural and Related Services	1,210	40	1,170
4,864	1,957	2,907	Environmental and Regulatory Services	4,960	2,051	2,909
2,076	927	1,149	Planning Services	2,130	919	1,211
370	795	(425)	Highways and Transport Services	337	823	(486)
14,475	13,076	1,399	Housing Services	14,064	13,024	1,040
1,247	40	1,207	Corporate and Democratic Core	1,280	42	1,238
(180)	2	(182)	Other Corporate and Non Distributed Costs	159	1	158
25,373	17,235	8,138	**COST OF SERVICES**	25,461	17,273	8,188
683	20	663	Other Operating Expenditure (Note 9)	749	13	736
1,261	273	988	Financing and Investment Income and Expenditure (Note 10)	931	287	644
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
5,285	14,471	(9,186)	Taxation and Non-Specific Grant Income (Note 11)	5,333	14,433	(9,100)
		603	**(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES**			468
		(957)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			-
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		4,436	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(2,873)
		3,479	**OTHER COMPREHENSIVE INCOME & EXPENDITURE**			(2,873)
		4,082	**TOTAL COMPREHENSIVE INCOME & EXPENDITURE**			(2,405)

31 March 2015 £000		31 March 2016 £000	Notes Ref.
15,999	Property Plant & Equipment	15,737	12
-	Heritage Assets	-	13
2,287	Investment Property	2,306	14
141	Intangible Assets	32	15
-	Assets Held for Sale	-	21
-	Long Term Investments	-	16
253	Long Term Debtors	324	16
18,680	**Long Term Assets**	18,399	
9,114	Short Term Investments	11,612	16
230	Assets Held for Sale	170	21
73	Inventories	37	17
1,153	Short Term Debtors	1,080	19
288	Cash and Cash Equivalents	71	20
10,858	**Current Assets**	12,970	
-	Cash and Cash Equivalents	-	20
(23)	Short Term Borrowing	(21)	16
(4,709)	Short Term Creditors	(4,617)	22
(137)	Other Short Term Liabilities	(133)	16
(556)	Provisions	(643)	23
-	Liabilities in Disposal Groups	-	
-	Revenue Grants Receipts in Advance	(50)	33
(5,425)	**Current Liabilities**	(5,464)	
-	Long Term Creditors	(1,398)	16
-	Provisions	-	23
(1,750)	Long Term Borrowing	(1,711)	16
(20,440)	Liability Related to Defined Pension Scheme	(18,359)	39
(379)	Other Long Term Liabilities	(488)	16
-	Donated Assets Account	-	33
-	Capital Grants Received in Advance	-	33
(22,569)	**Long Term Liabilities**	(21,956)	
1,544	**Net Assets / (Liabilities)**	3,949	
5,243	Usable Reserves	6,194	24
(3,699)	Unusable Reserves	(2,245)	25
1,544	**Total Reserves**	3,949	

Chief Finance Officers Certificate:

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2016

Signed:

P Johnson

Peter Johnson
Finance Manager (s151)

Dated: 30th June 2016

2014/15 £000		2015/16 £000
(603)	Net surplus or (deficit) on the provision of services	(468)
3,642	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26a)	2,046
(288)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 26b)	(400)
2,751	Net cash flows from Operating Activities	1,178
(4,726)	Net cash flows from Investing Activities (Note 27)	(2,355)
1,956	Net cash flows from Financing Activities (Note 28)	960
(19)	Net increase or (decrease) in cash and cash equivalents	(217)
307	Cash and cash equivalents at the beginning of the reporting period	288
288	**Cash and cash equivalents at the end of the reporting period (Note 20)**	**71**

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice 2015/16, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv. **Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v. **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains on the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. **Employee Benefits**

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Authority participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:

  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.

- The change in the net pensions liability is analysed into the following components:

- Service Cost Comprising:

  -current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked

  -past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs

  -net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising :

  -the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

  -actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- contributions paid to the North Yorkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and

- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

Financial Liabilities

The Code requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the Code also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

The Code requires the fair value of each class of financial asset to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. Any changes in fair value are balanced by an entry in the Available-for-Sale Reserve. The Code also states that fair value disclosures are not required for short-term trade receivables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter into any available-for-sale asset arrangements during the financial year.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The council operates 2 housing loan schemes, Property and Landlord Improvement Loans. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. Additionally the Council has granted a loan to a local business. These loans have not been treated as soft loans on the grounds of materiality.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Available-for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis; and
- Equity shares with no quoted market prices – independent appraisal of company valuations.

During the financial year 2015/16 the Authority did not enter into any financial instrument transactions.

x. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement.

xi. Government Grants and Contributions

Whether paid on account, by instalment or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments; and

- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Income (non-ringfenced revenue grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xii. Heritage Assets

Heritage assets are recognised and held at valuation rather than at fair value and under certain conditions at historical cost. The treatment of revaluation gains and losses are in accordance with the Authority's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note xviii in this summary of significant accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xiv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xv. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal, matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received); and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the

General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payment, e.g. there is a premium paid at the commencement of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xvii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on non-current Assets Held for Sale and Assets under Construction.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xviii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance, i.e. it will not lead to a variation in the cash flows of the Authority. In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account and in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost.
- surplus assets - fair value, determined by the measurement of the highest and best value use of the asset.
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as a proxy for fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value i.e. vehicles, plant, furniture and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Any increase in valuations is matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and

- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and

Expenditure Account Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party e.g. from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Further information can be found at note 23 to the accounts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision for Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

xxi. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

xxii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxiii. Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The 'Telling the Story' review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

That there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.117m.
Arrears	At 31 March 2016, the Authority had a balance for short term debtors of £1.491m. A review of significant balances suggested that an impairment of doubtful debts of 27.6% (£411k) was appropriate. However, in the current economic climate it is not certain that this allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £411k to be set aside as an allowance.

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2015/16 that warrant separate disclosure.

6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Peter Johnson Finance Manager (s151) on 30 June 2016.

All events between the balance sheet date and the issue date have been considered and there are no Adjusting Post Balance Sheet events to disclose.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for those purposes at the year end.

Capital Grants Unapplied

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2015/16 Adjustments

2015/16	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	699	-	-	(699)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(19)	-	-	19
Amortisation of intangible assets	150	-	-	(150)
Capital grants and contributions applied	(302)	-	-	302
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	808	-	-	(808)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	77	-	-	(77)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(186)	-	-	186
Capital expenditure charged against the General Fund	(69)	-	-	69
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(77)	77	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(13)	13	-	-
Repayment of principal on loans	-	8	-	(8)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,076	-	-	(2,076)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,284)	-	-	1,284
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(527)	-	-	527
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(12)	-	-	12
Total Adjustments	**1,321**	**98**	**-**	**(1,419)**

2014/15 Comparative Figures

2014/15 Comparative Figures	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,203	-	-	(1,203)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	340	-	-	(340)
Amortisation of intangible assets	157	-	-	(157)
Capital grants and contributions applied	(256)	-	-	256
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	693	-	-	(693)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10	-	-	(10)
Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(154)	-	-	154
Capital expenditure charged against the General Fund	(3)	-	-	3
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(62)	62
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10)	10	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(20)	20	-	-
Repayment of principal on loans	-	2	-	(2)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,743	-	-	(1,743)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,314)	-	-	1,314
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(343)	-	-	343
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	8	-	-	(8)
Total Adjustments	**2,054**	**32**	**(62)**	**(2,024)**

8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance At 31/03/14 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance At 31/03/15 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	Balance At 31/03/16 £000
General Reserve	546	-	1	547	-	-	547
Capital Fund	605	(3)	811	1,413	(34)	461	1,840
Collection Fund Equalisation Reserve	968	(430)	37	575	(494)	-	81
Ryedale Developm't Fund	301	(116)	-	185	(83)	-	102
Election Reserve	43	-	15	58	(57)	20	21
Council Tax Hardship Fund	-	-	6	6	-	6	12
New Homes Bonus Reserve	-	-	446	446	-	1,190	1,636
Grants Reserve	154	-	6	160	(8)	-	152
IT Fund	108	(13)	9	104	(13)	9	100
ICE Fund	297	-	324	621	-	-	621
Local Developm't Framework Reserve	50	-	-	50	-	-	50
Operational Reserve	381	(65)	23	339	(17)	36	358
Restructure Reserve	152	-	400	552	(213)	50	389
Total	**3,605**	**(627)**	**2,078**	**5,056**	**(919)**	**1,772**	**5,909**

The main purpose of the reserves is as follows:

(a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.

(b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.

(c) The Improvement, Contingency & Emergency (ICE) Fund is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings.

(d) The Authority provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the District. Grants are also issued to support rural community transport initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.

(e) An Election Reserve is used to equalise the effect of the four yearly District Election costs.

(f) An Information Technology (IT) Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.

(g) The Operational Reserve allows Service Units to set aside a proportion of savings in their budgets earmarked to be used in later years. It also includes revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Statement and are identified for specific services but not yet applied.

(h) The Restructure Reserve was established to cover the set-up costs associated with the restructure of the Council.

(i) A reserve was established to cover the additional cost associated with accelerating the completion of the Local Development Framework.

(j) The Ryedale Development Fund has been established from the balance of the 2012/13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

(k) The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account.

(l) A New Homes Bonus Reserve has been established to be utilised in line with Member priorities.

(m) The Council Tax Hardship Fund has been established to finance the cost of discretionary council tax relief awarded.

9. OTHER OPERATING EXPENDITURE

2014/15 £000		2015/16 £000
683	Parish council precepts	749
-	Payments to the Government Housing Capital Receipts Pool	-
-	(Gains)/losses on the disposal of non-current assets	-
(20)	Capital receipts unattached to non-current assets	(13)
663	Total	736

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2014/15 £000		2015/16 £000
32	Interest payable and similar charges	72
678	Pensions net interest on the net defined benefit liability/(asset)	653
(71)	Interest receivable and similar income	(99)
349	Income and expenditure in relation to investment properties and changes in their fair value	18
988	Total	644

11. TAXATION AND NON SPECIFIC GRANT INCOME

2014/15 £000		2015/16 £000
(4,324)	Council tax income	(4,440)
(1,791)	Non domestic rates income and expenditure	(1,852)
(3,024)	Non-ringfenced government grants	(2,808)
(47)	Capital grants and contributions	-
(9,186)	Total	(9,100)

12. PROPERTY, PLANT AND EQUIPMENT

Movements on Balance Sheet

Movements in 2015/16

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2015	**14,164**	**4,534**	**-**	**484**	**652**	**-**	**19,834**
Additions	1	387	-	27	4	-	419
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(334)	-	-	-	-	(334)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2016	**14,165**	**4,587**	**-**	**511**	**656**	**-**	**19,919**
Accumulated Depreciation and Impairment							
At 1 April 2015	**150**	**3,680**	**-**	**-**	**5**	**-**	**3,835**
Depreciation charge	312	364	-	-	5	-	681
Depreciation written out to the Revaluation Reserve	-		-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(334)	-	-	-	-	(334)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2016	**462**	**3,710**	**-**	**-**	**10**	**-**	**4,182**
Net Book Value							
At 31 March 2016	**13,703**	**877**	**-**	**511**	**646**	**-**	**15,737**
At 31 March 2015	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**
Owned asset as at 31 March 2016	13,703	251	-	511	646	-	15,111
Asset acquired under finance lease as at 31 March 2016	-	626	-	-	-	-	626
Total	**13,703**	**877**	**-**	**511**	**646**	**-**	**15,737**

Comparative Movements in 2014/15

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2014	**15,037**	**4,484**	**-**	**452**	**275**	**-**	**20,248**
Additions	531	448	-	32	3	-	1,014
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(401)	-	-	-	62	-	(339)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(731)	-	-	-	(42)	-	(773)
Derecognition – disposals	-	(398)	-	-	-	-	(398)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	(230)	-	(230)
Other movements in cost or valuation	(272)	-	-	-	584	-	312
At 31 March 2015	**14,164**	**4,534**	**-**	**484**	**652**	**-**	**19,834**
Accumulated Depreciation and Impairment							
At 1 April 2014	**1,353**	**3,746**	**-**	**-**	**-**	**-**	**5,099**
Depreciation charge	305	332	-	-	5	-	642
Depreciation written out to the Revaluation Reserve	(1,296)		-	-	-	-	(1,296)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(212)	-	-	-	-	-	(212)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(398)	-	-	-	-	(398)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2015	**150**	**3,680**	**-**	**-**	**5**	**-**	**3,835**
Net Book Value							
At 31 March 2015	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**
At 31 March 2014	**13,684**	**738**	**-**	**452**	**275**	**-**	**15,149**
Owned asset as at 31 March 2015	14,014	335	-	484	647	-	15,480
Asset acquired under finance lease as at 31 March 2015	-	519	-	-	-	-	519
Total	**14,014**	**854**	**-**	**484**	**647**	**-**	**15,999**

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 10-60 years
- Vehicles, Plant, Furniture & Equipment - 5-10 years

Capital Commitments

At 31 March 2016 the Authority had entered not entered into any contracts for the construction or enhancement of Property Plant and Equipment (£35k in 2014/15).

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are normally carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Charted Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost.

All properties have been reviewed in 2015/16 by the City of York Council and there has been no impairment loss identified during the year.

13. HERITAGE ASSETS

In compliance with the 2015/16 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts.

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2015/16 £000	2014/15 £000
Income from Investment Property	169	202
Net gain / (loss) from fair value adjustment	19	(340)
	188	(138)
Direct operating expenses arising from investment property	(206)	(211)
Net gain / (loss)	(18)	(349)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

	2015/16 £000	2014/15 £000
Balance at start of the year	**2,287**	**2,938**
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	-
Net gains / (losses) from fair value adjustments	19	(340)
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	(311)
Other changes	-	-
Balance at end of the year	**2,306**	**2,287**

Fair Value Hierarchy
All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 Accounting Policy xxiii for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property
The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.
There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use
In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties
The Council's investment property has been valued as at 31 March 2016 by the City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

15. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
5 Years	None	Revenues and benefits system Electronic document management system Cash receipting system Financial management system

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £150k charged to revenue in 2015/16 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2015/16			2014/15		
	Internally Generated Assets £000	Other Asset Costs £000	Total £000	Internally Generated Assets £000	Other Asset Costs £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	1,130	1,130	-	1,197	1,197
Accumulated amortisation	-	(989)	(989)	-	(898)	(898)
Net carrying amount at start of year	-	141	141	-	299	299
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	41	41	-	-	-
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	(67)	(67)
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	-	-	-	66	66
Amortisation for the period	-	(150)	(150)	-	(157)	(157)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	32	32	-	141	141
Compromising:						
Gross carrying amounts	-	1,171	1,171	-	1,130	1,130
Accumulated amortisation	-	(1,139)	(1,139)	-	(989)	(989)
	-	32	32	-	141	141

There are no items of capitalised software that are individually material to the financial statements:

The Authority has no capital commitments outstanding for the acquisition of intangible assets.

16. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Investments				
Loans and receivables	-	-	11,612	9,114
Available-for-sale financial assets	-	-	-	-
Unquoted equity investment at cost	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Total Investments	**-**	**-**	**11,612**	**9,114**
Debtors				
Loans and receivables	324	253	-	-
Financial assets carried at contract amounts	-	-	1,080	1,153
Total Debtors	**324**	**253**	**1,078**	**1,153**
Borrowings				
Financial liabilities at amortised cost	(1,711)	(1,750)	(21)	(23)
Financial liabilities at fair value through profit and loss	-	-	-	-
Total Borrowings	**(1,711)**	**(1,750)**	**(21)**	**(23)**
Other Liabilities				
Finance lease liabilities	(488)	(379)	(133)	(137)
Total Other Liabilities	**(488)**	**(379)**	**(133)**	**(137)**
Creditors				
Financial liabilities at amortised cost	(1,398)	-	-	-
Financial liabilities carried at contract amount	-	-	(4,617)	(4,709)
Total Creditors	**(1,398)**	**-**	**(4,617)**	**(4,709)**

Fair value of Assets and Liabilities

	Fair value		Historic cost	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Borrowings	(1,979)	(1,961)	(1,732)	(1,773)
Loans and receivables	11,679	9,178	11,612	9,114

There is no difference between the carrying value and fair value of the Authority's debtors and creditors. Minimum future lease payments are disclosed in note 36.

The fair value of borrowings is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2016) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1.979m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £1.710m would be valued at £1.979m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £2.363m.

17. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance outstanding at start of year	**73**	**83**	**-**	**-**	**-**	**-**	**73**	**83**
Purchases	304	363	-	-	-	-	304	363
Recognised as an expense in the year	(340)	(373)	-	-	-	-	(340)	(373)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	**37**	**73**	**-**	**-**	**-**	**-**	**37**	**73**

18. CONSTRUCTION CONTRACTS

As at the 31 March 2016 the Authority had no significant contracts in progress.

19. DEBTORS

	31 March 2016 £000	31 March 2015 £000
Central government bodies	47	207
Other local authorities	313	237
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	720	709
Total	1,080	1,153

20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements

	31 March 2016 £000	31 March 2015 £000
Cash held by the Council	201	260
Bank current account	(190)	(32)
Special Interest Bearing Account	60	60
Total Cash and Cash Equivalents	71	288

21. ASSETS HELD FOR SALE

	Current		Non Current	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance outstanding at start of year	**230**	**10**	**-**	**-**
Assets newly classified as held for sale:				
Property, Plant and equipment	35	230	-	-
Intangible Assets	-	-	-	-
Revaluation losses	(18)	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	(77)	(10)	-	-
Transfers from non-current to current	-	-	-	-
Balance outstanding at year end	**170**	**230**	**-**	**-**

22. CREDITORS

	31 March 2016 £000	31 March 2015 £000
Central government bodies	1,625	209
Other local authorities	1,727	1,703
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,265	2,797
Total	4,617	4,709

23. PROVISIONS

2015/16	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2015	556	-	556
Additional Provisions made in 2015/16	87	-	87
Amounts used in 2015/16	-	-	-
Unused amounts reversed in 2015/16	-	-	-
Total	643	-	643

2014/15	Business Rate Retention Appeals £000	Local Land Charges Restitution Claim £000	Total £000
Balance at 1 April 2014	508	26	534
Additional Provisions made in 2014/15	48	-	48
Amounts used in 2014/15	-	-	-
Unused amounts reversed in 2014/15	-	(26)	(26)
Total	556	-	556

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

Ryedale District Council, as the business rates billing authority, acts as an agent on behalf Central Government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 40% share of net business rates income under the new localised scheme. The amount shown in the Council’s Balance Sheet reflects the Council’s proportion of the appeals provision as at 31 March 2016.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2016.

24. USABLE RESERVES

31 March 2015 £000		31 March 2016 £000
5,056	Earmarked General Fund Reserves	5,909
187	Capital Receipts Reserve	285
-	Capital Grants Unapplied	-
5,243	**Total Usable Reserves**	**6,194**

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 8, together with an explanation of the purpose of each reserve.

Capital Receipts Reserve

2014/15 £000		2015/16 £000
155	Balance at 1 April	187
10	Receipts from disposal of non-current assets	77
22	Other receipts	21
187		285
-	Receipts used to finance capital expenditure	-
187	**Balance at 31 March**	**285**

The Capital Receipts Reserve holds cash received from the disposal of non-current assets, or other money received that can be applied towards financing capital expenditure or repay loan debt.

Capital Grants Unapplied

2014/15 £000		2015/16 £000
62	Balance at 1 April	-
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
62		-
(62)	Grants used to finance capital expenditure	-
-	**Balance at 31 March**	-

This reserve retains the receipts of grants and contributions from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years.

25. UNUSABLE RESERVES

31 March 2015 £000		31 March 2016 £000
3,982	Revaluation Reserve	3,924
-	Available for Sale Financial Instruments Reserve	-
13,327	Capital Adjustment Account	12,219
-	Financial Instruments Adjustment Account	-
-	Deferred Capital Receipts Reserve	-
(20,440)	Pensions Reserve	(18,359)
(442)	Collection Fund Adjustment Account	85
(126)	Accumulated Absences Account	(114)
(3,699)	**Total Unusable Reserves**	**(2,245)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2014/15 £000		£000	2015/16 £000
3,098	**Balance at 1 April**		3,982
2,055	Upward revaluation of assets	-	
(1,098)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
957	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		-
(64)	Difference between fair value depreciation and historical cost depreciation	(58)	
(9)	Accumulated gains on assets sold or scrapped	-	
(73)	Amount written off to the Capital Adjustment Account		(58)
3,982	**Balance at 31 March**		3,924

Available for Sale Financial Instruments Reserve

The Authority has not entered into any available-for-sale asset arrangements during the financial year.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 £000		£000	2015/16 £000
15,184	**Balance at 1 April**		13,327
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(1,203)	• Charges for depreciation and impairment of non-current assets	(699)	
-	• Revaluation losses on Property, Plant and Equipment	-	
(157)	• Amortisation of Intangible Assets	(150)	
(10)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(77)	
(693)	• Revenue Expenditure Funded by Capital Under Statute	(808)	
(2,063)			(1,734)
73	Adjusting amounts written out of the Revaluation Reserve		58
13,194	Net written out amount of the cost of non-current assets consumed in the year		11,651
	Capital financing applied in the year:		
-	• Use of the capital receipts reserve to finance new capital expenditure	-	
256	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	302	
62	• Application of grants to capital financing from the Capital Grants Unapplied Account	-	
154	• Statutory provision for the financing of capital investment charged against the General fund	186	
3	• Capital expenditure charged against the General Fund	69	
475			557
(340)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		19
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(2)	Movements in Long-term Debtors		(8)
13,327	**Balance at 31 March**		12,219

Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The account balance is nil.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority's accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2014/15 £000		2015/16 £000
(15,575)	Balance at 1 April	(20,440)
(4,436)	Re-measurements of the net defined benefit liability/(asset)	2,873
(1,743)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,076)
1,314	Employer's pensions contributions and direct payments to pensioners payable in the year	1,284
(20,440)	Balance at 31 March	(18,359)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority would not treat these gains as usable for the financing of new capital expenditure until they are by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

There were no gains during the 2015/16 financial year.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2014/15 £000		2015/16 £000
(785)	Balance at 1 April	(442)
343	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	527
(442)	Balance at 31 March	85

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2014/15 £000		£000	2015/16 £000
(118)	Balance at 1 April		(126)
118	Settlement or cancellation of accrual made at the end of the preceding year	126	
(126)	Amount accrued at the end of the current year	(114)	
(8)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		12
(126)	Balance at 31 March		(114)

26. CASH FLOW STATEMENT – OPERATING ACTIVITIES

a. Adjust net surplus or deficit on the provision of services for non-cash movements

2014/15 £000		2015/16 £000
643	Depreciation	681
561	Impairment and downward valuations	18
156	Amortisation	150
-	Increase / decrease in impairment for bad debts	-
565	Increase / decrease in creditors	150
906	Increase / decrease in debtors	74
10	Increase / decrease in inventories	36
429	Movement in pension liability	792
10	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	77
362	Other non-cash items charged to the net surplus or deficit on the provision of services	68
3,642		2,046

b. Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2014/15 £000		2015/16 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
(10)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(98)
(278)	Any other items for which the cash effects are investing or financing cash flows	(302)
(288)		(400)

c. Interest received, interest paid and dividends received

2014/15 £000		2015/16 £000
66	Interest received	100
(55)	Interest paid	(73)
-	Dividends received	-

27. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2014/15 £000		2015/16 £000
(651)	Purchase of property, plant and equipment, investment property and intangible assets	(184)
(18,100)	Purchase of short-term and long-term investments	(24,600)
(115)	Other payments for investing activities	(79)
10	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	98
13,850	Proceeds from short-term and long-term investments	22,100
280	Other receipts from investing activities	310
(4,726)	Net cash flows from investing activities	(2,355)

28. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2014/15 £000		2015/16 £000
1,750	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
(154)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(165)
-	Repayments of short and long-term borrowing	(40)
360	Other payments for financing activities	1,165
1,956	Net cash flows from financing activities	960

29. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority's committees on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation

Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).

- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.

2015/16

Committee Income and Expenditure	Policy & Resources £000	Total £000
Fees, charges & other service income	4,592	4,592
Government grants	12,681	12,681
Total Income	**17,273**	**17,273**
Employee expenses	5,055	5,055
Other service expenses	17,114	17,114
Support service recharges	1,970	1,970
Total Expenditure	**24,139**	**24,139**
Net Expenditure	**6,866**	**6,866**

2014/15 Comparative Figures

Committee Income and Expenditure	Policy & Resources £000	Total £000
Fees, charges & other service income	4,571	4,571
Government grants	12,664	12,664
Total Income	**17,235**	**17,235**
Employee expenses	4,973	4,973
Other service expenses	17,081	17,081
Support service recharges	1,823	1,823
Total Expenditure	**23,877**	**23,877**
Net Expenditure	**6,642**	**6,642**

Reconciliation of Income and Expenditure to the Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2015/16 £000	2014/15 £000
Net expenditure in the Committee Analysis	6,866	6,642
Net expenditure of service and support services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,322	1,496
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	**8,188**	**8,138**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2015/16

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	4,592	-	4,592	-	4,592
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	81	81
Income from council tax	-	-	-	6,292	6,292
Government grants and contributions	12,681	-	12,681	2,808	15,489
Total Income	**17,273**	**-**	**17,273**	**9,181**	**26,454**
Employee expenses	5,055	646	5,701	-	5,701
Other service expenses	17,114	-	17,114	-	17,114
Support service recharges	1,970	-	1,970	-	1,970
Depreciation, amortisation and impairment	-	676	676	-	676
Interest payments	-	-	-	725	725
Precepts & levies	-	-	-	749	749
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(13)	(13)
Total Expenditure	**24,139**	**1,322**	**25,461**	**1,461**	**26,922**
Surplus or Deficit on the Provision of Services	**6,866**	**1,322**	**8,188**	**(7,720)**	**468**

2014/15 Comparative Figures

	Committee Analysis £000	Amounts not Reported to Management for Decision Making £000	Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges & other service income	4,571	-	4,571	-	4,571
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	(278)	(278)
Income from council tax	-	-	-	6,115	6,115
Government grants and contributions	12,664	-	12,664	3,071	15,735
Total Income	**17,235**	**-**	**17,235**	**8,908**	**26,143**
Employee expenses	4,973	273	5,246	-	5,246
Other service expenses	17,081	-	17,081	-	17,081
Support service recharges	1,823	-	1,823	-	1,823
Depreciation, amortisation and impairment	-	1,223	1,223	-	1,223
Interest payments	-	-	-	710	710
Precepts & levies	-	-	-	683	683
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(20)	(20)
Total Expenditure	**23,877**	**1,496**	**25,373**	**1,373**	**26,746**
Surplus or Deficit on the Provision of Services	**6,642**	**1,496**	**8,138**	**(7,535)**	**603**

30. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

	2015/16 £000	2014/15 £0000
Allowances	126	120
Expenses	6	6
Total	132	126

A summary of payments made to each member is publicised through the Authority's website. and is also available for viewing at the reception of the administrative offices.

31. OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compen-sation for loss of office £	Pension contribution £	Total £	Note
Chief Executive	2015/16	104,460	-	5,505	-	15,042	125,007	
	2014/15	104,460	-	5,505	-	15,042	125,007	
Corporate Director	2015/16	70,635	-	963	-	10,171	81,769	
	2014/15	53,585	-	722	-	7,716	62,023	A
Head of Health & Environment	2014/15	13,952	-	241	-	2,009	16,202	A
Head of Env Streetscene & Facilties	2015/16	49,739	-	999	-	7,162	57,900	
	2014/15	1,849	-	-	-	266	2,115	B
Head of Corporate Services	2015/16	56,316	-	1,043	-	8,109	65,468	
	2014/15	55,600	-	963	-	8,006	64,569	
Head of Economy & Infrastructure	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	55,600	-	963	-	8,006	64,569	
Head of Planning & Housing	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	55,388	-	963	-	7,976	64,327	
Council Solicitor	2015/16	56,316	-	963	-	8,109	65,388	
	2014/15	57,714	-	963	-	8,006	66,683	
Finance Manager (s151)	2015/16	46,853	-	-	-	6,747	53,600	
	2014/15	45,541	-	-	-	6,558	52,099	C

Senior Officers served for the whole of 2015/16 and 2014/15 unless stated below.
Notes:

A The Head of Health and Environment was appointed as Corporate Director on the 1st July 2014

B The Head of Environment, Streetscene and Facilities assumed their new Position on 18th March 2015

C The Finance Manager was appointed s151 Officer on 14th May 2014

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is as follows:

Remuneration Band	2015/16 Number of employees	2014/15 Number of employees
£50,000 - £54,999	1	-
£55,000 - £59,999	4	4
£60,000 - £64,999	-	-
£65,000 - £69,999	-	1
£70,000 - £74,999	1	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1

32. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2015/16 £000	2014/15 £000
* Fees payable to KPMG LLP with regard to external audit services carried out by the appointed auditor for the year	42	50
* Fees payable to KPMG LLP in respect of statutory inspections	-	-
* Fees payable to KPMG LLP for the certification of grant claims and returns for the year	11	36
* Fees payable in respect of other services provided by KPMG LLP during the year	4	-
	57	86

The fees for other services payable in 2015/16 related to professional fees for additional audit work linked to a judicial review relating to Wentworth Street Car Park. In 2014/15 all fees were payable to Deloitte LLP.

33. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/16:

	2015/16 £000	2014/15 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	1,315	1,746
New Homes Bonus	1,387	1,127
Council Tax Freeze Grant	40	39
Council Tax Reform Grant	12	59
Transitional Grant to Rural Local Authorities	0	14
S31 grant Business Rates	648	580
Other Grants	54	39
Total	**3,456**	**3,604**
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	245	210
Housing Benefit Subsidy and Rent Rebate	11,973	12,022
Housing Benefit & Council Tax Support Administration	224	255
Safer Stronger Communities	17	19
Other government grants	44	44
Non Government Grants:		
Recycling	-	3
Total	**12,503**	**12,553**
Contributions	**56**	**97**

As at the 31st March 2016 the Authority has one grant that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant for £50k towards the development of a Food Enterprise Zone (31 March 2015 £nil).

34. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, e.g. council tax bills, housing benefits. Grants received from government departments are set out in Note 33.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2015/16 is shown in Note 30.

Officers

The Finance Manager (Section 151), Peter Johnson, of Ryedale District Council is a related party of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership by virtue of being a client officer.

Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £000	Payments £000
The Vale of Pickering Internal Drainage Board	- *levy*	-	90
Foss Internal Drainage Board	- *levy*	-	3
Veritau North Yorkshire Ltd	*see note below*	-	52
North Yorkshire Building Control Partnership	*see note below*	(18)	60

At the end of the financial year the total amount due to and from these related parties was £nil.

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2016. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £19,000 as at 31 March 2016.

Entities Controlled or Significantly Influenced by the Council

With effect from 1 October 2014, Sports & Leisure Management Ltd ran the Authority's leisure centre and swimming pools. Payment of grant of £283,000 was made to Sports & Leisure Management Ltd to support the operation of the leisure facilities in 2015/16. Previously, Community Leisure Ltd, an Industrial Provident Society, ran the leisure centre and swimming pools for Ryedale until 30 September 2014.

35. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2015/16 £000	2014/15 £000
Opening Capital Financing Requirement	1,526	254
Capital investment		
Property plant and equipment	459	1,014
Investment properties	-	-
Held for sale assets	-	-
Intangible assets	-	-
Revenue expenditure funded from capital under statute	808	693
Loans	80	40
Sources of finance		
Capital receipts	-	-
Government grants and other contributions	(302)	(318)
Sums set aside from revenue		
Direct revenue contributions	(34)	(3)
Minimum Revenue Provision	(186)	(154)
Closing Capital Financing Requirement	2,351	1,526
Explanation of movements in year		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	555	855
Assets acquired under finance leases	270	417
Increase / (decrease) in Capital Financing Requirement	825	1,272

36. LEASES

Authority as Lessee – Finance Leases

The Authority has acquired a number of vehicles under finance leases.

This Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2016 £000	31 March 2015 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	133	137
Non-current	488	379
Finance costs payable in future years	70	58
Minimum lease payments	691	574

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Not later than one year	154	150	133	137
Later than one year and not later than five years	516	392	468	348
Later than five years	21	32	20	31
	691	574	621	516

Authority as Lessee - Operating Leases

The Authority normally acquires vehicles, plant and equipment using operating leases. The Authority also provides certain employees with lease vehicles under three year contract hire agreements.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2016 £000	31 March 2015 £000
Not later than one year	104	107
Later than one year and not later than five years	81	86
Later than five years	3	-
	188	193

The expenditure charged to the Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2015/16 £000	2014/15 £000
Minimum lease payments	165	202
Contingent rents	-	-
Sublease payments receivable	-	-
	165	202

Authority as Lessor

The Authority has not leased out property, vehicles or equipment under either finance lease or operating lease arrangements.

37. IMPAIRMENT LOSSES

During 2015/16 the Authority has no impairment loss.

38. TERMINATION BENEFITS

The Authority has agreed to terminate the contracts of 11 employees in 2015/16, incurring liabilities of £214,298.

The number of exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement with total cost per band are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
£0 - £20,000	-	-	10	-	10	-	£84,062	-
£20,000 - £70,000	-	-	3	-	3	-	£130,236	-
Total	-	-	13	-	13	-	£214,298	-

39. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Retirement Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
• Current service cost	1,355	1,086	-	-
• Past service costs / (gains)	88	-	-	-
• (Gain) / Loss from settlements	-	-	-	-
Financing and Investment Income and Expenditure:				
• Net interest expense	624	647	9	10
Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	2,067	1,733	9	10
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
• Return on plan assets (excluding the amount included in the net interest expense)	1,486	(4,769)	-	-
• Actuarial gains and losses due to changes in financial assumptions	(3,543)	9,180	(14)	25
• Actuarial gains and losses due to changes in demographic assumptions	-	-	-	-
• Actuarial gains and losses due to liability experience	(797)	-	(5)	-
Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(787)	6,144	(10)	35
Movement in Reserves Statement:				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	787	(6,144)	10	(35)
Actual amount charged against the General Fund Balance for pensions in the year:				
• Employers contributions payable to scheme	1,268	1,297		
• Retirement benefits payable to pensioners			16	17

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Local Government: Pension Scheme £000		Discretionary Benefits £000	
	2015/16	2014/15	2015/16	2014/15
Present value of the defined benefit obligation	(66,305)	(68,772)	(259)	(285)
Fair value of plan assets	48,205	48,617	-	-
Net liability arising from defined benefit obligation	(18,100)	(20,155)	(259)	(285)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government: Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2015/16	2014/15	2015/16	2014/15
Opening fair value of scheme assets	48,617	42,599	-	-
Interest income	1,549	1,861	-	-
Remeasurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	(1,486)	4,769	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	1,268	1,297	16	17
Contributions from employees into the scheme	342	344	-	-
Benefits paid	(2,085)	(2,253)	(16)	(17)
Closing fair value of scheme assets	48,205	48,617	-	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

	Funded liabilities: Local Government Pension Scheme £000		Unfunded liabilities: Discretionary Benefits £000	
	2015/16	2014/15	2015/16	2014/15
Opening balance at 1 April	68,772	57,907	285	267
Current service cost	1,355	1,086	-	-
Interest cost	2,173	2,508	9	10
Contribution from scheme participants	342	344	-	-
Remeasurement (gains) and losses:				
• Financial Assumptions	(3,543)	9,180	(14)	25
• Demographic Assumptions	-	-	-	-
• Liability Experience	(797)	-	(5)	-
Past service costs	88	-	-	-
Losses/(gains) on curtailment	-	-	-	-
Entity combinations	-	-	-	-
Benefits paid	(2,085)	(2,253)	(16)	(17)
Closing balance at 31 March	66,305	68,772	259	285

Local Government Pension Scheme assets comprised:

	31 March 2016 £000	31 March 2015 £000
Equities	29,985	29,123
Property	3,519	3,160
Government Bonds	6,797	8,217
Corporate Bonds	2,603	3,306
Cash	386	632
Other	4,917	4,181
Closing fair value of scheme assets at 31 March	48,207	48,619

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

	31 March 2016	31 March 2015
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	23.3 yrs	23.1 yrs
Women	25.8 yrs	25.6 yrs
Longevity at 65 for future pensioners:		
Men	25.6 yrs	25.4 yrs
Women	28.1 yrs	28.0 yrs
Rate of Inflation (RPI)	2.9%	Not known
Rate of Inflation (CPI)	1.8%	2%
Rate of increase in salaries	3.3%	3.5%
Rate of increase in pensions	1.8%	2%
Rate of revaluation in pension accounts	1.8%	2%
Rate for discounting scheme liabilities	3.4%	3.2%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

	Base Figure	+0.1% pa -0.1% pa Discount Rate	+0.1% pa -0.1% pa Salary Increase Rate	+0.1% pa -0.1% pa Pension Increase Rate	-1 year +1 year Mortality Assumption
Present Value of Total Obligation (£000)	66,305	65,188 67,441	66,569 66,044	67,175 65,447	67,968 64,633
Change in Present Value of Total Obligation (%)		-1.7 1.7	0.4 -0.4	1.3 -1.3	2.5 -2.5
Projected Service Cost (£000)	1,211	1,171 1,252	1,211 1,211	1,252 1,171	1,250 1,171
Approx Change in Projected Service Cost (%)		-3.3 3.4	0.0 0.0	3.4 -3.3	3.3 -3.3

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The North Yorkshire Pension Fund has an investment strategy in place to address the funding deficit over a 30 year period, based on an appropriate level of employers' contributions, producing a positive cash flow into the fund. The Council is currently five years into this period.

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 2014. The Act provides for scheme regulations to be made within a common framework, to establish a new career average revalued earnings scheme to pay pensions and other benefits to certain public servants.

The authority anticipated to pay £1,284,000 expected contributions to the scheme in the year to 31 March 2016.

The weighted average duration of the defined benefit obligation for scheme members is 17 years 2015/16 (17 years 2014/15).

40. CONTINGENT LIABILITIES

At 31 March 2016, the Authority had one material contingent liability:

Municipal Mutual Insurance
The authority has paid a sum of £19k following the triggering of the scheme of arrangement by Municipal Mutual Insurance Limited (MMI). This figure equates to a levy calculated by the scheme administrators at 25% of settlements paid since 1993. The total amount of claims payments which would be liable to claw-back, at a levy rate of 100%, is currently £75k.

Local Land Charges
A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The Council agreed to settle and some costs were settled in 2015/16. There remains the potential for new claimants to come forward but the value of the liability is unknown.

Pay Claims
The Employment Appeal Tribunal (November 2014) ruled that holiday pay should include non-guaranteed overtime which may have implications for the Council where our employees are required to work overtime as a regular part of their job. There remains the potential for some claims but the scale of any liabilities cannot be assessed.

41. CONTINGENT ASSETS

At 31 March 2016 the Authority had no material contingent assets to report.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The councils overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates; and
  - Its maximum and minimum exposures to the maturity structure of its debt; and
  - Its maximum and annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings services. The Annual Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

This Authority uses the creditworthiness service provided by its treasury advisers. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries

The authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2016 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.
The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2016 £000	Historical Experience of Default %	Historical Experience adjusted for market conditions at 31 March 2016 %	Estimated maximum exposure to default and uncollectability at 31 March 2016 £000	Estimated maximum exposure to default and uncollectability at 31 March 2015 £000
Deposits with Banks and Financial Institutions	11,612	0%	0%	-	-

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

	31 March 2016 £000	31 March 2015 £000
Up to 20 years	718	759
21 to 50 years	1,014	1,014
	1,732	1,773

All trade and other payables are due to be paid in less than one year.

Market Risk

<u>Interest Rate Risk</u>

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on

the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate borrowings and investments and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has set an upper limit of 5% of it's borrowings in variable rate loans and an upper limit of 50% of it's investments in variable rates. However, all investments and borrowings are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

Price Risk

The Authority does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.

2014/15 Council Tax £000	2014/15 Business Rates £000		2015/16 Council Tax £000	2015/16 Business Rates £000	Note
		INCOME			
(32,134)		Council Tax	(33,194)		
-		Transfers from General Fund - Council Tax Benefits	-		
	(16,349)	Income collectable from business ratepayers		(16,638)	
	(17)	Transitional Protection Payments		247	
(32,134)	(16,366)	Total Income	(33,194)	(16,391)	
		EXPENDITURE			
		Precepts and Demands:			(2)
22,369		North Yorkshire County Council	23,119		
4,327		North Yorkshire Police & Crime Commissioner	4,472		
1,313		North Yorkshire Fire & Rescue	1,357		
4,374		Ryedale District Council	4,483		
35		Street Lighting Expenses	36		
		Business Rates:			(3)
	-	Payment to National Pool		-	
	7,553	Central Government		7,296	
	6,042	Ryedale District Council		5,837	
	1,359	North Yorkshire County Council		1,313	
	151	North Yorkshire Fire & Rescue		146	
	111	Allowance for cost of Business Rate Collection		111	
(50)	30	Allowance for Impairement	(50)	(30)	(4)
	121	Provision for Appeals		217	(4)
		Provision for non-payment of Council Tax			(4)
108	16	Write Off of uncollectable amounts	93	79	
32,476	15,383	Total Expenditure	33,510	14,969	
342	(983)	(Surplus) / deficit for the year	316	(1,422)	
(1,332)	2,421	Surplus at 1 April	(990)	1,438	
(990)	1,438	Surplus at 31 March	(674)	16	

1. **General**

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on an accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, Central Government, North Yorkshire County Council, North Yorkshire Police & Crime Commissioner and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (10%), central government (50%) and themselves (40%)

2. **Council Tax**

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base, i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	No of Chargeable Dwellings	No of Equivalent Properties	Ratio	Band D Equivalent Dwellings
A	2,360	1,942	6/9	1,295
B	6,203	5,529	7/9	4,301
C	5,754	5,243	8/9	4,660
D	4,235	3,897	1	3,897
E	3,355	3,145	11/9	3,844
F	2,029	1,887	13/9	2,726
G	1,156	1,095	15/9	1,825
H	107	98	18/9	197
TOTAL	25,199	22,836		22,745
Reduction in Class C Exemption				38.30
Cost of LCTS Scheme				(1,933.49)
Less adjustment for Collection Rate				(312.76)
Council Tax Base				20,537.05

Precepts and demands for 2015/16 are analysed as follows:

	Ryedale DC £000	NYCC £000	NYPCC £000	NYFRA £000
2015/16 Precept/Demand	4,379	22,590	4,370	1,326
Payment in respect of 2014/15 surplus	104	529	102	31
	4,483	23,119	4,472	1,357

The balance of Council Tax within the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£000
Ryedale District Council	(91)
North Yorkshire County Council	(468)
North Yorkshire Police & Crime Commissioner	(88)
North Yorkshire Fire & Rescue Authority	(27)

3. Income from Business Rates

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate.

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31 March 2016	43,147,416
NDR Rate in £ for 2015/16	49.3p
Small Business Rate in £ for 2015/16	48.0p
Number of Business Premises (Hereditament) at 31 March 2016	2,883
Number of Local Council Tax Support Claimants at 31 March 2016	3,256

Business Rate Yield for 2015/16 is analysed as follows:

	Ryedale DC £000	NYCC £000	NYFRA £000	Government £000
2015/16 Estimates Yield	6,557	1,475	164	8,196
Receipt in respect of 2014/15 deficit	(720)	(162)	(18)	(900)
	5,837	1,313	146	7,296

The balance of Non domestic rates within the Collection Fund is apportioned as follows:

	£000
Ryedale District Council	6
North Yorkshire County Council	2
Central Government	8
North Yorkshire Fire & Rescue Authority	-

4. Bad and Doubtful Debts and Provision for Appeals

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £350,000 (2014/15: £400,000) and Business Ratepayers of £100,000 (2014/15: £130,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,607,000 (2014/15: £1,390,000).

1. Scope of Responsibility

Ryedale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2. The Purpose of the Governance Framework

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) identifies three underlying principles of good governance, namely:

- Openness and Inclusivity
- Integrity
- Accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore each local authority has to be able to demonstrate that it is complying with these principles. To achieve this, the framework document recommends that all local authorities should develop a local code of corporate governance, comprising the following elements:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The Authority has formally adopted a local code of corporate governance, consequently the principles and standards contained in the framework document are recognised as good working practice, and hence are supported and followed. To this end both Officers and Members have had externally provided training to ensure governance arrangements are understood and embedded. This Statement forms part of the overall process within the Authority for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This has been in place within the Authority for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. **The Governance Framework**

The requirement to have a governance framework, incorporating a sound system of internal control covers all of the Authority's activities. The internal control environment within the Authority consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Authority consist of

Policies and Guidance:

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The Council's Constitution, including Financial Regulations, Procurement Regulations and Contract Standing Orders
- Codes of Conduct for Members and Officers
- The Council Plan
- Medium Term Financial Plan
- Member and Officer Schemes of delegation
- Registers of interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing and Counter Fraud and Corruption
- Asset Management Plan/Capital Strategy Statement
- Strategic Risk Register
- Council Procurement Strategy

Political and Managerial Structures and Processes

The Authority is responsible for agreeing overall policies and setting the budget. The Policy and Resources Committee is responsible for decision making within the policy and budget framework set by the Council. The Authority's Corporate Management Team has responsibility for implementing Authority's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet regularly and the Committees usually every two months. Both the Committees and the Corporate Management Team monitor and review Authority activity to ensure corporate compliance with governance, legal and financial requirements. In addition, the Authority has scrutiny arrangements, through the Scrutiny and Audit Committees that include the review of policies, budgets and service delivery to ensure that they remain appropriate. A forward plan detailing the main work of Committees over the next year has been devised to ensure decisions are taken in a timely manner. Urgent items will be debated as appropriate.

The Authority has developed a process that is intended to reflect political and community objectives as expressed in the Council Plan and acts as a basis for corporate prioritisation. The process has identified the Authority's corporate aims together with a number of associated objectives. These will be reviewed annually to ensure that they continue to meet the needs of the community. The Authority has linked the performance management process across all service areas to provide an integrated performance management system. Each service has developed a performance improvement plan as part of their Service Delivery Plan showing how that service will work to achieve the Authority's objectives.

Financial Management

The Finance Manager (s151 Officer) has the overall statutory responsibility for the proper administration of the Authority's financial affairs, including making arrangements for appropriate systems of financial control. The Authority operates within a system of financial regulations, comprehensive budgetary control, regular management information, administrative procedures (including the segregation of duties) and management supervision.

The Finance Manager (s151 Officer) is a member of the Authority's Corporate Management Team, and is directly responsible to the Chief Executive. The Authority is therefore fully compliant with the requirements of the 2010 CIPFA/SOLACE Application Note to Delivering Good Governance.

Compliance Arrangements

Monitoring and review of the Authority's activities is undertaken by a number of Officers and external regulators to ensure compliance with relevant policies, procedures, laws and regulations. They include:

- The Chief Executive Officer
- The Finance Manager who is the s151 Officer of the Authority and the Chief Finance Officer (CFO)
- The Monitoring Officer
- The Heads of Service
- The External Auditor and various other external inspection agencies
- Internal Audit (provided by Veritau North Yorkshire Limited)
- Finance Officers and other relevant service managers

Value For Money

Through reviews by external auditors, external agencies, internal audit and the Financial Services Manager the Authority constantly seeks ways of ensuring the economic, effective and efficient use of resources, and securing continuous improvement in the way in which its functions are exercised.

Risk Management

The Authority has adopted a formal system of Risk Management. This is effectively delivered through widespread use of Covalent, the Authority's Performance and Risk Management software. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Heads of Service Group. The process is intended to ensure that:

- The Authority identifies, prioritises and takes appropriate mitigation for those risks it identifies as potentially preventing achievement of the Corporate and Community Plan

- The Authority's assets are adequately protected
- Losses resulting from hazards and claims against the Authority are mitigated through the effective use of risk control measures
- Service managers are adequately supported in the discharge of their responsibilities in respect of Risk Management

The system of Risk Management requires the inclusion of risk evaluation assessments in all Committee reports and the maintenance of a corporate risk register. Relevant staff within the Authority have received training and guidance in Risk Management principles.

A review of Risk Management Procedures was undertaken during the year, the review made a number of recommendations which are included within the AGS Action Plan.

Internal Audit & Fraud

The Authority operates internal audit and internal (non Housing Benefit) fraud investigation functions. Internal audit and counter fraud services are provided by Veritau North Yorkshire Limited – a company partly owned by the Authority. Internal audit services are provided in accordance with the Accounts and Audit Regulations 2015 and the CIPFA Code of Practice for Internal Audit in Local Government. An annual programme of reviews covering financial and operational systems is undertaken, to give assurance to Members and managers on the effectiveness of the control environment operating within the Council. The work of internal audit compliments and supports the work of the external auditors (KPMG for 2015/16). In addition, internal audit provides assurance to the Finance Manager as the Authority's s151 Officer in discharging his statutory review and reporting responsibilities. The Authority also undertakes an annual review of the effectiveness of its internal audit arrangements as required by the Accounts and Audit Regulations. The results of the review are reported to the Overview & Scrutiny (Audit) Committee.

Internal audit also has an advisory role that provides:

- Advice and assistance to managers in the design, implementation and operation of controls
- Support to managers in the prevention and detection of fraud, corruption and other irregularities

Housing Benefit Counter Fraud work has now largely been transferred to the DWP's Single Fraud Investigation Service and Veritau's Counter Fraud work will now focus on supporting the Council in meeting the requirements of CIPFA's code of practice on managing the risk of fraud and corruption.

The Authority has undertaken an initial assessment of it's compliance against the code and the s151 officer, having considered all the principles, is satisfied that, subject to the actions identified within the assessment report, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Performance Management

The Authority has established effective performance management arrangements. The Chief Executive has overall responsibility for the function and the Corporate Management Team undertakes an ongoing monitoring role. Heads of Service and their Service Unit Managers are expected to deliver improvements or maintain performance standards where appropriate. The Covalent performance management system is used to record and monitor performance.

4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the Authority's systems of internal control has been undertaken, by the Corporate Management Team. This review has included consideration of:

- Reports received from the Authority's external auditors and other inspection agencies
- The results of internal audit and fraud investigation work
- The views of senior managers, including Chief Executive, the s151 Officer and the Monitoring Officer
- The work of the Heads of Service Group in compiling the Authority's Corporate Risk Register.
- Outcomes of service improvement reviews and performance management processes
- Compliance with the CIPFA Statement on the role of the CFO

In addition, the Authority through its Committees especially the Scrutiny and Audit Committees considers corporate governance issues as they arise throughout the year and agree recommendations for improvement as necessary.

A comprehensive review has been undertaken to support the preparation of this AGS document as required by the Accounts and Audit Regulations 2015. The Authority has produced a detailed statement along with a targeted action plan to ensure that full compliance is achieved. This has followed the best practice framework suggested by CIPFA and adopted by the Authority. An action plan schedule has been produced to ensure compliance and a list of those Officers having responsibility is available.

An Action Plan is appended which identifies and notes progress with previous year's matters of concern, and includes those arising from this year's review. The Annual Governance Statement for 2015/16 will provide details of the work completed against this Plan.

We have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the Overview & Scrutiny (Audit) Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. INTERNAL CONTROL ISSUES

A review of the internal control arrangements in place within the Authority highlighted no significant control issues, however the review did identify areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2015/16 incorporating those issues brought forward from the previous plan, which are still outstanding.

The Authority will continue to seek to improve performance and take action on agreed recommendations by both internal and external agencies.

Signed: .... Dated: 22 September 2016
Janet Waggott
Chief Executive

Signed: .... Dated: 22 September 2016
Cllr Linda Cowling
Leader of the Council

AGS Action Plan 2015/16

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls. Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Finance Manager (s151 Officer).	Ongoing	This will be a continuing issue in 2016/17 and beyond
2015/16	The audit opinion of the control environment for the management of risk is weak.	That the Corporate approach to risk is applied consistently across the council for management of corporate, service, project and partnership risk.	Head of Corporate Services	October 2016	Good progress made following the implementation of the browser version of Covalent. Training undertaken for all managers.
2015/16	The audit opinion of the Internal control environment for the Payroll process remains weak. In the financial year 2015-16 there has been effort made to improve the control environment and whilst progress has been made it is not enough to improve the overall opinion.	In addition to the agreed audit actions, improved joint working is planned between staff involved in Payroll and Finance to improve a number of procedures for the payroll process This will include regular meetings of key staff responsible for the implementation of recommendations with the s151 Officer to ensure progress made continues in the new financial year.	Finance Manager and HR Manager.	October 2016	Initial meeting has been arranged.
2015/16	On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile. These changes arise from on-going changes to benefit administration and continued downward pressure on government funding of Councils as confirmed in the indicative long term financial settlement	The agreed Medium Term Financial Strategy of the Council reflects the expected need to make future savings over the medium term taking into account anticipated changes in financing. This informs the budget process for 2017/18 and future years. The Finance Manager considers the risk as part of the closure of	Finance Manager	Ongoing	2017/18 Budget Strategy recommended for approval by Full Council 7th July 2016. 2015/16 Statement of Accounts will be presented to P&R in September 2016

		accounts including the need to make appropriate provisions and reserves at the year-end.			
2015/16	The Council has identified the publication of data to meet the requirements of the Transparency Code for Local government, as placing the council at risk of a future fraud as information included in the public domain could be used by determined third parties to exploit the Council.	That the Council meet its statutory requirements to publish open data by releasing the minimum level of detail required. That Internal Controls are kept under review and key staff are kept updated on latest techniques used by fraudsters.	Finance Manager (s151)	Ongoing	Currently this has not been a significant issue for the Council however we need to remain constantly vigilant

Independent auditor's report to the members of Ryedale District Council

We have audited the financial statements of Ryedale District Council for the year ended 31 March 2016 on pages 2 to 80. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.
This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Financial Manager and auditor
As explained more fully in the Statement of the Financial Manager's Responsibilities, the Financial Manager is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Financial Manager; and the overall presentation of the financial statements.
In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority at 31 March 2016 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

Matters on which we are required to report by exception
The Code of Audit Practice requires us to report to you if:

- the Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; or

- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or

- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or

- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

Conclusion on Ryedale District Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2015, as to whether Ryedale District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Ryedale District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of

resources for the year ended 31 March 2016.
We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Ryedale District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Ryedale District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the financial statements of Ryedale District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Rashpal Khangura
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds,
LS1 4DA
27 September 2016

This analysis provides supplementary information to the audited accounting statements. It provides details of the expenditure and income for each individual service for the Cost of Services line in the Comprehensive Income and Expenditure Statement:

2014/15 Net Exp. £000	Service	2015/16 Expenditure £000	2015/16 Income £000	2015/16 Net Exp. £000
	Central Services to the Public			
139	Grants, Bequests & Donations	126	-	126
37	Emergency Planning	41	-	41
467	Local Tax Collection	748	250	498
215	Elections	331	9	322
(26)	Local Land Charges	75	114	(39)
832	**Net Expenditure Central Services to the Public**	**1,321**	**373**	**948**
	Cultural & Related Services			
113	Culture & Heritage	127	5	122
184	Open Spaces	120	5	115
740	Recreation & Sport	743	14	729
214	Tourism	220	16	204
1,251	**Net Expenditure Cultural & Related Services**	**1,210**	**40**	**1,170**
	Environmental & Regulatory Services			
1	Closed Churchyards	17	-	17
18	Community Safety (CCTV)	14	14	-
48	Community Safety (Crime Reduction)	75	18	57
-	Community Safety (Safety Services)	7	3	4
451	Flood Defence & Land Drainage	315	-	315
662	Recycling	1,614	1,006	608
871	Regulatory Services	1,049	215	834
341	Street Cleansing	341	18	323
(55)	Trade Waste	760	766	(6)
570	Waste Collection	768	11	757
2,907	**Net Expenditure Environmental & Regulatory Services**	**4,960**	**2,051**	**2,909**
	Planning Services			
(31)	Building Control	247	249	(2)
32	Business Support	120	-	120
87	Community Development	109	22	87
297	Development Control	792	424	368
272	Economic Development	302	167	135
145	Environmental Initiatives	131	-	131
347	Planning Policy	429	57	372
1,149	**Net Expenditure Planning Services**	**2,130**	**919**	**1,211**

2014/15 Net Exp. £000	Service	2015/16 Expenditure £000	2015/16 Income £000	2015/16 Net Exp. £000
	Highways & Transport Services			
(485)	Parking Services	279	823	(544)
60	Transport Support	58	-	58
(425)	**Net Expenditure Highways & Transport Services**	**337**	**823**	**(486)**
	Housing Services			
24	Enabling	30	-	30
481	Homelessness	582	272	310
52	Housing Advice	58	1	57
204	Housing Benefits Administration	460	241	219
(22)	Housing Benefits Payments	11,936	11,973	(37)
87	Housing Strategy	114	32	82
346	Other Council Property	27	12	15
11	Other Welfare Services	253	198	55
216	Private Sector Housing Renewal	604	295	309
1,399	**Net Expenditure Housing Services**	**14,064**	**13,024**	**1,040**
	Corporate & Democratic Core			
545	Corporate Management	641	42	599
662	Democratic Representation & Management	639	-	639
1,207	**Net Expenditure Corporate & Democratic Core**	**1,280**	**42**	**1,238**
	Other Corporate & Non Distributed Costs			
20	Other Services	27	1	26
(202)	Non Distributed Costs	132	-	132
(182)	**Net Expenditure Other Corporate & Non Distributed Costs**	**159**	**1**	**158**
8,138	**COST OF SERVICES**	**25,461**	**17,273**	**8,188**

Accounting Concepts
The fundamental accounting principles that are applied to ensure that the Statement of Accounts ‘present fairly’ the financial performance and position of the Council.
Accounting Period
The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.
Accounting Policies
Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.
Accruals
Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.
Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.
Amortisation
The gradual elimination of a debt by periodic payments over a specified number of years.
Asset
Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.
Assets Under Construction
This is the value of work on uncompleted tangible fixed assets at the balance sheet date.
Balance Sheet
A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.
Business Rates Retention Scheme
A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.
Capital Adjustment Account
The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.
Capital Charge
A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.
Capital Expenditure
Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.
Capital Expenditure charged to Revenue Account (CERA)
A method of financing capital expenditure in the accounting period rather than over a number of years.
Capital Financing
The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Programme
The capital schemes the Authority intends to carry out over a specified time period.
Capital Receipts
Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.
Cash Flow Statement
A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.
Charging Authority
The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).
Collection Fund
A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.
Community Assets
Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.
Consistency
The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.
Contingent Asset
A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.
Contingent Liability
A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
Corporate and Democratic Core
The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.
Council Tax
A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.
Creditors
Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.
Current Assets
Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.
Current Liabilities
Amounts that will become due or could be called upon during the next accounting period.
Current Service Cost (Pensions)
The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailment
For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors
Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.
Deferred Debtors
Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.
Deferred Liabilities
These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.
Defined Contribution Pension Scheme
A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
Depreciation
The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.
Emoluments
These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.
Expected Rate of Return on Pension Assets
This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.
Fair Value
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.
Financial Reporting Standards (FRSs)
Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.
Financial Year
Period of time to which a Statement of Accounts relates. The financial year of the Authority runs from 1 April to 31 March.
Fixed Assets
Tangible and intangible assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.
General Fund
The main account of the Authority that records the costs of service provision.

Going Concern
The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.
Government Grants
Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).
Impairment
A reduction in the value of a fixed asset below its carrying amount on the Authority's balance sheet.
Income and Expenditure Account
The Income and Expenditure Account combines the income and expenditure relating to all the Authority's functions.
Infrastructure Assets
These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.
Intangible Fixed Asset
These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.
Interest Cost
This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.
International Financial Reporting Standards (IFRS)
Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.
Investment
An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.
Investment Properties
An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.
Leasing
A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.
Liability
An account due to an individual or organisation that will be paid at some future date.
Liquid Resources
Current investments that are readily disposable by the Authority without disrupting its business and are readily convertible to cash.
Long-Term Contracts
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Minimum Revenue Provision
The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.

Monitoring Officer
Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).

National Non-Domestic Rates (NNDR)
An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities through Top Ups and Tariffs. .

Net Book Value
Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non- Current Assets
These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.

Non Distributed Costs
These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.

Non-Operational Assets
These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

Operational Assets
These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Past Service Cost
For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Post Balance Sheet Events
Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept
The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.

Precepting Authority
Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.

Prior Year Adjustments (or Prior Period Adjustments)
Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions
Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence
The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators
The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.

Realisable Value
The value of the asset at existing use, if sold between a willing buyer and a willing seller.

Related Party
Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves
Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value
The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer’s decision to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revaluation Reserve
This account contains surpluses and losses arising from the periodic valuation of non-current assets.

Revenue Account
An account which records the Authority’s day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

Revenue Expenditure Funded from Capital Under Statute
Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.

Revenue Support Grant (RSG)
A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.

Scheme Liabilities
The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer (s151)
The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority’s budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.

Statement of Recommended Practice (SORP)
This is the guidance issued by CIPFA to enable Authority’s to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

Stocks (inventories)
Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

Support Services
The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.

Temporary Borrowing/Investment
Money borrowed or invested for an initial period of less than one year.

Useful Life
The period over which the Authority will derive benefits from the use of an asset.

Work in Progress
The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

RYEDALE DISTRICT COUNCIL

Rashpal Khangura
Director
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

When telephoning, please ask for:
Peter Johnson
ext 385
peter.johnson@ryedale.gov.uk

22 September 2016

Dear Rashpal

This representation letter is provided in connection with your audit of the financial statements of Ryedale District Council ("the Authority"), for the year ended 31 March 2016, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended; and

ii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

These financial statements comprise the Ryedale District Council Movement in Reserves Statement, the Ryedale District Council Comprehensive Income and Expenditure Statement, the Ryedale District Council Balance Sheet, the Ryedale District Council Cash Flow Statement, the Collection Fund Statement and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:

   i. give a true and fair view of the financial position of the Authority as at 31 March 2016 and of the Authority's expenditure and income for the year then ended; and

   ii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

   The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Authority has provided you with:

    - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
    - additional information that you have requested from the Authority for the purpose of the audit; and
    - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Authority confirms the following:

    i) The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

    Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

    ii) The Authority has disclosed to you all information in relation to:

    a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
        - management;
        - employees who have significant roles in internal control; or
        - others where the fraud could have a material effect on the financial statements; and

    b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

    In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

11. The Authority confirms that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
    b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.

12. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (revised) Employee Benefits.

    The Authority further confirms that:

    a) all significant retirement benefits, including any arrangements that are:
        - statutory, contractual or implicit in the employer's actions;
        - arise in the UK and the Republic of Ireland or overseas;
        - funded or unfunded; and
        - approved or unapproved,

    have been identified and properly accounted for; and

    b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Policy and Resources Committee on 22 September 2016.

Yours sincerely

Finance manager (s151), signed on behalf of Ryedale District Council

Date:

Appendix to the Authority Representation Letter of Ryedale District Council: Definitions

Financial Statements

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> "Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
    ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
    iii. Both entities are joint ventures of the same third party.
    iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled, or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

In recognition of the circumstances arising in certain countries whereby governments hold large investments in entities, and furthermore, as a result of government "bail-outs" and financial support provided to various entities, resulting from the economic downturn, revised IAS 24.25 states the following, in respect of government-related entities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and
b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

KPMG

External Audit Report 2015/16

Ryedale District Council

September 2016

Contents

The contacts at KPMG in connection with this report are:

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rashpal Khangura, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

Section one: Introduction

Introduction

This document summarises:

- **The key issues identified during our audit of the financial statements for the year ended 31 March 2016 for the Authority; and**
- **Our assessment of the Authority's arrangements to secure value for money.**

Scope of this report

This report summarises the key findings arising from:

— Our audit work at Ryedale District Council ('the Authority') in relation to the Authority's 2015/16 financial statements; and

— The work to support our 2015/16 conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

Financial statements

Our *External Audit Plan 2015/16*, presented to you in March 2016, set out the four stages of our financial statements audit process.

Planning → Control Evaluation → Substantive Procedures → Completion

This report focuses on the third stage of the process: substantive procedures. Our on site work for this took place during July 2016.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

VFM Conclusion

Our External Audit Plan 2015/16 explained our risk-based approach to VFM work. We have now completed the work to support our 2015/16 VFM conclusion. This included:

— assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion; and

— Carrying out additional risk-based work.

Structure of this report

This report is structured as follows:

— Section 2 summarises the headline messages.

— Section 3 sets out our key findings from our audit work in relation to the 2015/16 financial statements of the Authority .

— Section 4 outlines our key findings from our work on the VFM conclusion.

We made one recommendation included in Appendix One.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

Section two: Headlines

Headlines

This table summarises the headline messages for the Authority. Sections three and four of this report provide further details on each area.

This table summarises the headline messages. Sections three and four of this report provide further details on each area.

Proposed audit opinion	We anticipate issuing an unqualified audit opinion on the Authority's financial statements by 30 September 2016. We will also report that your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007.
Audit adjustments	Our audit identified one audit adjustment of a movement of balances between short and long term creditors with a total value of £1.398million. The impact of this adjustment is to: — Decrease the balance on Short Term Creditors as at 31 March 2016 by £1.398million; and — Increase the balance on Long Term Creditors as at 31 March 2016 by for the year by £1.398 million. It should be noted that the movement in balances above has no impact on the financial position of the Authority. This was adjusted by management and further details are shown in Appendix two.
Key financial statements audit risks	We review risks to the financial statements on an ongoing basis. We identified no significant risks specific to the Authority during 2015/16 with respect to the financial statements.
Accounts production and audit process	We received complete draft accounts by 30 June 2016 in accordance with the DCLG deadline. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of the Code. The Authority has implemented all of the recommendations in the ISA 260 Report 2014/15 report issued by the Authority's previous external auditors relating to the financial statements. The Authority has good processes in place for the production of the accounts and overall good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales. We will debrief with the finance team to share views on the final accounts audit. Hopefully this will lead to further efficiencies in the 2016/17 audit process. In particularly we would like to thank Authority Officers who were available throughout the audit visit to answer our queries.

Headlines (cont.)

This table summarises the headline messages for the Authority. Sections three and four of this report provide further details on each area.

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This table summarises the headline messages. The remainder of this report provides further details on each area.

VFM conclusion and risk areas	We identified one VFM risk in our External audit plan 2015/16 issued in March 2016 relating to the High Court Judgement quashing the permission granted by The Ryedale District Planning Committee relating to Wentworth Street Car park. In his Judgement Mr Justice Dove view was that officers misled the Planning Committee meeting on 24 April 2014 when the decision was taken. We reviewed the decision-making arrangements at the Authority to determine whether expert advice received by officers was fairly reflected in the key decision making reports considered by members relating to Wentworth Street Car Park. We have worked with officers throughout the year to discuss the VFM risk and our detailed findings are reported in section 4 of this report. There are no matters of any significance arising as result of our audit work in these VFM risk areas. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified VFM conclusion by 30 September 2016.
Completion	At the date of this report our audit of the financial statements is largely complete. You are required to provide us with representations on specific matters such as your going concern assertion and whether the transactions in the accounts are legal and unaffected by fraud. We provided a draft of this representation letter to the Section 151 Officer. We draw your attention to the requirement in our representation letter for you to confirm to us that you have disclosed all relevant related parties to us. We confirm that we have complied with requirements on objectivity and independence in relation to this year’s audit of the Authority’s financial statements.

Section three: Financial Statements

Proposed opinion and audit differences

Our audit identified one audit adjustment.

The impact of this adjustment is to:

- **Decrease the balance on Short Term Creditors as at 31 March 2016 by £1.4million; and**
- **Increase the balance on Long Term Creditors as at 31 March 2016 by for the year by £1.4 million.**

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Proposed audit opinion

We anticipate issuing an unqualified audit opinion on the Authority's financial statements following approval of the Statement of Accounts by the Policy and Resources Committee on 22 September 2016.

Audit differences

In accordance with ISA 260 we are required to report uncorrected audit differences to you. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

The final materiality (see Appendix two for more information on materiality) level for this year's audit was set at £400,000. Audit differences below £20,000 are not considered significant.

Our audit identified one significant audit differences, which we set out in Appendix two. It is our understanding that these will be adjusted in the final version of the financial statements.

The tables on the right illustrate the total impact of audit differences on the Authority's movements on the Balance Sheet for the year and balance sheet as at 31 March 2016.

The net impact on the General Fund as a result of audit adjustments has a nil effect on the financial position of the authority as at 31 March 2016.

Balance sheet as at 31 March 2016	**£000**	**£000**	
£m	**Pre-audit**	**Post-audit**	***Ref (App.3)***
Property, plant and equipment	15,737	15,373	
Other long term assets	2,662	2,662	
Current assets	12,970	12,970	
Current liabilities	(6,862)	(5,464)	*1*
Long term liabilities	(20,558)	(21,956)	*1*
Net worth	**3,949**	**3,949**	
General Fund	0	0	
Other usable reserves	6,194	6,194	
Unusable reserves	(2,245)	(2,245)	
Total reserves	**3,949**	**3,949**	

Proposed opinion and audit differences (cont.)

The wording of your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007.

In addition, we identified a small number of presentational adjustments required to ensure that the accounts are compliant with the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 ('the Code'). We understand that the Authority will be addressing these where significant.

Annual governance statement

We have reviewed the Annual Governance Statement and confirmed that:

— It complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE; and

— It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

We have reviewed the Authority's annual report and can confirm it is not inconsistent with the financial information contained in the audited financial statements.

Significant audit risks

We have worked with the Authority throughout the year to discuss significant risks and key areas of audit focus.

This section sets out our detailed findings on those risks.

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In our *External Audit Plan 2015/16* we reported that we would consider two risk areas that are specifically required by professional standards and report our findings to you. These risk areas were Management override of controls and the Fraud risk of revenue recognition.

The table below sets out the outcome of our audit procedures and assessment on these risk areas.

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Fraud risk of revenue recognition

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.

In our External Audit Plan 2015/16 we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.

This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Management override of controls

Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to this audit.

In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.

There are no matters arising from this work that we need to bring to your attention.

Judgements

We always consider the level of prudence within key judgements in your financial statements. We have summarised our view below using the following range of judgement:

Assessment of subjective areas			
Asset/liability class	**15/16**	**Balance (£m)**	**KPMG comment**
Provisions	3	£0.643 million *(PY: £0.556 million)*	The Authority's provisions have increased by £87,000, related to an increase in provision for business rates appeals. We consider the provision disclosures to be proportionate.
Accruals/ Revenue Recognition / Grants	3	£32.006 million *(PY: £31.999 million)*	We consider the related disclosures to be proportionate. The main accruals are consistent with the prior year and in line with our expectations.
Property, Plant and Equipment (valuations / asset lives)	3	£15.737 million *(PY: £15.999 million)*	The small movement in year of £262,000 largely relates to the depreciation charge on the Authority's long term assets. We have reviewed the Authority's policy on depreciation of assets and consider it in line with our expectations.
Pensions	3	£18.359 million *(PY: £20.440 million)*	The formation of the Authority's pension liability balance is impacted by many factors including inflation, discount rate, salary growth and life expectancy. The balance is formulated by the pension fund actuaries, a third party expert. We have assessed the independence of the fund's actuary and agreed that the Authority's liability has been represented in line with Actuary's independent report.

Accounts production and audit process

The accounts and the supporting working papers were of a good quality.

Officers dealt efficiently with audit queries and the audit process could be completed within the planned timescales.

The Authority has implemented all of the recommendations in the Authority's previous external auditor's ISA 260 Report 2014/15.

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Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the Authority's accounting practices and financial reporting. We also assessed the Authority's process for preparing the accounts and its support for an efficient audit.

We considered the following criteria:

Element	Commentary
Accounting practices and financial reporting	The Authority maintains a good financial reporting process and produce statements of accounts to a good standard. We consider that accounting practices are appropriate
Completeness of draft accounts	We received a complete set of draft accounts on 30 June 2016.
Quality of supporting working papers	We issued our Accounts Audit Protocol including our required working papers for the audit on 3 March 2016. The quality of working papers provided was good and in the main met the standards specified in our Accounts Audit Protocol.
Response to audit queries	Officers resolved all audit queries in a timely manner.

Prior year recommendations

As part of our audit we have specifically followed up the Authority's progress in addressing the recommendations made by the Authority's previous external auditors in last years ISA 260 report.

The Authority has implemented all of the recommendations from last year's *ISA 260 Report 2014/15*.

Completion

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

Before we can issue our opinion we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our Annual Audit Letter and close our audit.

Declaration of independence and objectivity

As part of the finalisation process we are required to provide you with representations concerning our independence.

In relation to the audit of the financial statements of Ryedale District Council for the year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and Ryedale District Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

We have provided a detailed declaration in Appendix four in accordance with ISA 260.

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the Financial Manager for presentation to the Audit Overview and Scrutiny Committee. We require a signed copy of your management representations before we issue our audit opinion.

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the financial statements' which include:

- Significant difficulties encountered during the audit;
- Significant matters arising from the audit that were discussed, or subject to correspondence with management;
- Other matters, if arising from the audit that, in the auditor's professional judgment, are significant to the oversight of the financial reporting process; and
- Matters specifically required by other auditing standards to be communicated to those charged with governance (e.g. significant deficiencies in internal control; issues relating to fraud, compliance with laws and regulations, subsequent events, non disclosure, related party, public interest reporting, questions/objections, opening balances etc.).

There are no others matters which we wish to draw to your attention in addition to those highlighted in this report.

Section four: Value for Money

VFM Conclusion

Our VFM conclusion considers whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We follow a risk based approach to target audit effort on the areas of greatest audit risk.

We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Background

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

This is supported by the Code of Audit Practice, published by the NAO in April 2015, which requires auditors to 'take into account their knowledge of the relevant local sector as a whole, and the audited body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause the auditor to reach an inappropriate conclusion on the audited body's arrangements.'

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria.

These sub-criteria provide a focus to our VFM work at the Authority.

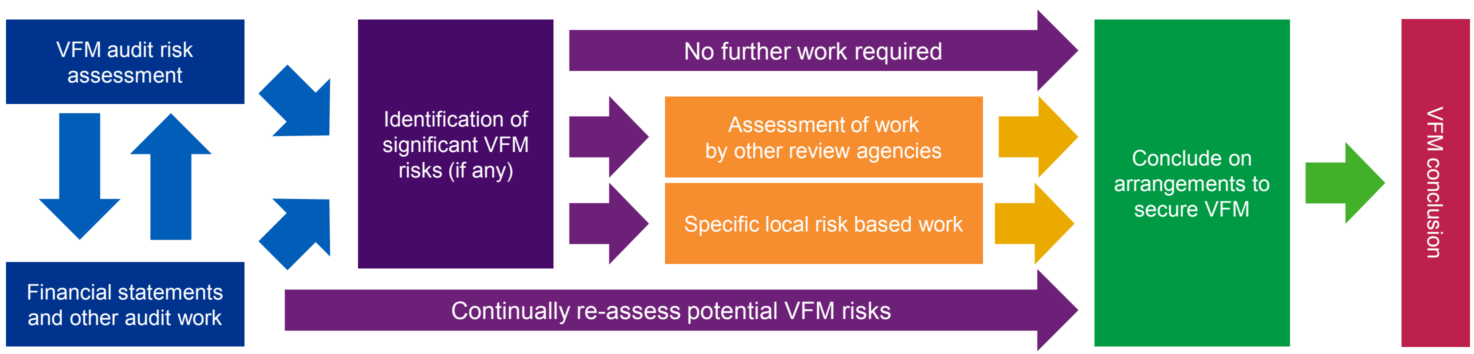
Conclusion

We have concluded that the Authority has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Overall criterion

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Informed decision making	Sustainable resource deployment	Working with partners and third parties
✓ Met	✓ Met	✓ Met



Specific VFM Risks

We have identified a number of specific VFM risks.

In all cases we are satisfied that external or internal scrutiny provides sufficient assurance that the Authority's current arrangements in relation to these risk areas are adequate.

Work completed

In line with the risk-based approach set out on the previous page, and in our *External Audit Plan* we have:

— Assessed the Authority's key business risks which are relevant to our VFM conclusion;

— Identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit; and

— Considered the results of relevant work by the Authority, inspectorates and review agencies in relation to these risk areas.

Key findings

Below we set out the findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We concluded that we needed to carry out additional work for some of these risks. This work is now complete and we also report on this below.

Key VFM risk	Assessment
Wentworth Street Car Park We identified one VFM risk in our External audit plan 2015/16 issued in March 2016 relating to the High Court Judgement quashing the permission granted by The Ryedale District Planning Committee relating to Wentworth Street Car park. In his Judgement Mr Justice Dove view was that officers misled the Planning Committee meeting on 24 April 2014 when the decision was taken. We reviewed the decision-making arrangements at the Authority to determine whether expert advice received by officers was fairly reflected in the key decision making reports considered by members relating to Wentworth Street Car Park. This is relevant to the informed decision making, sub-criteria of the VFM conclusion.	We carried out a detailed review of: • Justice Dove's judgement dated 9th July 2015; • Report by the Planning Committee dated 18 August 2015; • 24th April 2014 report to the Planning Committee and related papers; • Planning inspectors report dated 29 October 2012; • Justice Gilbart's judgement dated 17 December 2014; and • Advice received by the Authority from David Manley QC dated 23 October 2014 and 2 April 2015. We also received copies of various e-mails confirming the advice the Authority followed and this was supported with detailed discussions with key officers. . On the basis of the work conducted above in respect of the Wentworth Car Park we did not find any evidence that VFM arrangements for Informed Decision Making at the Authority would require a qualification of the VFM Conclusion.

Appendices

Key issues and recommendations

We have given the recommendation a risk rating and agreed what action management will need to take.

The Authority should closely monitor progress in addressing specific risks and implementing our recommendation.

We will formally follow up this recommendation next year.

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Priority rating for recommendations					
❶	*Priority one*: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	❷	*Priority two*: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	❸	*Priority three*: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

No.	Risk	Issue and recommendation	Management response/responsible officer/due date
1	❷	**Repayment dates of development monies** We found that the Authority had not identified repayment dates of development monies that had been received in advance. This affects the Authority's ability to efficiently identify when monies (such as S106) must be repaid by, as well as identifying short term versus long term creditors. **Recommendation** The Authority should ensure that a system is in place that identifies and monitors the repayment dates of development monies.	The Authority has identified repayment periods for current s106 contributions as a result of the issue identified by KPMG. We will record the repayment date for all new contributions received. The Council is currently implementing the 'condition monitoring module' within the Uniform system. The intention is to record s106 and CIL transactions within the module which will facilitate, amongst other things, monitoring of trigger points including repayment dates. It's expected that the module will be operational in the current financial year. **Responsible Officer** Gary Housden, Head of Planning and Housing **Due Date** 31 March 2017

Audit differences

This appendix sets out the significant audit differences identified during the audit for the year ended 31 March 2016.

It is our understanding that all of these will be adjusted.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit, Overview and Scrutiny Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Corrected audit differences

The following table sets out the significant audit differences identified by our audit of Ryedale District Council's financial statements for the year ended 31 March 2016. These differences have been adjusted.

Impact						
No.	**Income and expenditure statement**	**Movement in reserves statement**	**Assets**	**Liabilities**	**Reserves**	**Basis of audit difference**
1	-	-	-	Cr Long Term Liabilities £1.398 million	-	On inspecting repayment dates of development monies received in advance, it was identified that £1.398m had a repayment date after 12 months and therefore should be moved from short term creditors to long term creditors in the Authority's balance sheet.
2	-	-	-	Dr Short Term Liabilities £1.398 million	-	As above.
				£0		**Total impact of adjustments**

Audit differences (cont.)

This appendix sets out the audit differences.

The financial statements have been amended for all of the errors identified through the audit process.

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We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit Committee). We are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Uncorrected audit differences

We are pleased to report that there are no uncorrected audit differences.

Non material audit differences

A number of minor amendments focused on presentational improvements have also been made to the draft financial statements.

Materiality and reporting of audit differences

For 2015/16 our materiality is £400,000 for the Authority's accounts and have reported all audit differences over £20,000.

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Materiality

The assessment of what is material is a matter of professional judgment and includes consideration of three aspects: materiality by value, nature and context.

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2015/16.

Materiality for the Authority's accounts was set at £400,000 which equates to around1.6 percent of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the Audit Overview and Scrutiny Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Committee any misstatements of lesser amounts to the extent that these are identified by our audit work.

Under ISA 260, we are obliged to report omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

ISA 450 requires us to request that uncorrected misstatements are corrected.

In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £20,000 for the Authority.

Where management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Overview and Scrutiny Committee to assist it in fulfilling its governance responsibilities.

Declaration of independence and objectivity

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice.

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Requirements

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

"The auditor should carry out their work with integrity, objectivity and independence, and in accordance with the ethical framework applicable to auditors, including the ethical standards for auditors set by the Financial Reporting Council, and any additional requirements set out by the auditor's recognised supervisory body, or any other body charged with oversight of the auditor's independence. The auditor should be, and should be seen to be, impartial and independent. Accordingly, the auditor should not carry out any other work for an audited body if that work would impair their independence in carrying out any of their statutory duties, or might reasonably be perceived as doing so."

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd *Terms of Appointment* ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of ISA (UK&I) 260 Communication of *Audit Matters with Those Charged with Governance'* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

— Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.

— The related safeguards that are in place.

— The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our *Annual Audit Letter*.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the Audit Overview and Scrutiny Committee.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

Declaration of independence and objectivity (cont.)

We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the Authority's financial statements.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the financial statements of Ryedale District Council for the financial year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and Ryedale District Council, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

Audit Independence

Audit Fees

The scale fee for the audit was £45,424 plus VAT (£55,768 2014/15). This fee was higher than that highlighted within our audit plan agreed by the Audit Overview and Scrutiny Committee in March 2015 of £41,826 plus VAT. A Scale fee adjustment of £3,598 plus VAT was agreed for the additional VFM risk based work on Wentworth Street Car Park described in Section 4 of this report. Our scale fee for certification for the HBCOUNT was £11,484 plus VAT in 2015/16.

Non-audit services

We have not provided non-audit services to the Authority during 2015/16.

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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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RYEDALE DISTRICT COUNCIL

PART A:	**MATTERS DEALT WITH UNDER DELEGATED POWERS**
REPORT TO:	**POLICY AND RESOURCES COMMITTEE**
DATE:	**22 SEPTEMBER 2016**
REPORT OF THE:	**HEAD OF ECONOMY AND INFRASTRUCTURE JULIAN RUDD**
TITLE OF REPORT:	**RAIL SERVICE ENHANCEMENT AND OPTIONS FOR CAR PARKING AND REDUCED CONGESTION - UPDATE**
WARDS AFFECTED:	**MALTON AND NORTON - BUT ALL WARDS INDIRECTLY**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To update Members on progress made regarding the investigation of options to deliver enhanced rail parking and measures to reduce congestion at the rail crossing, Norton, before 2020.

1.2 Following the conclusion of current investigations and discussions with partners a report to this Committee will propose recommendations to Council that include the need for a feasibility study funded from the New Homes Bonus reserve to deliver improved parking and congestion reduction measures and deliver other improvements to support improved rail services.

2.0 RECOMMENDATION

2.1 It is recommended that this report be noted.

3.0 REASON FOR RECOMMENDATION

3.1 This report details work undertaken thus far regarding the investigation of options to address parking and congestion around Malton Railway Station, together with other issues relating to the future increase in frequency of rail services from Malton.

3.2 Many partners and stakeholders are involved with these issues and in considering the potential options available, some of which impact upon other interests. Officers are working closely with the relevant bodies and will report fully on the options available once investigations and appropriate discussions are concluded.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks associated with the recommendation as action is to be proposed in a subsequent report, which will seek to deliver parking and congestion improvements in time for the start of the more frequent service in 2018/19.

4.2 The risks lie in not planning ahead and could include:
- increased congestion
- impacts upon air quality.
- failure to maximise the benefits of an improved rail service for local people and the economy.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 Council Aim 2: To create the conditions for economic success in Ryedale:
- Improving the vitality of Malton as a retail centre
- Improving the infrastructure and strengthening the role of the market towns

Council Aim 3: To have a high quality, clean and sustainable environment
- To maintain the quality of our local environment

5.2 A stakeholder consultation event was undertaken on 23 August 2016 (including officers and local Members from NYCC, RDC and Town Councils as well as Malton & Norton Area Partnership, Ryedale Cycling Forum, North Ryedale Public Transport Group and Fitzwilliam Malton Estate).

REPORT

6.0 REPORT DETAILS

Background

6.1 At its meeting on 14 April 2016, Council considered the Ryedale Economic Action Plan 2016-20 and the prioritisation of economic development projects. Council resolved "That prior to Council conducting a feasibility study funded from the New Homes Bonus reserve Officers undertake an option appraisal to look into delivering the final bullet point under "Priority Economic Projects for delivery 2016-20", namely enhanced rail parking and measures to reduce congestion at the rail crossing, Norton. This decision was made against the background of the rail service improvements that are detailed below and at Annex A.

6.2 This report sets out the work undertaken to date to investigate options further.

Rail Service Enhancements

6.3 Network Rail has recently entered into new rail franchises with rail operators for the York to Scarborough line and the East Coast Main Line. A summary of the changes that affect the York to Scarborough Line is set out below - however, the significant improvements in the frequency, capacity and quality of services has local implications, not least of which is increased closure of the railway crossing between Malton and Norton. The major changes are:

- Existing hourly Transpennine service continues but complemented by introduction of an earlier morning train from Scarborough – York (departing around 06:00 to give an arrival in York before 07:00 and London by 09:00.

- Earlier morning and later evening trains all week and additional frequency at weekends (especially Sundays) is planned.
- From December 2019 (at the latest) Arriva Rail North will introduce a new hourly service throughout most of the day. This will mean that there will be (approximately) a half hourly service departing to both Scarborough and York.
- Transpennine will sponsor the development of a business case for future investment in the York – Scarborough line including potential improvements to journey times between York and Malton. The meeting planned for 23rd August is the first stage in developing a long list to work from to help future thinking and highlight the issues in and around Malton / Norton.
- Transpennine are investing in new trains to the latest InterCity standards with more capacity (5 coach trains – with around 300 seats incl. First Class), enhanced services on-board, catering, wifi, luggage space, etc., these will be a massive improvement on the trains currently running on the line, which themselves are going to be modernised to the latest standards.
- Arriva Rail North – are also purchasing new trains and all other trains will be modernised to the latest standards, with wifi, these trains will seat between 130-200 passengers. The old "pacer" trains will be withdrawn by 2019 / 2020.

There is also potential for further additional services in future, including a new Scarborough to London service, however as yet this is not confirmed.

6.4 A more detailed Rail Update is attached at Annex 1.

Potential Impacts

6.5 The combined affect of the above changes, together with changes to the wider network, is a major increase in rail capacity together with some significant reductions in rail journey times to destinations that include York, Leeds, Manchester and London. There is great potential for modal shift from private car to public transport, potentially reducing pressure on the wider road network, including on the under-capacity A64.

6.6 Realising the benefits of these changes could make rail a significantly more attractive option for commuters, open up greater employment opportunities (including higher paid employment) to people living in Ryedale and provide more opportunities for further public transport-based tourism growth. The improved accessibility of Malton and Norton (with the potential reduction in journey time to Leeds to around 40 minutes) and Ryedale has potential implications for the future role of the twin-towns and the area in the medium to long term.

6.7 Other potential impacts of the changes to services include more frequent level crossing closures and associated impacts on congestion and air quality. Members are aware that the Council has an obligation under the Environment Act 1985 to devise and implement measures by means of an Air Quality Action Plan to improve air quality in the Malton Air Quality Management Area in the centre of Malton. This was declared as a result of nitrogen dioxide, which is traffic related and so North Yorkshire County Council, as the Local Highways Authority, are crucial players in any highway or traffic related solutions.

General Constraints

6.8 In working with partners to draw up options to improve parking for rail users and address congestion around the rail crossing at Norton it is important to recognise that there are a number of local constraints and issues:

- Flood risk zones & rapid inundation zones
- Wildlife and Protected Species (close proximity to the River Derwent Special Area of Conservation (SAC).
- Air Quality Management Area
- Highways capacity (esp. at junctions such as Butcher corner & Welham Rd / Church Street / Level crossing)
- Heritage (Town Centre Conservation Areas, Listed Buildings)
- Need to avoid additional pressure at sensitive junctions
- Need to avoid any increased level of risk at Level Crossing
- Large number of existing bus movements at existing bus station (125 - 131 per day)
- Land ownership
- Contamination of individual sites
- Cost

Stakeholder Consultation on 23rd August

6.9 Recognising the importance of working closely with the range of partners affecting by these issues, including the train operators themselves, a workshop event was held at Ryedale House on 23 August 2016 aimed at informing stakeholders of the proposed enhanced rail services and seeking views on implications and mitigation. This included representatives of a number of stakeholders including officers and local Members from NYCC, RDC and Town Councils as well as Malton & Norton Area Partnership, Ryedale Cycling Forum, North Ryedale Public Transport Group and Fitzwilliam Malton Estate.

6.10 The stakeholder event identified a range of issues and possible solutions to investigate, including:

Develop additional car parking provision
A range of potential sites were identified, some of which were already being investigated by your officers.

Highway Infrastructure / Congestion / Air Quality / Connectivity
Ambitions ranged from strategic improvements, such as better connections to the A64 and a new bridge over the River Derwent, to:

- DDA compliant bridge (cater for pedestrians, cyclists etc) over rail line at station linking 2 platforms, parking either side of rail line & providing pedestrian / cycle link between towns avoiding level crossing
- Improved safety at existing level crossing (particularly for pedestrians/cyclists/prams)
- Improved footpath & cycle links to & from station from Malton & Norton population centre via safe & attractive routes (including appropriate route from Norton side to 2nd platform with access to pedestrian/cycle bridge)

Public Transport Infrastructure improvements

- Improved station facilities to include:
  - Waiting room
  - Toilets
  - WiFi
  - More flexible ticket services
  - Secure cycle parking
  - 21st century facilities
- Reinstate 2nd platform (with foot/cycle bridge as above)
- New bus / rail interchange

Improved Services

- On-train facilities for cycles
- Bus frequency to meet with enhanced rail services to ensure onward connectivity via public transport
- Revisit town bus services
- Better marketing & awareness raising of PLUSBUS (discount price bus pass bought with train tickets)
- Opportunities for train operators to benefit from approx 20,000 people coming to town for Food Festival - e.g. provide greater capacity during FF weekend.

Improvements to existing management

- HGV restriction on Level Crossing
- Synchronise barriers to enable train overlap
- Minimise level crossing barrier down-time

Potential Parking Opportunities

6.11 Officers have undertaken an initial assessment of 8 sites in a variety of ownerships (including RDC land) to provide additional car parking for rail users. These include potential changes in the management of existing car parks and the introduction of other parking management measures. This work has discounted some sites but has shown there appear to be potential options - however, these require further investigation and discussion before proposals are put forward for consideration.

Potential Traffic Management Measures

6.12 A range of highway measures could potentially assist with traffic movements and accessibility for both motorists and pedestrians and cyclists. These include changed and improved junctions, new and enhanced cycle and pedestrian facilities and new crossing points / bridges.

6.13 It is vital that these options are developed in close partnership with North Yorkshire County Council, the highway authority. Discussions are ongoing regarding future roles and input regarding this work and the outcomes will form part of the options report to a future meeting of the P&R Committee.

Next Steps

6.14 Officers will continue to work closely with appropriate partners (including NYCC, Network Rail, rail operators and land owners) to develop practicable solutions to provision of additional car parking and congestion reduction measures and progress issues identified at the 23 August workshop. However, additional external support is expected to be required to undertake detailed feasibility work on identified sites and options in order to ensure a robust package of measures are developed. It may also be necessary to undertake further highways investigations in order to assess the potential impacts and cost / benefit of specific proposals. Given the existing constraints, a single solution is unlikely, rather a package constituting a broad range of solutions stands the best chance of being effective.

6.15 A number of the potential major infrastructure development projects (e.g. new bus/rail interchange, proposed link road / river rail crossing) would be medium to long-term in nature and require significant levels of external funding to implement (either through CIL contributions or grant funding from Government or LEP or a combination of both). They are also be likely to involve land that is not in the ownership of parties that have a direct interest in addressing these issues (e.g. RDC, NYCC, Network Rail). There may also be smaller-scale proposals (e.g. provision of additional car parking on specific sites) that also require third party land.

6.16 Once current discussions have progressed to an appropriate stage a report will be submitted to this Committee to recommend to Council that detailed feasibility work be undertaken on the most practical options, including cost analysis, delivery options and the nature of the input of partners.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial - none at this stage but future recommendations will have financial impacts
b) Legal – no legal issues
c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None at this stage - however, as proposals progress to project development it will be important to ensure designs are fully compliant with the requirements of the Disability Discrimination Act (DDA) 1995

Julian Rudd
Head of Economy & Infrastructure

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Background Papers: None

ANNEX 1 - RYEDALE DISTRICT COUNCIL - RAIL UPDATE - AUGUST 2016

This is a briefing about the planned changes to rail services at Malton Station.

The future operators (and potential operators of services) through Malton Station are:-

First Transpennine Express (franchise runs from 01 April 2016 - 31 March 2023 + potentially 2 years – pay a premium to Govt.) Scarborough – Malton – York – West Yorkshire – Manchester / Airport and Liverpool. (1 train an hour)

Arriva Rail North (franchise runs from 01 April 2016 – 31 March 2025) run "local services" across the North.

Virgin Trains (franchise runs from 01 March 2015 – 31 March 2023 – pay a premium to Govt.) operate trains on the East Coast Main Line between London – East Midlands – **York** - North East and Scotland. They have said recently that they may look at introducing a new Scarborough – London direct service in the future, a lot more work will be required.

Other operators passing through Malton currently are

- **East Midlands Trains** franchise to be renewed in next few years and run a train between from the East Midlands to Scarborough in the Summer
- **West Coast Railways –** run Steam / Charter trains to / from Scarborough.

Over the next 5 years the railways across the north and Ryedale will be transformed and have a major impact on the economies across the North:-

- Virgin Trains and Transpennine are investing in new trains to the latest InterCity standards with more capacity (5 coach trains – with around 300 seats incl. First Class), enhanced services on-board, catering, wifi, luggage space, etc., these will be a massive improvement on the trains currently running on the line, which themselves are going to be modernised to the latest standards.
- Arriva Rail North – are also purchasing new trains and all other trains will be modernised to the latest standards, with wifi, these trains will seat between 130-200 passengers. The old "pacer trains – bus type trains" will be withdrawn by 2019 / 2020.
- Scarborough – Seamer - Malton – York
  - There will be increased frequency from December **2019, within the franchise Arriva Rail North are able to commence the service after September 2018 – this will be dependent on rolling stock being available**. Arriva Rail North are introducing and hourly service throughout most of the day. This will mean that there will be a half hourly service between Scarborough and York.
  - Transpennine will be introducing an earlier morning train from Scarborough – York (departing around 06:00 to give an arrival in York before 07:00 and London by 09:00.
  - Earlier morning and later evening trains all week and additional frequency at weekends (especially Sundays) is planned.
  - Transpennine will sponsor the development of a business case for future investment in the York – Scarborough line including potential improvements to journey times between York and Malton. The meeting planned for 23rd August is the first stage in developing a long list to work from to help future thinking and highlight the issues in and around Malton / Norton.

The new trains and frequency will mean that Malton Level Crossing will be down longer, from initial and anecdotal observations the crossing will be down for a maximum of 10 minutes in every hour. We will be working with Network Rail and NYCC Highways to investigate potential opportunities to reduce this time.

Future Journey Times
By 2020 Malton – London will be around 130 minutes (including change of train)
By 2022/23 Malton – Leeds will be around 40 minutes and Malton – Manchester 80 minutes
By 2033 Malton – London will be around 110 minutes and Malton - Birmingham will be about 90 minutes (including a change of trains

Malton Station (318,668 users, 26% increase in the last ten years) as part of the Transpennine franchise will get:-

- Free station wifi from 2017
- Better real time information systems for both rail and bus
- New ticket vending machines
- Improved secure cycle facilities

Graham North.
North Yorkshire County Council

RYEDALE
DISTRICT
COUNCIL

PART A:	**MATTERS DEALT WITH UNDER DELEGATED POWERS**
REPORT TO:	**POLICY AND RESOURCES COMMITTEE**
DATE:	**22 SEPTEMBER 2016**
REPORT OF THE:	**HEAD OF PLANNING AND HOUSING GARY HOUSDEN**
TITLE OF REPORT:	**RYEDALE HOUSING STRATEGY ACTION PLAN 2015-2021**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 Following the approval of the overarching York, North Yorkshire and East Riding Housing Strategy 2015/21, the draft Ryedale Housing Strategy Action Plan was presented to Members on the 24 September 2015 and was approved for consultation.

2.0 RECOMMENDATION(S)

2.1 It is recommended that:

(i) The final version of the Action Plan, including Member comments and appropriate revisions be endorsed.

(ii) the progress update is noted

3.0 REASON FOR RECOMMENDATION(S)

3.1 The Action Plan, with its timetable for implementation, addresses the priority housing issues within Ryedale. It enables the Council to respond to the priorities within the agreed York, North Yorkshire and East Riding Housing Strategy. It provides an effective programme of specific proposals to be undertaken and allows for the monitoring of the effectiveness of the Strategy in meeting housing needs. Progress has been made against the Strategy which has been included in the progress review of the Action Plan.

4.0 SIGNIFICANT RISKS

4.1 The Action Plan identifies appropriate steps to address housing needs within Ryedale. There are no significant risks associated with the recommendations of this report.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The proposals contained within the Action Plan support the Council's aims of meeting housing need in the District and creating the conditions to create economic success.

REPORT

6.0 REPORT DETAILS

6.1 This Action plan replaces the previous action plan developed in 2010, which has been reviewed on an annual basis. Progress has been made over the past five years and details given at the previous meeting of P & R on the 24 September 2015. Progress in 2015/16 is included in the Action Plan Review 2016.

6.2 The purpose of the Action Plan is to provide a framework for meeting the housing and housing related needs of the District until 2021.

6.3 The Action Plan has been updated to incorporate comments and responses to the draft and the challenges resulting from the Housing and Planning Act 2016 and proposed Welfare changes.

6.3.1 <u>WELFARE REFORM AND WORK ACT 2016</u>

The Act:

- Creates statutory duties for the Government to report on:
  - Progress towards its full employment commitment.
  - Progress against meeting its target of 3 million new apprenticeships in this Parliament.
  - Progress on the Troubled Families Programme.
- On children living in low-income households:
  - Creates a statutory duty for the Government to publish data on children in low-income households.
- On life chances:
  - Amends the Child Poverty Act 2010 to become the Life Chances Act 2010.
  - Removes income related targets and replaces them with new measures to improve the life chances of children.
  - Creates a duty on the Secretary of State to lay before Parliament an annual report containing data on children living in workless households in England and the educational attainment of children in England at the end of Key Stage 4.
  - Reforms and renames the Social Mobility and Child Poverty Commission as the Social Mobility Commission ("the Commission").
  - Removes most other duties and provisions in the Child Poverty Act 2010 including certain duties relating to the devolved administrations.

- Reduces the benefit cap to £23,000 or £15,410 in Greater London and £20,000 or £13,400 elsewhere.
- Freezes certain social security benefits and certain tax credit amounts for four tax years.
- Limits the amount of support provided by child tax credit for families who become responsible for a child born on or after 6 April 2017.
- Limits the child element of universal credit to a maximum of two children and removes the distinction between the first and subsequent children in the rate of the child element.
- Removes the work-related activity component in employment and support allowance and the limited capability for work element in universal credit.
- Changes conditionality for responsible carers in universal credit.
- Replaces current support for mortgage interest payments for benefit claimants with the offer of a recoverable interest-bearing loan.
- Allows the government to recover certain administrative costs incurred in relation to the Motability scheme - and any such scheme that is equivalent in purpose.
- Makes changes in provisions relating to social housing rents.

6.3.1.1 Social housing rents

Reduction in social housing rents

After many years of increases in social rents, for the next four years from April 2016, local authority and housing association rents will reduce by 1%. Given that previous policy was to raise rents by CPI inflation + 1% each year, this means that social rents are expected to be 12% lower than they would otherwise have been by 2019–20 and will have a significant adverse impact on business plan projections.

6.3.1.2 Local Housing Allowance rates

There are significant changes to housing benefit rules which will impact on local authorities.

The main change is the amount of rent that housing benefit will cover in the social sector will be capped at the relevant local housing allowance (LHA), which currently applies to private rented sector claims.

Although this may not be an immediate major concern in Ryedale we have met with Yorkshire Housing and there could be a significant impact for the Under 35s.

In addition, it has a potentially big impact on the 'removal of the spare room subsidy' (bedroom tax) and its administration.

What is not yet clear is how this proposal will operate in practice. For example, is the 'relevant' LHA rate to be used for the actual size of claimant's property, with the 14% or 25% deduction then applied in respect of any spare room(s), or will the relevant LHA rate be that for the size of the claimant's household, in the same way as currently applies in private rented sector claims?
The background documents say that "this measure will include the Shared Accommodation Rate for single claimants under 35 who do not have dependent children".

This suggests that social rented sector claims will be treated in the same way as private sector claims, leaving a question mark over whether the 15% and 25% spare room deductions will no longer be applicable.

The Chancellor said that this reform will mean that "Housing Benefit will no longer fully subsidise families to live in social houses that working families cannot afford," and will better align the rules in the private and social rented sectors. it will also ensure that housing benefit costs "are better controlled" and "will help prevent social landlords from charging inflated rent for their properties."

The measure will only apply to housing benefit claims from April 2018 for new tenancies signed after 1 April 2016.

6.3.1.3 <u>Temporary Accommodation</u>

The third, and potentially most significant change for local authority finances, is the proposal to change the arrangements for calculating housing benefit for homeless persons placed in temporary accommodation.

The proposal involves, from 2017/18, removing the temporary accommodation management fee paid in the current housing benefit subsidy arrangements to local authorities involving a weekly management fee of £60 (£40 in London).

This will be replaced with a new annual grant paid directly to local authorities. The chancellor said this annual grant will be of £10m, paid to allow authorities "to better manage temporary accommodation pressures." It also brings the treatment of temporary accommodation in housing benefit in line with how universal credit is designed to operate.

Already, however, some authorities are saying this is a significant cut compared with the amount paid under the current housing benefit subsidy management fee arrangements, which is estimated to cost over £40m in London alone.

Local authority homeless budgets could therefore be impacted by this change as, although the current arrangements are closely linked to the number of actual homeless persons placed in temporary accommodation, the new direct grant arrangements will not be so closely linked.

Additional discretionary housing payment funding will be made available to local authorities to protect the most vulnerable including those in supported accommodation.

6.3.1.4 <u>Funding</u>

On the funding for new housing, the chancellor has doubled the budget to £2b as part of a five stage plan.

This plan is intended to "re-focus support for housing towards low cost home ownership for first time buyers" rather than new affordable accommodation for rent.
The plan involves the building of 400,000 new 'affordable' homes for sale or shared ownership by 2020/21.
The measure contains further incentives under the help to buy scheme but also provides for additional stamp duty to be paid by those purchasing second homes or buy to let properties, which could lead to higher private rented sector rents.

6.3.2 HOUSING AND PLANNING ACT 2016

The Act is intended to support the delivery of the Government's commitments as put forward in the Conservative Party manifesto and the productivity plan 'Fixing the Foundations; Creating a more prosperous nation'. Through this Act, the Government aims to take forward the proposals to build more homes that people can afford, give more people the chance to own their own home, and ensure the way housing is managed is improved.

This Act seeks to achieve this, in part, by implementing reforms that will make sure the planning system does not add any unnecessary obstacles to the delivery of new homes.

This Act is made up of nine parts, but the **key issues that affect local authorities are the Voluntary Right to Buy, local authority sales, high income social tenants, the role of the Homes and Communities Agency (HCA), local planning and permission in principle, starter and affordable homes.**

There has been a the lack of progress relating to the secondary legislation needed in order to give effect to the Housing and Planning Act.

A summary of these parts and their contents is provided in attached Annex 3.

6.4 All these changes may be introduced against a back drop of public sector cuts. However, the Council has and will, where it can continue to both sustain services, provide improvements and new services where possible.

6.5 Already Ryedale has seen significant achievements, many through the extensive partnerships that have been formed.

6.6 The 2015/21 Action Plan aligns with the focus of the York, North Yorkshire and East Riding Housing Strategy and the Local Energy Partnership, specifically around the stated aim to double house building and triple affordable housing delivery. It also helps to draw out the specific housing issues identified in the Strategic Economic Plan (SEP) and our planned response to these. An update to progress made on the York, North Yorkshire and East Riding Strategy is at Annex 2.

6.7 The Council's Action Plan therefore aligns with the overarching strategy and provides the local context. Revised Action Plan for member approval is at Annex 1.

6.8 Evidence supporting the proposals within the Action Plan is presented against five main themes

- **Affordability and the supply of homes**
- **Working within our geography**
- **The housing needs of our community**
- **Understanding and improving the quality of our housing stock**
- **Addressing the needs of homeless households**
- **Vulnerable households and those with support needs**

6.9 There are 9 priorities within the Sub Regional Strategy and the Action plan puts local proposals forward to meet these priorities.

Issue	Priority
Affordability & Supply	1. Work with partners to increase the supply of good quality new housing across all tenures and locations (in line with Local Plans/site allocations).
Geography	2. Ensure that our housing stock reflects the needs of urban, rural and coastal communities
Demography	3. Ensure that our housing stock meets the diverse needs of our communities at all stages of their lives
Quality	4. Via policy guidance and negotiation, ensure new homes are of high design and environmental quality 5. Continue to ensure that we make best use of our existing stock and that it is of a decent quality and meets the needs of our communities 6. Ensure all homes have a positive impact on health and well being and are cheap to run
Homelessness, Vulnerable Households & Specific Needs Groups	7. Continue to reduce homelessness 8. Ensure Housing is allocated fairly and on the basis of need 9. Provide appropriate housing and support for those with specific housing needs

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

There is currently provision within the revenue budgets to implement these proposed actions which are solely based upon internal funding sources, any changes to the revenue budget may have an effect on this. Some of the actions are dependant on external funding sources, notably the Homeless Prevention Grant (CLG) and Supporting People, the continuation of these could change at any time. The provision of capital funding/borrowing for projects would need to return to Members for authorisation. In addition if there are any financial implications for implementing the Action Plan that are beyond currently agreed budgets these will be brought back to Members for authorisation.

b) Legal

There are no legal implications for the Council in that the proposals within the Action Plan will be consistent with the Council's Strategic responsibility for the provision of housing services.

c) Equality and Diversity

A full equalities impact assessment has been undertaken in respect of the York, North Yorkshire and East Riding Housing Strategy, which this Action Plan seeks to implement.

Gary Housden
Head of Housing and Planning

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Background Papers:
Draft Housing Strategy Action Plan 2015/21
Progress Report

Background Papers are available for inspection at:
Housing Section, Ryedale House

ANNEX 3

HOUSING AND PLANNING ACT 2016

Part 1: New homes in England

- o Starter homes – provides a statutory framework for the delivery of starter homes.

  Not enacted yet - awaiting Regulations. Some changes made to the Planning Practise Guidance to advise on the national starter home exception policy introduced by a ministerial statement.

- o Self-build and custom house building – requires local authorities to meet demand for custom-built and self-built homes by granting permissions for suitable sites.

  Housing and Planning Act 2016 amends some provisions of the Self-Build and Custom House building Act 2015. The latter was enacted in March 2015. Requirement for the Council to maintain a Register of persons interested in acquiring land. Duty on the LPA to give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom house building. Provisions of 2016 Act come into force 31/10/16.

Part 2: Rogue landlords and property agents in England

- o Private rented sector – provides greater powers for local authorities to identify and tackle rogue landlords and property agents.

Part 3: Recovering abandoned premises in England

- o Private rented sector – reforms abandonment to more effectively recycle rented property.

Part 4: Social housing in England

- o Implementing the Right to Buy on a voluntary basis – enables the Secretary of State to pay for the cost of Right to Buy discounts for housing association tenants and to set criteria for home ownership against which private registered providers may be monitored.

  Effective from 25/5/2016.

- o Vacant higher value local authority housing – requires local authorities to manage their housing assets more efficiently, with the most valuable vacant properties sold to fund an increase in home ownership and overall housing supply.
- o Rents for high income social tenants – requires local authority tenants in social housing on higher incomes (over £40,000 in London and over £31,000 outside London) to pay a proportionate level of rent. The policy is voluntary for housing associations to operate.

- Reducing regulation of social housing – reduces the regulatory requirements for private registered providers of social housing.

- Insolvency of registered providers of social housing– allows the Secretary of State or the regulator of social housing with the agreement of the Secretary of State to apply to the Court to appoint a special administrator for private registered providers of social housing that are at risk of entering insolvency proceedings.

- Secure tenancies etc. – requires local authority landlords to grant new tenants a fixed term tenancy, of between 2 and 10 years generally but up to 19 years for tenants with children and restricting the rights of family members to succeed to local authority tenancies.

Part 5: Housing, estate agents and rent charges: other changes

- Electrical safety standards - enables the Secretary of State to make regulations to require private sector landlords to meet electrical safety standards.
- Accommodation needs in England - amends the legislation governing the assessment of housing and accommodation needs of the community, and aims to ensure that the needs of all members of the community are assessed.
- Housing regulation in England - a more stringent 'fit and proper' person test for landlords letting out licensed properties, such as Houses in Multiple Occupation, to help ensure that they have the appropriate skills to manage such properties and do not pose a risk to the health and safety of their tenants; allows financial penalties to be imposed as an alternative to prosecution for certain offences; and increases the fine for overcrowding to an unlimited level.
- Housing information in England - requires Tenancy Deposit Scheme data to be shared with local authorities; and gives the secretary of a tenants' association a right to obtain from the landlord contact information for other leaseholders in a shared block provided that leaseholders have individually consented to their information being made available in this way.
- Administration charges - amends the Commonhold and Leasehold Reform Act 2002 to give courts and tribunals a discretionary power to restrict the ability of a landlord to recover from the leaseholder as an administrative charge the landlord's costs of taking part in legal proceedings.
- Enforcement of estate agent legislation - amends the Estate Agents Act 1979 to allow the Secretary of State to appoint the lead enforcement authority.
- Client money protection schemes for property agents - enables the Secretary of State to make regulations to require property agents to join a Client Money Protection scheme.
- Enfranchisement and extension of long leaseholds – enables the manner in which the valuation of minor intermediate leasehold interests in leasehold enfranchisement and lease extension cases is calculated to be changed by regulations.
- Rentcharges - allows the method used for calculating the amount needed to redeem a rentcharge to be amended by secondary legislation.

Part 6: Planning in England

- o Neighbourhood planning - simplifies and speeds up the neighbourhood planning process to support communities that seek to meet local housing and other development needs through neighbourhood planning.

  Effective from 1/10/16

- o Local planning - gives the Secretary of State more flexible powers to intervene if Local Plans are not effectively delivered.

  Section 143 - Power to direct amendment to LDS - effective 13/7/16
  Section 144 - Power to give direction to examiner of a development plan document - effective 13/7/16
  Section 145 - Intervention by Secretary of State - effective 25/5/16
  Section 146 - Secretary of State default powers - due to become effective 1/10/16
  Section 147 - Default powers of Major of London or Combined Authority - due to become effective 1/10/16
  Section 148 - Costs of independent examination held by Secretary of State - due to become effective 1/10/16

- o Planning in Greater London - enables the Secretary of State to devolve further powers to the Mayor of London.

  Commenced on enactment but requires further secondary legislation.

- o Permission in principle and local registers of land - enables the Secretary of State to require local authorities to hold a register of various types of land, with the intention of creating a register of brownfield land to facilitate unlocking land to build new homes; and enables "permission in principle" to be given to suitable housing-led sites identified in the brownfield register and in local and neighbourhood plans, and provides an opportunity for applicants to obtain permission in principle for small sites.

  Requires further secondary legislation.

- o Planning permission etc - amends the power which enables conditions to be attached to development orders for building operations so that they are consistent with those for change of use; extends the planning performance regime to apply to applications which are not major applications (e.g. smaller applications); puts information about the financial benefits of proposals for development and information about neighbourhood development plans before local authority planning committees; enables local authorities to request alterations to the planning system; and simplifies the Parliamentary process for making changes to planning application fees that affect some authorities but not others.

  Some provisions brought into effect over 2016. Others eg. setting of fees requires secondary legislation.

- o Planning obligations - allows the Secretary of State to place restrictions or conditions on the enforceability of planning obligations relating to the provision of affordable housing and provides for the Secretary of State to appoint a person to help resolve outstanding planning obligations issues within set timeframes.

  Requires further legislation to be laid before parliament.

- o Nationally significant infrastructure projects – allows developers who wish to bring forward applications for housing relating to a major infrastructure project to apply for consent under the nationally significant infrastructure planning regime.

  Commenced on enactment.

- o Powers for piloting alternative provision of processing service - allows the Secretary of State to introduce, by regulations, pilot schemes to test the benefits of introducing competition in the processing (but not determination) of applications for planning permission.

  Commenced on enactment but requires further secondary legislation.

- o Review of minimum energy performance requirements – requires a review of minimum energy performance standards for new dwellings.

  Commenced on enactment but requires secondary legislation.

- o Urban development corporations and new towns – modernising and speeding up the process for creating Urban and New Town Development Areas and Corporations.

  Commenced on enactment but requires secondary legislation.

- o Sustainable drainage – requires a review of elements of the planning system that relate to sustainable drainage.

  Due to be brought into effect on 1/10/16.

Part 7: Compulsory purchase etc

- o Takes steps to improve the compulsory purchase regime, and make it clearer, fairer and faster.

  Most of the provisions brought into effect July 2016.

Part 8: Public Authority land

- o Engagement in relation to disposal of land – creates a duty on Ministers of the Crown to engage with local authorities and relevant public authorities when preparing to dispose of land.
- o Duty to report on surplus land – requires relevant public authorities to prepare reports specifying land which they have retained as surplus for longer than two years; or, in the case of property which is wholly or

mainly residential property, longer than six months. In each instance, the report must set out the body's reasons for retaining the surplus land.

- o Power to direct bodies to dispose of land – builds on existing powers for the Secretary of State to direct bodies to dispose of land. Adds further circumstances under which this power may be exercised.
- o Reports on efficiency and sustainability of local government estate – creates a new duty on local authorities to prepare an annual report on the efficiency and sustainability of buildings within their estate, including progress towards reducing the size of the estate and efficiency ratings of individual buildings.
- o Reports on efficiency and sustainability of military estate – creates a new duty on the Minister for Cabinet Office to prepare an annual report on the efficiency and sustainability of buildings within the military estate, including progress towards reducing the size of the estate and efficiency ratings of individual buildings.

Unclear when all provisions come into effect and some will require secondary legislation.

In addition further likely changes will include;

- a new zoning system will be created in England which will grant planning permission automatically (subject to certain "technical details") on suitable brownfield sites which are identified in a statutory register of brownfield land. This is the Permission in Principle and the Registers of Land sections of the Act;
- tougher action will be taken against local authorities who have not got local plans in place by a set deadline. Ministerial statement set a deadline of early part of 2017. Default power of Secretary of State to prepare a plan is in the Act. Government may put Authorities into special measures but details of this have not been expanded on to date.
- league tables will be published by the Government setting out local authorities' progress in providing plans to deliver housing and jobs locally. Nothing specific in the Act but unclear if they need to make legislative provisions for that;
- significant intervention will be undertaken by central government to the extent that they will arrange, where considered necessary, for local plans to be written (in consultation with local people). Secretary of State default powers are included in the Act (the Local Planning provisions outlined above);
- proposals will be put forward to streamline the process of local plan preparation and to reduce the length of local plans (in both cases of implementing a plan and amending a plan). Nothing specific in the Act;
- proposals to improve co-ordination between local authorities will be introduced and the guidance on the operation of the duty to co-operate on key housing and planning issues will be strengthened. Nothing specific in the Act;
- consideration will be given to how to support higher density housing around key commuter hubs and how national policy and guidance can ensure that un-needed commercial land can be released for housing. Nothing specific in the Act.

Where there is no specific details of the above in the Act, Members will be alerted if and when the Government reconsiders any of these matters or if they are introduced by further legislation, policy changes or changes to guidance.

RYEDALE
DISTRICT
COUNCIL

2015- 2021

Ryedale District Council Housing Strategy Action Plan

Draft - August 2015

Draft Housing Strategy Action Plan 2015-21

ISSUE - AFFORDABILITY AND THE SUPPLY OF HOMES

Priority 1 - Work with partners to increase the supply of good quality new housing across all tenures and locations (in line with Local Plans/site allocations)

PROPOSALS	CORE ACTIVITIES	LOCAL PROPOSALS	BY WHEN	BY WHOM	FINANCIAL IMPLICATIONS
Double our house building rate and triple affordable housing delivery (compared to 2012/13 and 13/14 rates))	*Develop and adopt Local Plans in each Local Authority area in line with National Planning Policy Framework*	- Maintain and review the Local Plan Policy in line with local government changes. - Ensure new members are trained in planning policy	Annually	PPM	Staff time
	Continue to work closely with Local Enterprise Partnerships to identify opportunities to enable new housing and via the Local Growth Fund	- Work with the Housing Board to ensure other Local Authorities meet housing targets - Council Officer currently seconded to the Local Enterprise Partnership for 3 days a week.		HoE	
	Explore new funding delivery models to increase housing supply as opportunities arise - Homes and Communities Agency/Communities and Local Government initiatives	- Meet regularly with the HCA to ascertain delivery models available.	KIT meeting; bi-monthly liaison meetings	HSM	
			Quarterly RSL forums	DO	
		- Development Officer to work closely with RPs to ensure bids reflective of Council's housing needs.	Oct 2015	DO	
	Introduction of Housing and Planning Act 2016				
	Council to consider direct housing provision where appropriate.	- Officers putting together a business plan looking at the option of purchase / repair or working in partnership with Registered Providers	Ongoing Apr 2016	RHE/FP	Capital borrowing

	Set and monitor targets for market and affordable development in annual action plans	- Provide local data for monitoring to the York, North Yorkshire, East Riding Board as well as the Rural Housing Network	RPF – quarterly	RHE	Staff time
	Identify public sector land suitable for housing and work with partners and the HCA to bring forward development	- Small sites identified by Ryedale District Council for market sale, ensuring capital receipts toward affordable housing delivery	Liaison meeting with RPs	HSM	Staff time
	Work closely with the HCA on delivery of funding commitments and to secure new funding for the area	- Monitor development programmes with HCA and partner RPs		HSM/RHE	
	Maintain and strengthen relationships with delivery partners including house builders, developers, landowners, agents, Registered Providers and communities.	- Undertake an annual development road show; support a rural event on an annual basis	Apr2016	HSM/ DO/RHE	
	Work closely with RPs to support the development of new affordable housing funded via the Affordable Homes Programme 2015-18	- Registered Providers Forum - Regular one to one meeting with partners regarding specific sites	Ongoing 2015/18		
Help to get Local Plans in place (in line with Y, NY & ER Growth Deal requirement)	*Site Allocations Development Plan Documents etc to be in place*	- Jill to update			Staff time
	Work Closely with Planning Officers Groups /Development Plans Forum to identify barriers to getting plans in place.	- Corporate housing group to monitor progression on a bi-monthly basis	Ongoing	All	
	Provide peer to peer support and mentoring via the Board	- Attendance at the Housing Board, both officer and member -			
Ensure that new housing development provides jobs, skills and apprenticeships for local people	*Work with the LEPs in our area to increase jobs, training and skills in the construction industry and related sectors*	- Update from Julian	Apr 2016	DO	
	Use our relationships with house builders and RPs and developers to support and encourage the use of local labour, apprenticeships and businesses.	- Investigate the tender process with RPs to encourage inclusion as part of their procurement	Apr 2016	RHE/DO	
	Enable self and custom build opportunities where appropriate	- Provide information sheets for inclusion on website regarding different products available			Staff time

	Use opportunities for Community Land Trusts and similar models to ensure local training and job opportunities	- RHE to promote the CLT's to parish Councils through the Parish Council Liaison meetings			
Increase the number and diversity of house builders and Registered Providers to deliver new homes	*Establish a York, North Yorkshire and East Riding LEP wide house builder/agent/estate agent forum.* *Engage with existing local and sub regional forum including the Chamber of Commerce* *Engage with the local representatives of the Homes Builders Federation, National Housing Federation and National House Building Council* *Via the above, identify and engage with partners not active in the area to promote potential opportunities.* *Use opportunities for CLTs and similar models to add to the diversity of providers and identify and support bids to appropriate funding streams*	- Provide representation at meetings from Ryedale - Update from Julian - Investigate potential marketing opportunities - Promote through information sheets - Mail shot to Parish Council - Attendance at Parish Council liaison meetings - Provide updated information on the website	When set up Dec 15 Dec 15 Mar 16 Dec 15	DO	Staff time
Maximise delivery of Affordable Housing via planning gain and other means	*Develop and adopt Affordable Housing policies as part of the Local Plan in line with the requirements of the NPPF* *Maximise opportunities to support Affordable Housing provision at local policy target levels and work with partners to ensure delivery and viability* *Work closely with the HCA and other funders to identify opportunities to bolster affordable housing delivery via the AHP and other programmes* *Continue to support the Rural Housing Enabler Network to enable Rural Exception and other sites*	- Develop supplementary planning guidance on affordable housing - Develop housing and planning protocol - Standardise Section 106 agreements - Agree specifications, transfer prices - Develop Affordable Housing Performa - Encourage RPs to engage with Continuous Market Engagement programme with HCA - Provide Local Authority contribution for continuation of programme to 2018	Jan 16 Oct 2015 Oct 2015 Oct 2015 Oct 2015 Ongoing Mar 2018	FP DO DO HSM	Staff time £6,500 commuted sum

	Set and monitor targets for market and affordable development in annual action plans	- Report on an annual basis through performance management framework	Annually	FP/Housing	Staff time
	Establish a Y, NY & ER LEP wide RP forum.	- Provide representation from RDC once established	As and when	HSM	Staff time
	Via the above, identify and engage with RPs not active in the area to promote potential opportunities	- Engage with the RPs part of the Rural Housing Network who are not actively working within Ryedale	Sept 2015	RHE	
	Strategic approach to the funding and tackling of long term Empty Homes	- Work with RPs on potential funding opportunities - Continue to employ P/T Empty Homes Officer - Participate in development of Sub-regional Empty Property action plan - Development of regional Empty Property loans	Ongoing	HSM/EHO	£12,000 revenue budget
		- Investigate financial incentives for owners of empty properties to encourage bringing them back into use - Investigate working with Estate Agents to facilitate the sale of long term empty properties - Develop local Empty Property Strategy		EHO	
Increase diversity and choice in size, type and tenure to meet the needs of our communities (within the confines of welfare reform)	*Explore opportunities offered by new private rented homes and intermediate tenures*	- Agree intermediate tenures as part of SPD - Investigate HCA opportunities and work with RP partners - Explore new forms of marketing - Agree with developers to sell direct to an eligible occupier	Apr 2016	DO/PPM	Staff time
	Understand and communicate changing size needs in relation to household formation and Welfare Reform	- Developers/ Planning to negotiate on size - Ensure RPs are prepared to accept smaller units, look at adaptable properties interchangeable at half bed	Ongoing	DM/DO/HSM	
	Identify and support initiatives to provide suitable accommodation for older people	- Regular meetings with North Yorkshire County Council - Support 4 schemes across Ryedale - 5% bungalows on sites of 50 or more	Ongoing	RPF	

		- Investigate the need to provide support in order to facilitate moving to alternative accommodation through older persons Housing Options Officer			
	Identify and support initiatives to provide suitable accommodation for young working age people	- Continue with the management of Wells Lane	Ongoing	HPO	Funded through the rents
		- Options to lease / manage Houses in Multiple Occupation accommodation - Promote sharing opportunities for young people	Ongoing	HSM/SHOO	
		- Continue partnership working with Foundation Housing in the employment of a Shared Solution Officer - Submit a Platform for Life Bid	Until Sept 2016 Outcome Oct 2015	HSM	£5,000 Homeless prevention grant
		- Ensure continuation of part-time Letting Officer post	Ongoing		Funded through Wells Lane rents
	Link to 2012 North Yorkshire Tenancy Strategy and review as appropriate *http://www.northyorkshirestrategichousingpartnership.co.uk/images/documents/NY_Tenancy_Strategy_Oct_2012.pdf*	- Participate and evaluate reviews in changes from partner agencies	Ongoing	HSM	Staff time
Maintain an up to date understanding of our housing markets and housing need	*Maintain up to date Strategic Housing Market Assessments and Economic Viability Assessments by Local Authority – Working together and sharing best practice where this delivers efficiencies.* *Engage with the local representatives of the Homes Builders Federation, National Housing Federation and National House Building Council*	- Procure a new SHMA - Look at opportunities of reducing costs through partnership working - Launch a new SHMA - Ensure views are taken into account as part of SHMA through focus group	Sep 2015 Sep 2015 Apr 2016 Dec 2016	HSM/FP/DO	£15,000

ISSUE - WORKING WITHIN OUR GEOGRAPHY					
Priority 2 - Ensure that our housing stock reflects the needs of the Ryedale communities across all areas					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Continue to Support the Rural Housing Enabler Network and RHE Team	*Support the RHE to deliver new affordable homes per year across Ryedale* *Delegate responsibility for delivery to the North Yorkshire Rural Housing Enabler Network* *Identify communities where CLTs may be appropriate – Pilot via the RHE programme.* *Link with the development of Strategic Housing Market Assessments to ensure Rural Needs are understood*	- Attendance at the Rural Housing Network - Monitor rural schemes in Ryedale as part of each yearly RHE Rural Programme. Participate in any rural events in order to promote rural affordable housing in Ryedale and North Yorkshire - Promote the RHE Programme with local forums and in particular Parish Councils in Ryedale. - Investigate whether any interest in CLTs in Ryedale - Attendance at the RHE Steering Group for Scarborough/Ryedale - Work with rural delivery partners to increase the amount of affordable housing in Ryedale	Ongoing	HSM RHE	Staff time
Address falling populations in the National Parks and use housing opportunities to sustain communities	*RHEs and providers to work closely with National Park Authorities to deliver their Plans and the housing needs of their communities*	- The RHE to work closely with the Planning Team at the NYMNPA to identify sites and develop more rural affordable homes in the NP. - The RHE to contribute to NYMNPA policy on Affordable Housing - To attend any rural events in the NYMNPA associated with affordable housing	Ongoing	HSM RHE	Staff time
Respond to any changes to the affordable housing requirements on 'small sites'	*Engage with Rural Housing Policy Review and consultation on 'small sites' threshold on a sub regional basis*	- Gary to provide			

	Respond to the outcome of the policy review and ensure alternative mechanisms to support rural affordable housing are utilised, particularly via Rural Exception Sites.	- Gary to provide			
Address the needs of housing markets including tackling poor quality private housing	*Develop a market intervention project including Purchase & Repair of properties.*	- Work with the HCA to look at options available with partner organisation or deliver directly	Ongoing	DO/HSM	Possible borrowing requirement
	Undertake private sector stock condition survey	- Investigate opportunities to procure a new stock condition survey and associated costs	Dec 15	EHO	Cost to be researched
	Link with SHMA and Stock Condition Surveys to ensure needs are understood	- Direct work programmes to the outcomes from the surveys	Apr 16	EHO	Staff time
	Licensing of Houses in Multiple Occupation	- Continue with licensing regime of HMOs	Ongoing	EHO	
	Licensing of caravan sites (non-residential)	- Continue to work with planning and licensing of caravans	Ongoing	EHO	
	Dealing with housing complaints	- Ensure Ryedale enforcement policy meets new legislative changes - Review private sector renewal strategy	Ongoing	EHO	
ISSUE - THE HOUSING NEEDS OF OUR COMMUNITY					
Priority 3 - Ensure that our housing stock meets the diverse needs of our communities at all stages of their lives					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Increase the number and range of homes suitable for our ageing population across all tenures	*Work with NYCC and City of York Council to support planned Extra Care Housing*	- Regular progress on sites within Ryedale, Pickering, Malton, Helmsley and Kirkbymoorside with North Yorkshire County Council - Find out completion timetables	Ongoing	HSM/DO/ RHE	Possible HCA funding/ NYCC funding
	Provide advice and support to older people in planning moves and understanding housing options	- Explore opportunities for providing Older Persons Housing Officer	Apr 2016	HPO	Homeless Prevention Grant

	Via planning policy, and working with house builders and RPs, develop best practice around house types and policy for older people	- Local Plan Strategy SP4 stipulates at least 5% of all new homes built on schemes of 50 dwellings or more shall be built as bungalows. Housing to promote this in discussions with developers.	Ongoing	DO/RHE	Staff time
	Support new homes close to Extra Care developments for older people and staff (link with Y, NY & ER Growth Deal)	- Work with LEP Authorities to progress LEP wide initiatives	Ongoing	HPO HSM	Officer seconded to LEP
	Ensure the existing supply of housing is suitable for older people in the future	- Increased use of White Rose Home Improvement Agency wellbeing service and DFG budget - Financial incentives to owner occupiers and some private tenants	Ongoing Ongoing	HSM/EHO HSM/EHO	Better care fund. DFG budget. Revenue budget
	Link to NYCC Community Strategy and Health and Well Being Boards	- Development of winter health strategy - Support the Chief Executive as a member of the housing board - Provide feedback for consultation on new Health and Wellbeing Strategy	Dec 15	EHO CEO HSM	Staff time
Increase the number and range of homes suitable for working age households, particularly first time buyers to enable mixed and sustainable communities	*Work with the HCA to fund initiatives*	- Through liaison meetings, work on new initiatives with RP partners	Ongoing	HSM/DO/ RHE	HCA funding
	Develop shared housing projects for under 35s Pilot in Ryedale and Hambleton	- Working with landlords to either manage or lease properties	Oct 2015	HSM/SHOO	Rental income
	Identify and support bids to appropriate funding streams	- Await outcome of Platform for Life initiative bid	Oct 2015		Rental income/ Homeless Prevention Grant
	Identify opportunities to deliver via market or Affordable Housing delivery	- Assist in the delivery of government initiative for Starter Homes for under 40's	Mar 2016	DO	Staff time

ISSUE - UNDERSTANDING AND IMPROVING THE QUALITY OF OUR HOUSING STOCK					
Priority 4 - Via policy guidance and negotiation, ensure new homes are of high design and environmental quality					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Work closely with house builders, land owners and Register Providers to communicate our aspirations and needs around quality and design	*Ensure local Supplementary Planning Documents provide guidelines on size and quality across all tenures* *Share and promote Best Practice* *Develop local Policy Guidance/SPDs to set out requirements for new developments*	- Work collectively with RP partners and interview colleagues to agree content for SPD prior to consultation - Attend the Northern Affordable Housing Group	Dec 2015 Quarterly	DO DO	Staff time Staff time
Explore opportunities to use innovative methods of construction to deliver new, high quality homes	*Link with LEPs* *Identify and support opportunities to use Modern Methods of Construction and Off Site Manufacture to deliver new homes* *Identify and support bids to appropriate funding streams*	- Julian to provide information - Meet with relevant private developers and RP partners to assess and opportunities - Keep up to date with opportunities through the HCA -	Ongoing Ongoing Ongoing	HoE HSM/DO HSM/DO /RHE	Secondment Staff time HCA funding
Ensure Affordable Housing, particularly delivered via Planning Gain, is flexible and of a quality and size suitable for a range of households and for maximum occupancy if needed	*Identify and support bids to appropriate funding streams to ensure quality/additionally* *Ensure local SPDs provide guidelines on size and quality across all tenures*	- Discuss options available from the HCA where financial viability is assessed and funding would give additionally - Ensure SPD includes all relevant factors to assist development from the outset. Encourage developers to build to Nationally Described Space Standards	Ongoing	HSM	HCA funding S106

Priority 5 - Continue to make best use of existing stock and ensure it is of a decent quality to meet the needs of our communities

PROPOSALS	CORE ACTIVITIES	LOCAL PROPOSALS	BY WHEN	BY WHOM	FINANCIAL IMPLICATIONS
Develop and maintain an understanding of the condition of existing stock	*Sub regional approach to the understanding of Stock Condition? LINK WITH Leeds City Region Approach*	- Stock condition survey	Apr 2016	EHO	Research cost of survey
		- Specific date for financial assistance for over occupiers			
		- Adoption of the Private Sector Renewal Strategy	Apr 2016	EHO	
	Continue to work with Private Sector Landlords and local Private Rented Sector fora and focus on "Rogue Landlords" where appropriate	- Increase the financial incentives available to assist landlords in improving the condition of their properties	Apr 2017	HSM EHO	Capital budget agreed
		- Working with lettings agents to improve understanding of Private Rented Sector statutory requirements	Apr 2016	EHO	Staff time
		- Development of website to provide information relating to statutory changes	Apr 2016	HPO	Staff time
		- Promotion of resources available to support private landlords	Oct 2016	EHO/HPO	Staff time
		- Develop program of inspections of HMOs	Oct 2016	EHO	Staff time
		- Continued attendance to sub-regional and regional working policies and ensure best practice can be attained	Ongoing	EHO	Staff time
		- Development of Code of Practices to raise awareness with Private Rented Sector community	Apr 2017	EHO	Staff time
		- Adoption of the Ryedale Enforcement Policy	Apr 2016	EHO	Staff time
	Home Improvement Agencies and Handypersons schemes	- Continue partnership with Scarborough Borough Council with regards to White Rose service	Ongoing	HSM	DFG funding/ Revenue funding
Identify and use opportunities to re develop exiting residential or commercial stock for new housing	*Work with RPs to understand and deliver opportunities*	- RP forums	Ongoing	DO	Staff time
		- Inclusion of over shop redevelopment through Empty Property Action Plan			
	Support bids to appropriate funding streams	- Support provided to RP partners for HCA funding		DO	Staff time

Priority 6 - Ensure all homes have a positive impact on health and well being and are affordable to run					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Explore opportunities to use modern methods of construction to deliver efficient, high quality new homes	*Link to Priority 4 above*				
Continue to deliver investment in Energy Efficiency	*Link to Yorkshire Energy Partnership and National Energy Action*	- Continue to work with YEP, Community Interest Company and other partners to develop Energy Efficient projects throughout district - Continual development and use of oil co-ops and collective switching scheme, as well as other similar schemes - Biennial Home Energy Conservation Act report - Source external funding where appropriate - Develop and increase the use of renewable technology across the district - Investigate and develop partnerships to promote affordable warmth and renewables - Investigate the possibility of purchasing data on Energy Performance Certificates that can be used to target specific areas	Ongoing Ongoing Annually Ongoing Ongoing Apr 2016	EHO EHO EHO EHO EHO EHO	£3,000 revenue funding CERT funding Revenue budget Staff time Staff time Research costs
Reduce the impact that poor housing has on health and wellbeing	*Health and Well Being Representative at Housing Board* *Engage with the Better Care fund and continue to make best use of Disabled Facilities Grants* *Work with Private Sector Landlords and Local PRS fora*	 - Work in partnership with WRHIA to ensure a positive impact and correct targeting of resources and use of DFG funding - Landlord fairs - Landlord forums	 Ongoing Annually	 HSM/DO EHO/SHOO	 Better care funding. DFG funding Staff time

		- Landlord training event - Investigate development of Landlord newsletter	Oct 2016	EHO/HPO	Staff time
	Home Improvement Agencies and Handypersons schemes	- Increase profit of Wellbeing and Handyman schemes - Attendance at externally appropriate events to promote service	Ongoing Ongoing	WRHIA EHO	Staff time Staff time
Give people the choice of using dispersed alarms with Telecare to enable them to live independently as long as they are able to remain in their own homes	*Dispersed alarms and associated Telecare*	- Actively promote The Ryecare Lifeline Service throughout the area	Ongoing	RTL	Staff time
	With the loss of hard wired schemes, dispersed alarms should be used as a replacement to protect vulnerable adults and not leave them at risk	- Ensure dispersed alarms with the option of additional telecare sensors are used to protect the elderly and vulnerable and enable independent living	Ongoing	RTL/LO	Marketing budget
	Link to business plan				
	Marketing strategy in place to promote lifelines and telecare	- Implement Marketing strategy	Dec 2015	RTL	Staff time
	Evidence of demographics to show ageing population regionally	- Marketing research undertaken by Ryecare Team Leader has identified the population of elderly 'hotspots' and marketing efforts will be concentrated in these areas	Dec 2015	RTL	Staff time
	Make best use of DFGs	- WRHIA to deliver best practices across the district - Continued attendance at North Yorkshire Group for sub region - Continue to deliver DFG's researching any increases in value for money	Ongoing	WRHIA	Staff time DFG budget

ISSUE - ADDRESSING THE NEEDS OF HOMELESS HOUSEHOLDS					
Priority 7 - Continue to reduce Homelessness					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Continue and Improve partnership working to reduce homelessness	*Delegate delivery of Priority 7 to Homelessness Group who report to the Housing Board*	- Continue to Chair the County Homelessness Group	Ongoing	HSM	Staff time
	Each Local Authority to develop and work to a local homelessness strategy	- Implement Homelessness Strategy and Action Plan 2015-2020, providing annual reviews	Annual review	HSM	Resources allocated in strategy
		- Monitor effectiveness of Strategy through Partner input at Housing Forum and Homelessness Strategy Steering Group	Ongoing	SHOO	Staff time
		- Continue core funding for CAB's Money Advice Service	Annual review	HSM	Additional £35k 15/16
		- Work collaboratively with Environmental Health to ensure continued access to housing of a suitable standard	Ongoing	HO/private sector	Staff time
		- Maintain membership of North Yorkshire Home Choice Project Board, ensuring that all policies reflect the needs of homeless households	Quarterly Meetings	HSM	Staff time
		- Continue participation in the countywide Young People's Accommodation Partnership	Review due Sept 2016	SHOO/HSM	SP funding
	Manage the removal of the No Second Night Out funding. Develop formal No Second Night Out procedure with existing resources.	- Continue referral scheme with Stonham Homestay Homelessness Prevention Service	Review Sept 2016	Housing Options	SP funding
	Identify and support bids to appropriate funding streams	- Assist with the flexible use and prioritisation of the Discretionary Housing Payment fund to prevent homelessness, working jointly with the Revenues & Benefits Manager	Monthly meeting	SHOO	DHP budget
	Develop and maintain relationships with private sector landlords to meet the needs of homeless households	- Explore options of extension of the housing solutions role	May 2016	SHOO	Funding expires Sept 2016
	Work to retain Homelessness Grant Funding to sustain successful and efficient Homelessness Prevention activities including rent in advance and	- Develop a training and homelessness awareness programme to offer partner agencies	Apr 2016	SHOO	Staff time

	provision of Bonds Introduction of Welfare Reform and Work Act 2016	- Very low District Street Homelessness to be addressed by use of County-wide budget, develop exit strategy - Continue to identify further streams and attract alternative funding via appropriate bids - Under 22's - Under 35's	April 2016 Ongoing	SHOO HSM	Budget expires Apr 2016 Staff time
Improve access to services	*Work towards the achievement of Gold Standard in housing options services*	- Submit the Housing Options service to a Peer Review as stage one of the accreditation process - Undertake further assessment of evidence-based submissions to achieve Bronze Standard - Undertake further assessment of evidence based submissions to achieve Silver Standard - Undertake further assessment of evidence based submissions to achieve Gold Standard - Develop Hospital Discharge Protocol with NYCC CMHT for those with mental health problems - Explore options to extend Housing Project Officer role to cover Gold Standard duration	Completed Apr 2015 Oct 15 Feb 16 May 16 Apr 2016 Apr 2016	SHOO/PM SHOO/ CMHT/NYCC HSM	Staff time Staff time £10k Revenue funding/£15k commuted sums
Improve support for young people	*Maintain the Young People's Pathway / @The Hub approach*	- Continue active membership of the Pathway Governance and Implementation Groups - Participate in tendering process to ensure continuation of pathway for Ryedale Residents	Ongoing Sept 2016	HSM/SHOO HSM/SHOO/ Ryedale YMCA	Staff time SP budget
Increase suitable housing options	*Identify and support bids to appropriate funding streams including Platform for Life and Homelessness Change Fund* *Link to Priority 1 and 2 above*	- Utilise the Housing Project Officer to research and identify funding streams - Where possible, link with charitable-status partners where access to funding restricted - Await result of Platform for Life Bid. Develop business plan if successful	Ongoing Ongoing Oct 2015	HPO HPO Broadacres/ DO/HSM/ SHOO	Staff time Staff time HCA funding/ Homeless grant

Reduce the use and increase the quality of temporary accommodation	*Identify and support bids to appropriate funding streams* *Link with Priority 5 above*	- Ensure early intervention to prevent homelessness and reduce the need for this accommodation - Continue to provide a management service at Old Railway Court - Work with Foundation to rehouse perpetrators of domestic abuse to keep families safe - Reduce the length of stay by discharging the legal "duty" into the private rental sector. Formalise the policy	Ongoing Agreement reviewed Sept 2015 Ongoing Dec 2015	Housing Options Housing Options Housing Options SHOO/EHO	Prevention budget Staff time Making Safe budget Staff time
ISSUE - THE NEEDS OF VULNERABLE HOUSEHOLDS AND THOSE WITH SUPPORT NEEDS					
Priority 8 - Ensure Housing is Allocated Fairly and on the Basis of Need					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Support the sub regional Choice Based Lettings approach and local solutions where appropriate	*Delegate delivery of this Priority to the North Yorkshire Homechoice Board (with Harrogate Borough Council and East Riding of Yorkshire Council)*	- Delivery delegated but membership of the Board maintained - Ensure that all policies reflect the needs of homeless households and assist homeless prevention - Work with Yorkshire Housing to extend their participation in the partnership - Seek Board approval for Local Lettings Initiatives, allocated out OF the NYHC policy	Ongoing Review Appeals Regular Meetings as and when	HSM SHOO SHOO HSM	Staff time Staff time Staff time Staff time
Priority 9 - Provide appropriate Housing and Support for those with Specific Needs					
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**BY WHEN**	**BY WHOM**	**FINANCIAL IMPLICATIONS**
Identify new and improved opportunities to provide housing and support living for households with specific needs	*Deliver via Supporting People Core Strategy Group and Gypsy, Roma, Traveller and Showmen Group and their Action Plans*	- To ensure that the GRTS community have access to advice and assistance. RDC attends fortnightly drop-ins. - Offer appropriate Homelessness prevention advice via Horton Housing. SP commissioned support. - All staff receive ongoing GRTS awareness training - Unauthorised Encampments - Draft Policy from NYCC already being implemented	Aug 2015 Ongoing	HOO EHO	Staff time Staff time

	Work with RPs to identify opportunities to support specific needs groups	- Work in partnership with Yorkshire Housing for households with specific needs - learning difficulties, physical disabilities, mental health problems, frail elderly	Ongoing	SHOO/HOO	Staff time
	Work with NYCC Health and Adult Services to identify needs via it's Accommodation Strategy/Matrix				
	Identify need (type and location) for housing suitable for those with physical disabilities, Learning disabilities etc	- Liaison with NYCC's LDAG and partnership with RP's	Ongoing		
	Identify and support bids to appropriate funding streams Link with Health and Well Being Board				
	Implement proposals and standard approach to Multi Agency Public Protection Arrangements , Multi Agency Risk Assessment Conference etc	- MAPPA conference attended and actioned by HSM - RDC is a member of the Making Safe Steering Group to ensure effective work of MARACS to ensure the safety of DV clients - Ensure the continuous use of lifelines for victims of domestic abuse			
	Support the delivery of the North Yorkshire and York Domestic Abuse Strategy				
	Support initiatives to provide services and housing for vulnerable groups within Extra Care.	- Work in partnership with Yorkshire Housing and adult social care to ensure access to Extra Care schemes for frail elderly clients			
	Meeting the needs of the Syrian Refugee programme in partnership across North Yorkshire	- Work with accommodation providers both RP's/private landlords to secure accommodation for 16 individuals			
Continue the good practice and joint working across the sub region	*Delegate delivery of this Priority to the GRTS sub group of the Supporting People Commissioning Body and report to Housing Board*	- Development of management protocol for Tara Park - Review of allocations policy for Tara Park - Maintain a list of prospective tenants	Dec 2015 Oct 2015 Ongoing	EHO EHO EHO/DO	Staff time

		- Regular inspections of Tara Park	Ongoing	DO	

GLOSSARY

Staff		Other	
HSM	Housing Services Manager	RDC	Ryedale District Council
PPM	Planning Policy Manager	AHP	Affordable Homes Programme
HoE	Head of Economics	CLT	Community Land Trust
DO	Development Officer	SPD	Supplementary Planning Document
RHE	Rural Housing Enabler	NYCC	North Yorkshire County Council
EHO	Environmental Health Officer	HMO	House in Multiple Occupation
FP	Forward Planning	SHMA	Strategic Housing Market Assessment
HPO	Housing Project Officer	NYMNPA	North Yorkshire Moors National Park Authority
SHOO	Senior Housing Options Officer	CYC	City of York Council
RTL	Ryecare Team Leader	WRHIA	White Rose Home Improvement Agency
HOO	Housing Options Officer	DFG	Disabled Facilities Grant
		NAHG	Northern Affordable Housing Group
Other		CIC	Community Interest Company
		YEP	Yorkshire Energy Partnership
RPF	Registered Provider Forum	NEA	National Energy Action
CERT	Carbon Emission Reduction Target	NYHC	North Yorkshire Home Choice
NPPF	National Planning Policy Framework	CMHT	Community Mental Health Team
LEP	Local Enterprise Partnership	MAPPA	Multi Agency Public Protection Arrangements
HCA	Homes and Communities Agency	MARAC	Multi Agency Risk Assessment Conference
RP	Registered Provider	RSL	Registered Social Landlord
YNYER	York, North Yorkshire and East Riding	SP	Supporting People
GRTS	Gypsy, Roma, Traveller and Showmen	DV	Domestic Violence
KIT	Keep in Touch	LDAG	Learning Disabilities Action Group
CAB	Citizens Advice Bureau	COP	Code of Practice

RYEDALE
DISTRICT
COUNCIL

2015- 2021

Ryedale District Council Housing Strategy Action Plan - Progress August 2016

Draft - August 2016

Draft Housing Strategy Action Plan 2015-21			
ISSUE - AFFORDABILITY AND THE SUPPLY OF HOMES			
Priority 1 - Work with partners to increase the supply of good quality new housing across all tenures and locations (in line with Local Plans/site allocations)			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Double our house building rate and triple affordable housing delivery (compared to 2012/13 and 13/14 rates)	*Develop and adopt Local Plans in each Local Authority area in line with National Planning Policy Framework*	- Maintain and review the Local Plan Policy in line with local government changes. - Ensure new members are trained in planning policy	Ongoing Training delivered as part of the corporate planning training provided for all new members. Member briefings are arranged as and when required in response to national policy changes
	Continue to work closely with Local Enterprise Partnerships to identify opportunities to enable new housing and via the Local Growth Fund	- Work with the Housing Board to ensure other Local Authorities meet housing targets - Council Officer currently seconded to the Local Enterprise Partnership for 3 days a week.	Delivered 4,618 new homes in 2015/16 across the YNYER partnership with a target of circa 5,400. This represents 71% of the target to double house building in YNYER from 2012-14 annual levels. RDC delivered 30 affordable homes 2015/16. Ryedale is one of the best performing authorities in the LEP area in terms of achieving the housing targets set out in the Local Plan. It is the only district to achieve it's housing completions target in each of the last three years (224, 261, 280 units)
	Explore new funding delivery models to increase housing supply as opportunities arise - Homes and Communities Agency/Communities and Local Government initiatives	- Meet regularly with the HCA to ascertain delivery models available. - Development Officer to work closely with RPs to ensure bids reflective of Council's housing needs.	Met 3 times over the period. Discussed options for delivery of the new shared ownership programme Work closely with RP's on Wood St Platform for Life bid. Meet with YH, Broadacres & Northstar
	Introduction of Housing and Planning Act 2016	- Assess impact of Starter Homes, RTB, rents for high income tenants, reducing regulation of RP's, security of tenure, planning - Officers putting together a business plan	

	Council to consider direct housing provision where appropriate. *Set and monitor targets for market and affordable development in annual action plans* *Identify public sector land suitable for housing and work with partners and the HCA to bring forward development* *Work closely with the HCA on delivery of funding commitments and to secure new funding for the area* *Maintain and strengthen relationships with delivery partners including house builders, developers, landowners, agents, Registered Providers and communities.* *Work closely with RPs to support the development of new affordable housing funded via the Affordable Homes Programme 2015-18*	looking at the option of purchase / repair and working in partnership with Registered Providers - Provide local data for monitoring to the York, North Yorkshire, East Riding Board as well as the Rural Housing Network - Small sites identified by Ryedale District Council for market sale, ensuring capital receipts toward affordable housing delivery - Monitor development programmes with HCA and partner RPs - Undertake an annual development road show; support a rural event on an annual basis - Registered Providers Forum - Regular one to one meeting with partners regarding specific sites	Direct provision - Members decision Sept 2016 Look at S106 sites - possible reduction in affordable housing contribution and the Council purchasing the remaining allocation Completed quarterly Completed Ongoing - One scheme with YH at Wood St, Norton Attended Practitioners Rural Conference at Duncombe Park, Helmsley. Agreement for the Duncombe Park estate to take properties as part of a S106 in Helmsley
Help to get Local Plans in place (in line with Y, NY & ER Growth Deal requirement)	*Site Allocations Development Plan Documents etc to be in place* *Work Closely with Planning Officers Groups /Development Plans Forum to identify barriers to getting plans in place.*	- The Council's Local Development Scheme schedules the formal publication of the Local Plans Sites Document and Policies Map in January 2016 with submission for examination in July 2016 and adoption in July 2017 - Corporate housing group to monitor progression on a bi-monthly basis	Publication of document early 2017 Examination mid 2017 Adoption late 2017 HSM and FPM attend CHOG and Dev Plans forum quarterly to share progress and good practice. RDC have provided monitoring info on housing permissions and completions and Local Plan progress to inform performance reports to Housing Board at Q12 and Q4 2015/16

	Provide peer to peer support and mentoring via the Board	- Attendance at the Housing Board, both officer and member	Ongoing. As above and Cllr Cowling attends Housing Board Meetings for RDC with support from HSM/GF/HofE
Ensure that new housing development provides jobs, skills and apprenticeships for local people	*Work with the LEPs in our area to increase jobs, training and skills in the construction industry and related sectors* *Use our relationships with house builders and RPs and developers* *to support and encourage the use of local labour, apprenticeships and businesses.* *Enable self and custom build opportunities where appropriate* *Use opportunities for Community Land Trusts and similar models to ensure local training and job opportunities*	- Support LEP-wide initiatives to address construction skills in partnership with YNYER Housing Board, together with bespoke investment at colleges accessible to Ryedale - Investigate the tender process with RPs to encourage inclusion as part of their procurement - Provide information sheets for inclusion on website regarding different products available - RHE to promote the CLT's to parish Councils through the Parish Council Liaison meetings	'New construction centre at York College has now opened. In addition, construction skills are now a priority sector in the LEP's Strategic Economic Plan refresh and a focus within new EU funded contracts for up-skilling the workforce. A Yorkshire Coast College initiative at the Middle Deepdale housing site in Scarborough has provided a skills village to provide on-site training.' Ongoing Completed and put on website Press release sent out on community led housing update. Attendance at parish liaison. RHE working to identify possible pilots for the wider NY and ER Project. Consultants working on behalf of Rural Action Yorkshire will be sending out a questionnaire to all RDC Parish Councils in Sept 2016 to ask them about the Community Led Planning (CLT) project to see if any are interested in this type of community housing initiative.
Increase the number and diversity of house builders and Registered Providers to deliver new homes	*Establish a York, North Yorkshire and East Riding LEP wide house builder/agent/estate agent forum.* *Engage with existing local and sub regional forum including the Chamber of Commerce*	- Provide representation at meetings from Ryedale Support LEP-wide initiatives to boost activity from small and medium builders, in partnership with YNYER Housing Board and Housing Builders Federation. NB this formed parts of YNYER devolution asks	Meetings have recently been held with SME builders and developers across YNYER to identify blockages to greater productivity and outturns. This has identified a range of issues. Related proposals to increase activity in this sector will be included in a housing investment package for YNYER that is being developed with the HCA.

			The National Housing Federation and House Builders Federation are now both represented on the Housing Board for YNYER
	Engage with the local representatives of the House Builders Federation, National Housing Federation and National House Building Council *Via the above, identify and engage with partners not active in the area to promote potential opportunities.*	- Investigate potential marketing opportunities	Cllr Cowling + HSM/GF attend housing board meeting where feedback from the House Builders Federation and National Housing Federation is provided quarterly. Liaison with Chamber of Commerce is at YNYER level currently.
	Use opportunities for CLTs and similar models to add to the diversity of providers and identify and support bids to appropriate funding streams	- Promote through information sheets - Mail shot to Parish Council - Attendance at Parish Council liaison meetings - Provide updated information on the website	The questionnaire mentioned above which will be circulated to all RDC Parish Councils, will determine if any PCs are interested in CLTs. The questionnaire will explain about CLTs and if any interest shown, the RHE will follow up with the Research Team to attend any PC meetings. The information will be put on RDCs website
Maximise delivery of Affordable Housing via planning gain and other means	*Develop and adopt Affordable Housing policies as part of the Local Plan in line with the requirements of the NPPF*	- Develop supplementary planning guidance on affordable housing	Draft completed. With Forward Planning
	Maximise opportunities to support Affordable Housing provision at local policy target levels and work with partners to ensure delivery and viability	- Develop housing and planning protocol - Standardise Section 106 agreements	Officer attends group set up to standardise clauses
		- Agree specifications, transfer prices - Develop Affordable Housing Performa	High. Investigate whether viability has become an issue because of CIL. Council to ensure affordable homes are not lost.
	Work closely with the HCA and other funders to identify opportunities to bolster affordable housing delivery via the AHP and other programmes	- Encourage RPs to engage with Continuous Market Engagement programme with HCA	
	Continue to support the Rural Housing Enabler Network to enable Rural Exception and other sites *Set and monitor targets for market and affordable development in annual action plans*	- Provide Local Authority contribution for continuation of programme to 2018 - Report on an annual basis through performance management framework	Ongoing Ongoing

	Establish a Y, NY & ER LEP wide RP forum.	- Provide representation from RDC once established	Not established as yet
	Via the above, identify and engage with RPs not active in the area to promote potential opportunities	- Engage with the RPs part of the Rural Housing Network who are not actively working within Ryedale	Ongoing
	Strategic approach to the funding and tackling of long term Empty Homes	- Work with RPs on potential funding opportunities - Continue to employ P/T Empty Homes Officer	
		- Participate in development of Sub-regional Empty Property action plan - Development of regional Energy Efficiency loans - Investigate financial incentives for owners of empty properties to encourage bringing them back into use - Investigate working with Estate Agents to facilitate the sale of long term empty properties	A meeting to be arranged with the sub-region to update the plan due for completion December 2016
		- Develop local Empty Property Strategy	Completed
Increase diversity and choice in size, type and tenure to meet the needs of our communities (within the confines of welfare reform)	*Explore opportunities offered by new private rented homes and intermediate tenures*	- Agree intermediate tenures as part of SPD - Investigate HCA opportunities and work with RP partners - Explore new forms of marketing - Agree with developers to sell direct to an eligible occupier	Passed to Forward Planning Ongoing Ongoing Completed
	Understand and communicate changing size needs in relation to household formation and Welfare Reform	- Developers/ Planning to negotiate on size - Ensure RPs are prepared to accept smaller units, look at adaptable properties interchangeable at half bed	Update from RP's. Development programme. Number of 1 beds.
	Identify and support initiatives to provide suitable accommodation for older people	- Regular meetings with North Yorkshire County Council - Support 4 schemes across Ryedale	 Mickle Hill, Pickering - Methodist Homes Elmslac Close, Helmsley - Housing Care 21
		- 5% bungalows on sites of 50 or more	Requested on schemes through planning consultation

Page 187	*Identify and support initiatives to provide suitable accommodation for young working age people* *Link to 2012 North Yorkshire Tenancy Strategy and review as appropriate* *http://www.northyorkshirestrategichousingpartnership.co.uk/images/documents/NY_Tenancy_Strategy_Oct_2012.pdf*	- Investigate the need to provide support in order to facilitate moving to alternative accommodation through older persons Housing Options Officer - Continue with the management of Wells Lane - Options to lease / manage Houses in Multiple Occupation accommodation - Promote sharing opportunities for young people - Continue partnership working with Foundation Housing in the employment of a Shared Solution Officer - Submit a Platform for Life Bid - Ensure continuation of part-time Letting Officer post - Participate and evaluate reviews in changes from partner agencies	Lack of progress due to resources Ongoing Vine St, Norton - Lease signed. 45 Commercial St, Norton - Manage Until Dec 2016 when funding expires Bid successful with Broadacres - ongoing negotiations with YH & Broadacres Ongoing until new structure in place Ongoing
Maintain an up to date understanding of our housing markets and housing need	*Maintain up to date Strategic Housing Market Assessments and Economic Viability Assessments by Local Authority – Working together and sharing best practice where this delivers efficiencies.* *Engage with the local representatives of the Homes Builders Federation, National Housing Federation and National House Building Council*	- Procure a new SHMA - Look at opportunities of reducing costs through partnership working - Launch a new SHMA - Ensure views are taken into account as part of SHMA through focus group	Completed and available on RDC website. Published April 2016

ISSUE - WORKING WITHIN OUR GEOGRAPHY			
Priority 2 - Ensure that our housing stock reflects the needs of the Ryedale communities across all areas			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Continue to Support the Rural Housing Enabler Network and RHE Team	*Support the RHE to deliver new affordable homes per year across Ryedale*	- Attendance at the Rural Housing Network	Ongoing. RHE and HSM attend quarterly RHE Network meetings
	Delegate responsibility for delivery to the North Yorkshire Rural Housing Enabler Network	- Monitor rural schemes in Ryedale as part of each yearly RHE Rural Programme. Participate in any rural events in order to promote rural affordable housing in Ryedale and North Yorkshire - Promote the RHE Programme with local forums and in particular Parish Councils in Ryedale.	Sheriff Hutton: Planning application submitted Aug 16 for 12 affordable units on a Rural Exception Site in the village. York Housing Association is the developer and a successful Community Open Event was held in June with excellent support from the Parish Council as well as the community. If permission is granted, York HA hope to be on site early 2017
	Identify communities where CLTs may be appropriate – Pilot via the RHE programme.	- Investigate whether any interest in CLTs in Ryedale	The RHE Programme also holds annual rural housing events in North Yorkshire to promote the work of the RHEs. Parish Councils and RDC Members are invited to these events.
	Link with the development of Strategic Housing Market Assessments to ensure Rural Needs are understood	- Attendance at the RHE Steering Group for Scarborough/Ryedale - Work with rural delivery partners to increase the amount of affordable housing in Ryedale	The RHE Steering Group meets on a quarterly basis in Scarborough/Ryedale and works with rural delivery partners on affordable housing schemes/opportunities.
Address falling populations in the National Parks and use housing opportunities to sustain communities	*RHEs and providers to work closely with National Park Authorities to deliver their Plans and the housing needs of their communities*	- The RHE to work closely with the Planning Team at the NYMNPA to identify sites and develop more rural affordable homes in the NP.	The RHE works closely with the NYMNPA on all aspects of rural affordable housing delivery. The most recent Ryedale schemes have been the S106 sites in Helmsley: Linkfoot Lane (5 units), Swanland Road (24 units) and the Black Swan (4 units).
		- The RHE to contribute to NYMNPA policy on Affordable Housing - To attend any rural events in the NYMNPA associated with affordable housing	The RHE is contributing to the consultation process on policy for the NP Local Plan. In June 2016, the RHE spoke to NP Members about the recent changes to national affordable housing policy and the implications for delivery in the National Park.

Respond to any changes to the affordable housing requirements on ‘small sites’	*Engage with Rural Housing Policy Review and consultation on ‘small sites’ threshold on a sub regional basis*	- Monitor the national position and provide a response to any future Government consultation on contributions from small sites - Monitor contributions from small sites to provide evidence for any future consultation	Change in legislation. No contribution from sites less than 10
		- Work to identify alternative ways of supporting the delivery of rural affordable housing if, in the event that contributions from small sites cannot be secured in the longer terms	Working with HCA on products available. Planning Policy allows for market housing - look at possible buy back of affordable housing when sold by RP's
	Respond to the outcome of the policy review and ensure alternative mechanisms to support rural affordable housing are utilised, particularly via Rural Exception Sites.		
Address the needs of housing markets including tackling poor quality private housing	*Develop a market intervention project including Purchase & Repair of properties.*	- Work with the HCA to look at options available with partner organisation or deliver directly	Look at empty property options with regards HCA funding and purchase & repair products
	Undertake private sector stock condition survey	- Investigate opportunities to procure a new stock condition survey and associated costs	BRE to be commissioned. Should be completed by end of 2016
	Link with SHMA and Stock Condition Surveys to ensure needs are understood	- Direct work programmes to the outcomes from the surveys	
	Licensing of Houses in Multiple Occupation	- Continue with licensing regime of HMOs	Ongoing. 13 currently licensed.
	Licensing of caravan sites (non-residential)	- Continue to work with planning and licensing of caravans	Ongoing
	Dealing with housing complaints	- Ensure Ryedale enforcement policy meets new legislative changes	September 2016
		- Review private sector renewal strategy	Draft completed

ISSUE - THE HOUSING NEEDS OF OUR COMMUNITY			
Priority 3 - Ensure that our housing stock meets the diverse needs of our communities at all stages of their lives			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Increase the number and range of homes suitable for our ageing population across all tenures	*Work with NYCC and City of York Council to support planned Extra Care Housing*	- Regular progress on sites within Ryedale, Pickering, Malton, Helmsley and Kirkbymoorside with North Yorkshire County Council - Find out completion timetables	Ongoing meetings. Looking at Pickering/Helmsley Pickering – Mickle Hill due for completion October / November 16 Helmsley – At pre Planning consultation stage delivery 2018/19 Malton – Planned NYCC procurement with a target completion of March 2019
	Provide advice and support to older people in planning moves and understanding housing options	- Explore opportunities for providing Older Persons Housing Officer	No progress due to lack of resources
	Via planning policy, and working with house builders and RPs, develop best practice around house types and policy for older people	- Local Plan Strategy SP4 stipulates at least 5% of all new homes built on schemes of 50 dwellings or more shall be built as bungalows. Housing to promote this in discussions with developers.	Ongoing
	Support new homes close to Extra Care developments for older people and staff (link with Y, NY & ER Growth Deal)	- Work with LEP Authorities to progress LEP wide initiatives	Discussions are ongoing with NYCC on a site by site basis
	Ensure the existing supply of housing is suitable for older people in the future	- Increased use of White Rose Home Improvement Agency wellbeing service and DFG budget - Financial incentives to owner occupiers and some private tenants	Ongoing. Recent award received due to high level of service provision Not yet progressed
	Link to NYCC Community Strategy and Health and Well Being Boards	- Development of winter health strategy - Support the Chief Executive as a member of the housing board	Completed March 2016

		- Provide feedback for consultation on new Health and Wellbeing Strategy	Consultation completed. Strategy adopted.
Increase the number and range of homes suitable for working age households, particularly first time buyers to enable mixed and sustainable communities	*Work with the HCA to fund initiatives* *Develop shared housing projects for under 35s Pilot in Ryedale and Hambleton* *Identify and support bids to appropriate funding streams* *Identify opportunities to deliver via market or Affordable Housing delivery*	- Through liaison meetings, work on new initiatives with RP partners - Working with landlords to either manage or lease properties - Await outcome of Platform for Life initiative bid - Assist in the delivery of government initiative for Starter Homes for under 40's	New Starter Homes initiative Shared Ownership programme. Promoting with RP's Vine St/Commercial St, Norton Successful. Progressing scheme. To be delivered through the exceptions policy and as a proportion of affordable housing built on development sites.
ISSUE - UNDERSTANDING AND IMPROVING THE QUALITY OF OUR HOUSING STOCK			
Priority 4 - Via policy guidance and negotiation, ensure new homes are of high design and environmental quality			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Work closely with house builders, land owners and Register Providers to communicate our aspirations and needs around quality and design	*Ensure local Supplementary Planning Documents provide guidelines on size and quality across all tenures* *Share and promote Best Practice* *Develop local Policy Guidance/SPDs to set out requirements for new developments*	- Work collectively with RP partners and interview colleagues to agree content for SPD prior to consultation - Attend the Northern Affordable Housing Group	Ongoing. Ongoing.
Explore opportunities to use innovative methods of construction to	*Link with LEPs*	- Develop local and pan-YNYER initiatives in partnership with YNYER Housing Board	Ongoing

deliver new, high quality homes	*Identify and support opportunities to use Modern Methods of Construction and Off Site Manufacture to deliver new homes* *Identify and support bids to appropriate funding streams*	- Meet with relevant private developers and RP partners to assess any opportunities - Keep up to date with opportunities through the HCA	Regular attendance at the Northern Affordable Housing Group (NAHG) with all LA partners in the Yorkshire & Humber region, where any new initiatives are discussed Ongoing Keep In Touch (KIT) meetings
Ensure Affordable Housing, particularly delivered via Planning Gain, is flexible and of a quality and size suitable for a range of households and for maximum occupancy if needed	*Identify and support bids to appropriate funding streams to ensure quality/additionally* *Ensure local SPDs provide guidelines on size and quality across all tenures*	- Discuss options available from the HCA where financial viability is assessed and funding would give additionally - Ensure SPD includes all relevant factors to assist development from the outset. Encourage developers to build to Nationally Described Space Standards	No funding available except for Shared Ownership products. RP's can pull in this funding for Section 106 sites. Ongoing
Priority 5 - Continue to make best use of existing stock and ensure it is of a decent quality to meet the needs of our communities			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Develop and maintain an understanding of the condition of existing stock	*Sub regional approach to the understanding of Stock Condition? LINK WITH Leeds City Region Approach* *Continue to work with Private Sector Landlords and local Private Rented Sector fora and focus on "Rogue Landlords" where appropriate*	- Stock condition survey - Specific date for financial assistance for over occupiers - Adoption of the Private Sector Renewal Strategy - Increase the financial incentives available to assist landlords in improving the condition of their properties - Working with lettings agents to improve understanding of Private Rented Sector statutory requirements - Development of website to provide information relating to statutory changes - Promotion of resources available to support private landlords - Develop program of inspections of HMOs - Continued attendance to sub-regional and regional working policies and ensure best practice can be attained	Complete by end 2016 Draft completed Landlords Forum, Deregulation Act, Right to Rent To commence October 2016

	Home Improvement Agencies and Handypersons schemes	- Development of Code of Practices to raise awareness with Private Rented Sector community - Adoption of the Ryedale Enforcement Policy - Continue partnership with Scarborough Borough Council with regards to White Rose service	
Identify and use opportunities to re-develop existing residential or commercial stock for new housing	*Work with RPs to understand and deliver opportunities* *Support bids to appropriate funding streams*	- RP forums - Inclusion of over shop redevelopment through Empty Property Action Plan - Support provided to RP partners for HCA funding	Ongoing
Priority 6 - Ensure all homes have a positive impact on health and well being and are affordable to run			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Explore opportunities to use modern methods of construction to deliver efficient, high quality new homes	*Link to Priority 4 above*		
Continue to deliver investment in Energy Efficiency	*Link to Yorkshire Energy Partnership and National Energy Action*	- Continue to work with YEP, Community Interest Company and other partners to develop Energy Efficient projects throughout district - Continual development and use of oil co-ops and collective switching scheme, as well as other similar schemes - Biennial Home Energy Conservation Act report - Source external funding where appropriate - Develop and increase the use of renewable technology across the district - Investigate and develop partnerships to promote affordable warmth and renewables	YEP ceased trading. Investigating other organisations to work with Ongoing. Choice for Energy now part of WRHIA

		- Investigate the possibility of purchasing data on Energy Performance Certificates that can be used to target specific areas	
Reduce the impact that poor housing has on health and wellbeing	*Health and Well Being Representative at Housing Board* *Engage with the Better Care fund and continue to make best use of Disabled Facilities Grants* *Work with Private Sector Landlords and Local PRS fora* *Home Improvement Agencies and Handypersons schemes*	- Work in partnership with WRHIA to ensure a positive impact and correct targeting of resources and use of DFG funding - Landlord fairs - Landlord forums - Landlord training event - Investigate development of Landlord newsletter - Increase profit of Wellbeing and Handyman schemes - Attendance at externally appropriate events to promote service	Health and Wellbeing rep invited to Housing Board meetings Increase in allocation from the Better Care fund. Working in partnership with NYCC to ensure joined up services provided. Review of services by Foundation Continuing to market services Ongoing
Give people the choice of using dispersed alarms with Telecare to enable them to live independently as long as they are able to remain in their own homes	*Dispersed alarms and associated Telecare* *With the loss of hard wired schemes, dispersed alarms should be used as a replacement to protect vulnerable adults and not leave them at risk* *Link to business plan* *Marketing strategy in place to promote lifelines and telecare* *Evidence of demographics to show ageing population regionally* *Make best use of DFGs*	- Actively promote The Ryecare Lifeline Service throughout the area - Ensure dispersed alarms with the option of additional telecare sensors are used to protect the elderly and vulnerable and enable independent living - Implement Marketing strategy - Marketing research undertaken by Ryecare Team Leader has identified the population of elderly ‘hotspots’ and marketing efforts will be concentrated in these areas - WRHIA to deliver best practices across the district	Ongoing

		- Continued attendance at North Yorkshire Group for sub region - Continue to deliver DFG's researching any increases in value for money	Review of procurement framework 16/17
ISSUE - ADDRESSING THE NEEDS OF HOMELESS HOUSEHOLDS			
Priority 7 - Continue to reduce Homelessness			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Continue and Improve partnership working to reduce homelessness	*Delegate delivery of Priority 7 to Homelessness Group who report to the Housing Board* *Each Local Authority to develop and work to a local homelessness strategy*	- Continue to Chair the County Homelessness Group - Implement Homelessness Strategy and Action Plan 2015-2020, providing annual reviews - Monitor effectiveness of Strategy through Partner input at Housing Forum and Homelessness Strategy Steering Group - Continue core funding for CAB's Money Advice Service - Work collaboratively with Environmental Health to ensure continued access to housing of a suitable standard - Maintain membership of North Yorkshire Home Choice Project Board, ensuring that all policies reflect the needs of homeless households - Continue participation in the countywide Young People's Accommodation Partnership	Ongoing Ongoing. Review of 15/16 in Nov 2016. Ongoing Continued support of CAB Joint visits undertaken where required. Disrepair issues referred to EH. Ongoing. Business plan developed to improve marketing/website Recent procurement completed.YPP ongoing. Reduction in Homeless Prevention Officer to part-time
	Manage the removal of the No Second Night Out funding. Develop formal No Second Night Out procedure with existing resources.	- Continue referral scheme with Stonham Homestay Homelessness Prevention Service	Recent procurement service to be provided by Horton Housing 1/10/16
	Identify and support bids to appropriate funding streams	- Assist with the flexible use and prioritisation of the Discretionary Housing Payment fund to prevent homelessness, working jointly with the Revenues & Benefits Manager	Ongoing
	Develop and maintain relationships with private sector landlords to meet the needs of homeless households	- Explore options of extension of the housing solutions role	Funding expires 31/12/16

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	Work to retain Homelessness Grant Funding to sustain successful and efficient Homelessness Prevention activities including rent in advance and provision of Bonds Introduction of Welfare Reform and Work Act 2016	- Develop a training and homelessness awareness programme to offer partner agencies - Very low District Street Homelessness to be addressed by use of County-wide budget, develop exit strategy - Continue to identify further streams and attract alternative funding via appropriate bids - Under 22's Under 35's	Ongoing through Housing Forum and NY Training Group Programme completed. 'No second night out' protocol developed. Ongoing where appropriate
Improve access to services	*Work towards the achievement of Gold Standard in housing options services*	- Submit the Housing Options service to a Peer Review as stage one of the accreditation process - Undertake further assessment of evidence-based submissions to achieve Bronze Standard - Undertake further assessment of evidence based submissions to achieve Silver Standard - Undertake further assessment of evidence based submissions to achieve Gold Standard - Develop Hospital Discharge Protocol with NYCC CMHT for those with mental health problems - Explore options to extend Housing Project Officer role to cover Gold Standard duration	Achieved 77% in May 2015 on Peer Review Bronze Standard achieved April 2016 7 out of 10 challenges now submitted Hospital Discharge Procedure in place
Improve support for young people	*Maintain the Young People's Pathway / @The Hub approach*	- Continue active membership of the Pathway Governance and Implementation Groups - Participate in tendering process to ensure continuation of pathway for Ryedale Residents - Re-commissioning of service July 2016 - Develop integrated Prevention work with NYCC (access to systems) - Main availability of accommodation	Ongoing
Increase suitable housing options	*Identify and support bids to appropriate funding streams including Platform for Life and Homelessness Change Fund*	- Utilise the Housing Project Officer to research and identify funding streams - Where possible, link with charitable-status partners where access to funding restricted	Ongoing.

	Link to Priority 1 and 2 above	- Await result of Platform for Life Bid. Develop business plan if successful	Successful Platform for Life bid with Broadacres
Reduce the use and increase the quality of temporary accommodation	*Identify and support bids to appropriate funding streams* *Link with Priority 5 above*	- Ensure early intervention to prevent homelessness and reduce the need for this accommodation - Continue to ensure the provision of accommodation at Old Railway Court - Work with Foundation (re-commissioned 2016) to rehouse perpetrators of domestic abuse to keep families safe - Reduce the length of stay by discharging the legal "duty" into the private rental sector. Formalise the policy	Ongoing Preventions: 11/12 - 195 12/13 - 709 13/14 - 747 14/15 - 228 15/16 - 203 YH transferring property on lease to RDC Recent re-commissioning of service. Foundation successful. Policy updated and formalised

ISSUE - THE NEEDS OF VULNERABLE HOUSEHOLDS AND THOSE WITH SUPPORT NEEDS

Priority 8 - Ensure Housing is Allocated Fairly and on the Basis of Need

PROPOSALS	CORE ACTIVITIES	LOCAL PROPOSALS	PROGRESS
Support the sub regional Choice Based Lettings approach and local solutions where appropriate	*Delegate delivery of this Priority to the North Yorkshire Homechoice Board (with Harrogate Borough Council and East Riding of Yorkshire Council)*	- Delivery delegated but membership of the Board maintained - Ensure that all policies reflect the needs of homeless households and assist homeless prevention - Work with Yorkshire Housing to extend their participation in the partnership - Seek Board approval for Local Lettings Initiatives, allocated out of the NYHC policy	Business Plan developed to improve website, and marketing Property Shop Analysis of RP's operating within Ryedale with regards to introduction of lifetime tenancies Potential loss of partners in NYHC i.e. York City and YH Further review to take place once outcome known

Priority 9 - Provide appropriate Housing and Support for those with Specific Needs			
PROPOSALS	**CORE ACTIVITIES**	**LOCAL PROPOSALS**	**PROGRESS**
Identify new and improved opportunities to provide housing and support living for households with specific needs	*Deliver via Supporting People Core Strategy Group and Gypsy, Roma, Traveller and Showmen Group and their Action Plans*	- To ensure that the GRTS community have access to advice and assistance. RDC attends fortnightly drop-ins. - Offer appropriate Homelessness prevention advice via Horton Housing. SP commissioned support. - All staff receive ongoing GRTS awareness training - Unauthorised Encampments - Draft Policy from NYCC already being implemented - Undertake GRTS Accommodation Assessment	Adapted for RDC Work out to tender with completion November 2016
	Work with RPs to identify opportunities to support specific needs groups	- Work in partnership with Yorkshire Housing for households with specific needs - learning difficulties, physical disabilities, mental health problems, frail elderly, alcohol/substance dependant	Reduction in SP funding by 2019/20, ongoing consultation with NYCC
	Work with NYCC Health and Adult Services to identify needs via it's Accommodation Strategy/Matrix	- Work with providers of mental health support across the district	
	Identify need (type and location) for housing suitable for those with physical disabilities, Learning disabilities etc	- Liaison with NYCC's LDAG and partnership with RP's	Continued attendance at meetings
	Identify and support bids to appropriate funding streams Link with Health and Well Being Board		
	Implement proposals and standard approach to Multi Agency Public Protection Arrangements , Multi Agency Risk Assessment Conference etc	- MAPPA conference attended and actioned by HSM - RDC is a member of the Making Safe Steering Group to ensure effective work of MARACS to ensure the safety of DV clients - Ensure the continuous use of lifelines for victims of domestic abuse	Ongoing Ongoing. Senior Officer maintains attendance with decision making. WRHIA Handyperson Service utilised for property related safety measures

	Support the delivery of the North Yorkshire and York Domestic Abuse Strategy *Support initiatives to provide services and housing for vulnerable groups within Extra Care.* Meeting the needs of the Syrian Refugee programme in partnership across North Yorkshire	- Work in partnership with Yorkshire Housing and adult social care to ensure access to Extra Care schemes for frail elderly clients - Work with accommodation providers both RP's/private landlords to secure accommodation for 16 individuals	Maintain attendance at implementation monitoring forums Initial meetings held across NY to share lessons learnt. Meetings with YH to agree accommodation. Proposals for arrival of 16 refugees in 2017/18. Work with Migration Yorkshire to establish refugee support protocol
Continue the good practice and joint working across the sub region	*Delegate delivery of this Priority to the GRTS sub group of the Supporting People Commissioning Body and report to Housing Board*	- Development of management protocol for Tara Park - Review of allocations policy for Tara Park - Maintain a list of prospective tenants - Regular inspections of Tara Park	Ongoing Ongoing

GLOSSARY

Staff		Other	
HSM	Housing Services Manager	RDC	Ryedale District Council
PPM	Planning Policy Manager	AHP	Affordable Homes Programme
HoE	Head of Economics	CLT	Community Land Trust
DO	Development Officer	SPD	Supplementary Planning Document
RHE	Rural Housing Enabler	NYCC	North Yorkshire County Council
EHO	Environmental Health Officer	HMO	House in Multiple Occupation
FP	Forward Planning	SHMA	Strategic Housing Market Assessment
HPO	Housing Project Officer	NYMNPA	North Yorkshire Moors National Park Authority
SHOO	Senior Housing Options Officer	CYC	City of York Council
RTL	Ryecare Team Leader	WRHIA	White Rose Home Improvement Agency
HOO	Housing Options Officer	DFG	Disabled Facilities Grant
FPM	Forward Planning Manager	CIC	Community Interest Company
		YEP	Yorkshire Energy Partnership
Other		NEA	National Energy Action
		NYHC	North Yorkshire Home Choice
RPF	Registered Provider Forum	CMHT	Community Mental Health Team
CERT	Carbon Emission Reduction Target	MAPPA	Multi Agency Public Protection Arrangements
NPPF	National Planning Policy Framework	MARAC	Multi Agency Risk Assessment Conference
LEP	Local Enterprise Partnership	RSL	Registered Social Landlord
HCA	Homes and Communities Agency	SP	Supporting People
RP	Registered Provider	DV	Domestic Violence
YNYER	York, North Yorkshire and East Riding	LDAG	Learning Disabilities Action Group
GRTS	Gypsy, Roma, Traveller and Showpeople	COP	Code of Practice
KIT	Keep in Touch Meeting (HCA)	YH	Yorkshire Housing
CAB	Citizens Advice Bureau		
NAHG	Northern Affordable Housing Group		
CHOG	Chief Housing Officers Group		

Council Plan

Generated on: 9 September 2016

1. Employment Opportunity & Economic Success	EC 10	EC 12a	EC 12b	EC 12c	EC 12d	EC 13a	EC 13b	EC 40				
2. Housing Need	BS RB 3	FP 7	FP 8	HS 1	HS 5	HS 8	HS 11b	HS 14	BS RB 2	HS 2	HS 17	HS 10b
3. High Quality Environment	DM 157a	DM 157c	HE 13	SS 15	SS 17	DM 2	DM 157b	SS 192	SS 16	SS 35	SS 36	
4. Active Safe Communities	EC 77	HE 10										
5. Transforming the Council	BS AS 3	BS BI 02	BS AS 1 RDC	HR A 01 R	BS RB 11	BS RB 12	BS MD 1					

Status Icon Key

On track	Warning	Alert	Data only indicator	Long term trend arrow

1. Employment Opportunity & Economic Success

EC 10	Total Job Seeker Allowance and Universal Credit Out of Work Claimants Aged 16 - 64				
Current Value	0.7%	July 2016	Current Target	0.8%	June 2016
Yorkshire and The Humber 2.2%, Great Britain 1.8%					

EC 12a	% Ryedale population aged 16-64 qualified - NVQ1 or equivalent				
Current Value	83.5%	2015/16	Current Target	83.1%	2014/15
Ryedale had 25,100 residents between January-December 2015 aged 16-64 studying at NVQ1 level and above. Young people achieve level 1 and 2 NVQ's in order to improve their career prospects. The council has targeted resources through various apprenticeships. This level is a stepping stone to future learning opportunities.					

EC 12b	% Ryedale population aged 16-64 qualified - NVQ2 or equivalent				
Current Value	70.5%	2015/16	Current Target	67.5%	2014/15
Ryedale had 21,200 residents between January-December 2015 aged 16-64 studying at NVQ2 level and above. Young people achieve level 1 and 2 NVQ's in order to improve their career prospects. The council has targeted resources through various apprenticeships. This level is a stepping stone to future learning opportunities.					

EC 12c	% Ryedale population aged 16-64 qualified - NVQ3 or equivalent				
Current Value	45.1%	2015/16	Current Target	54.4%	2014/15
The percentage of Ryedale residents aged 16-64 reaching NVQ3 and above dropped from 15,900 attaining the qualification to 13,600 from January-December 2015.					

EC 12d	% Ryedale population aged 16-64 qualified - NVQ4 or equivalent				
Current Value	29.0%	2015/16	Current Target	41%	2014/15
The number of the Ryedale residents qualfied to NVQ4 or equivalent has dropped from 12,000 to 8,700					

EC 13a	Gross weekly earnings by workplace				
Current Value	£410.20	2015/16	Current Target	£420.20	2014/15
Ryedale has the lowest median gross weekly wage in the LEP area. Although unemployment is low, low wages cause many people to have more than one job and also cause housing affordability issues. Priorities to increase wage levels for local people are in the Ryedale Economic Action Plan.					

EC 13b	Gross weekly earnings by residency				
Current Value	£411.80	2015/16	Current Target	£426.00	2014/15

Earnings by Workplace 2015 annual data (pounds) Ryedale £411.80, Craven £450.20, Scarborough £467.90, Hambleton £479.50, York £496.00, Harrogate £518.00, Richmond £518.50, Selby £526.50. Yorkshire and Humber region average £480.50, Great Britain £529.60 Ryedale has the lowest median gross weekly wage in the LEP area. Although unemployment is low, low wages cause many people to have more than one job and also cause housing affordability issues. Priorities to increase wage levels for local people are in the Ryedale Economic Action Plan.

		EC 40	Employment Rate - aged 16-64		
Current Value	81.5%	2015/16	Current Target	84.5%	2014/15
2015/16: Yorkshire and Humber 72.2% Great Britain 73.7% Although generally buoyant, the high technology manufacturing sector specialising in sub sea technologies has been declining due to global oil price depressing oil exploration activity. RDC is continuing to support the high technology manufacturing sector through training and infrastructure support. Seasonality is also an issue addressed in the Visitor Economy activity delivered by RDC.					

2. Housing Need

		BS RB 3	Speed of processing - changes of circumstances for HB/LCTS claims		
Current Value	8.0 days	August 2016	Current Target	12.0 days	
The performance for changes of circumstance for both housing benefit and local council tax support has been strong over recent months. However the implementation of the full service for Universal Credit in June 2016 for Ryedale working age claimants may cause a significant increase in the volume of changes to be processed for LCTS claimants, which may in turn affect performance.					

		FP 7	Net additional homes provided		
Current Value	245	2015/16	Current Target	200	LDF Plan
The target of 200 is the LDF plan requirement. 261 net additional homes were provided in 2014/15					

		FP 8	Supply of deliverable housing sites		
Current Value	116.0%	2015/16	Current Target	100.0%	See Annual Monitoring Statement and Strategic Housing Land Availability Assessments. Target five year housing supply= 100%
The new five year deliverable supply figure at 31/3/16 is 1158 plots which equates to 5.8 years of deliverable supply (based on the Plan requirement of 200) or 116%					

		HS 1	Homeless applications on which RDC makes decision and issues notification to the applicant within 33 working days (was LPI 70)		
Current Value	100.0%	Q1 2016/17	Current Target	100.0%	Target is to decide on all applications within 33 days
4 decisions made within Q1 of this year and all applications were notified within 33 days of application					

		HS 5	Number of Homeless Applications			
Current Value		5	Q1 2016/17	Current Target	13	Total number of applications for 2015/16= 37
5 homeless applications were received in Q1						

		HS 8	Prevention of Homelessness through Advice and Proactive Intervention (values and targets are per quarter, not accumulative)			
Current Value		45	Q1 2016/17	Current Target	39	Target is to achieve 10% improvement in numbers of preventions year on year
45 interventions were needed to prevent homelessness through advice and intervention during Q1 of 2016/17						

		HS 11 b	Properties empty for six months or more			
Current Value		233	2015/16	Current Target	249	Aim is to improve on performance for the previous year
This figure is included on the government return CTB1 which informs the New Homes Bonus Allocation. The figure is calculated in October and is the total of empty properties which have been empty for six months or more						

		HS 14	Affordability Ratio			
Current Value		8.5	2015/16	Current Target	8.39	2014/15
Affordability ratios in 2015 were calculated using earnings data from April 2015 and house price data for the period September 2014-September 2015. There is a 12 month time lag on the release of this information.						

		BS RB 2	Speed of processing - new HB/LCTS claims			
Current Value		29.1 days	July 2016	Current Target	25.0 days	
The New Claims performance time has increased in April 2016 due to the first Universal Credit claimant that we had received who resided in Specified Accommodation. Following this assessment we know that the system is treating such claims correctly. Processing of claims for Housing Benefit for those resident in specified accommodation will remain the responsibility of the Local Authority following the roll out of the full UC service in Ryedale from 29 June 2016, as will all claims for HB for pensioners. The majority of claims for those of working age will transfer to UC by 2021.						

		HS 2	Length of stay in temporary accommodation (B&B, weeks) Snapshot			
Current Value		5.10 weeks	Q1 2016/17	Current Target	4.00 weeks	Target: National maximum allowable is 6 weeks. Local target of 4 weeks
During quarter 1 of 2016-17, the average stay in temporary accommodation was 36.4 nights						

		HS 17	Number of affordable homes delivered (gross)			
Current Value		30	2015/16	Current Target	75	35% of market housing target would result in 70 affordable homes arising from 200 net

					additional homes.
67 affordable new homes under construction during 2015/16 with 29 completed					

		HS 10b	% Households in Ryedale in Fuel Poverty (Low Income High Cost)		
Current Value	15.9%	2014/15	Current Target	10.6%	2013/14
3636 out of 22827 households in Ryedale were in fuel poverty in 2014/15, an increase of 1196 households from the 2013/14 data. There is a 12 month time lag on the release of this information					

3. High Quality Environment

		DM 157a	Processing of planning applications: Major applications (13 weeks)		
Current Value	76.90%	August 2016	Current Target	70.00%	Targets originally set under Planning Delivery Grant regime
By definition these applications are complex, often requiring a Section 106 (legal) agreement. These applications represent around 4% of the total number received. Performance for 2015/16 was excellent overall at 87% against a target of 70%. However there levels will always vary significantly month by month due to the nature and small numbers of this type of applications received.					

		DM 157c	Processing of planning applications: Other applications (8 weeks)		
Current Value	91.50%	August 2016	Current Target	90.00%	Targets originally set under Planning Delivery Grant regime
Performance continues to be above target through 2016/17 so far. Customer satisfaction has increased on previous years.					

		HE 13	% of Food establishments in the area broadly compliant with food hygiene law		
Current Value	86%	2015/16	Current Target	72%	Target is to improve on previous year. Assessments of premises undertaken using risk based scoring and national guidance. 17% of premises are low risk and not accessed and by default not compliant under the national definition for this indicator.
The “broadly compliant” performance Indicator is defined as the percentage of food establishments within the local authority area that are broadly compliant with food law. The assessment is based on a scoring system that is defined in the national Code of Practice. When officers inspect a food business they rate the business with respect to several aspects. Three of those aspects namely the standard of hygiene, the structural standard and the confidence in management are awarded numerical values and if any one of them falls below a prescribed level then the establishment is judged to be non broadly compliant.					

		SS 15	% of Household Waste Recycled		
Current Value	21.73%	2015/16	Current Target	20.00%	Target set following analysis of previous performance levels
Performance continues to improve. The priority is to maintain this level of performance.					

		SS 17	Household Waste Collection - % change in kilograms per head			
Current Value		-3.45%	2015/16	Current Target	0.25%	Target is to improve on previous years change
Year on year the amount of household waste collected has significantly reduced, giving a net change of -3.39% in 15/16. 2015-16 408.78 kg/per head, 2014-15 423.41 kg per head.						

		DM 2	Planning appeals allowed			
Current Value		33.3%	Q1 2016/17	Current Target	33.0%	Target based on national averages and benchmarking
The national performance level is consistently in line with the target figure of 33%, performance for Ryedale has varied because of the relatively low number of appeals received.						

		DM 157b	Processing of planning applications: Minor applications (8 weeks)			
Current Value		76.00%	August 2016	Current Target	80.00%	Targets originally set under Planning Delivery Grant regime
Minor applications requiring developer contributions are affecting performance in this category arising from the need for S106 agreements to accompany the planning permission. This resulted in numerous applications being determined beyond their 8 week determination period. Last years performance in this category reflects this, however as a result of the recent Court of appeal decision relating to contributions from small site this figure is expected to rise in 2016/17 as applications will not be delayed by the need for a legal agreement						

		SS 192	% of household waste sent for reuse, recycling and composting			
Current Value		45.80%	2015/16	Current Target	49.70%	National target to achieve 50% by 2020
15/16 is the first full year of data that reflects the full impact of charging for garden waste. Results are positive, achieving 46% subscription rate against a target of 35%. The overall recycling rate has reduced by 8% against a forecast reduction of 15%. 15/16 45.8% (first full year charging for garden waste) 14/15 48% (Part year charging for garden waste collection) 13/14 53% (no charge for garden waste collection) A new target will be issued upon a review of current performance.						

		SS 16	% of Household Waste Composted			
Current Value		24.07%	2015/16	Current Target	30.00%	Target set following analysis of previous performance levels
The target has been reduced going forward from 30% to 23%. This is to reflect the reduction in tonnages post garden waste subscription, which is circa 35-40% per annum. Although overall tonnage PA has reduced, it is clear to see from sales and tonnage data that participation per household has increased by 36%. Taking the average kg's per household from 297 kg's up to 462 kg's. So whilst tonnage has reduced and impacts on overall recycling performance, residents using the service are 'super users' justifying the kerbside collection. In addition to this rates of contamination have reduced to almost zero.						

		SS 35	% CO2 reduction from LA operations.			

Current Value	18.5%	2015/16	Current Target	-12.5%	Target set for three years, based on national guidance. To be reviewed following analysis of performance to date
A recent audit has identified issues in the calculation of performance data and targets. This matter is being investigated and a revised target will be set. The issue identified is in the analysis of data and NOT performance. However both need assessing to determine a fair and reasonable level of performance.					

		SS 36	Tonnes of CO2 from LA operations		
Current Value	1,680	2015/16	Current Target	1,418	Target set for three years, based on national guidance. To be reviewed following analysis of performance to date
A recent audit has identified issues in the calculation of performance data and targets. This matter is being investigated and a revised target will be set. The issue identified is in the analysis of data and NOT performance. However both need assessing to determine a fair and reasonable level of performance.					

4. Active Safe Communities

		EC 77	Total Crime in Ryedale		
Current Value	680	2016/17 so far	Current Target		
The level of crime recorded in 2014/15 was unsustainably low and the performance for subsequent years will be higher than this. In 2013/14 2273 crimes were recorded.					

		HE 10	Adult participation in sport and active recreation. Sport England Active People Survey-Annual		
Current Value	35.5%	2015/16	Current Target	32.7%	2014/15
The percentage of Ryedale residents exercising with moderate intensity for 30 minutes at least once a week has increased for 2015/16 to 35.5%. This is above the Yorkshire (35.0%) but below the percentage for England (36.1%)					

5. Transforming the Council

		BS AS 1 RDC	Service enquiries resolved at first point of contact (telephone)		
Current Value	52%	August 2016	Current Target	50%	Target is for year on year improvement
Following changes of staffing within the team at front of house, performance has improved, and call volumes managed at peak times, such as council tax billing and garden waste licence renewals, with support of other hub teams.					

		BS AS 3	Payments made using electronic channels		
Current Value	96%	August 2016	Current Target	85%	Target is set to maintain performance
Electronic channels include web, telephone and Direct Debit.					

	BS BI 02	% FOI Requests responded to within 20 working days			
Current Value	100%	July 2016	Current Target	95%	
54 out of 54 FOI requests were responded to within 20 days.					

	HR A 01 R	Average number of Working Days Lost Due to Sickness Absence per FTE, RYEDALE			
Current Value	0.22 days	Q2 2016/17	Current Target	1.88 days	Target was North Yorkshire average for 2009. This has been revised to more accurately reflect the absence levels in the public and private sectors as presented by the CIPD in their annual survey of absence management. Average absence last year for the public sector was 8.7 days and in the private sector 6.9. the target has therefore been revised to 7.2 days for RDC to reflect our ambition to be more commercial in how we deliver our business.
Performance has improved significantly since November 2015. The total number of days lost to sickness absence by FTE in 2015/16 was 2450 days. The number of days lost in August 2015 was 163 compared with 72 days in August 2016, for both long term and short term absence. The % of working days lost to sickness absence in 2015/16 was 4%, an improvement of 2% on 2014/15.					

	BS RB 11	% of Council Tax collected			
Current Value	48.68%	August 2016	Current Target	48.83%	Target is set to maintain performance with 2015/16 level
Performance is slightly below the level at this stage in 2015/16, but is on target overall for the financial year.					

	BS RB 12	% of Non-domestic Rates Collected			
Current Value	50.28%	August 2016	Current Target	51.47%	Target is set to maintain performance with 2015/16
Performance is below the level at this stage in 2015/16, but remains on course to match the 99.18% achieved last year.					

	BS MD 1	Standard searches completed in 5 working days			
Current Value	38.0%	August 2016	Current Target	90.0%	Target is set to maintain performance
A system upgrade has meant limited access to the system for 2 weeks affecting the performance of this service.					

RYEDALE
DISTRICT
COUNCIL

PART A:	**MATTERS DEALT WITH UNDER DELEGATED POWERS**
REPORT TO:	**POLICY AND RESOURCES COMMITTEE**
DATE:	**22 SEPTEMBER 2016**
REPORT OF THE:	**FINANCE MANAGER S151** **PETER JOHNSON**
TITLE OF REPORT:	**RESPONSE TO THE BUSINESS RATES CONSULTATION AND FAIR FUNDING REVIEW**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The report sets out the response to the Self Sufficient Government: 100% Business Rates Retention consultation and the Fair Funding Review: Call for evidence on Needs and Redistribution

2.0 RECOMMENDATION

2.1 That Council is recommended:
(i) To agree the response to the consultations attached at **Annex C.**

3.0 POLICY CONTEXT AND CONSULTATION

3.1 The Government have stated that by the end of this Parliament the Local Government sector will retain 100% of taxes raised locally. In order to ensure that these reforms are fiscally neutral, councils will gain new responsibilities.

3.2 The assessment of the relative needs of local councils is a fundamental part of the anticipated reforms to business rates. Alongside the 2016/17 Local Government Finance Settlement, the Government announced the Fair Funding Review, its purpose is to conduct a thorough review of what the needs assessment formula should be in a world in which local government spending is funded by local resources not central grant.

3.3 To help shape the Fair Funding Review, the Government has been engaging with representatives from across local government through a technical working group. Based on feedback from this group, they have developed an initial call for evidence on needs and redistribution. The Government wants to give local government every opportunity to consider the best approach to measuring their relative needs. The needs assessment does not require legislative changes to implement. This means that decisions do not have to be made now, and allows work to progress with local government to a different timetable. The Government is aiming to consult on the principles for the needs assessment in the autumn 2016, and expects to have a final consultation on the formulae in the summer of 2018. This will allow a new mechanism to be in place in time for the introduction of 100% business rates retention across local government by the end of the current Parliament.

3.4 100% Business Rates Retention, however, does require new legislation which the Government intends to introduce in early 2017. Pilots of the new scheme are due to commence from the start of the financial year 2017/18. The consultation and call for evidence are attached at annexes A and B.

REPORT

4.0 REPORT DETAILS

<u>The Current System</u>

4.1 The move to 100% business rates retention builds on the current system, in which local government as a whole retains 50% of locally collected business rates. That system was introduced in April 2013. Before then, all business rate income collected by councils formed a single, national pot, which was then distributed by government to councils in the form of formula grant. Through the Local Government Finance Act 2012, and regulations that followed, the Government gave local authorities the power to keep half of business rate income in their area by splitting business rate revenue into the 'local share' and the 'central share'.

4.2 The central share is redistributed to councils in the form of revenue support grant and in other grants. The local share is kept by local government, but is partly redistributed between local authorities through a system of tariffs and top-ups. This redistribution is intended to ensure that areas do not lose out just because their local business rates are low compared to their assessed needs.

4.3 Within the current system, councils keep up to 50% of growth in their business rate receipts arising from new or expanding businesses. Local authorities that pay tariffs are also liable to pay a levy of up to half of this type of growth. The money raised from this levy is then used to fund a safety net system. This system protects those councils which see their annual business rate income fall by more than 7.5% below their 'baseline funding level'.

<u>Consultation</u>

4.4 Ryedale District Councils draft response to both the consultation and the call for evidence is attached to this report at Annex C. In order to comment further in a number of areas further information is required and this has been flagged within the response where appropriate. Issues raised at Resources Working Party have also been included within the response.

5.0 IMPLICATIONS

5.1 The following implications have been identified:

a) Financial

Changes are expected by 2020 but could be as early as 2018/19. Although Government have intimated that the introduction of 100% Business Rates Retention will be financially neutral, the Fair Funding Review is likely to impact on RDC's Financial Strategy and the future of the Medium Term Financial Plan.

6.0 NEXT STEPS

6.1 Comments received will be collated and will inform further technical consultations due in the Autumn.

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Department for Communities and Local Government

Self-sufficient local government: 100% Business Rates Retention

Consultation Document

July 2016
Department for Communities and Local Government

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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Contents

Scope of the consultation

Topic of this consultation:	This consultation seeks views on the implementation of the Government's commitment to allow local government to retain 100% of the business rates that they raise locally. Specifically this consultation seeks to identify some of the issues that should be kept in mind when designing the reforms.
Scope of this consultation:	This consultation seeks to identify some of the issues that should be kept in mind when designing the 100% business rate retention system and associated reforms.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	An impact assessment will be developed in due course as proposals are finalised.

Basic Information

To:	The consultation will be of interest to local authorities, businesses and the public.
Body/bodies responsible for the consultation:	Department for Communities and Local Government.
Duration:	This consultation will last for 12 weeks from Tuesday 5 July 2016 to Monday 26 September 2016.
Enquiries:	For any enquiries about the consultation please email: BRRconsultation@communities.gsi.gov.uk
How to respond:	By email to: BRRconsultation@communities.gsi.gov.uk Or by post to: Business Rates Retention Consultation Local Government Finance Department for Communities and Local Government 2nd floor, Fry Building 2 Marsham Street London SW1P 4DF Please state whether you are responding as an individual or representing the views of a local council or other organisation. If responding on behalf of an organisation, please include a summary of the people and any other organisations it represents and, where relevant, who else you have consulted in reaching your conclusions.

Ministerial Foreword

The 100% retention of business rates by local government is a reform that councils have long campaigned for – and which central government is now committed to. Implementing this vitally important change will mean that 100% of all taxes raised locally are retained by local government.

The purpose of fiscal devolution is to provide communities with the financial independence, stability and incentives to push for local growth and pioneer new models of public service delivery. We've already taken several important steps in that direction and full business rate retention will maintain that forward momentum. This a huge opportunity for local authorities of all kinds to take control as never before, which is why this is an open consultation – an invitation to councils, businesses and local people to have their say on how the new business rates system should operate.

We have already worked closely with the Local Government Association and others to identify the key issues and options. For instance, in a devolved system, which grants and functions should be transferred to local control? How should the distribution of revenues between local authorities be decided? What are the best mechanisms for managing and sharing risk? And how should the new powers for councils to reduce the tax rate, and for elected mayors to raise extra revenue for infrastructure investments be implemented?

We will not impose a one-size-fits-all solution across the country. In fact, I would encourage you to consider how the system can be tailored to local needs and opportunities – especially in areas where communities are pressing forward with Devolution Deals, combined authorities and elected mayors.

Progress towards 100% retention of business rates is part of wider reform package – such as the option for local authorities to agree multi-year financial settlements and the abolition of the levy on revenue growth in the current business rates system.

I announced in February that we will conduct a review of what the needs assessment formula should be in a world in which all local government spending is funded by local resources not central grant, and use it to determine the transition to 100% business rates retention. We want councils to help shape this work and are today inviting local government and others to have their say on the questions at the heart of the review. Together, these changes are building the fiscal foundation for a new era of devolution. There has never been a better time for communities to shape their own future.

Greg Clark

Rt. Hon Greg Clark MP
Secretary of State for Communities and Local Government

1. Introduction and overview

1.1. By the end of this Parliament, local government will retain 100% of taxes raised locally. This will give local councils in England control of around an additional £12.5 billion of revenue from business rates to spend on local services. In order to ensure that the reforms are fiscally neutral, councils will gain new responsibilities, and some Whitehall grants will be phased out.

1.2. This amounts to a fundamental reform to the financing of local government. This move towards self-sufficiency and away from dependence on central government is something that councils have called for over a number of decades. The historic 2016/17 local government finance settlement was a first step along this road. It gave those local authorities who are committed to reform far greater certainty over their future funding.

1.3. The move to 100% business rates retention marks an important milestone in the devolution of power and resources from Whitehall and will help shape the role of local government for decades to come. To achieve such radical reform, the Government wants councils, business and local people to take the initiative and shape the design of the new system. This consultation is therefore deliberately open and seeks views and ideas across all aspects of the reforms.

1.4. This is a major opportunity for all those involved in local government - and those interested in the future of their local areas - to come forward with proposals for how the reforms should work for them and should recognise their circumstances. Ahead of this consultation, the Government has been working closely with the Local Government Association (LGA), as well as other representatives of local government and business sector holding early discussions on the reforms. This consultation has been informed by these discussions, and reflects many of the points and questions raised. We would like now to invite others to join the conversation and help shape the debate.

Designing the system

1.5. This consultation seeks to identify some of the issues that we think should be kept in mind in designing of the reforms. This includes how the reformed system recognises the diversity local areas and the changing pattern of local governance arrangements. The system may not have to work in the same way across the country. For example, as is explored in Chapter 3, there could be more ambitious devolution of responsibilities in areas which have already taken steps to reshape their governance and enter into Devolution Deals.

1.6. It is also important to consider how the design of the new system can provide the right level of incentive and reward to those councils – particularly those working closely with local businesses and together as Combined Authorities – that pursue policies that drive additional growth in their areas. For example, the Government has already announced that the levy on growth within the current 50% rates retention scheme will be abolished in the new system. In addition, councils will have new powers to shape the operation of the business rates tax in their area. These issues are considered in more detail in Chapters 4 and 5.

1.7. This consultation also welcomes views on how business rates income might be shared across different tiers of local government, including how the system should recognise areas which have moved to reformed models of governance. There is a balance to be struck between providing a strong incentive for growth in local areas and considering the distribution of funding between local authorities. For example, there will still need to be some system of redistribution between councils so that areas do not lose out just because they currently collect less in local business rates. This consultation seeks views on how this should work, including the extent to which the design of the system should seek to enable places to retain the rates they collect. These issues are considered in Chapter 4.

1.8. The Government is clear that the reformed system should ensure that authorities are able to manage and share risk to an acceptable level, and that they are insulated from undue shocks or significant reductions in their income. The discussion in Chapter 4 highlights different ways that these issues could be managed, including how councils might be able to work together to do so.

1.9. Finally, as announced in the Budget 2016, the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region, and will increase the share of business rates retained in London. The offer to pilot the approach to business rates retention is open to any area that has ratified its devolution deal.

Timetable for reform

Summer 2016	Consultation on the approach to 100% business rates retention. We are inviting responses to this consultation by 26 September 2016. Those responses will help shape specific proposals across all aspects of the reforms.
Autumn 2016	We expect that Government will undertake a more technical consultation on specific workings of the reformed system
Early 2017	As announced in the Queen's Speech, the Government will introduce legislation in this Parliamentary session to provide the framework for these reforms. We expect the legislation to be introduced later in the Parliamentary session.
April 2017	Piloting of the approach to 100% business rates retention to begin.
By end of the Parliament	Implementation of 100% business rates retention across local government.

2. Background and context

Summary

2.1. This chapter provides some information which will help provide background and context to the discussion of the design of the new system:

- It describes the current system of 50% business rates retention.
- It sets out the approach to the reforms to date.
- It provides further information about progress of the Fair Funding Review.
- It discusses how the value of business rates revenue is estimated, including how such estimates may change.
- It provides more information about the arrangements for piloting the approach to 100% business rates retention.

Current system

2.2. The move to 100% business rates retention builds on the current system, in which local government as a whole retains 50% of locally collected business rates. That system was introduced in April 2013. Before then, all business rate income collected by councils formed a single, national pot, which was then distributed by government to councils in the form of formula grant. Through the Local Government Finance Act 2012, and regulations that followed, the Government gave local authorities the power to keep half of business rate income in their area by splitting business rate revenue into the ‘local share’ and the ‘central share’.

2.3. The central share is redistributed to councils in the form of revenue support grant and in other grants. The local share is kept by local government, but is partly redistributed between local authorities through a system of tariffs and top-ups. This redistribution ensures that areas do not lose out just because their local business rates are low compared to their assessed needs.

2.4. Within the current system, councils keep up to 50% of growth in their business rate receipts arising from new or expanding businesses. Local authorities that pay tariffs are also liable to pay a levy of up to half of this type of growth. The money raised from this levy is then used to fund a safety net system. This system protects those councils which see their annual business rate income fall by more than 7.5% below their ‘baseline funding level’.

2.5. The Government thinks that 100% business rates retention will have some strong similarities with the existing system. For example, there will continue to be a level of redistribution between authorities similar to the current system of tariffs and top-ups. In addition, there will continue to be protection in the system to insulate authorities from shocks or significant reductions in their income.

2.6. There will also be some important differences. The Government has already announced that the levy on growth will be scrapped under 100% business rates retention, and that authorities will have additional flexibilities around the operation of the multiplier. In addition, we expect that the design of the new system will take account of the changing shape of local government, including the role of Combined Authorities. These issues are considered in more detail in Chapters 4 and 5.

Devolution and local growth

2.7. The Government is committed to devolving greater powers away from Whitehall to drive local and national growth. This recognises that no two places are the same and that people who live, work and run businesses in an area know best what their area needs to prosper and grow.

2.8. Since 2010 this has seen the agreement of two rounds of City Deals providing cities and regions with new powers in return for strong and accountable leadership. Since 2014 the Government has gone further by agreeing multiple ground-breaking devolution deals with areas all across the country: from Liverpool City Region in the Northern Powerhouse, to Cornwall in the rural South.

2.9. Devolution deals include the devolution of power from central government to local areas in England and provide an opportunity to stimulate economic growth and reform public services. These deals will introduce directly elected mayors and enable areas to deliver real improvements to local people and businesses. They include a wide range of new responsibilities on adult education and transport as well as specific funds for housing investment and direct incentives to enable local areas to realise their growth aspirations through the provision of distinct long term investment funds to Mayoral Combined Authorities.

2.10. The Government has invested significantly in local growth by agreeing a £12 billion Local Growth Fund. This provides the basis for the 39 Local Enterprise Partnerships to invest in local infrastructure, skills, housing, business and innovation. At a specific geographical scale, the Government has worked with local areas to establish 48 Enterprise Zones across the country. These provide distinct advantages to businesses and the retention of business rate growth free from reset in local areas. The Government has also provided substantial help to ensure our high streets and town centres thrive through a £6 billion plus support package of investment. This includes reductions in corporation tax and national insurance contributions and significant reductions in business rates for small businesses as announced at the Budget.

Approach to reform

2.11. In advance of this consultation, the Government has been working closely with the LGA and other representatives of local government to develop the principles that the reform package will be based upon. This has included a joint LGA-DCLG chaired Steering Group and set of Technical Working Groups to look at every aspect of how the new system should work, alongside which responsibilities should be devolved.

2.12. To provide focus, the work has been considered in the following themes:

- the devolution of responsibilities.
- the operation of the system, including how growth is rewarded and risk is shared.
- local tax flexibilities.
- assessment of councils' needs and redistribution of resources.
- accountability and accounting in a reformed system.

2.13. Papers and records of the discussions in these Groups are available on the LGA's website: http://www.local.gov.uk/business-rates.

2.14. We have also been talking to representatives of business, via a Business Interests Group – again jointly chaired with LGA. This has helped ensure that business can contribute to the policy and technical debate from its early stages, ensuring that the views of the business community are taken into account when designing the system.

Fair Funding Review

2.15. As part of the 2016/17 Local Government Finance Settlement, the Government announced a Fair Funding Review of councils' relative needs and resources.

2.16. A needs assessment was last carried out in 2013/14. However, this was largely focussed on updating the data used in the assessment. The needs formulae have not been thoroughly reviewed for over a decade, which many councils feel is far too long. There is good reason to believe that the demographic pressures affecting particular areas, such as the growth in the elderly population, have affected different areas in different ways, as has the cost of providing services. It is therefore only right that the way we assess relative need is reviewed. The Fair Funding Review will also establish what the needs assessment formula should be in a world where all local government spending is financed from locally raised resources.

2.17. The Fair Funding Review will address the following issues;

- what do we mean by relative 'need' and how should we measure it?
- what are the key factors that drive relative need?

- what should the approach be for doing needs assessments for different services?
- at what geographical level should we do a needs assessment?
- how should ‘resets’ of the needs assessment be done?
- how, and what, local government behaviours should be incentivised through the assessment of councils’ relative needs?

2.18. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The Fair Funding Review will consider the distribution of funding for new responsibilities on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions. Chapter 3 provides more detail about the issues related to the devolution of new duties. A balance must be struck in the new system between providing a strong incentive for growth in local areas, and considering how funding should be distributed between local authorities. Chapter 4 discusses this question in more detail.

2.19. The Government recognised in 2012 that there may be additional costs associated with service delivery in rural areas, introducing weighted sparsity adjustments to the relative needs formula in setting the baseline for the current system of business rates retention in 2013-14. Additional funding has also been provided since 2013-14 as a separate grant or through a transfer of funding into the settlement, and is now a candidate to be devolved as part of 100% business rate retention (see Chapter 3).

2.20. The Fair Funding Review will consider carefully how the different needs and costs of delivering services in urban and rural areas has changed over time, and how best to recognise these differences in the funding baselines for the introduction of 100% business rates retention. To support this, the Government has ensured rural and urban areas are appropriately represented on both the Steering Group for the 100% Business Rate Retention Programme and on the technical group working on the Fair Funding Review.

2.21. We want to give councils every opportunity to consider the best approach to measuring their needs. The needs assessment does not require legislative changes to implement. This means that we do not have to make decisions now, and allows us to progress this work with local government to a different timetable. For example, we are aiming to consult on the principles for the needs assessment in autumn 2016. We expect to have a final consultation on the formulae in summer 2018 in time for the introduction of 100% business rates retention across local government by the end of the Parliament.

2.22. To help shape the Fair Funding Review, we have been engaging with representatives from across local government through a Technical Working Group. Based on feedback from this Group, we have developed an initial call for evidence on Needs and Redistribution which is published alongside this consultation and can be found at: https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention.

Assessing the value of business rates income

2.23. The Government has announced that the move to 100% business rates retention will be fiscally neutral. To ensure this, the main local government grants will be phased out and additional responsibilities will be devolved to local authorities in order to match the additional funding from business rates. In considering the design of the new system, authorities will inevitably be interested in how the value of additional funding from business rates - known as 'the quantum' - will be estimated and how that will compare to estimates of the cost of additional responsibilities that may be devolved.

2.24. Overall, business rate receipts provide a stable source of tax revenue. Our current estimate – based on forecasts from the Office of Budget Responsibility – is that the value of additional business rates revenue available to local government from locally collected rates in 2019/20 will be around £12.5 billion. However, forecasts of business rates income can change and are subject to some sensitivity, which means that we will need to keep this quantum under review and make final decisions closer to the point of implementation.

2.25. While most business rates are collected locally, rates for properties on the 'central rating list' are collected directly by government. The central ratings list contains the rating assessments of networked properties including major transport, utility and telecommunications undertakings and cross-country pipelines. This income is paid into the Consolidated Fund, with the statutory obligation under the Local Government Finance Act 2012 that an equivalent amount be redistributed to local government through grants. Our current estimate is that the value of central list income in 2019/20 will be £1.5 billion.

2.26. We will continue to work with councils to refine estimates of the value of business rates income and are clear that the process for designing the new, reformed system has sufficient flexibility within it to allow for this. The timetable for implementing the reforms means that we are unlikely to need to reach final views on the quantum until 2018.

2.27. Importantly, as we move towards self-sufficiency for local government, we are clear that under 100% business rates retention all authorities will be funded for their existing responsibilities and for any new responsibilities devolved. Changes or refinements to the quantum will not undermine that.

Piloting the approach to 100% business rates retention

2.28. As announced in the Budget 2016, the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region, and will increase the share of business rates retained in London.

2.29. The pilots will provide an opportunity both to test elements of 100% rates retention before it is rolled out more widely, and to see how the system can take account of the circumstances of different areas. They will enable us to learn from different approaches and to improve the design of the final scheme.

2.30. Discussions are underway with relevant authorities to determine what will be included in the pilots for 2017 and beyond. We expect that the pilots might look different in different places and in particular might help develop mechanisms that will be needed to manage risk and reward in a new system.

2.31. The offer to pilot the approach to business rates retention is open to any area that has ratified its devolution deal. Other groups of authorities, including those in Sheffield, have already come forward to explore what pilots could look like in their areas.

2.32. Piloting will allow places to benefit early from growth in their local tax base, and to see in full the impacts of local decisions that drive local business rates growth in their budgets from 2017 – up to three years ahead of schedule. Importantly, the pilots will not reduce the quantum of resource available for other parts of local government. They also do not impact on the assessment of relative needs which will be considered by the Fair Funding Review.

Business rates as a tax

2.33. This consultation considers the use of business rates income; it does not seek to cover issues related to the operation of business rates as a tax, outside of the additional flexibilities discussed in Chapter 5.

2.34. In Budget 2016, following the conclusion of the business rates review, the Government announced a range of measures to reduce the burden of business rates on ratepayers, and to modernise the system. These included;

- permanently doubling Small Business Rate Relief (SBRR) from 50% to 100% and increasing the thresholds to benefit a greater number of businesses
- increasing the threshold for the standard business rates multiplier to a rateable value of £51,000, taking 250,000 smaller properties out of the higher rate
- announcing that as of April 2020, taxes for all businesses paying rates will be cut through a switch in the annual indexation of business rates from RPI, to be consistent with the main measure of inflation, currently CPI.

2.35. In addition, the Government announced that it will modernise the administration of business rates, aiming to revalue properties more frequently and make it easier for businesses to pay the taxes that are due.

Appeals Reform

2.36. The Government is committed to delivering an efficient, modern and improved business rates appeals system. There is widespread agreement that the current system is in need of reform. Too many rating appeals are made with little supporting evidence and are held up for too long, creating costs and uncertainties for businesses and local authorities.

2.37. In October 2015 the Government published a consultation paper which set out proposals for a three-stage approach to resolving appeals: ‘Check, Challenge, Appeal’, and sought views from businesses, local authorities and other interested parties. The reforms will introduce a more structured, rigorous and transparent system which will be easier for ratepayers to navigate. It will ensure that businesses can be confident that their valuations are correct and that they are paying the right amount of business rates with quicker refunds where appropriate. The Government is grateful for the views shared during the consultation process and has carefully considered all views. The summary of responses and the Government statement, which will set out the decisions the Government has taken in response to the consultation document, will be published shortly.

3. Devolution of responsibilities

Summary

3.1. This chapter considers the issues related to the devolution of responsibilities to local government:

- It describes our approach and how we have identified the range of responsibilities that could be funded from retained business rates.
- It sets out the criteria and how we have assessed the proposed options.
- It sets out the indicative lists of responsibilities that could be funded through retained business rates.
- It discusses the interaction with devolution deals and pilot areas.
- It also considers the treatment of new burdens in the new system.

Overview

3.2. Chapter 3 sets out the rationale and benefits for devolving responsibilities to local government. Alongside those direct benefits, the devolution of funding for new responsibilities will help set the shape and form of local government for the future. We want to make sure that these reforms help ensure that councils have the responsibilities they need to enhance their role as local leaders. We also want to make sure that the new system recognises the changing landscape across local government.

3.3. To ensure that the proposal for 100% business rates retention is fiscally neutral, local government will need to take on new responsibilities to match this increased income, and existing central government grants will need to be phased out. If the value of new responsibilities exceeds the increased retained rates receipts, Government would continue to make grant payments to fund the difference, although our expectation would be any grant payments would not replicate the current Revenue Support Grant.

3.4. We therefore want to hear from local authorities and others about what they think should be devolved as part of the reforms, and how this might work differently in areas with Combined Authorities and devolution deals. In line with this, this consultation takes an open approach – identifying a list of possible candidates for devolution.

3.5. Following responses to the consultation, the Government will make decisions on the responsibilities that will be funded from retained business rates. Where primary legislation is required to devolve the responsibilities, we expect to legislate as soon as Parliamentary time allows.

Our approach

3.6. In reaching a view on a list of options for consultation, we have endeavoured to ensure that we produce a package of responsibilities for potential devolution that fits well with the local government system in England.

3.7. To inform the consultation the LGA and the DCLG have been working with representatives of local government. That work has informed the following criteria for possible candidates for devolution. It has not been assumed that each candidate or responsibility proposed for devolution must meet all of those criteria. Rather, they have been used by the Government as guiding principles to shape discussions on the range of responsibilities to be included in this consultation:

1) Devolution of a responsibility should build on the strengths of local government

a) It will provide opportunities for greater integration across local services, taking advantage of council expertise to provide user-centric, outcomes focussed approaches.

b) Devolution would remove barriers to other innovative service delivery models, for example the commissioning of new multi-agency services that offer better value for the tax payer.

c) There should be appetite from local government for the responsibility to be delivered at a local level.

d) There should be capacity at a local level to deliver services, taking into account other local pressures.

2) Devolution of a responsibility should support the drive for economic growth

a) The responsibility will support local authorities' role in driving local growth, for example through a clear link to local employment, skills or infrastructure policy, and build on the ambition councils have demonstrated through Local Enterprise Partnerships and City Deals.

3) Devolution of a responsibility should support improved outcomes for service users or local people

a) Local authorities should have as much flexibility as possible to tailor local services, for example allowing user-centric, outcomes focused delivery.

b) Service provision can reflect the distribution of need across the country. Consideration should be given to the effect of devolution on groups with protected characteristics under the Equality Act 2010

4) Devolution of responsibilities should be made with consideration for the medium-term financial impact on local government.

a) The national cost and demand for any new responsibility should be relatively predictable and stable over time, relative to the business rates funding stream.

b) The relative demand for funding between local authorities should be relatively stable over time.

c) The timeline for devolution will allow sufficient time for preparations at a local level.

d) The responsibility is a sensible fit with a business rates funding stream, i.e. from a forward planning, governance and technical perspective.

3.8. We recognise that authorities will want to give particular consideration to the final criterion - the medium-term financial impact on local government of each candidate for devolution. Detailed consideration will need to be given to the demand profile for services beyond 2019/20 before final decisions can be made and spending pressures will continue to be assessed as part of future spending reviews.

3.9. To assist in supporting local government medium term financial sustainability, it is important that local authorities should have as much flexibility as possible to tailor local services. At the same time, the Government may want to ensure that certain outcomes are delivered with the funding devolved – for example through new statutory duties. These will be considered through later consultation.

3.10. This consultation makes no comment on the future distribution of the grants considered in this chapter. The allocation of any new grants rolled in will be considered on a case by case basis and are likely to have bespoke distributions. Further consideration will also be needed on the appropriate funding distribution for responsibilities devolved under retained business rates.

<u>The range of responsibilities</u>

3.11. This list of responsibilities or policies contains grants that have been identified as a possible fit against the criteria for being funded though retained business rates.

3.12. This list is not exhaustive and each option will not necessarily feature in the final package. The aim of the list is to enable a debate on the responsibilities to be devolved and funded from retained business rates. It remains open for respondents to come forward with their ideas for devolution of other responsibilities and budgets.

3.13. This could involve devolving functions and responsibilities to be delivered differently than now. However, to be fiscally neutral, central government functions and associated budgets would need to cease and respondents are therefore invited to be clear where they would expect the funding to come from.

Revenue Support Grant	Revenue Support Grant is a central government grant given to local authorities which can be used to finance revenue expenditure on any service and is established through the local government finance settlement.
Rural Services Delivery Grant	This grant is distributed through the local government finance settlement to the top-quartile of authorities ranked by super-sparsity, based on the distributional methodology for the Rural Services Delivery Grant in 2015-16.
Greater London Authority Transport Grant	This grant is used for capital improvements to relieve congestion, improve reliability on key routes and provide a good fit with UK transport policies. The Chancellor announced in the Spending Review that the Greater London Authority Transport Grant would be devolved to be funded from retained business rates.
Public Health Grant	Public Health Grant provides funding for the discharge of public health functions defined in section 73(B)(2) of the National Health Service Act 2006. The ring-fence on the public health grant will be maintained in 2016-17 and 2017-18. Further consideration will be needed on how best to promote stability and improvements in public health from the proposed new funding arrangements.
Improved Better Care Fund	The funding for the Improved Better Care Fund goes directly to local government to ensure that health and social care services work together to support older and vulnerable people. It is our intention that any change to current funding arrangements ensures that the Improved Better Care Fund is used by local government to fund adult social care services.
Independent Living Fund	The grant for former recipients of the Independent Living Fund (ILF) compensates for the cost pressures caused by the closure of the ILF. This followed the introduction of the Care Act 2014 which ensures that the key features of ILF support, namely personalisation, choice and control, are now part of mainstream adult social care system.
Early Years	The grant is provided to English local authorities to fulfil their duties under sections 6, 7, 7A, 9A, 12 and 13 of the Childcare Act 2006 and under regulations that will be made pursuant to section 2(1) of the Childcare Act 2016.

	It is currently part of the Dedicated Schools Grant. Consideration of this grant for devolution would take place after successful delivery and establishment of the Manifesto commitment to 30 hours free childcare from September 2017.
Youth Justice	The funding provided by the Ministry of Justice to the Youth Justice Board is distributed as a grant to local authorities for the operation of the youth justice system and the provision of non-custodial youth justice services. The Ministry of Justice funding does not include funding from police, probation and health authorities who contribute at a local level to the costs incurred by local authorities in the provision of youth justice services.
Local Council Tax Support Administration Subsidy and Housing Benefit Pensioner Administration Subsidy	Local Council Tax Support Administration Subsidy provides funding towards the administration of local council tax support claims where there is not also a housing benefit application. Housing Benefit Administration Subsidy contributes towards the cost of administering housing benefit on behalf of the DWP. A portion of this subsidy contributes to the administration costs of joint housing benefit and local council tax support claims. Housing Benefit will cease to be paid to working age customers, as Universal Credit, which includes housing costs is rolled out. Housing Benefit for pensioners will remain with Local Authorities for now, and the Government will consult ahead of any proposed changes to that position. Nonetheless, at that point increased support for the higher level of non-joint local council tax support claims will continue to be required and so Local Council Tax Support grant, including the element of Housing Benefit administrative grant for what are currently joint claims, could be considered for devolution.
Attendance Allowance	As announced in December, the Government will also consider giving more responsibility to councils in England to support older people with care needs – including people who, under the current system, would be supported through Attendance Allowance. This will protect existing claimants, so there will be no cash losers, and new responsibilities will be matched by the transfer of equivalent spending power.

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

Devolution Deals

3.14. The Government has agreed multiple devolution deals with areas across the country. These deals include the devolution of power from central government to local areas in England and provide an opportunity to stimulate economic growth and reform public services.

3.15. These deals include the devolution of a range of functions and associated budgets, many of which are pooled at Combined Authority level within single investment funds.

Grant funding for devolution deals

Investment funds for devolution deals	All mayoral devolution deal areas have an agreed Investment Fund, which is a grant-based fund specific to each deal, which is paid in annual instalments for 30 years. However, only the first five years' funding is confirmed with the remainder subject to five-year reviews.
Adult Education Budgets	At present, nine devolution deal areas have agreed the devolution of the Adult Education Budget from 2018/19. The devolution of this budget is subject to the satisfaction of a number of 'readiness' conditions set out in the deals. The Adult Education Budget provides grant funding for learning up to Level 2 (up to Level 3 for young people aged 19-23 who do not yet have the equivalent of 2 A-levels).
Transport Capital Grants	All devolution deal areas receive consolidated funding for Transport which is made up of a number of grant streams, for example highways maintenance funding and, in some areas where bus franchising is implemented, the associated commercial bus service operators grant.
Local Growth Fund	All devolution deal areas have the flexibility to incorporate the Local Growth Fund awarded to Local Enterprise Partnerships in their area into their Combined Authority single investment funds. The Local Growth Fund is awarded competitively to Local Enterprise Partnerships to spend on investment designed to drive and unlock economic growth in their local areas in line with local priorities.

3.16. There are a number of connections between devolution deals and the proposal for 100% retained business rates. The Government considers that the move to self-sufficiency under business rates retention could take account of the different governance arrangements across local government. The new pattern of Combined Authorities, Mayors, as well as the Greater London Authority provides an opportunity for specific devolution that may not be appropriate in other areas.

3.17. There is therefore an opportunity to consider funding some or all of the commitments in existing and future deals through retained business rates, i.e. transferring them from grant commitments to being paid for through retained rates. This would give these areas, Combined Authorities, Mayors and the Greater London Authority, the advantage of fiscal autonomy for these functions.

3.18. Doing so would establish different funding arrangements for Mayoral Combined Authorities and the Greater London Authority than in non-devolution areas, reflecting their different governance arrangements, alongside universal devolution to every local authority.

3.19. Funding devolution deals in this way would allow them to continue to be agreed on a bespoke basis. Future deals may contain different functions than those in the list above and we make no assumption that limits the scope of future deals or therefore what, in future deals, could be funded from retained business rates.

3.20. An important consideration for the funding of devolution deals through retained business rates will be the impact that increased funding to devolution deal areas would have upon the system design for 100% retained business rates, in particular, on the Government's interest in implementing a system that minimises the redistribution of business rates, as described in Chapter 4.

3.21. Finally, some commitments may be more suitable than others to fund through business rates. For example, the Investment Fund is subject to 5-year review points and the Local Growth Fund is subject to a competitive bidding process. Devolving these funds into retained business rates would effectively permanently embed that level of funding to those authorities in the retained business rates system.

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

Devolution in pilot areas

3.22. As announced in the Budget[1], the Government is taking the opportunity to pilot the approach to 100% business rates retention in Greater Manchester and Liverpool City Region and will increase the share of business rates retained in London.

3.23. Discussions are underway with Manchester, Liverpool and London to determine what will be included in the pilots for 2017 and beyond. Pilots might look different in different places and they provide an opportunity both to test elements of 100% rates retention before it is rolled out more widely and to reflect the different needs of different areas. This will include discussions on how the transfer of certain functions can complement the devolution arrangements in place and contribute to growing the economic base of the different places. This is seen by the areas as an opportunity to drive growth both through investment and the transfer of functions.

3.24. We are in discussion with pilot areas on approaches to data collection to allow monitoring, and how this data will inform the long term 100% business rates retention system.

Assessing New Burdens costs post-2020

3.25. Successive Governments have sought to keep the pressure on local taxpayers to a minimum through a 'new burdens doctrine[2]'. This requires all Government departments to justify why new duties, powers, targets, responsibilities and other bureaucratic burdens are being placed on local authorities, how much these will cost and that they will allocate commensurate resources to pay for them.

3.26. In the current system, new burdens funding is either paid by incorporating funding into the Local Government Finance Settlement or by payment of section 31 grants. Our starting point is that the New Burdens doctrine should continue to apply after the introduction of the 100% retained business rates system, with funding to be paid through section 31 grants.

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?

[1] 'Budget 2016'

[2] https://www.gov.uk/government/publications/new-burdens-doctrine-guidance-for-government-departments

4. The business rates system: Rewarding growth and sharing risk

Summary

4.1. This chapter considers the operation of the new system:

- It considers how the system should treat growth, including how and how often the system should be reset.
- It seeks views on the system of redistribution, including the treatment of Combined Authority and Mayoral areas.
- It discusses how risk within the system is managed, including whether there is opportunity to share risk at different levels.
- It seeks views on the operation of the safety net within the reformed system.

Overview

4.2. The Government has been working closely with local government on the design of the 100% rates retention system. The System Design Technical Working Group – made up of representatives from across local government – has played a key role in helping to develop the design options set out here.

4.3. The Government wants to ensure that the reformed system provides stronger incentives to boost growth and rewards those authorities and areas that take bold decisions to further increase growth. This is why, in the reformed system, the levy on income from business rates growth will be abolished.

4.4. We also need to decide how business rates income is shared across different tiers of local government, recognising the new models and arrangements that exist and how the system rewards areas which have moved to reformed models of governance through devolution deals.

4.5. To ensure that authorities can make longer term plans, including plans that will support investment in growth, we need to look at how risk is shared across the system. In doing so, the system also needs to ensure that authorities are adequately protected from business rates volatility and shocks in business rates income.

4.6. Alongside all of these considerations, we should aim to make the system simple to operate and understand. A system that is too complicated may struggle to work in practice.

Growth and redistribution

4.7. We want to make sure that local authorities have the right incentives to grow their income from business rates and that they can keep all the growth they generate. For this reason, the Government announced that the levy on growth that exists under the 50% scheme will be scrapped, to allow local authorities to keep 100% of growth.

4.8. We understand that there is a balance to be struck in the new system between providing a strong incentive for growth in local areas, and considering the distribution of funding between local authorities. We expect to find this balance is by ‘resetting’ the system on a fixed basis, to allow us to reconsider relative need and to recalculate the redistributable amounts (through a system similar to the current top-ups and tariffs arrangement).

4.9. The alternative to having fixed reset periods would be for Government to choose when to reset the system, possibly based on indicators such as the number of authorities requiring safety net payments. Our view is that this would be too uncertain for local authorities, who would not have the clarity of timings to utilise growth in the system on long term projects.

4.10. On the one hand, depending on the services devolved to local government as part of the new system, adjustments to redistributable amounts may need to be made frequently to reflect changes in relative needs. There is a risk that redistributing too infrequently could result in authorities not being able to deliver services where relative need grows faster than local tax resource. On the other hand, changes made too frequently weaken the incentive for growth, and may reduce the confidence of local authorities to build achieved growth into their base budgets, or use that growth for long-term investment. This is exacerbated if the growth that local authorities do achieve is included in the quantum of funding that is to be redistributed when the system is reset.

4.11. At the same time, as well as any growth, the system of resets must be able to take account of local authorities whose business rates income declines within a reset period. As local authorities under the new system will be heavily dependent on business rates income for delivery of core services, we think it is right to set fixed reset periods to give authorities certainty of income. But there is a wide spectrum of options for how frequently resets are carried out:

a) Full reset of the system, including all achieved growth, frequently (e.g. every 5 years).	This would ensure that business rates income was frequently redistributed to meet changes in relative need, and that local authorities would retain a ‘growth incentive’ for the five years between resets.
b) Reset the system, including all achieved growth, infrequently (e.g. every 20 years), or never.	This would set a single baseline for local authorities based on their relative need at a fixed point in time. Any growth local authorities saw after this baseline was

	set could then be incorporated into budgets. However, any reduction in income would also need to be managed by a local authority, which could see reduced income affecting the delivery of local services. This approach could mean that some local authorities are heavily dependent on the safety net (see below) for an extended period.
c) A partial reset of the system on a frequent basis.	We could operate a partial reset of the system every 5 years. Under a partial reset we would still adjust for changes in relative need and business rates income but to a lesser extent that under a full reset. This option could give authorities a greater incentive for growth than (a) but give greater protection for services than (b). This option would allow local government to carry some growth over the reset, but might also require them to retain some losses.

4.12. Under a partial reset a proportion of growth could be included as part of a regular reset, and a proportion would remain with the local authority on a longer term basis. As such it may be possible, under a partial reset, to allow authorities which have seen growth to retain some of that growth with the remaining part being available to support those authorities that have seen their income decline (or their needs increase). Any growth (or decline) at the partial reset could be shared based on overall baseline funding levels or by more precisely reflecting different types of services provided by the authorities. But how much growth is retained (and how much loss is carried) by individual authorities at a partial reset is a key question.

4.13. Therefore, in considering options for a partial reset, local government need to consider the degree of trade-off between allowing authorities to retain growth and supporting authorities which have seen decline (and/or seen needs increase).

4.14. Mechanisms for incentivising growth are being tested by the pilot areas. This may include abolishing the levy on growth in pilot areas before the new system is introduced across local government. This will help demonstrate the impact that this change will have.

Question 6: Do you agree that we should fix reset periods for the system?

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

Redistribution between local authorities

4.15. The Government is clear that there will still need to be some system of redistribution between local authorities to balance revenue with relative needs. The Fair Funding Review will identify relative need for each local authority and we will need to find a way to redistribute business rates income according to that.

4.16. Under the 50% scheme, we have used a system of top-ups and tariffs to redistribute funding from those local authorities that collect more in business rates than their identified need, to those who do not collect enough for their needs.

4.17. We expect to continue to need a redistribution system of top-ups and tariffs, based on the current one. The top-ups and tariffs that each local authority could expect to see will be calculated before the new system is introduced, based on the Fair Funding Review and an assessment on their expected business rates income. More generally the Government is interested in exploring how we could set up a system that minimises the redistribution of rates, while ensuring that areas are not put at a significant disadvantage through collecting less business rates income.

4.18. Top-up and tariff payments will be fixed for the period between resets to give local authorities certainty about their baseline funding level. Having these baseline levels fixed provides a growth incentive for authorities, who will be able to retain growth gains within that reset period.

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

Impact of revaluations

4.19. General revaluations of all properties are currently scheduled to take place every 5 years (although the Government aims to reduce this period). The next revaluation takes effect from 1 April 2017. The revaluation is the point in the system at which economic changes in property values are reflected in rateable values. Between revaluations, rateable values only change through appeals and physical changes to the property or location.

4.20. However, the Government is required at the revaluation to reset the multiplier to ensure no more is raised in business rates. So if rateable values increase overall at the revaluation the multiplier will fall (and vice-versa). As a result, at the national level, any increase in the economic value of the tax base does not lead to any additional business rates income.

4.21. Within this national picture, individual local authorities will see their rates income rise or fall at revaluation. This will depend upon whether the economic growth (or decline) in the individual local authority area is above or below the national average. This means that many authorities are likely to see their rates income fall at revaluation despite having seen increases in their rateable values. For the current rates retention system, the Government concluded it would be unfair to allow this to feed through into retained incomes. To do so would penalise many authorities who had generated physical growth in their area between the revaluations but, had lagged behind on relative economic growth. Therefore, the Government currently adjusts each authority's tariff, or top-up, following a revaluation, to ensure that their retained income is the same after revaluation as immediately before.

4.22. We propose the same system of revenue neutral revaluations with economic growth cancelled out through a change to the multiplier will continue to apply for the 100% business rates retention scheme. Therefore, it may again be necessary to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations.

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

4.23. We believe that Combined Authorities with a directly elected Mayor should have the opportunity for an enhanced role in achieving growth under the 100% rates retention system.

4.24. Directly elected Mayors have democratic accountability to their area, and we know that some have expressed a wish to be given greater responsibility for the distribution of resources within the Combined Authority area.

4.25. In some places, we know that there have been discussions about whether a Mayoral area (which covers multiple local authority areas) could be given a greater role in deciding how 'growth' is redistributed across the area. Other places have discussed whether the Mayor and local authorities could be given a single area-wide 'baseline' of relative need, and therefore a single tariff or top-up; and could develop appropriate governance arrangements for deciding how resources are distributed; or even whether they could assume greater responsibility for determining the relative needs baseline itself.

4.26. These, or similar ideas, could increase the autonomy of Mayoral areas and might help stimulate coherent decision making across local authority boundaries, with growth gains being owned and used at a strategic level.

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

4.27. In non-Mayoral areas, we would have to continue to set 'tier splits' – i.e. the percentage of business rates income that each tier of authority would get. There are a wide range of options for how these tier splits could be set.

4.28. Setting tier splits for the future 100% rates retention system will take some further consideration, and will need to take into account the services that are expected to be delivered at each tier of government. Further work on tier splits will need to consider the impact of different options on a local authority's exposure to risk and incentive to grow their business rates base.

4.29. At this point, the Government would welcome views from respondents on their experience of tier splits under the current 50% rates retention system, including any points for consideration in developing the system for the future.

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

4.30. Through the Policing and Crime Bill, the Government is legislating to enable Police and Crime Commissioners (PCCs) to take on responsibility for fire where a local case is made. Whilst fire and rescue authorities are currently part of the business rates retention scheme, police funding is provided separately through the Police Funding Formula. In considering the future approach to business rates retention, it is therefore sensible to look at whether fire funding should remain part of the scheme and the local government finance system in future.

4.31. We could go further by removing fire from the business rates retention scheme, with fire funding provided through a separate grant administered by the Home Office.

4.32. In common with other local authorities, fire and rescue authorities have been offered firm four year funding allocations to 2019/20 in return for robust and transparent efficiency plans. If fire funding were to be removed from the business rates retention scheme, we would seek to replicate published allocations for 2019/20 through a separate fire grant for any authorities who take up that offer. The approach to allocating fire funding in future would be subject to consultation.

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

<u>Enterprise Zones</u>

4.33. Under 100% rates retention, the Government intends that Enterprise Zones and other designated areas will continue to operate as now and, therefore, will be guaranteed 100% of business rates growth for 25 years.

4.34. This means that for the purposes of the scheme, the Government intends that any income above current baselines in Enterprise Zones and designated areas will be disregarded for the purposes of calculating “cost neutrality” when devolving new responsibilities to local government and for the purposes of working out tariffs and top-ups.

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

Sharing risk

4.35. The current system can lead to volatility in income for local authorities, and we recognise that some authorities believe that their exposure to risk may be greater under 100% business rates retention.

4.36. Our aim is to balance risk sustainably within the system. We believe the system should support and reward authorities who make bolder choices, including working with others to look more creatively at how to promote and shape growth across their areas. At the same time as rewarding local authorities for their growth gains, the system might allow for local government to hold an appropriate risk at an area level, while systemic risk could be borne across all local authorities.

4.37. We would welcome your views on how risk is best managed within the new system.

4.38. Income from business rates is at risk for broadly two reasons:

- changes to rateable values of hereditaments following successful appeals by ratepayers, and

- physical changes to property, including building closures as a result of business failure.

4.39. Under the current 50% rates retention scheme, these risks are managed in two ways:

- local authorities have to make financial provision against known liabilities – broadly, the potential impact of ‘appeal losses’, and

- additionally, the system provides a safety net against ‘physical losses’, as well as against loss on appeals in excess of provisions. The safety net is currently set to operate where authorities incur more than 7.5% loss as measured against baseline funding level.

4.40. Experience of the 50% rates retention system shows that the risk profile of authorities varies enormously and that some local ratings lists are inherently more risky than others – either because a list is dominated by a single rateable property, or because certain types of property are inherently more difficult to value and therefore more liable to be reduced significantly on appeal.

4.41. Under 100% business rates retention, we could revisit how best to manage risk at different geographic levels using ratings lists, how we manage risk arising from successful business rate appeals, and the operation of a future safety net mechanism.

Ratings lists

4.42. The set-up of the 100% rates retention system provides an opportunity to look again at the rating list system.

4.43. Currently, business ratepayers appear on either a central rating list (administered by DCLG) or one of 320 local rating lists (administered by lower tier and unitary authorities). Only business rates income from local lists is taken into account in determining: top-ups and tariffs; the business rates income receivable by different tiers of authority; and eligibility for the safety net. Under the current system, local authorities therefore only benefit from any growth in income from ratepayers on local lists.

4.44. Some local authorities tell us that the highest risk hereditaments should be removed from local lists. These might include power stations, oil refineries and national airports, which could be moved onto a refreshed national level list (i.e. the current central list).

4.45. Alternatively, some authorities have told us that they would welcome the opportunity to manage some of the riskier properties at a broader ‘area level’ – sharing the risk that these properties bring, but also receiving an element of reward from any growth. The Government would expect any changes to ratings lists to remain fiscally neutral. Some authorities have suggested a system along the following lines:

Central list	The central list includes national network properties. The list would continue to be administered centrally.
Local list	Local lists would broadly comprise the same rateable properties as now, but we might remove ‘riskier’ classes of property and perhaps classes that were more in the nature of ‘national infrastructure’. Local list income would continue to be collected and retained at the local authority level.
Area list	We could create new area lists for Combined Authorities which, could take risky or significant property from local lists, Area list income could be made available to the Combined Authority.

4.46. The Government might explore some of these options with the pilot areas, to test what changes to local lists would mean in practice.

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

Question 16: Would you support the idea of introducing area-level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

Helping to manage 'appeal risk'

4.47. Under the current 50% rates retention system, local authorities have had to deal with the impact of business rate appeals at a local level. Many local authorities tell us that the large volume of appeals, the time it takes to deal with them and the difficulties in predicting appeal outcomes has made it difficult for them to forecast their business rates income in any year.

4.48. This also makes it difficult for local authorities to forecast the appeal adjustment that they should make. As a result, local authorities are setting aside more for appeal 'provisions' than had been expected at the start of the 50% rates retention system. As a consequence, in each year since 2013-14, authorities have been budgeting to spend less than they might otherwise have spent as a result of provisions associated with appeals uncertainty. Under the 100% rates retention system, we are interested in exploring how we can help local authorities manage this risk.

4.49. As well as the options discussed in the previous section, we think that there are a number of ways to manage the remaining risk. One option would be for local authorities to continue managing the risk of successful business rate appeals as they do now, with increased support to improve local ability to set aside the right amount in provisions. This would be supported, as now, by a safety net to ensure no local authority is at risk of losing too much of their income (see below for further questions on the future safety net).

4.50. Alternatively, we could explore a system whereby local authorities pool their risk at a wider level, with other local authorities in the area, i.e. through a Combined Authority. Local authorities could be better off by pooling their risk, setting aside appropriate provisions at a wider geographical level to cover all authorities within the pool. This could be combined with 'area lists' for businesses as set out above, allowing a wider geographical area to share both risk and reward.

4.51. Alongside this, we continue to explore how some of the risk associated with successful appeals could be managed at a national level – i.e. funded by all authorities instead of being borne entirely by individual local authorities. Such an approach would necessitate identifying which losses were to be met by the system as a whole and how. Because of data limitations, and the timing of compensation and accounting rules, no approach is likely to be perfect, nor would it remove the need for authorities to make provision for losses.

4.52. Testing mechanisms to manage appeals could be a feature of the pilot areas. This may involve trialling options on a 'shadow' basis, and learning lessons to apply to the future system.

4.53. Any option to manage risk associated with successful appeals will need to be funded from within the overall business rates system, in line with the aim of increased local responsibility.

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area level (including Combined Authority), or across all local authorities as set out in the options above?

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

Insulating against shocks

4.54. Under the current 50% rates retention system, a safety net exists to support those local authorities who see a reduction in income greater than 7.5% of their business rates baseline income. The safety net provides funding to those authorities to bring them back up to 92.5% of their 'business rates baseline' (the level of funding set in 2013 to meet their relative need), and is funded by the current levy on growth.

4.55. We are clear that the new system will continue to need to help insulate authorities from shocks. As with other areas of managing risk, we would be interested in views on the right geographical level for managing risk and providing protection.

4.56. For local authorities pooling risk via an area-level ratings list, and pooled provisions for appeals, their collective ratings income could provide an area-level safety net. Combined, this would work to make the geographical area more self-sufficient, working together to manage risk and reward over a wider area. Authorities within that area could decide what proportion of business rates baseline an area-level system would protect.

4.57. Others may prefer the idea of something much closer to our current national level safety net, to provide protection of baseline funding at a defined level. This would need to be funded from within the 100% rates retention system. This would require local government collectively to pay for a safety net fund from their retained rates income.

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

5. Local tax flexibilities

Summary

5.1. This chapter covers the design and operation of the new tax flexibilities that authorities will have under the new system:

- It considers the range of options for the design of the new power to reduce the business rates tax rate, including how decisions are made and at what level.
- It also seeks views on the design of the new ability for Combined Authority Mayors to raise an infrastructure levy.

Overview

5.2. A key part of the reforms to make local authorities more self-sufficient and better able to drive local growth is the devolving of tax-setting powers. Under the new system, authorities will be able to tailor their own business rates regime to fit the local economic environment. The new powers that the Government is providing are:

- the ability to reduce the business rates tax rate (the multiplier), and
- the ability for Combined Authority Mayors to levy a supplement on business rates bills to fund new infrastructure projects, provided they have the support of the business community through the Local Enterprise Partnership.

5.3. We would welcome views on a number of key policy design decisions on both measures which will help ensure that the policies operate efficiently and have maximum impact.

5.4. Our work with local government and business sectors thus far has also produced a number of suggestions for how the announced policy could be amended or developed further. These are also reflected below for comments.

Ability to reduce the business rates multiplier

5.5. Since the introduction of the existing business rates system in 1990, a uniform business rates tax rate – known as the multiplier – has applied across the country. Each business rates bill is calculated by multiplying the property's rateable value by the multiplier. Increases in the multiplier are capped by inflation. The Government has announced that authorities will have a new power to reduce the multiplier. We welcome views on all aspects of the design and operation of this new power.

Decision making and costs of reducing the multiplier

5.6. In single tier areas, it is clear that the relevant authority would take the decision about whether to exercise the power. It is also clear that the relevant authority would meet the costs of doing so. As such, other components of the system for that local authority such as tariffs, top-ups and revaluation would continue to be based on the national multiplier.

5.7. However, there are options around how the power should operate in two tier or in Combined Authority areas alongside the infrastructure levy. For example, which tier should have the power to reduce the multiplier and should that tier bear all the costs of doing so, or should the costs be automatically shared (probably in line with tier splits)? An option may be to give the power to both tiers and whichever tier uses the powers meets the costs. The authorities in question could also agree to share the costs.

5.8. We would be grateful for views on how the power should operate in two tier or Combined Authority areas. In addition, we would be grateful for views on how the power should operate in London, and in areas with fire authorities.

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Scope of the power to reduce the multiplier

5.9. We expect that this power will provide authorities with the ability to make structural changes to their tax regimes – i.e. to provide an across the board reduction in the multiplier.

5.10. Local authorities already have the power to provide targeted local discounts at their discretion. The key difference between local discount powers and the new power is that the new power could be used to make structural changes to the multiplier. Also, local discounts under existing powers are applied to bills after transitional and mandatory reliefs.

5.11. We think that authorities should continue to use their existing local discount powers for targeted relief and that the new power should be used as a structural power across their areas.

Question 22: What are your views on how decisions are taken to reduce the multiplier and the local discount powers?

Increasing the multiplier after a period of reduction

5.12. We need to consider how the multiplier could be increased after a period of reduction to catch-up with the 'normal' inflation-linked multiplier ("the national multiplier"). For example, an authority could be allowed to increase a previously reduced multiplier back up to the national multiplier in one step. Alternatively, the system could allow for a maximum permitted increase in any year (an adjustment would need to be made in revaluation years to take account of the change in the multiplier).

5.13. Capping the rate of increase after a reduction will limit an authority's ability to balance their finances in future years which could influence an authority's decision to reduce the multiplier in the first place.

Question 23: What are your views on increasing the multiplier after a reduction?

Further suggestions on reducing the multiplier

5.14. As mentioned above, a number of suggestions have also been made for how the announced policy could be amended or developed further.

- Role of Mayoral Combined Authorities – The appropriate scale for reducing the multiplier could be determined by Mayoral Combined Authorities, alongside decisions on an infrastructure levy.

- Providing safeguards for neighbouring authorities - The purpose of providing authorities with the power to reduce the multiplier is to provide opportunities to tailor tax regimes to the local trading environment. An authority or group of authorities may therefore decide to reduce the multiplier in order to encourage business in to the area. Some have asked whether arrangements should be put in place to limit the impact of such decisions on neighbouring areas. As all authorities would have similar powers to reduce their multiplier, the Government does not envisage introducing safeguards to mitigate against any potential impacts.

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

Ability to charge an infrastructure levy

5.15. We are seeking views on key policy decisions on the design of the power of Combined Authority Mayors to levy a 2p in the pound supplement on business rates bills to fund new infrastructure projects.

Rateable value thresholds

5.16. The system could set a minimum rateable value threshold for the application of the levy. This could guarantee protection for the occupiers of less expensive properties (as with the Business Rates Supplement Act 2009 which provides that no hereditament with a rateable value below £50,000 should pay a supplement).

5.17. On the other hand, a national threshold could mean that regional variations in property values may limit the amount that could be raised for infrastructure projects. Instead, the system could provide Combined Authority Mayors with the freedom to choose whether to set a minimum rateable value threshold above which to charge an Infrastructure Levy. Under that discretionary arrangement, a decision to apply a levy would still require the approval of the relevant Local Enterprise Partnership Board (LEP Board).

Question 25: What are your views on the flexibility levying authorities should have to set a rateable value threshold for the levy?

<u>Interaction with Business Rates Supplement powers</u>

5.18. The new levying powers will only be open to Combined Authority Mayors. The existing Business Rates Supplement powers, which allow authorities to levy a supplement on the national multiplier to fund additional investment aimed at promoting the economic development of local areas, approved by a ballot of ratepayers, will still be available outside of Combined Authority Mayoral Areas.

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

<u>Local Enterprise Partnership (LEP) approval</u>

5.19. The Government is clear that the approval of a majority of the business members of the LEP Board will be required in order for an Infrastructure Levy to be raised. This could be sought in the form of a prospectus from the Mayor, setting out the key parameters of the proposal.

5.20. One issue this presents is that whilst LEPs are often co-terminous with Combined Authority Mayoral Areas, this is not always the case. We should therefore consider whether the requirement for LEP approval should extend to all the LEPs within the proposed area of application of the levy.

5.21. We would also welcome views on how LEP approval should be sought, with a view to help ensure that the LEP role is clear, accountable, and representative of the business community.

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

<u>Duration of the levy</u>

5.22. Local ratepayers will of course be interested in the duration of a levy, and how decisions about its duration are made and reviewed.

5.23. We would expect that the proposed duration of a levy would be set out in an initial prospectus containing key parameters of the levy and plans for the project to be funded, submitted for approval from the LEP. We would expect the proposal to be for a period of whole years. Provision could also be made for the Mayor to submit a revised prospectus to the LEP for an extension of the levy for a period of whole years, or to adjust other parameters of a levy, for example following a revaluation.

Question 28: What are your views on arrangements for the duration and review of levies?

Using revenues raised from the levy

5.24. The Government is clear that levy revenues must be used to fund infrastructure projects. Infrastructure could be defined in a similar way to how it is defined for the Community Infrastructure Levy - roads and transport, flood defences, educational facilities, medical facilities, sporting/ recreational facilities, and open spaces – or a different definition could be used to capture different uses.

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

Multiple levies/multiple projects

5.25. We wish to allow Mayors sufficient room for manoeuvre to fund the projects that would add most value. There is a further question of allowing authorities to charge a single levy for multiple infrastructure projects or multiple levies all at once. For instance, it could be provided that a single Combined Authority Mayoral Area may raise multiple levies all at once, providing that the sum of the infrastructure levies on any given ratepayer does not exceed 2p in the pound.

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

Further suggestions on infrastructure levy

5.26. Our engagement with the local government business sectors thus far has raised some further suggestions for the operation and scope of the ability to charge an infrastructure levy.

- Extend the power to raise an infrastructure levy beyond Combined Authority Mayors – Some have suggested that other areas, including other Combined Authority areas, should have a similar power to raise an infrastructure levy or that the power should replace existing Business Rates Supplement powers. The Government is clear that this new power will be for Combined Authority Mayors only who are directly elected and can be held accountable. Any authorities not covered by the new power will retain the ability to fund infrastructure through existing Business Rates Supplement powers.

- Extend the business consultation requirements more widely – LEPs already play a strategic role in determining the priorities for infrastructure investment through the Strategic Economic Plan (SEP), and would act as representatives of local business communities to ensure that proposed infrastructure projects will benefit ratepayers. It has also been suggested though that there should be additional safeguards for ratepayers, for example consultation beyond the LEP.

- Include a discount power for Business Improvement Districts (BIDs) – The Business Rates Supplement Act 2009 makes provision for the levying authority to provide a discount to BIDs within the area of application of the supplement. It has been proposed that similar provision could be made for the levy, in view of the additional tax contributions which are made in BIDs.

- Amend the definition of infrastructure – These proposals differ from the existing Business Rates Supplement powers, which provide for a supplement to be raised for any project to promote economic development. It has been suggested the latter option may provide authorities with greater flexibility to use the power. Additionally, there is a question over whether the levy may be used for housing.

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

6. Accountability and accounting

Summary

6.1. This chapter considers the consequences of a reformed local government finance system, particularly in terms of accountability and accounting:

- It considers how the reforms may change the balance of local and central accountability, including in relation to the additional responsibilities that councils will take on.

- It seeks views on the current method of accounting for business rates and - depending on the design of the scheme - whether this may need to change.

- It also considers how the information that Government needs to collect from councils to help the system function might change.

Overview

6.2. The move to 100% business rates retention marks an important milestone in the devolution of power and resources from Whitehall. By 2020, councils will raise the great majority of their funding locally for the local services they provide. In addition, as part of these reforms, a new set of responsibilities will be devolved to local government. This move towards a more self-sufficient local government must be accompanied by a shift towards greater local accountability over funding and the way devolved responsibilities are delivered. There will also be implications for how income from local taxes is accounted for.

6.3. The Government, working with the LGA, CIPFA and other local government representatives, has sought to consider these issues. This Chapter sets out some of the thoughts and ideas raised during that engagement.

6.4. As policy development around system design continues, and decisions about which new responsibilities are devolved are made, the Government will continue to work with councils and others to explore the implications and consequences of the new system. This includes accountability and accounting terms, but also the type of information that government needs to collect from councils as part of the system. These issues may be subject to further consultation at a later date, in the lead up to implementation.

The balance of local and central accountability

6.5. As local services are increasingly funded from locally raised resources, it will be important to ensure councils are accountable for deciding how to fund local services.

6.6. The current process for determining allocations of funds to authorities through a Local Government Finance Report and resolution by Parliament encourages accountability for funding decisions to remain with central government. The requirement for an annual process of distribution from central government also has the potential to undermine the funding certainty offered through multi-year settlements, and the announcement of final decisions relatively late in the year can make it difficult for local authorities to manage the process of local consultation in setting their budgets.

6.7. The Government is interested in exploring how to change the process for allocating funding to increase funding certainty for local government, providing councils with the flexibility to set budgets in good time and strengthening local accountability.

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

6.8. Where responsibilities are devolved from central to local government, it is important to consider how the balance of accountability between central and local government to Parliament for delivery of those services may change - for example, the relative roles and responsibilities of central government Accounting Officers and local government. The position may be different for different areas - for example, Mayoral Combined Authority areas may have more responsibilities, and we will therefore need to consider the implications for accountability for each of the candidates, and overall for devolution under these reforms on a case by case basis. The Government will continue to engage with local government on these issues, particularly as decisions are taken about what new responsibilities will be devolved as part of the reforms.

6.9. In setting out clearer accountability at the local level, the Government will need to continue to respect the rights of the UK Parliament to hold to account both Ministers and officials for the way that they use funding provided through the Parliamentary Vote. It is important that funding decisions made at the national level continue to be scrutinised by the national Parliament, while local decision making is scrutinised by local accountability structures.

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

<u>Accounting for income from local taxes</u>

6.10. Local authorities are required by statute to account for Council Tax income and Business Rates income in what is known as the 'Collection Fund Account'. In effect this is an agent's statement, which shows the amount of council tax and business rates that each billing authority forecast it would collect and how that has been distributed between billing authorities, precepting authorities and central government. It is included in each council's annual accounts and is subject to audit.

6.11. Councils recognise in accounting and budgetary terms the amount of income that they forecast they would collect. Any surplus or deficit on collection is carried forward as an adjusting item to the following year's forecast Council Tax or Business Rates income.

6.12. The Government has been working with the LGA, CIPFA and other representatives of local government to consider how local authorities might be required to account for business rate collection in an updated reformed system, in a way that continues to comply with best practice for transparency and accountability.

6.13. In a reformed system, the central government share of local business rates income will no longer exist so will not need to be disclosed in the Collection Fund Account. However, billing and precepting authorities will continue, both for Business Rates and Council Tax. Therefore, both the Government and the Accountability and Accounting Technical Working Group consider that there would be no benefit in removing the requirement to prepare a Collection Fund Account. A number of the disclosures in the Collection Fund Account are required by statute and may need to be revised depending on detailed design choices made in the retained business rates system.

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

Balanced Budget Requirement

6.14. A requirement to produce a balanced budget is a key element of the local authority financial control framework. This requirement applies only to revenue and was introduced by section 32A of the Local Government Finance Act 1992.[3] The Act sets out a number of detailed items that must be included in the balanced budget calculation, but in summary, local authorities are required to perform the following sum:

Net service expenditure	**(x)**
Other expenditure	(x)
RSG and other centrally held grants	x
Forecast business rates income	x
Transfer to/from reserves	x/(x)
Council tax requirement	x

6.15. Since this statutory requirement was introduced the way that local authorities manage their business has changed and the introduction of retained rates will give them further flexibilities in relation to setting their expected level of income.

[3] For councils – different statute applies to the GLA, PCCs, FRAs etc. but the format of the calculation is the same in each case.

6.16. Both the Government and the Accountability and Accounting Technical Working Group agree that there is no benefit in removing the requirement to prepare a balanced budget. However, the way that local authorities are required to calculate their balanced budget no longer aligns with the way they actually manage their finances. It is possible that if the way that councils are required to calculate their balanced budget was adjusted to better align with the way they run their business, both efficiency and transparency gains may be achieved.

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

Other Reporting to Central Government

6.17. In addition to the statutory accounts local authorities are required to prepare and submit financial data returns to DCLG. These are the NNDR1 and NNDR3 forms. These forms serve a dual purpose.

6.18. For local government, the NNDR1 form allows authorities to estimate the amount to be retained by Billing Authorities, and the amount to be paid to central government and Major Precepting Authorities. This is fixed at the start of the financial year on the basis of the Billing Authority's estimate of its Non-Domestic Rating income for the year and is reflected in each authority's balanced budget calculation. The NNDR3 form provides authorities with a tool by which they can calculate their certified non-domestic rating income and calculate the final sums due by way of section 31 grants for certain government-funded rates relief measures.

6.19. The consolidated results of these forms feed into official statistics and the financial statements setting out the amount of business rates income collected in England. Under the current system, they allow central government to put sufficient budget aside to fund mandatory and discretionary reliefs and form the basis of the calculation of the safety net and the levy.

6.20. The Government has announced that following business rates reform, the levy will no longer exist. In addition the way that the safety net is funded may change. This means that some elements of the current NNDR1 and NNDR3 forms will no longer be relevant. Other data currently collected by central government may no longer be required, depending on detailed system design choices made.

6.21. The Government is clear that some form of reporting will still be required, both to allow local authorities to provide information to feed into the safety net and levy calculations and to allow central government to provide information to Parliament on the quantum of business rates collected. However, it may be possible to revise data collection activities to make the data more transparent.

Question 36: Do you have views on how the business rates data collection activities could be altered to collect and record information in a more timely, efficient and transparent manner?

Summary of Questions

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?
Question 6: Do you agree that we should fix reset periods for the system?

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

Question 16: Would you support the idea of introducing area level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area (including Combined Authority), or national level (across all local authorities) management as set out in the options above?

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Question 22: What are your views on the interaction between the power to reduce the multiplier and the local discount powers?

Question 23: What are your views on increasing the multiplier after a reduction?

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

Question 25: What are your views on what flexibility levying authorities should have to set a rateable value threshold for the levy?

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

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Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

Question 36: Do you have views on how the Business Rates data collection activities may be altered to collect and record information in a more timely and transparent manner?

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004.

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department for Communities and Local Government will process your personal data in accordance with DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.
Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact DCLG Consultation Co-ordinator.

Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF
or by e-mail to: consultationcoordinator@communities.gsi.gov.uk

Department for
Communities and
Local Government

Business Rates Reform

Fair Funding Review: Call for evidence on Needs and Redistribution

July 2016
Department for Communities and Local Government

This document/publication is also available on our website at www.gov.uk/dclg

If you have any enquiries regarding this document/publication, complete the form at http://forms.communities.gov.uk/ or write to us at:

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Contents

1. Introduction

1.1. In October 2015, the Government announced that, by the end of this Parliament, local government will keep 100% of the income raised through business rates, and will take on new responsibilities to be funded from this additional income as central government grants are phased out.

1.2. The design of a new finance system will shape the future of local government. This is an exciting opportunity for local government to put forward its own proposals and guide the reform process from the early stages of development.

1.3. The Department for Communities and Local Government (DCLG) has been working with the Local Government Association (LGA), local authorities and other interested parties to develop proposals. The Government's consultation, *Self-sufficient local government: 100% Business Rates Retention*, which is published alongside this document, and is available at: https://www.gov.uk/government/consultations/self-sufficient-local-government-100-business-rates-retention

1.4. The Government has asked for responses to this consultation by 26 September 2016.

1.5. The assessment of the relative needs of local councils is a fundamental part of the reforms to business rates. Alongside the 2016/17 Local Government Finance Settlement, the Government announced the Fair Funding Review that will conduct a thorough review of what the needs assessment formula should be in a world in which local government spending is funded by local resources not central grant.

1.6. To help shape the Fair Funding Review, the Government has been engaging with representatives from across local government through a technical working group. Based on feedback from this group, we have developed this initial call for evidence on needs and redistribution. The Government wants to give local government every opportunity to consider the best approach to measuring their relative needs. The needs assessment does not require legislative changes to implement. This means that decisions do not have to be made now, and allows work to progress with local government to a different timetable. The Government is aiming to consult on the principles for the needs assessment in the autumn 2016, and expects to have a final consultation on the formulae in the summer of 2018. This will allow a new mechanism to be in place in time for the introduction of 100% business rates retention across local government by the end of the current Parliament.

How you can respond

1.7. The Government invites you to submit your views on the questions below, either in writing, or by attending a seminar. Your response to this discussion paper is invited by 5:00 pm on 26 September 2016, and can be provided to either:

- NeedsAndResources@communities.gsi.gov.uk

- Local Government Finance Reform (Fair Funding Review)
  Department for Communities and Local Government
  2nd floor SE, Fry Building
  2 Marsham Street
  London
  SW1P 4DF

2. Needs and Redistribution

2.1. In 2013-14, the previous Government introduced the business rates retention scheme, under which local government retains 50% of the business rates income. To determine the starting position of funding for local authorities, the Government carried out an assessment of the relative level of needs and resources of councils across England.

2.2. Many councils now feel that too much time has passed since the last fundamental review of the approach to assessing a council's relative needs, and the costs it can be expected to incur in delivering services. The demographic pressures affecting particular areas – such as the growth in the elderly population, and the cost of providing services – may have affected different areas in different ways.

2.3. Therefore, the Government announced that it will undertake a Fair Funding Review of what the relative needs assessment formula should be following the implementation of 100% business rates retention.

2.4. The Fair Funding Review will deliver an assessment of relative needs within a fixed amount of business rates income. For the services currently supported by the local government finance system, the outcomes of the Fair Funding Review will establish the funding baselines for the introduction of 100% business rates retention. The distribution of funding for new responsibilities will be considered on a case by case basis once these responsibilities are confirmed; they are likely to have bespoke distributions.

2.5. The following sections set out the key questions that will need to be addressed as part of this review. A summary of the questions can be found at Annex A.

<u>The approach to measuring relative need</u>

2.6. The use of formulae to distribute grant funding to local authorities can be traced as far back as the 19th century. However, until advancements in computing in the 1970s, the scope for basing grant formulae on detailed statistical analyses was very limited. Formulae necessarily relied on a substantial element of judgement, though they were generally based on objective data.

2.7. Since the 1970s, analysis has been carried out to try from time to time to ascertain which indicators should be used to distribute funding, and how much weight one indicator should be given compared to another. Over recent years, funding formulae have become increasingly complicated in attempting to capture as many possible factors that may have an influence on local government spending.

2.8. There is a balance to be struck in determining the approach to measuring councils' relative needs. Simple formulae may make it easier for councils to explain to their local electorates why they have received particular amounts of funding and may also be simpler to update. However, simpler formulae may also lead to a less nuanced distribution between local authorities.

2.9. While more complex formulae may lead to a nuanced distribution of funding they may be less transparent and more difficult to update.

Question 1: What is your view on the balance between simple and complex funding formulae?

Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

2.10. The most recent needs assessment used a mixture of statistical techniques to arrive at the formulae for distributing funding, including:

- **Expenditure based regression** – This technique attempts to explain the variation in spending between local authorities by using the characteristics of areas and their populations. The most recent needs assessment makes use of this technique using expenditure data up to 2011-12 and population projection data up to 2013-14.

- **Non-expenditure based regression** – This is where indicators of need are calculated using data from key service statistics. The technique has previously been used to assess the funding needs for police authorities.

- **Multi-level modelling** – This technique is needed to take account of the nested sets of data available on local authority services. For example, data may often relate to the spending on an individual member of the public, in receipt of a particular service within a particular local authority. Multi-level modelling allows needs indices to be calculated based on how well they predict expenditure within a typical local authority, as opposed to between them. It has previously been used to create the Children's Social Services funding formula.

2.11. In the past, expenditure based regression has been the most widely used statistical technique for assessing councils' needs. This is because data on local authorities' spending on services is readily available and has often been the best available proxy of their need to spend on those services.

2.12. However, past expenditure has previously been criticised by some local authorities, including most recently in responses to the consultation on the provisional Local Government Finance Settlement 2016-17. These authorities argue that previous patterns in spending may not necessarily be representative of the actual need to spend of local authorities and that the technique leads to a self-fulfilling outcome, whereby the highest spending authorities are assumed to need the most income, which therefore allows them to remain the highest spending. Some authorities have also argued that it forces councils who have relatively less grant compared to their other sources of income to look to other revenue streams to make up for shortfalls in grant funding.

2.13. To take into account the potential deficiencies in using data on past expenditure, previous governments have made adjustments to needs formulae by increasing/decreasing the weighting applied to certain factors, for example to take into account the additional costs of delivering services in rural areas. An approach to measuring councils' needs that does not use previous patterns of expenditure may lead to a more equitable distribution of funding for all councils, and make adjustments such as these less necessary.

Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?

Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?

Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?

The treatment of growth in local taxes

2.14. In determining a distribution of funding, it is inevitable that any assessment of councils' funding needs will also need to take into account some measure of their available resource. Since the introduction of the Business Rates Retention scheme in 2013-14, local authorities across the country have seen growth in their council tax and business rates bases. There is therefore a question of whether this growth in local resource should be taken into account as part of the resource available to councils, or treated as being 'outside' of the overall assessment.

2.15. Allowing councils to retain this growth would incentivise them to build the additional income into their budgets and enable them to use it for delivering vital local services. However, it would reduce the amount of funding available to be allocated according to the needs assessment and might disadvantage those authorities whose local tax growth has not kept up with their demand for services, with a knock on effect on local services.

Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?

Transitioning to a new distribution of funding

2.16. It is inevitable that whatever method is used to arrive at new formulae, the resulting distribution of funding will be different to the existing one. In addition, this difference may be greater, and local authorities made aware of it later, due to the amount of additional technical work required, if a fundamental change is made to the approach to measuring authorities' relative needs, such as moving away from the use of expenditure based regression.

2.17. Recognising that councils require time to adjust to changes in their level of funding, previous governments have tended to limit the degree of change in local authorities' income through the use of damping mechanisms. For example, a system of floors and ceilings was introduced in 2001, which ensured that no local authority could see their funding increase or fall by more than a set percentage each year.

2.18. However, some councils have argued that the adjustments relating to these damping mechanisms have driven local authorities' income to a greater extent than the changes in their underlying needs assessment. Councils have also questioned the value of conducting detailed needs assessments when the end result is substantially adjusted to minimise the scale of discontinuity from the previous distribution of funding.

2.19. Therefore, in transitioning to a new funding distribution, it may be desirable to consider options such as phasing it in over a number of years or setting a fixed period over which the damping will be phased out. This may be particularly desirable if a fundamental change is made to measuring authorities' relative needs, where more time will be a required before a distribution of funding is known.

Question 8: Should we allow significant step-changes in local authorities' funding following the new needs assessment?

Question 9: If not, what are your views on how we should transition to a new distribution of funding?

The geographical level at which need is measured

2.20. The current local government finance system assesses authorities' funding needs at the individual local authority level. However, due to the large variations in need between authorities, this will often mean that neighbouring councils will receive very different levels of funding.

2.21. An alternative approach could be to distribute funding to larger geographical areas, as the variation in need between these larger areas is likely to be far less than the variation within them. It would then be the role of the councils within the area to manage the distribution of funding between them.

2.22. A model such as this may have other benefits, such as greater collaboration between councils and more efficient spending on services within an area[1]. This is because the councils within an area are likely to have a better understanding of their relative spending needs than central government. However, it would almost certainly require councils led by different political parties to work together to reach an agreed distribution of funding, which may be difficult to achieve.

2.23. In the devolution deals that have recently been negotiated with areas across the country, Combined Authorities have provided the means for the radical devolution of services and funding to local government. Allocating funding to Combined Authorities and allowing them to lead the distribution of funding to their constituent councils may therefore be one way of introducing this approach in areas where there is a complex political landscape.

Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

Question 11: How should we arrive at the composition of these areas if we were to introduce such a system?

Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?

‘Resetting’ the needs assessment

2.24. The Government intends to have resets in some form. Further detail on the Government’s thinking on resets is outlined in Chapter 4 of the consultation, *Self-sufficient local government: 100% Business Rates Retention*.

Incentives within the local government finance system

2.25. Since the introduction of the business rates retention system in 2013-14, the incentive for councils to grow their council tax and business rates tax bases has been a key feature of the local government finance system. This incentive will be strengthened with the introduction of 100% business rates retention.

2.26. These reforms provide an opportunity to consider whether new incentives should be introduced into the system, such as for efficiency or collaboration across authority boundaries or other organisations.

Question 13: What behaviours should the reformed local government finance system incentivise?

[1] Independent Commission on Local Government Finance (February 2015), *Financing English Devolution*

Question 14: How can we build these incentives into the assessment of councils' funding needs?

Annex A – Summary of key questions

Question 1: What is your view on the balance between simple and complex funding formulae?

Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?

Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?

Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?

Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?

Question 8: Should we allow step-changes in local authorities' funding following the new needs assessment?

Question 9: If not, what are your views on how we should transition to the new distribution of funding?

Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

Question 11: How should we decide the composition of these areas if we were to introduce such a system?

Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?

Question 13: What behaviours should the reformed local government finance system incentivise?

Question 14: How can we build these incentives in to the assessment of councils' funding needs?

About this discussion paper

This discussion paper has been planned to adhere to the Consultation Principles issued by the Cabinet Office. Information provided in response to it may be published or disclosed in accordance with access to information regimes (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). Please be aware that, under the Freedom of Information Act, there is a statutory Code of Practice with which public authorities must comply and we cannot give an assurance of confidentiality in all circumstances. The Department for Communities and Local Government will process your personal data in accordance with the Data Protection Act and in the majority of circumstances this will mean it will not be disclosed to third parties.

RYEDALE DISTRICT COUNCIL

Department for Communities and Local Government,
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Our Ref:

Please Ask For: Peter Johnson

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Date xx September 2016

Dear Sir,

RYEDALE DISTRICT COUNCIL: RESPONSE TO "SELF-SUFFICIENT LOCAL GOVERNMENT: 100% BUSINESS RATES RETENTION"

Devolution of responsibilities

Question 1: Which of these identified grants / responsibilities do you think are the best candidates to be funded from retained business rates?

Question 2: Are there other grants / responsibilities that you consider should be devolved instead of or alongside those identified above?

1. We would welcome the opportunity to take responsibility for functions which build on the strengths of local government. The most important concern for this Council will be that the new transfers increase cost pressures and risk. Ryedale District Council (RDC) would therefore not agree with any transfers where local government is required to take on any additional risk or demand led pressures which could exceed the growth in available resources. Ideally, transfers should be of existing funding streams where the quantum is known wherever possible. The additional costs of providing the services in the rural context must be reflected in the calculation of overall quantum being transferred.

2. A strong candidate for transfer is Rural Services Delivery Grant (RSDG). In principle RDC can support this transfer: it is a grant allocation that is known in advance and can be built into local authorities' Funding Baselines. We strongly argue that it is the pre-damping amount reflected in the DCLG Summer 2012 consultation (and the authorities shown in that consultation) that should be the quantum of such a transfer. We would want to be assured that there is no diminution of spending power as a result of the transfer. Furthermore, if RSDG does transfer to local government, this should not preclude further increases in funding for rural authorities, or indeed a change in the way that funding is distributed between rural authorities.

3. We would want to ensure that it would still be possible to review and change the distribution of any funding streams that are transferred to local government. In principle this would be the same as for existing Funding Baseline. In particular, our support for the transfer of any funding

streams should not be taken as an acknowledgement that the current distribution for these funding streams is “fair” to rural authorities.

Devolution deals

Question 3: Do you have any views on the range of associated budgets that could be pooled at the Combined Authority level?

Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?

4. RDC is not in an area that has a devolution deal, and therefore will not be directly affected by any transfers to combined authorities. However, Ryedale is concerned that future funding arrangements that affect all authorities are being built to suit urban authorities, where most of the current devolution deals are based. There is a danger that rural areas are left behind and that the benefit of the increase to 100% retention would be concentrated in urban areas. We do not support bespoke arrangements for devolution areas unless it can be shown that there are similar opportunities for rural areas.

Assessing New Burdens costs post-2020

Question 5: Do you agree that we should continue with the new burdens doctrine post- 2020?

5. RDC strongly supports the continued use of the new burdens doctrine for any transfers or changes in function after 2020. The cost of new burdens at the individual authority level which should be met by central government and not just funded at the national level. We would want this to extend to any change in the cost of reliefs that are currently supported through section 31 grants (e.g. Small Business Rates Relief).

The business rates system: Rewarding growth and sharing risk

Question 6: Do you agree that we should fix reset periods for the system?

Question 7: What is the right balance in the system between rewarding growth and redistributing to meet changing need?

Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?

6. Growth in business rates is less strong in rural areas than urban areas, particularly the larger city centres. Rateable values per head are much lower (50% on average) in rural areas, economies can often be less dynamic, and new business units or premises tend to be much smaller. Much economic growth in rural areas does not lead to an increase in Business Rates. Furthermore, a large proportion of the business rates payable is reduced by a range of reliefs, most of which are determined by central government through legislation and only some of which is actually funded by central government.

7. As a result of these characteristics, RDC is wary about the Government’s policy objectives of rewarding and incentivising growth. Or at least, we could support incentives if they can be shown to have an equal, in spending power terms, incentive-effect in rural areas as they would do in urban areas.

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8. The Government has already announced (without any consultation) that the levy will be abolished under 100% retention. This change will have a significant impact on the operation of the system. It will allow some authorities with large and growing rate-bases to retain a potentially very large share of future growth. We would like to see more evidence of the effect of abolishing the levy, in particularly to see where there would be disproportionate windfall gains on future business rates growth for some local authorities.

9. RDC could potentially support a reformed levy. As a first principle, the levy should make sure that no authority can receive "disproportionate" gains from business rates growth. For example, an authority should be able to keep all its gains from growth up to a threshold based on its Funding Baseline, and further growth above this threshold should be subject to a tapering levy (i.e. one where the levy rate increases for higher rates of growth). In this way, all authorities would get to keep the same amount of levy-free growth (relative to Funding Baseline), whilst getting a proportionate share of growth above this threshold.

10. Another way of checking the imbalance of growth between authorities is to reset the Business Rates Baselines. Three options have been suggested:

    - Full reset of the system, including all achieved growth, frequently (e.g. every 5 years).
    - Reset the system, including all achieved growth, infrequently (e.g. every 20 years), or never.
    - A partial reset of the system on a frequent basis.

11. In principle, RDC would support partial and more frequent resets of the baselines. This would ensure that some authorities did not retain disproportionate growth, whilst allowing there to be some ongoing incentive for growth.

Redistribution between local authorities

Question 9: Is the current system of tariffs and top-ups the right one for redistribution between local authorities?

12. RDC supports the current structure that is used to operate the business rates system (i.e. Business Rates Baselines, Funding Baselines, Top-ups/ Tariffs). In principle we would support changes in the system that minimised top-ups and tariffs, but it would be preferable that the most appropriate functions or funding are transferred, even if this does result in an increase in the top-ups and tariffs.

Impact of revaluations

Question 10: Should we continue to adjust retained incomes for individual local authorities to cancel out the effect of future revaluations?

13. RDC would expect the local authority baselines to be adjusted following the 2017 revaluation. There will be no change in the national yield from business rates as a result of the revaluation, and there should be adjustments to local authority baselines to compensate for local changes in yield. No authority should gain or lose directly from revaluation.

Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?

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14. As stated above, RDC is not in a devolution area and are therefore not directly affected by the operation of combined authorities. As such, RDC is not in a position to comment on the powers and responsibilities of elected mayors and combined authorities.

15. We do have a number of concerns about how devolved areas and combined authorities will work. Firstly, devolved areas are making agreements with central government that is shaping local government funding for the whole country, and ultimately this will impact on rural areas. The whole of local government should be given much more direct say in how these arrangements are being shaped. RDC would not support the development of separate funding formulae for combined authorities or devolved areas: there should be a common funding formula for all local authorities, and this formula should have proper recognition of the needs of rural authorities, including the costs of meeting those needs.

16. Secondly, devolved areas are receiving financial benefits that are not available in rural areas, where there are few devolution deals. There are special arrangements that allow devolved areas to retain more of their business rates growth at the expense of rural areas (e.g. 100% Business Rates Pilots, City Deals), and specific additional funding through the substantial Investment Funds. We assume all of these funding schemes top-slice the funding that is available for the rest of local government and are therefore at the expense of the rest of the Sector.

Question 12: What has your experience been of the tier splits under the current 50% rates retention scheme? What changes would you want to see under 100% rates retention system?

17. RDC does not have a view about the tier splits that are currently in operation.

18. Our view is that future tier splits should be driven by transfers of funding and responsibility.

Question 13: Do you consider that fire funding should be removed from the business rates retention scheme and what might be the advantages and disadvantages of this approach?

19. RDC does not have a view on whether fire authorities should continue to receive a share of business rates – but if they do not they should be 100% compensated for the financial loss. Fire authorities might want to explore other sources of taxation funding that are better aligned with fire functions. Government should ensure that the Fire Funding Formulae are fair to both rural and urban fire and rescue authorities

<u>Enterprise Zones</u>

Question 14: What are your views on how we could further incentivise growth under a 100% retention scheme? Are there additional incentives for growth that we should consider?

20. Enterprise zones are not evenly spread across the country, and are focussed to a greater degree in urban areas. RDC would support an approach whereby rural areas are offered much more opportunity to set up enterprise zones and to benefit from the protection of baselines.

21. Our concern about enterprise zones is that they give some local authorities and LEPs the opportunity to keep potentially significant amounts of growth at the expense of the rest of the country. There has been remarkably little scrutiny of how baselines have been agreed and whether this represents good value for money for the sector as a whole. We would want the

benefits from enterprise zones to be shared more equitably around the country, particularly between urban and rural areas.

Sharing risk

22. Whilst there are some mechanisms to help deal with the risk (e.g. safety net), the volatility and unpredictability has made it difficult to plan with any certainty.

Ratings lists

Question 15: Would it be helpful to move some of the 'riskier' hereditaments off local lists? If so, what type of hereditaments should be moved?

Question 16: Would you support the idea of introducing area-level lists in Combined Authority areas? If so, what type of properties could sit on these lists, and how should income be used? Could this approach work for other authorities?

23. The Council has a number large businesses within it's boundary and changes in their rateable value do represent a significant risk to a small district council such as RDC.
24. However, any decision around the transfer of businesses to a central list needs to be weighed against the loss of economic growth for the area.
25. Some of the problems have been caused by business properties being transferred from the local list to the central list, or relocated by the VOA between local lists (e.g. change in Virgin Media networks). Any administrative changes should be dealt with by adjusting the authorities' baselines rather than allowing them to suffer any financial loss.
26. There may merit in developing area lists for some types of property, but without further detail we are unable to comment further.

Helping to manage 'appeal risk'

Question 17: At what level should risk associated with successful business rates appeals be managed? Do you have a preference for local, area level (including Combined Authority), or across all local authorities as set out in the options above?

Question 18: What would help your local authority better manage risks associated with successful business rates appeals?

27. Appeals have been the single biggest risk for RDC in managing the retained-rates system.
28. However, a large part of the problem when the retained rates system was introduced in 2013-14, was that local authorities inherited the risk for appeals part-way through a rating list period, without a provision for the potential cost of previous year's appeals. In the first month of the new system RDC had to deal with the financial pressure of a significant successful appeal going back to the 2005 valuation list. This phase is now coming to an end, and the next phase – providing for appeals following the 2017 revaluation – will be very different. Although authorities will still be exposed to risk, they will be able to provide for appeals losses in a more managed and smoother way.
29. RDC would generally support the continuation of the current system where local authorities are responsible for the risks on their local appeals This could involve the transfer of 'riskier'

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businesses to a central list, however we would require further detail of such a scheme to comment further.

30. In our experience, the largest appeal risk has been from sites owned by Government departments.

31. Our main concern is that there should be sufficient adjustment to the Business Rates Baseline to reflect the cost of appeals over the lifetime of the rating list. When new baselines are issued in 2017 following revaluation, we would expect an adjustment to the Estimated Business Rates Aggregate (EBRA) that reflects the full cost of appeals based on the losses on the 2010 list.

<u>Insulating against shocks</u>

Question 19: Would pooling risk, including a pool-area safety net, be attractive to local authorities?

Question 20: What level of income protection should a system aim to provide? Should this be nationally set, or defined at area levels?

32. RDC supports the continuation of the safety net to protect authorities from large reductions in business rates.

<u>Local tax flexibilities</u>

Question 21: What are your views on which authority should be able to reduce the multiplier and how the costs should be met?

Question 22: What are your views on how decisions are taken to reduce the multiplier and the local discount powers?

33. The Government is providing the following new powers to local government to vary the business rate multiplier:

    - the ability to reduce the business rates tax rate (the multiplier), and
    - the ability for Combined Authority Mayors to levy a supplement on business rates bills to fund new infrastructure projects, provided they have the support of the business community through the Local Enterprise Partnership.

34. RDC's view is that there should be the same multiplier across an area so that it is consistent for businesses. This area could be based on the current county council areas.. RDC would support local authorities being given the powers to both reduce and increase in these areas. These powers should be available even if there is not an elected mayor. There could be alternative governance arrangements for proposals to increase the multiplier in county areas where there is no mayor.

35. In our experience, targeted business rate reliefs are a more effective, affordable and flexible way of attracting new businesses. These are currently under the control of the billing authority. We would support extending this power to all local authorities (i.e. to include the county council). The cost of the reliefs could be met by the authority making the decision.

36. We would support arrangements that encouraged joint decision making on reliefs (and on the multiplier). This would allow district councils, county councils and unitaries to agree a joint

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approach and strategy for an areas, to agree joint funding for any reductions in multiplier/ relief, and to agree investment objectives.

Question 23: What are your views on increasing the multiplier after a reduction?

37. RDC would support authorities being able to increase their multiplier back to the national multiplier in any one year, as long as businesses had been given a reasonable amount of notice (say, 6 months).

Question 24: Do you have views on the above issues or on any other aspects of the power to reduce the multiplier?

38. None.

Question 25: What are your views on the flexibility levying authorities should have to set a rateable value threshold for the levy?

Question 26: What are your views on how the infrastructure levy should interact with existing BRS powers?

Question 27: What are your views on the process for obtaining approval for a levy from the LEP?

Question 28: What are your views on arrangements for the duration and review of levies?

Question 29: What are your views on how infrastructure should be defined for the purposes of the levy?

Question 30: What are your views on charging multiple levies, or using a single levy to fund multiple infrastructure projects?

Question 31: Do you have views on the above issues or on any other aspects of the power to introduce an infrastructure levy?

39. RDC's view is that this power should be extended to areas without elected mayors. Rural areas have significant infrastructure needs and it would be invidious to deprive them from the additional revenues to fund the infrastructure that is required in their areas because they did not have elected mayors. Often rural areas receive less funding from central government for infrastructure, and having access to the infrastructure levy would at least give rural areas some ability to redress this balance.

40. We recognise that additional governance arrangements would have to be put in place, and that local businesses, including the LEP, would have to be satisfied that they had a role in the decision making.

<u>Accountability and accounting</u>

Question 32: Do you have any views on how to increase certainty and strengthen local accountability for councils in setting their budgets?

Question 33: Do you have views on where the balance between national and local accountability should fall, and how best to minimise any overlaps in accountability?

Question 34: Do you have views on whether the requirement to prepare a Collection Fund Account should remain in the new system?

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Question 35: Do you have views on how the calculation of a balanced budget may be altered to be better aligned with the way local authorities run their business?

Question 36: Do you have views on how the business rates data collection activities could be altered to collect and record information in a more timely, efficient and transparent manner?

41. RDC strongly supports local authorities continuing to have to set a balanced budget every year. This is an important element in the financial strength of local government as a sector and for individual local authorities. It would be helpful if central government had a more sophisticated understanding of the role that reserves play in the financial resilience and financial management of local authorities.

42. The collection fund is still a necessity, at least for those billing authorities with preceptors. It is possible that where in future a billing authority retains 100% of collected rates (e.g. Cornwall, Northumberland) that a collection fund is not required.

43. An element of the collection fund that does not work is that any surplus or deficit is recognised in the year after it occurs. Changes to make this system work better will be welcomed.

Additional point: funding for mandatory reliefs

44. RDC would like draw the DCLG's attention to the operation of mandatory reliefs, including charitable relief and rural relief. Mandatory reliefs represent a much larger share of gross rates in rural authorities than in urban authorities. This is because rural areas tend to have a higher proportion of charitable and non-profit organisations, as well as businesses that are more marginal. These businesses include local shops, public houses and garages.

45. The 2013-14 baseline reflected the cost of these reliefs, but since then the cost of any increase has been shared 50:50 between the local authority and central government. Mandatory reliefs are also increasing more quickly in rural areas, in addition to them representing a higher share of gross rates. As a result, rural authorities have been shouldering an unfair burden of the cost of national reliefs.

46. A further issue is the way that reliefs are applied. Many rural businesses and organisations will be eligible for a range of reliefs, including mandatory charitable relief, rural relief and Small Business Rate Relief. However, the two reliefs for which the local authority pays 50% (charitable and rural relief) are applied first, and SBRR which is funded nationally through a section 31 grant, is applied last. As a result, this increases the cost of the reliefs to rural authorities, even where the property would have been eligible for (fully funded) SBRR.

47. RDC supports the reliefs that are available to local businesses because they provide welcome financial support to businesses operating in rural areas. But we believe that central government should review the way that reliefs are applied and the way they are handled in the retained rates system so that the burden is more equitably shared between the local authority and central government.

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RYEDALE DISTRICT COUNCIL: RESPONSE TO "FAIR FUNDING REVIEW: CALL FOR EVIDENCE ON NEEDS AND REDISTRIBUTION"

The approach to measuring relative need

Question 1: What is your view on the balance between simple and complex funding formulae?

Question 2: Are there particular services for which a more detailed formula approach is needed, and – if so – what are these services?

48. On balance, RDC would support the introduction of simpler, less complex formulae. The starting point for the development of funding formulae should be that there is a standard amount of funding available per head across the country. Any additions to this flat per-head funding would have to be justified on the basis of evidence. The uplift in funding for any of these reasons would therefore be clear and transparent.

49. RDC is a member of RSN, who have made a very strong case for the additional costs associated with sparsity and rurality, and these additional costs have been evidenced in numerous reports. Their case has received ministerial support and has received additional funding (both in the 2013-14 funding formulae) and in the Rural Services Delivery Grant (which began in 2013-14 and has been increased significantly since then). Their case for additional funding for rurality and sparsity has been made convincingly and RDC would expect this (at the DCLG exemplified level – pre damping) to be one of the add-ons to any flat per-head funding.

50. The services where rurality and sparsity are factors are well known: the report commissioned jointly by DEFRA and DCLG identified these services and the evidence that was available.

Question 3: Should expenditure based regression continue to be used to assess councils' funding needs?

Question 4: What other measures besides councils' spending on services should we consider as a measure of their need to spend?

Question 5: What other statistical techniques besides those mentioned above should be considered for arriving at the formulae for distributing funding?

Question 6: What other considerations should we keep in mind when measuring the relative need of authorities?

51. RDC is fundamentally opposed to using regression against past spending because this only serves to continue past, urban-biased, funding decisions and local spending patterns. Funding per head is 50% higher in urban areas than rural areas, yet residents in rural areas pay higher council tax and receive fewer services. In our view, this is clear evidence that rural authorities have been systematically under-funded for many years. Over time, higher levels of funding in urban areas has driven higher levels of spending. Basing future funding on past spending would simply continue the gross unfairness.

52. The consultation paper did not mention how the DCLG would examine unmet need. Residents in rural areas often receive lower levels of service and facilities because of historic underfunding. RDC would support a funding formula that ensures that rural authorities can provide relatively the same range and level of service and facilities to their residents as urban authorities can provide to theirs. Using flat per-head funding would help to achieve this.

The treatment of growth in local taxes

Question 7: What is your view on how we should take into account the growth in local taxes since 2013-14?

53. In resetting the Resources block (which reflects the assessment of local council tax), it is important that the Government is aware of the overall funding levels across urban and rural areas. Increasing the size of the Resources block – and thereby increasing the deduction from authorities' funding allocations – will transfer resources away from rural areas and in to urban areas. The effect will be to further increase the gap in funding per head between rural and urban authorities, which currently stands at 50%.

54. On a practical level, RDC would prefer greater predictability about how council tax will be taken into account in future funding allocations. This will help them to plan, as well as to maximise the incentive to build housing.

Transitioning to a new distribution of funding

Question 8: Should we allow significant step-changes in local authorities' funding following the new needs assessment?

Question 9: If not, what are your views on how we should transition to a new distribution of funding?

55. Some form of transition will be inevitable in any new funding system. But damping has not been handled in a particularly rational way over the past 15 years. Although some rural authorities have been recipients of damping, most have been contributors. Furthermore the additional funding that was put into the Relative Needs Formulae (RNF) in 2013-14 to reflect the Government's acceptance that the formula did not adequately reflect rural service delivery costs was largely eroded by an increase in damping.

56. RDC supports the unwinding of the current damping arrangements, and for authorities to move towards their underlying RNF positions as quickly as possible.

57. At the very least, the Government should set out the principles on which it will operate a transitional funding system in future years. RDC would prefer transition to be unwound within a fixed number of years. We accept that DCLG might have to set a maximum annual change in funding for those authorities who are most reliant on damping. However, the Government should be clear in stating that damping is a <u>transitional</u> over a fixed period and not a permanent form of funding.

The geographical level at which need is measured

Question 10: What are your views on a local government finance system that assessed need and distributed funding at a larger geographical area than the current system – for example, at the Combined Authority level?

Question 11: How should we arrive at the composition of these areas if we were to introduce such a system?

RYEDALE DISTRICT COUNCIL

Question 12: What other considerations would we need to keep in mind if we were to introduce such a system?

58. RDC could potentially support the creation of area-based funding formulae. However, our conditions would be:

    (a) There should be a consistent funding formulae used across the entire county. The same funding formulae should be used for devolved and non-devolved areas.

    (b) There should be a clear add-on that adequately reflects the cost incurred in rural areas. This should be at least as great as in the current RNFs.

    (c) In combined authorities/ areas that included rural areas, the same level of additional funding should be available for residents in those rural areas. There is danger in area-based funding formulae that funding for sparsity or rurality is based on average sparsity across a whole area. In an area that included both rural and urban areas, this could potentially significantly understate the effects of sparsity.

Resetting the needs assessment

59. The RSN supports the idea that there should be regular periodic resets of need. Resetting every 5 years would appear to be a reasonable period, although there is no reason why needs and business rates cannot be reset independently and at different times.

Incentives within the local government finance system

Question 13: What behaviours should the reformed local government finance system incentivise?

Question 14: How can we build these incentives into the assessment of councils' funding needs?

60. RDC's view is that, if there are going to be incentives in the funding system, then they need to be able to provide equal levels of financial benefit in rural and urban areas. Any incentive system that is proposed should show that it is capable of delivering similar levels of benefits in rural and urban areas.

Yours sincerely

Peter Johnson
Finance Manager (s151)
On behalf of Ryedale District Council.

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PART B:	**RECOMMENDATIONS TO COUNCIL**
REPORT TO:	**POLICY AND RESOURCES COMMITTEE**
DATE:	**22 SEPTEMBER 2016**
REPORT OF THE:	**CHAIRMAN OF OVERVIEW AND SCRUTINY COMMITTEE CLLR DI KEAL**
TITLE OF REPORT:	**SCRUTINY REVIEW – COUNCIL PROPERTY ASSETS**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report includes the recommendations to Council arising from the review of the Councils Property Asset Portfolio, with a focus on the assets which have potential to be used for the delivery of Council services.

2.0 RECOMMENDATION

2.1 It is recommended that members agree the policy for the future management of the Council property portfolio as recommended in the report of the Scrutiny review of Council assets

3.0 REASON FOR RECOMMENDATION

3.1 To enable the Council to deliver its best value duty in relation to the management of its property asset portfolio and achieve value for money from this. Also to establish a policy which can be implemented in support of the Transformation of the Council.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in considering the recommendations.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The proposals are to establish a policy framework for the management of the Council property portfolio.

REPORT

6.0 REPORT DETAILS

6.1 Attached to this report is the Final report of the review undertaken by the Scrutiny Committee into the Councils Property Portfolio. This was agreed by the Committee on 8 September 2016.

The aim of the review was to try to answer the following questions:

- What sort of property does the Council own or lease?
- What do we use it for or how do others use it?
- How much does the current property portfolio cost?
- What is the condition of the property and the planned preventative maintenance
- How much income does the current portfolio of property assets generate and is there scope to generate additional income?
- An appraisal of the options available to ensure the best use of these property assets now and into the future, linked to the future provision of council services
- Current property portfolio and policy on property rationalisation

The outcomes of the review are recommendations for a new Asset Management Policy and supporting strategy including a vision, policy and principles, linked to the delivery of the Councils priorities.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial
The policy recommended would support the financial sustainability of the Council, reducing the risk from liabilities associated with assets which are not delivering best value.

b) Legal
There are no significant legal issues in considering this report.

c) Other
There are no significant other issues in considering this report.

Clare Slater
Head of Corporate Services

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Background Papers:
See the review report attached

Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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