



POLICY AND RESOURCES COMMITTEE

Thursday 29 September 2011 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 of the Meeting Held on 23 June 2011

(Pages 1 - 6)

4 Minutes of a Meeting of the Resources Working Party held on 13 September 2011

(Pages 7 - 10)

To endorse the above minutes.

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

9 **Capital Proposal Regarding Ryedale Pool (Pickering) Gym Facility** (Pages 11 - 12)

10 **Delivering the Council Plan** (Pages 13 - 22)

11 **Localisation of Council Tax Benefit Consultation** (Pages 23 - 28)

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

12 **New Homes Bonus** (Pages 29 - 38)

13 **Budget Strategy 2012/2013** (Pages 39 - 44)

14 **Community Governance Review - Malton and Norton-on-Derwent** (Pages 45 - 62)

15 **Substitute Members of Committees and Numbers of Substitutes** (Pages 63 - 66)

16 **Provision of Internal Audit Services** (Pages 67 - 84)

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

Policy and Resources Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 23 June 2011

Present

Councillors Acomb (Chairman), Mrs Burr MBE, Ives, Knaggs, Mrs Knaggs and Legard (Vice-Chairman)

Substitutes: Councillor TB Woodward

Overview & Scrutiny Committee Observers: Councillors Cussons, Mrs Shields and Wainwright.

In Attendance

Paul Cresswell, Anthony Winship, Clare Slater and Nicki Lishman

Minutes

1 **Apologies for absence**

Apologies for absence were received from Councillor Ward, Ms Goodrick, Maud and Bailey.

2 **Minutes of the Meeting held on 7 April 2011**

Resolved

The minutes of a meeting of the Policy and Resources Committee held on 7 April 2010 be approved and signed by the Chairman as a correct record.

3 **Urgent Business**

The Chairman reported that there were no items of urgent business to be considered at the meeting.

4 **Declarations of Interest**

There were no declarations of interest received.

5 **Appointment of Members to Working Parties and Sub Committees**

The Committee was requested to appoint Members to the following Working Parties/Sub-Committee:

(a) Senior Management Contracts Working Party

Chairman of the Council, Group Leaders, Committee Chairmen and the Staff Champion.

(b) Resources Working Party

6 members.

(c) Constitution Review Working Party

Group leaders and the Chairman of the Council.

(d) Sub-Committee – Appeals Panel

Chairman of Policy and Resources, Staff Champion and Vice Chairman of Policy and Resources.

In the absence of any of these Members, the panel was to consist of 3 Members appointed by the Chief Executive in consultation with the Chairman of Policy and Resources, or in the Chairman's absence, the Vice Chairman, from the current membership of the Policy and Resources Committee (including any substitute members). The Panel would meet as and when required. Such a panel would consist of two Members of the Conservative Group and one Member of another Group.

Terms of reference of the Sub Committee were;

To determine appeals in relation to the following matters:

- To determine appeals against dismissal on disciplinary cases.
- Any other appeal to Members which is currently within the Council's policies and procedures.

It was moved by Councillor Knaggs and seconded by Councillor Mrs Knaggs that the recommendations of the report now submitted be approved.

An amendment, moved by Councillor Knaggs and seconded by Councillor Mrs Knaggs, that the Senior Management Contracts Working Party be comprised of; The Leader of the Council, Chairman of Policy and Resources, Vice-Chairman of Policy and Resources, Chairman of Commissioning Board and the Staff Champion was, upon being put to the vote, carried.

An amendment, moved by Councillor Knaggs and seconded by Councillor Legard, that the Resources Working Party be comprised of Councillors Acomb, Mrs Cowling, Ms Goodrick, Mrs Knaggs, Knaggs and Legard was upon being put to the vote, carried.

An amendment moved by Councillor Woodward and seconded by Councillor Mrs Burr that Councillor Clark should be included in the Resources Working Party was, upon being put to the vote, not carried.

An amendment, moved by Councillor Knaggs and seconded by Councillor Legard, that the Constitution Review Working Party be abolished was upon being put to the vote, carried.

The substantive motion, as now agreed was, upon being put to the vote, carried.

Resolved

- a) That the Senior Management Contracts Working Party be comprised of The Leader of the Council, Chairman of Policy and Resources, Vice-Chairman of Policy and Resources, Chairman of Commissioning Board and the Staff Champion

Councillors Woodward and Mrs Burr asked that their votes against the amendment be recorded.

- b) That the Resources Working Party be comprised of Councillors Acomb, Mrs Cowling, Ms Goodrick, Mrs Knaggs, Knaggs and Legard.

Councillors Woodward and Mrs Burr asked that their votes against the amendment be recorded.

- c) That the Constitution Review Working Party be abolished.

- d) That the Sub-Committee – Appeals Panel be comprised of;

Chairman of Policy and Resources, Staff Champion and Vice Chairman of Policy and Resources.

In the absence of any of these Members, the panel to consist of 3 Members 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, from the current membership of the Policy and Resources Committee (including any substitute members). The Panel to meet as and when required. Such a panel to consist of two Members of the Conservative Group and one Member of another Group.

Terms of reference of the Sub Committee

To determine appeals in relation to the following matters:

- To determine appeals against dismissal on disciplinary cases.
- Any other appeal to Members which is currently within the Council's policies and procedures.

6 **Annual Report - Achievement Against Priorities**

The Head of Transformation submitted a report (previously circulated) which presented the content of the Council's Annual Report of delivery against priorities.

A draft of the Annual Report 2010/11 was appended to the Agenda for Members comments and observations.

The report outlined the objectives adopted to meet these aims and reminded Members that progress in delivering the Council's priorities was reported quarterly to the Policy and Resources Committee. The Annual Report 2010/11 summarised the Council's delivery against its priorities.

The report went on to outline the challenges to meeting the adopted aims for the year 2011/12.

Resolved

That the content of the Annual Report 2010/11 and the challenges for 2011/12 be noted.

7 Review of Civic Budget

The Head of Organisational Development submitted a report (previously circulated) which considered the Civic Budget.

It had been resolved at Council on the 21 February 2011 "That in the light of the budget predictions for 2012/2013 and beyond a review of the costs associated with the Chairman and Vice Chairman be undertaken and considered by the Policy & Resources Committee at its meeting on the 23 June 2011 and if necessary Full Council".

The total budget for 2011/12 for Chairman and Vice Chairman allowances, travel and hospitality was detailed in the report

The report concluded that the Civic budget had consistently underspent. Even with the reduction to £19,690 for 2011/2012 it was reasonable to consider that the budget could be reduced by £3,000 with little impact.

It was moved by Councillor Acomb and seconded by Councillor Knaggs that the recommendations of the report submitted now be approved.

An amendment, moved by Councillor Knaggs and seconded by Councillor Legard that the recommendation be amended to remove the words "a reduction of £3,000 in the Civic budget" and to add

1. a budget of £10,000 to replace the Chairman's Allowance, Chairman's Travel Allowance and Civic Hospitality and
2. Disposal of the Civic car and not replaced

was, upon being put to the vote, carried.

An amendment, moved by Councillor Mrs Burr and seconded by Councillor Woodward, that the Civic budget be reduced to a total of £6,000 for the Chairman's Allowance, Chairman's Travel Allowance and Civic Hospitality and

disposal of the Civic car and no replacement was upon being put to the vote, carried.

The substantive motion, as now agreed was, upon being put to the vote, carried.

Resolved

- a) That the Civic Budget be reduced to £6,000 to include the Chairman's Allowance, Chairman's Travel Allowance and Civic Hospitality.
- b) That the Civic Car be disposed of and not replaced.

8 Exempt Information

Resolved

That under Section 100(A)(4) of the Local Government Act 1972 that the public be excluded from the meeting for the following item as there will be a likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the act as the information relates to any business or financial affairs of a company.

9 Capital Proposal Regarding Ryedale Pool (Pickering) Gym Facility

The Head of Environment submitted a report (previously circulated) which considered a proposal regarding a capital investment project, which would facilitate development of additional sports facilities at Ryedale Pool, Pickering.

The project would;

- Establish a new and more substantial facility capitalising on the existing asset of Ryedale Pool, Pickering
- Increase the scope of available facilities, encouraging participation in exercise to a wider number of people
- Tangibly increase the asset value of the premises
- Increase income and efficiency for Community Leisure Ltd through co-located facilities
- Enable any surplus to be reinvested in the business to enhance the quality of sport and leisure provision and to reduce the revenue cost of the service.

Following debate it was;

Resolved

That Council be recommended not to include the development of a new gym facility at Ryedale Pool in the capital programme.

10 Any other business that the Chairman decides is urgent.

There were no other items of urgent business.

The meeting closed at 8.40 pm

Resources Working Party

Held at Members' Lounge, Ryedale House, Malton
on Tuesday 13 September 2011

Present

Councillors Acomb (in the Chair) Mrs Cowling, Knaggs, Mrs Knaggs and Legard

In Attendance

Paul Cresswell, Janet Waggott, Julian Rudd, Sue Shuttleworth and Clare Slater

Minutes

52 **Apologies for absence**

An apology for absence was received from Councillor Mrs Goodrick

53 **Minutes of the last meeting of the Resources Working Party held on 15 March 2011**

The minute of the last meeting of the Resources Working Party held on 15 March 2011 were presented.

Resolved

That the minutes of the last meeting of the Resources Working Party held on 15 March 2011 as submitted be approved and signed by the Chairman as a correct record.

54 **Urgent Business**

The Chairman reported that there were no items which he considered should be dealt with as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

55 **Declarations of Interest**

No declarations of interest were made.

56 **Budget Strategy 2012/2013**

The Corporate Director (s151) presented a report (previously circulated) which formed the basis of the preparation and planning for the 2012/2013 Council Budget and was submitted for consideration by Working the Party prior to submission to the Policy & Resources Committee on 29 September 2011.

The report set out in detail the key influences on the finances of the Council for 2012/2013 which impacted on the budgetary position, including:

- Government grant
- Council Tax increase
- Income from Fees and Charges
- Issues arising from the current year
- Pay and price inflation
- Revenue effects of the capital Programme

A timetable for the budget process was included within the report.

The report was discussed in detail and it was

Resolved

That Council be recommended to approve the following parameters for the preparation of the 2011/2012 budget:

- (i) Proposals be brought forward for a 2.5% increase in Council Tax or for a zero increase if a 2.5% increase in Government Grant were to be received;
- (ii) Increases in fees and charges to be 3.5%-4.5% on a cost centre heading basis excluding VAT and only those charges officers recommend above or below this figure to be considered by the relevant policy committee;
- (iii) Efficiencies to be maximised;
- (iv) Options for service cuts to be provided. These proposals to be considered by the Resources Working Party.

57

New Homes Bonus

The Corporate Director (s151) submitted a report (previously circulated) giving details of the New Homes Bonus (NHB) Scheme and the funding which Ryedale District Council would receive in 2011/2012. Options for the use of this funding were also presented. The report was to be submitted to the Policy & Resources Committee on 29 September 2011.

It was pointed out that this new source of funding for RDC was not ringfenced and, therefore, could be made available for investment in a number of different areas of spend. However, it had been made clear by Government that the purpose of NHB was to 'ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.'

Details were given of consultations that had been undertaken with Parish and Town Councils, together with the New Homes Bonus proposed allocation to

parishes in 2011/2012, and of discussions had been held with the North York Moors National Park

The report was discussed in detail and the view was expressed that wider consultation should take place with local communities and that other options for allocating the funding be explored, such as a Community Investment fund and included in the report as options.

Resolved

That the report be received.

58 Localisation of Council Tax Benefit Consultation

The Corporate Director (s151) submitted a report (previously circulated) informing Members of the consultation 'Localising Support for Council Tax in England' and the implications for the Council. The report, which was to be submitted to the Policy & Resources Committee on 29 September 2011, included a proposed timetable for implementation of the new scheme.

Particular attention was drawn to paragraph 8.8 of the report relating to the Council having to decide which vulnerable group they would support the least and, during discussion of the report, the view was expressed that any cuts should be applied equally across the board.

Resolved

That the Corporate Director (s151), in consultation with the Chairman of Policy & Resources Committee, submit a response to the Consultation of Localising Support for Council Tax in England.'

59 Localisation of Business Rates

The Corporate Director (s151) submitted for information a paper published by the Department for Communities and Local Government entitled "Local Government Resource Review: Proposals for Business Rates Retention".

Resolved

That the report be noted.

60 Capital Programme Progress Report

The Corporate Director (s151) submitted the Capital Programme Progress Report 2011-15 which had been circulated with the agenda.

The report outlined details of the individual schemes and indicated by means of a 'progress bar' the progress achieved to date. The report also gave details

of the projected budget and spend/commitment to date, a narrative summarising the latest progress and details of the responsible Head of Service and Project Manager.

The Head of Economy & Housing explained in detail the current situation relating to the A64 Brambling Fields Junction Upgrade which was to be considered at a Special Meeting of the Council to be held on 7 October 2011.

During discussion of the report, it was requested that a legal opinion be sought on the terms of the Milton Rooms lease.

Particular attention was also drawn to the provision of a Mortgage Rescue Scheme and the role of the Council in providing affordable homes. The view was expressed that the Housing Association did not appear to be representing the needs of Ryedale residents and it was reported that the Commissioning Board were to investigate issues relating to Yorkshire Housing.

Resolved

That the Capital Programme Progress Report 2011-15 be noted.

61 **EMIS Report**

The Corporate Director (s151) submitted a report (previously circulated) on the Executive Management Information System summary for the period ending 31 July 2011 and drew attention to the section relating to planning fees.

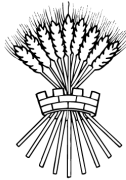
It was agreed that work be undertaken following Councillor Knaggs' request that consideration be given to presenting financial information to Members in a more intelligible way showing the direct cost of services

Resolved

That the report be noted.

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

There being no urgent business the Chairman declared the meeting closed at 5.30pm



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	HEAD OF ENVIRONMENT PHIL LONG
TITLE OF REPORT:	CAPITAL PROPOSAL REGARDING RYEDALE POOL (PICKERING) GYM FACILITY
WARDS AFFECTED:	PICKERING DIRECTLY, ALL INDIRECTLY

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To bring for members consideration the above project as resolved at Full Council on the 18 July 2011.

2.0 RECOMMENDATION

- 2.1 That member note the current status of this project.

3.0 REASON FOR RECOMMENDATION

- 3.1 In light of correspondence from Community Leisure Limited (CLL) following the Council meeting on the 18 July 2011 it is not now possible to take this scheme forward.

4.0 SIGNIFICANT RISKS

- 4.1 There are no risks in considering this report.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 At Council on the 18 July 2011 Council resolved:

'That minute No. 9 (Capital Proposal Regarding Ryedale Pool (Pickering Gym Facility) be referred back to the Commissioning Board, followed by the Policy and Resources Committee.

- 5.2 This report fulfils that requirement.

6.0 POLICY CONTEXT

6.1 There are no policy implications within this report.

7.0 CONSULTATION

7.1 In light of the developments no further consultation has taken place.

8.0 REPORT DETAILS

8.1 Following the consideration of this issue at Full Council CLL withdrew the intellectual property rights to the proposed development. No further proposals have been received in this respect.

8.2 The Council could continue to enhance its assets and construct the facility on site. However without the co-operation of the Council's chosen Leisure partner, CLL, the Council is unable to manage such a facility.

9.0 IMPLICATIONS

9.1 The following implications have been identified in considering this report:

a) Financial
None.

b) Legal
None.

c) Other
None

Phil Long
Head of Environment

Author: Phil Long Head of Environment
Telephone No: 01653 602820
E-Mail Address: phil.long@ryedale.gov.uk

Background Papers:

None.

Council Aim	Aim 1: Housing Need To meet housing need in the Ryedale District Council area			
Strategic Objectives	1. To change and add to housing stock to meet the local housing needs 	2. To support people to access a suitable home or remain in an existing home 		
Council Aim	Aim 2: Economic Success To create the conditions for economic success			
Strategic Objectives	3. Place of opportunity – economic structure and supporting infrastructure 	4. Opportunity for people – increasing wage and skills levels 		
Council Aim	Aim 3: High Quality Environment To have a high quality, clean and sustainable environment.			
Strategic Objectives	5. Reducing waste and CO2 emissions 	6. Planning to adapt to climate change 	7. To maintain the quality of our local environment 	
Council Aim	Aim 4: Active Safe Communities To help all residents to achieve a healthy weight by encouraging an active lifestyle, in communities where everyone feels welcome and safe			
Strategic Objectives	8a. Safe Villages and Towns 	8b. Healthy Villages and Towns 		
Council Aim	Aim 5: To Transform the Council			
Strategic Objectives	9. To know our communities and meet their needs 	10. To develop the leadership, capacity and capability to deliver future improvements 		

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Performance Narrative:

Aim 1 – Meeting Housing Need

An additional 22 affordable homes have been delivered so far in 2011/12 and the expected out-turn for the year is over 80 units. The Council can now demonstrate a 5 year supply of available housing sites and planning permissions have been granted over the last 18 months for residential developments that include over 225 affordable homes. In addition, 82 affordable homes are programmed to be delivered by Housing Associations over the next two years. Ten empty properties have been brought back into use so far in 2011/12 with RDC intervention.

The strong trend in 2010/11 for significantly increased numbers of households in difficulty and seeking assistance from the Council and its partners has continued into 2011/12. Homelessness increased by 17% nationally between June 2010 and June 2011 and there is increasing use of B&Bs, both in Ryedale and nationally. In Ryedale B&B use so far in 2011/12 is already equal to the total for 2010/11.

Supporting Independent Living

Over £135K has already been spent in 2011/12 on households making adaptations through the provision of a Disabled Facilities Grant enabling them to remain in their own homes. A Home Improvement Agency Partnership is being progressed to further strengthen performance. 30 Energy Efficiency grants are currently being progressed.

Aim 2 – Creating Conditions for Economic Success

Improving Infrastructure

Work is expected to start on site for a major extension to York Road Industrial Estate that will provide opportunities for new jobs and investment at Malton. Outline planning permission has now been granted for a range of business uses and preliminary discussions have been held in respect of the detailed proposals for the site. Planning permission has been granted by North Yorkshire County Council for the improvement of the Brambling Fields junction on the A64 to take through traffic away from the congested centre of Malton and so improve the air quality problems at Butcher Corner. The Council has allocated £2.34m to jointly fund the £6m scheme with NYCC and the Highways Agency and work will begin in 2012. Final approval for the scheme will be decided by an extraordinary meeting of Council to be held on 7th October.

Wage and Skill Levels

The York and North Yorkshire Local Enterprise Partnership has been established to guide and encourage public and private sector investment in and maximise support for enterprise and industry in the area. This is investigating key economic priorities such as small businesses and agri-food and the Chairman will meet Ryedale businesses at the Ryedale Business Forum in September 2011. The forum is an initiative which is being championed by the Leader of the Council.

The successful 2010 'Opportunity Knocks' event to highlight to young people in Ryedale the diversity of business and employment opportunities available in the local area is being repeated in 2011.

Supporting those on Low Income

During the last year, we have helped 3,782 residents pay their rent and Council Tax. The time taken for processing and maintaining all claims is now improving following the implementation of the Northgate revenues and benefits system.

Aim 3 –Maintaining a High Quality Environment

Increasing the rate of recycling and reducing the amount of waste collected

The Council has exceeded the Governments 2020 recycling target for the 5th year running achieving a rate of 52% and remains the top performer in the Yorkshire and Humber region. Performance to date remains strong with low comparative costs for the service given the sparse nature of the district. Collections of cardboard and plastic bottles from every household, as part of the kerbside recycling collection service are due to start in October pending delivery of new recycling vehicles. These additional materials will complement the glass, cans, paper and garden waste already collected from all 24,500 properties across the District. All recyclate will be taken to the recently opened transfer station on Showfield Lane, the new facility unlocking substantial additional income together with savings in CO₂ through reduced travel. The recycling scheme will be phased in across the District, so that all householders will be able to benefit from this enhanced service in 2012.

Ryedale continues to lead the field in disposing of garden waste through its innovative on farm composting scheme. Following significant changes in legislation the service has been re procured resulting in significant financial savings for the authority.

Managing the risk of future flooding

The Council has been successful in securing £127,500 from the Environment Agency for flood resistance work for Kirby Mills and Keldholme and officers have been in discussion with the residents concerned. Ryedale's flood resilience grant scheme has seen a number of applications from households across the District including Pickering, Sinnington and Kirkbymoorside area. To date eight properties have been completed with a total spend of £16,500. In regard to the Kirby Mills/Keldholme (£127.5 K) externally grant funded scheme, thirty one surveys have been completed, next steps include procurement , evaluation and installation.

The initial findings of the three year Pickering Channel Management Project have highlighted that weed accumulation in the rivers Hertford and Derwent

increase summer water levels substantially, the interim report recommends changes to the current weed management programme. In addition substantial amounts of sediment were found in the Rye mouth raising the bed of the river by up to 1.2 meters, impacts of which will be assessed during 2011/12.

Reduction of Co2 from Council Operations

Co2 emissions resulting from Council Operations have been significantly reduced by 3%, 2009/10 and an additional 7%, 2010/11. The largest contribution has come from upgrading the gas boilers at Ryedale House and Derwent Pool. Moving to monthly garden waste collections over the three month winter period has reduced fuel use in fleet vehicles which is the second biggest contributor. Significant emission reductions can also be attributed to the severe weather conditions over the last two winter periods. Further fuel savings should be realised following trials of Masternaut (a GPS based vehicle tracking system), an EDA system (Eco Driving Assistant) which assists the driver in fuel consumption optimised driving and round re-profiling.

Maintaining the quality of our environment

The Countryside Management Advisor continues to deliver the Biodiversity Action Plan, engaging with landowners to promote the completion of management plans for sites of importance for nature conservation in Ryedale.

The work of the building conservation officer is ongoing to maintain the quality of Ryedale's built historic environment. Of particular note is the recent approval of a £3.5m refurbishment scheme for the Talbot Hotel, Malton, to provide a premier hotel facility which should support the future economic development of the town with the creation of up to 25 Jobs in 2012.

Aim 4 – Active Safe Communities

Safe and Welcoming Communities

The Safer Ryedale Partnership Plan for 2011/12 has been agreed by the Partnership Board and is being implemented. Compared to this period last year, crime rates have fallen again. Home Office funding for Safer Ryedale has again been reduced. The partnership is anticipating future changes including reductions in funding following the enactment of the Police and Social Responsibility Bill and the appointment of Police and Crime Commissioners in late 2012.

Supporting Active Communities

Progress is being maintained regarding the development of a Sport and Active Recreation Strategy. A detailed review has been undertaken of the latest statistical information available including Active people surveys and Sport England segmentation profiles. Consultation has now been undertaken with users of known sports activity providers, users and non users of less traditional type activities and work based activity. In addition market segmentation analysis modelling of facility demand, has been undertaken together with family group benchmarking and sports facility calculations modelling requirements based around population size.

Aim 5 - Transforming the Council

The Council set a balanced budget for 2011/12 with further savings of £700k required to balance the budget for 2012/13. Planned savings include Shared Services, Streetscene Review, Localised Planning Fees and other service efficiencies.

Investing in our People

The Council has undertaken the annual review of its performance against the IIP standards and continues to improve.

Parish Planning

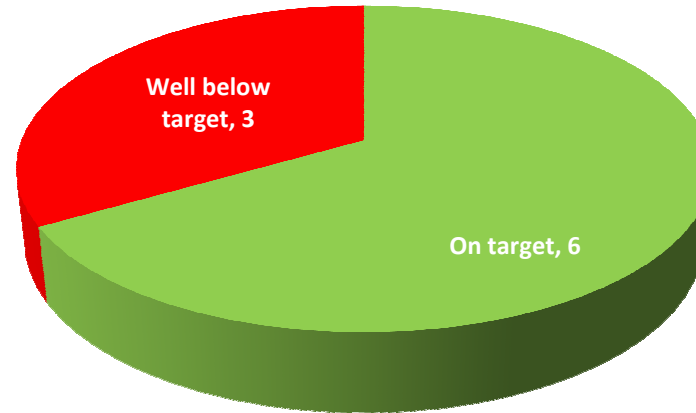
Parish Plans are currently being supported in the parishes of Gillamoor and Fadmoor, Rosedale, Lockton, Farndale and Bransdale

Supporting Democracy

Extensive consultation has been undertaken with communities in relation to Post Office Services. This research will feed into the Scrutiny review which is currently being undertaken.

Aim 1. Housing Need – Performance Indicators

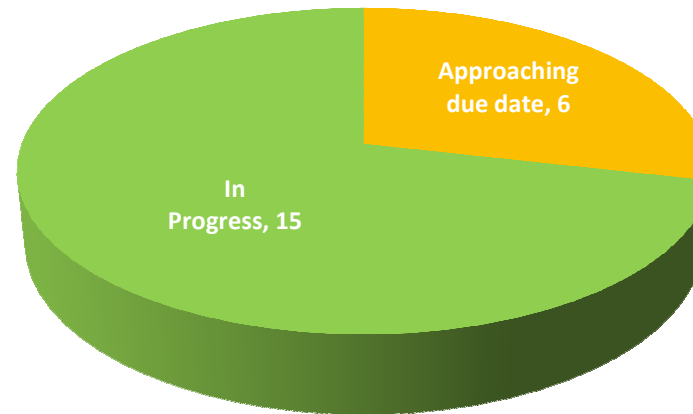
Status	Performance Indicator
✓	Percentage of vulnerable people achieving independent living
✓	Number of affordable homes delivered (gross)
✓	The extent to which older people receive the support they need to live independently at home
✓	Number of current Lifeline users in Ryedale
✓	Number of empty properties in Ryedale
✓	Supply of ready to develop housing sites



Status	Performance Indicator
●	Net additional homes provided
●	% households in Ryedale in Fuel Poverty
●	Affordability Ratio
Status	Performance Measures
✓	Prevention of Homelessness through Advice and Proactive Intervention
✓	Improvements in energy efficiency of homes
✓	Number of affordable homes permissions granted
⚠	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events

Aim 1. Housing Need - Actions

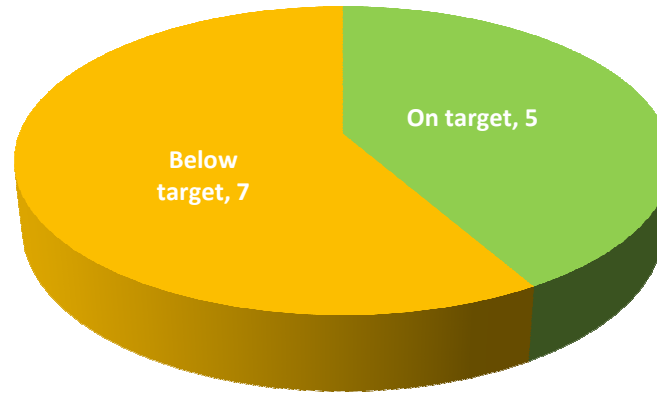
Target	Title
▶	Planning Gain
▶	Registered Social Landlord/Other Funded
▶	Provision of a Mortgage rescue scheme in partnership
▶	Homelessness - Projects & Initiatives
▶	Homelessness Strategy Action Plan
▶	Support for HCA funding to Housing associations
▶	New Homes Bonus
▶	Lifeline Service
▶	Young People – Homelessness prevention
▶	Home Appreciation Loans 2011-12
▶	Energy Efficiency Loans 2011-12
▶	Disabled Facilities Grants



On Target	Title
▶	Home Repair Loans 2011-12
▶	Decent Home Loans 2011-12
▶	Empty Property Grants 2011-12
⚠	HMO Grants 2011-12
⚠	Exception Sites Land Purchase
⚠	Homelessness applications & acceptances
⚠	Temporary Accommodation & Bridge House
⚠	To deliver an LDF for Ryedale
⚠	Empty Homes Strategy

Aim 2. Economic Success – Performance Indicators

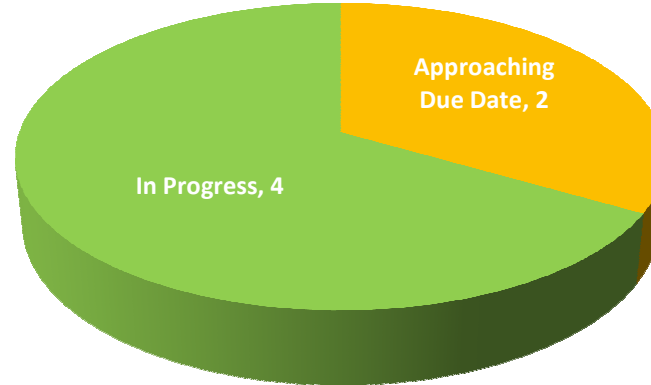
Status	Performance Indicator
✓	% Ryedale population qualified - NVQ1
✓	% Ryedale population qualified - NVQ2
✓	% Ryedale population qualified - NVQ3
✓	% Ryedale population qualified - NVQ4
✓	Industrial lettings vacancies
⚠	Employment Rate
⚠	NEETs



Status	Performance Indicator
⚠	Average household earnings in Ryedale
⚠	Gross weekly earnings by workplace
⚠	Total Job Seeker Allowance Claimants
⚠	Number of new business start ups
⚠	Footfall – Malton Town Centre

Aim 2. Economic Success - Actions

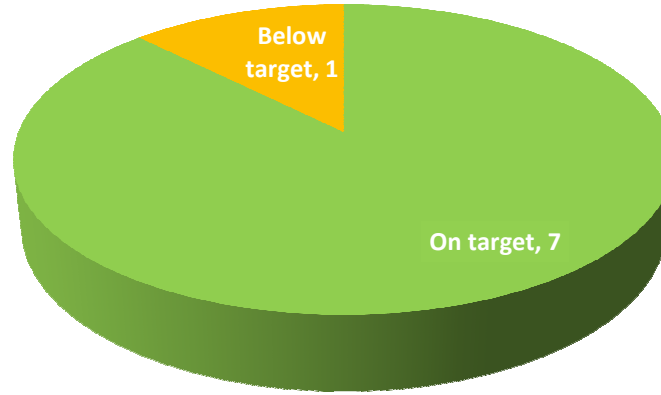
Target	Title
▶	Enable economic activity through supporting projects
▶	Support local businesses
▶	A64 Brambling Fields Junction Upgrade



On Target	Title
▶	Improve Skills and Knowledge of the workforce
⚠	Provision in Capital Programme for Managed Workspace Facilities
⚠	To deliver an LDF for Ryedale

Aim 3. High Quality Environment – Performance Indicators

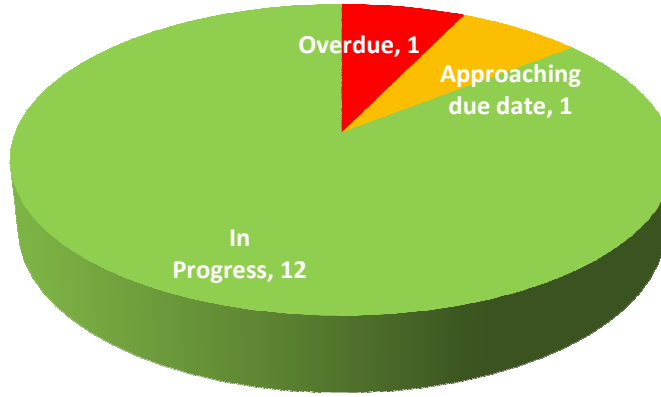
Status	Performance Indicator
✔	New homes built on previously developed land
✔	Flood and coastal erosion risk management
✔	Total number of properties flooded per year
✔	Overall/general satisfaction with local area



Status	Performance Indicator
✔	Improved Local Biodiversity
✔	CO2 reduction from Council operations
✔	% of household waste sent for reuse, recycling and composting
⚠	Residual household waste - kg per household

Aim 3. High Quality Environment – Actions

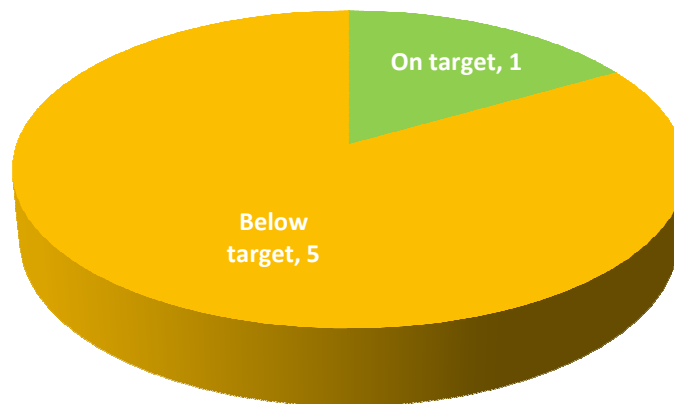
On Target	Title
▶	Prioritize flood risk areas and implement local catchment's of sandbags for immediate self help
▶	Maintain a current multi-agency risk plan
▶	Vale of Pickering Channel Management Pilot
▶	Householder Flood Resistance Grants Scheme
▶	Winter maintenance grant scheme
▶	Recreational Open Space Development
▶	Plastic Bottles & Cardboard Recycling Rollout



On Target	Title
▶	Develop local transfer station for recyclable materials in partnership with private sector
▶	Deliver on farm garden waste composting through partnership with local farmers
▶	Enhance stakeholder participation re volunteer groups
▶	Round review re waste management to ensure optimum efficiency
▶	Develop an Air Quality Action Plan.
▲	Refresh climate change strategy in line with new government guidelines
●	Pickering Flood scheme

Aim 4. Active Safe Communities – Performance Indicators

On Target	Title
✓	Crime Rate for the District
⚠	Obesity in primary school age children in Year 6
⚠	Self-reported measure of people's overall health and wellbeing
⚠	Adult participation in sport and active recreation



On Target	Title
⚠	Residents satisfied with sports/leisure facilities
⚠	Obesity in Adults
Status	Performance Measure
✓	% of parishes covered by a current plan
⚠	Swimming Pools & Sports centres no of visits per 1,000 population
⚠	Levels of satisfaction with Council sport and leisure facilities

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Aim 4. Active Safe Communities – Actions

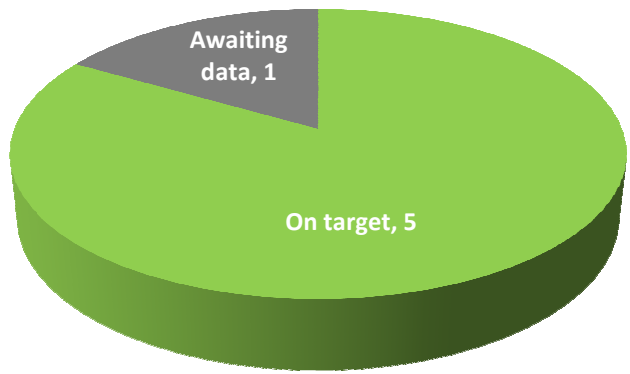
On Target	Title
▶	Grant to Malton School for dry sports centre
▶	Safer Ryedale Partnership Plan 2011-2012



On Target	Title
▶	Grant for the redevelopment of existing sports facilities in Helmsley
▶	Review the Sports Strategy with a vision towards 2012 Olympics
▶	Recreational Open Space Development

Aim 5. To Transform the Council – Performance Indicators

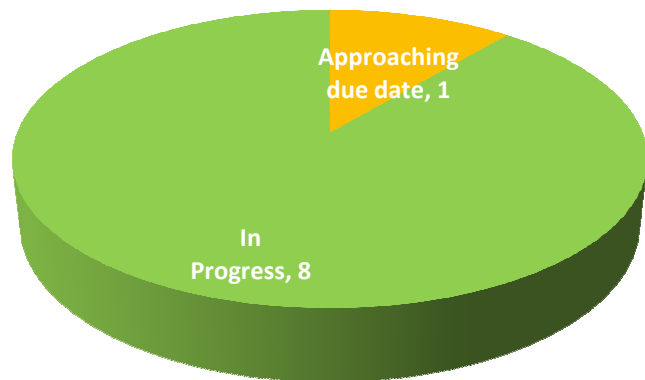
Status	Performance Indicator
✔	Civic participation in the local area
✔	Overall satisfaction with the Council
✔	Top priorities for local people



Status	Performance Measure
✔	Service satisfaction – customer satisfaction
✔	Queries resolved at first point of contact
	Pulse Survey – employee satisfaction

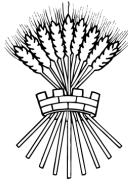
Aim 5. To Transform the Council – Actions

On Target	Title
▶	Formulate an action plan for maintaining IIP accreditation
▶	Going for Gold
▶	Value for Money
▶	Deliver the Police Commissioner elections
▶	Deliver the NYCC by-election
▶	Review committee structure of the Council



On Target	Title
▶	Partnership Protocol and significant partnerships
▶	Service Equality Monitoring
▶	A Plan for Every Parish
▲	ICT Strategy Programme

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PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	LOCALISATION OF COUNCIL TAX BENEFIT CONSULTATION
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report informs members of the consultation 'Localising support for council tax in England' and the implications thereof.

2.0 RECOMMENDATION

- 2.1 It is recommended that the Corporate Director (s151), in consultation with the Chairman of Policy and Resources Committee, submit a response to the Consultation on Localising support for council tax in England'. Members views to support the response are requested.

3.0 REASON FOR RECOMMENDATION

- 3.1 The proposals within the consultation are potentially very significant for the Council and residents of Ryedale. It is important that any concerns over the proposals are made know to the government.

4.0 SIGNIFICANT RISKS

- 4.1 The consultation proposals themselves contain significant risks to the Council and once the legislation is passed full risk assessment will take place. There are however no significant risks in responding to the consultation.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 Council tax benefit is currently an income related social security benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP). The

local authority awards benefit on a means tested basis to claimants after other council tax discounts have been applied. The benefit is demand led; as more people apply and are eligible to claim so the overall benefit bill increases. The DWP covers the cost of council tax benefit by giving the local authority subsidy based on the overall amount paid plus a separate grant towards the administration costs.

- 5.2 Current arrangements are such that eligibility for Housing and Council Tax Benefit are determined at the same time and on the same application forms and are generally subject to the same calculation criteria in respect of income, capital and earnings.
- 5.3 Housing Benefit for those of working age will be incorporated into the new system of Universal Credit and this transitional change will commence in April 2013. The transitional arrangements for the replacement for Housing Benefit for pensioners have not yet been made clear.
- 5.4 It was announced in the 2010 spending review that support for council tax would be localised from April 2013 and expenditure reduced by 10%. This means that local authorities would determine their own schemes based on finance from and guidance by the Department for Communities and Local Government (DCLG) rather than the DWP.
- 5.5 This announcement was followed in February 2011 by the Welfare Reform Bill which contained provisions to abolish Council Tax Benefit paving the way for localised schemes.

6.0 POLICY CONTEXT

- 6.1 The local authority will need to create a local scheme of council tax support.

7.0 CONSULTATION

- 7.1 The Council will need to consult widely on its own scheme in due course. No consultation has taken place to date.

8.0 REPORT DETAILS

- 8.1 The Department for Communities and Local Government (DCLG) published a consultation document on 2 August, 2011 'Localising support for council tax in England' and are commencing a programme of engagement events across the country around scoping the changes. In the document, the DCLG poses 45 consultation questions around the scoping of the scheme and offers a timetable for implementation.
- 8.2 The government's policy objectives in localising support for council tax are that it will:
- Give local authorities a greater stake in the economic future of their local area.
 - The paper claims that the reforms will "create stronger incentives to get people back into work".
 - Give local authorities the opportunity to reform the system of support for working age claimants.
 - Reinforce local control over council tax.
 - Give local authorities significant control over how a 10% reduction in expenditure on council tax is achieved.
 - Give local authorities a financial stake in the provision of support for council tax.

- 8.3 In the consultation document, the proposed framework of the scheme is that:-
- Pensioners will be protected from any reduction in support as a result of the change and suggests that the current system of criteria and allowances may be maintained.
 - Any localised scheme must support positive work incentives. Benefit is reduced to take account of earnings in the Universal Credit scheme at 76 per cent. This is known as a taper of 76% and in layman's terms means that for every pound earned above the benefit limit, the claimant is better off by 24 pence. Any local scheme must align with Universal Credit in the sense that a move to work should not increase the taper beyond this figure and local authorities should consider not withdrawing support quickly when a claimant starts work.
 - Local authorities should consider ensuring support for other vulnerable groups for example those who might not be expected to increase their income through work under existing welfare arrangements e.g. the disabled. The design of the scheme should take into account duties under the Child Poverty Act to reduce and mitigate against child poverty in their areas. It is possible that the Government may specify more vulnerable groups that must be protected.
 - Local authorities could align the system of support for working age households much more closely with the existing system of council tax discounts and exemptions to simplify the complex system of criteria and allowances. The government believes that this could reduce the administrative burden for councils by having common processes and systems when dealing with working age claimants and those claiming council tax discounts and exemptions. It would also reduce the administrative burden for claimants. It would provide a framework for sharing financial pressures between billing and precepting authorities through the collection fund reducing the exposure of small district billing authorities to financial risk.
- 8.4 The financing proposals for the scheme:
- A new grant will be made available to local authorities amounting to 90% of the previous year's expenditure on Council Tax Benefit. The consultation suggests that the grant will remain unchanged for several years to provide an incentive effect to get people back into work. Inevitable there will be changes in caseload during this period.
 - Local authorities will also be encouraged to work together to reduce costs and support priorities shared by a number of neighbouring authorities. It would avoid duplication and costs and help to manage financial risk. Local taxpayers may be opposed to scheme that are vastly different administratively when moving between local authorities. Collaborative working would enable more cost effective working with suppliers and benefit precepting bodies who would not need to deal with several authorities differently as schemes are developed.
 - Local authorities will take account of the value of discounts to be offered under the local scheme as part of the process of establishing the tax base.
 - Local authorities may be offered incentives for managing down expenditure on Council Tax Support.
 - There is further work that the Government intend to do on establishing the level of administration grant in respect of council tax support under the new scheme.
- 8.5 In designing the scheme Local authorities need to:-
- Forecast demand when designing the scheme and make assumptions about take up.
 - Take into account the level of grant available plus any other sources of funding and any estimated impact on council tax yield including estimated non-collection.

- The risks of an increase in demand or increased risk of non- collection should be managed locally and local contingency arrangements made. Precepting authorities should share the financial pressures and risk.
- Submit their proposed schemes to some form of scrutiny or challenge including making the data underpinning the scheme publicly available. This could include formal public consultation as well as sign off by elected members. Precepting authorities must have an appropriate role in the process.
- It would not be desirable to make adjustments to the scheme in-year. Changes to the scheme from year to year should be preceded by formal consultation and clear notification to claimants.

8.6 The proposals as detailed above are a significant issue for Ryedale District Council. The table below sets out the current position (22 July 2011) in respect of claimants and cost:

Claimant Type	Number	Annual Cost	% total spend
Over Pension Age	2,199	£2,071k	62.6%
Working Age – Full CTB	709	£718k	21.7%
Working Age: Some CTB low earner	529	£397k	12.0%
Working Age: some CTB not in work	163	£122k	3.7%
	3,600	£3,308k	

8.7 The 10% reduction therefore equates to around £331k. It may be that the final proposals are that this is managed through the 'collection fund' and therefore the financial risk would be shared with the County Council, Fire and Police authorities.

8.8 The protection for Pensioners within the consultation creates a particularly difficult scenario for Ryedale. 61% of claimants are in this category and RDC is in the top 3% nationally with this level. It is also undesirable to seek to recover monies from passported claimants who are in receipt of full council tax benefit. Collection of small sums from these claimants would be difficult, time consuming and uneconomic, significantly affecting the collection rate. These two groups, Pensioners and passported claimants receiving full CTB equate to 84.3% of the current total cost.

8.9 In the end, RDC will have to decide, from a limited number of claims, which vulnerable group they support the least. This of course assumes that the Council will not choose or be able to afford to meet its share of the funding shortfall. It is possible that these claimants will then suffer a reduction in support much greater than 10% to cover the protections offered to other groups; these may be claimants who have no current liability to pay council tax and who have limited means and minimal assets. In RDC's case, assuming protection for pensioners and passported claims would leave 692 claimants £188k compared to a current entitlement of £519k. This group would effectively take a 63.7% reduction in their benefits.

8.10 It is also important to note that the grant proposed by the DCLG takes no account of increases in demand for council tax support or increases in overall council tax year on year. It is also very difficult to predict the number of people who will claim if the system changes from a means tested benefit to a discount and this creates a financial risk for local authorities. There is significant underclaiming of Council Tax

Benefit and the Council will need to consider its position on encouraging take up with the financial risk resting with the Council.

- 8.11 The requirement to avoid creating a disincentive to work and aligning this with Universal Credit at the same time as cutting financial support and creating a new system of discounts will be extremely difficult to scope. The issue of ensuring a balance between creating a fair system, avoiding poverty and encouraging people into work has been a key issue for governments, economists and strategists over time. The results of policies carrying these aims have been meticulously researched and impacts professionally analysed and despite these efforts have had varying degrees of success. Local authorities are now individually tasked with ensuring this happens given very limited cash, specialist analytic resource and available parameters within which to operate.
- 8.12 Discussion with North Yorkshire Districts are ongoing on this issue, however the ability to work in partnership on a scheme is restricted by the different breakdown of claimant types. A single scheme therefore delivering the 10% saving for more than one Authority is extremely difficult to achieve.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

- a) Financial
There are no significant financial impacts in considering this report.
- b) Legal
There are no significant legal issues in considering this report.
- c) Other
There are no significant other implications in considering this report.

10.0 NEXT STEPS

10.1 The proposed timetable for implementation is as follows:

Summer 2011

- Consultation begins.
- Government begins working with local authorities, representative organisations and suppliers on delivery requirements for localisation.
- Basis for model schemes considered.

Autumn/winter 2011-12

- Government publishes a response to the consultation.
- Introduction of Local Government Finance Bill (included provisions for localisation of council tax support).
- Central and local government begin working on model schemes.

Spring 2012

- Primary legislation in passage through Parliament.
- Government preparing and publishing draft secondary legislation.

Summer 2012

- Primary legislation passed.
- Secondary legislation prepared.
- Local authorities designing and consulting on local schemes.

Autumn/winter 2012-13

- Local authorities establishing local schemes – putting place systems, notifying claimants of changes.

Spring 2013

- Local schemes in operation.

**Paul Cresswell
Corporate Director (s151)**

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:

Consultation Paper “Localising support for council tax in England”

Background Papers are available for inspection at:

<http://www.communities.gov.uk/documents/localgovernment/pdf/19510253.pdf>



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	NEW HOMES BONUS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides details to members of the New Homes Bonus (NHB) Scheme and the funding which Ryedale District Council (RDC) will receive in 2011/2012. Options for the use of this funding are also presented.

2.0 RECOMMENDATION

- 2.1 That members recommend to Council their preferred options for allocation of the 2011/2012 New Homes Bonus of £214,540.

3.0 REASON FOR RECOMMENDATION

- 3.1 This new source of funding for RDC is not ringfenced and therefore can be made available for investment in a number of different areas or spend. However, Government has made clear that the purpose of NHB is to 'ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place'.

4.0 SIGNIFICANT RISKS

- 4.1 There is a risk that this funding whilst separately identified and funded in the initial years could be subsumed within a future spending review or a review of Local Government Finance generally. The use of the funding for ongoing existing revenue spending may therefore not be without risk to the Council. A similar risk would be taken by a local council which used this funding to reduce the precept.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 During 2010 consultation on a NHB was undertaken which essentially replaces the former Housing and Planning Delivery Grant, RDC did not receive any funding in 2010/2011. The consultation closed on the 24 December 2010 and significant support was received by the Department for Communities and Local Government (DCLG). The details of the final scheme were announced on the 17 February 2011 and is available at:
<http://www.communities.gov.uk/publications/housing/finalschemedesign>
- 5.2 The NHB is designed around the council tax revenues generated from housing development. This is primarily undertaken by measuring the net change in occupied Band D equivalent properties at October each year. It therefore looks at additions to the Council Tax Base, deletions and also takes into account the net change in empty properties.
- 5.3 The scheme provides Local Authorities with a NHB equivalent to the national average for the council tax band on each additional property and paid for the following six years as an unringfenced grant. Therefore in 2011/2012 for every new band D property the grant will be £1,439 per annum (£8,634 over 6 years).
- 5.4 In addition to this there is an enhancement of £350 per annum for each affordable home provided in year, however this element does not start until the 2012/2013 allocations.
- 5.5 The grant is calculated on an individual authority basis and in 2 tier areas 80% of the total is paid to the District Council and 20% to the County Council. In 2011/2012 the RDC element of the grant (80%) equates to £214,540.
- 5.6 For explanation should each subsequent year generate the same funding as in 2011/2012 the Council would receive the following sums of New Homes Bonus (NHB):

2011/2012	£214,540
2012/2013	£429,080
2013/2014	£643,620
2014/2015	£858,160
2015/2016	£1,072,700
2016/2017	£1,287,240
Total	£4,505,340

- 5.7 The level of occupied new homes created in any year will determine the actual funding received by the Council, In future years. In addition to the NHB the Council will receive the affordable housing grant of £350 per property. These figures illustrate the potential value to the Council of the NHB. This funding whilst separately identified and funded in the initial years could be subsumed within a future spending review or as a consequence of the current review of Local Government Finance.

6.0 POLICY CONTEXT

- 6.1 The allocation of New Homes Bonus has the potential to impact on the delivery of the Council Plan.

7.0 CONSULTATION

7.1 The government has undertaken consultation on the NHB scheme and the Council has undertaken consultation on the priorities of communities for investment, should it become available. The Council has also contacted all local councils (Town and Parish Councils and Parish Meetings) in relation to the development of this policy. The majority of the responding local councils agreed with the principle that if the Council were to decide to release some funding to the Local Councils it should be reallocated on the basis that those parishes in which new properties have been developed would be eligible to receive a portion of the funding received by RDC under the NHB scheme. The preferred level of any funding of those councils who responded was 5% of the total NHB (as recommended by the National Association of Local Councils) which equates to 6.25% of the RDC funding allocation. Projects which were suggested as priorities for the use of any funding released to Local Councils included:

- Purchase of land for allotments and cemeteries
- Enhancement of play areas
- Community projects identified as a priority in parish plans
- Village hall refurbishment
- Improvements to recreation facilities

8.0 REPORT DETAILS

8.1 Following the announcement of the New Homes Bonus for 2011/2012, members can consider the policy for the allocation of this funding (£214,540). It is proposed that this policy should be reviewed annually. It is likely that an approximate amount for 2012/2013 will be known within the next couple of months.

8.2 The calculation of bonus is complicated. The table attached at annex A identifies additions to the Council Tax Base by Ward and band D equivalents (October 2009 to October 2010). This ignores the impact on the grant of changes in empty properties.

8.3 There are a number of potential uses for this funding. Members need not allocate the funding at this time. The following options are detailed in the report:

1. Allocate funding direct to the National Park Authority
2. Allocation direct to Parish Councils
3. Establishment of a new Community Investment Fund
4. Infrastructure Delivery Plan Project/Community Infrastructure Levy
5. Investment in the Council's capital programme
6. Parish Planning Support
7. Participatory Budgeting for Parish Councils
8. Extension of the Business Grants Scheme
9. Business grants for Local Service Providers
10. Community Safety Project fund
11. Capitalisation of Community Grants

1. National Park Authority

8.4 Some of the above properties have been established through planning decisions within the National Park. The total attributable to the National Park is approximately £26k. Members will need to consider whether to provide some or all of this funding direct to the National Park. Some of the further options below clearly impact on properties and business within the National Park area and would result in

reinvestment of the grant into areas within the National Park where development has taken place.

2. Allocate to Parish Councils

- 8.5 Evaluation of the new development by Parish has been undertaken. Members could consider a direct allocation to those parishes of part or all of the bonus. Annex B details how the amounts the parishes would receive in 2011/12 based on an allocation of 50% of the New Homes Bonus funding.
- 8.6 In considering these allocations members will need to ensure that these funds are used effectively. The Council is accountable for the allocation of these funds, and although they are not ringfenced the government will expect the Council to monitor and evaluate the impact of the scheme in Ryedale.
- 8.7 This process could be repeated in future years to allocate a percentage of the grant to the parishes where the properties have been added. When the grant includes the affordable homes bonus, that could also be applied to those Parishes in which the affordable homes are established.
- 8.8 It is therefore proposed that any parishes who are eligible to receive a NHB grant in the sum of £2,000 or above should provide the Council with detail of the use they intend to make of the funding. Proposals would be submitted by the relevant local council. Proposal for investing the funding locally should:
- a. be supported by evidence of community support, for example it meets a priority identified in the parish plan, and
 - b. demonstrate the proposed impact of the investment on the wellbeing of the community. This information will be used to monitor the effectiveness of the policy.

On receipt of satisfactory proposals the funding would be released. Where a parish is eligible to receive grant under £2,000 that would be allocated directly to them without conditions on its use. 13 Parishes would receive over £2,000 under the proposals in this report.

3. Establishment of a Community Investment Fund

- 8.9 The Council established the original Community Investment Fund in 2003 with funding received through a business rate rebate. This fund allocated £700,000 in grants to projects which had a positive impact on the communities of Ryedale over the 5 years it was in operation. Decisions on applications were made by the Community Investment Fund Panel which was a sub-committee of the Policy and Resources Committee. A summary of the criteria and requirements of the fund were as follows:

The Community Investment Fund was open to any Ryedale community organisation or group, for projects and activities which would make a positive impact on the communities of Ryedale with applications welcomed from any organisation or group of organisations with ideas for projects which would either:

- provide new facilities or services which could be clearly demonstrated as community priorities;
- the projects had to be able to show that they would make a positive contribution to at least one of the 6 visions of the community plan: Imagine Ryedale...

Bids could be made for 100% of project funding, revenue or capital, however priority was given to those applications which could demonstrate added value by attracting partnership funding.

8.10 The Panel met bi-monthly with published deadlines for applications. All applications to the CIF were made on the agreed application form and to be accompanied by:

- The organisations Constitution or Rules
- 2 years audited accounts – where applicable or details of bank account
- Any relevant Business Plans or Annual Reports

8.11 If the CIF was to be reinstated with the purpose of re-allocating NHB funding priority could be given to those projects which will have a positive impact in communities where new housing development has taken place.

4. Infrastructure Delivery Plan projects - CIL

8.12 The Council's Infrastructure Delivery Plan which forms part of the LDF identifies those projects and improvements that are required for individual towns and villages in order to accommodate the planned levels of new development during the plan period. Up to £50k is required for specialist advice to assist in the preparation of the CIL charging regime. The Council will then be able to seek appropriate contributions from developers, via S106 or Community Infrastructure Levy, towards these projects. By combining New Homes Bonus with developer contributions it would be possible to bring forward the implementation of priority infrastructure projects that are identified in the Infrastructure Delivery Plan.

5. Capital Programme

8.13 Some or all of the funding could be applied to the Council's capital programme. Unused capital resources are presently under £500k and the scope for the Council to finance projects not presently within the programme is limited. In addition interest receipts applied to the capital programme are presently low due to the current interest rates.

6. Continuation of support for Parish Planning

8.14 £15k to continue the support for communities to develop a parish plan. Parish Plans will provide evidence of community support for the future use of funding such as New Homes Bonus, should it become available, ensuring that the greatest benefit for the community is achieved through this funding.

8.15 Parish Plans help communities to develop a shared vision for how they would like their communities to develop and be sustained, they also help communities to see how much they can do for themselves but also where they may need some support from other agencies. They also prepare communities for undertaking Village Design Statements and provide the first step towards a Neighbourhood Plan in the future. Parish Planning is a cost effective means of the Council engaging with local communities involving a wide range of partners in cost effective, joined up community engagement at a local community level.

7. Participatory Budgeting for Parish Councils

8.16 £25k a year to offer participatory budgeting to parish councils. Community led projects as identified in Parish Plans could be financed by delegated decision making of the parish councils. A number of parishes in Ryedale have already run successful events with RIEP money as part of a North Yorkshire wide pilot. This funding would help to inform communities about the role and value of the parish, enhancing the community spirit and belonging through decision making. It would enhance the reputation for the Council with parishes and could run in some parishes in the NYMNP area.

8. Business Grants Scheme

- 8.17 The previous business grant scheme assisted 65 businesses in Ryedale helping them to push forward with expansion plans, provide seed corn funding or enable new projects to develop faster than planned, leading to new jobs and the retention of existing jobs. The scheme was provided by RDC and was a relatively small, but essential contribution to help local businesses in what was and still is a difficult trading environment (Each business could access up to £5k to support their project).

9. Business Grants for support of local service providers

- 8.18 £20k a year for a strand of business grants programme focusing on supporting post offices, shops, pubs etc. with small capital grants to support business development and sustainability. This would build on the findings of the ongoing scrutiny review of Post offices.

10. Community safety project fund

- 8.19 £20K To fund support projects in communities e.g. graffiti removal, dog fouling, anti social behaviour which improve the immediate environment and enhances wellbeing in communities – focus on 'Place'. This would be administered by the Community Safety Partnership.

11. Capitalisation of Community Grants

- 8.20 Presently community grants of £60k per year are financed from the Council's revenue budget. Using the New Homes Bonus to finance this expenditure would enable a revenue saving and assist in the 2012/2013 budget process where over £700k of savings/cuts will need to be agreed.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:

a) Financial

There are significant issues around the NHB funding which have been identified in the report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time.

b) Legal

There are no significant legal issues in considering this report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time.

c) Other

There are no significant other issues in considering this report. Proposals on the allocation of funding could give rise to implications which will be highlighted at that time

Paul Cresswell
Corporate Director (s151)

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:

New Homes Bonus: final scheme design

Background Papers are available for inspection at:

<http://www.communities.gov.uk/publications/housing/finalschemedesign>

Agenda Item 12

ANNEX A

Additions to the Council Tax Base by Ward (band D equivalents)

	Number of Properties	Council Tax Band D Equivalents
Amotherby	10	10.33
Ampleforth	6	7.78
Cropton	6	5.89
Dales	6	6.33
Derwent	11	13.22
Helmsley	5	4.44
Hovingham	3	3.67
Kirkbymoorside	25	19.22
Malton	13	11.33
Norton East	32	27.89
Pickering East	14	15.44
Pickering West	4	3.56
Rillington	14	11.22
Ryedale SW	2	1.67
Sherburn	4	3.22
Sheriff Hutton	5	5.78
Sinnington	8	8.44
Thornton Dale	16	21.89
Wolds	14	15.00
TOTAL	198	196.33

(October 2010 to October 2009)

New Homes Bonus Proposed Allocation to Parishes 2011/2012

	Council Tax Band D Eq	Proposed 2011/2012 Grant
Acklam	0.67	364.24
Allerston	1.44	789.20
Amotherby	2.44	1,335.56
Appleton le Moors	1.67	910.61
Barughs Ambo	3.22	1,760.51
Birdsall	0.67	364.24
Brawby	1.22	667.78
Broughton	1.22	667.78
Buttercrambe	0.67	364.24
Byland with Wass	2.44	1,335.56
Cawton	2.89	1,578.39
Cropton	2.78	1,517.69
Ebberston/Yedingham	4.56	2,489.00
Farndale East	0.78	424.95
Foston	1.00	546.37
Foxholes/Butterwick	5.56	3,035.37
Gilling East	2.44	1,335.56
Harome	1.67	910.61
Hartoft	1.22	667.78
Hawnby	1.33	728.49
Helmsley	0.67	364.24
Hovingham	1.00	546.37
Kirbygrindalythe	5.11	2,792.54
Kirbymisperton	0.89	485.66
Kirkbymoorside	18.56	10,138.14
Leavening	0.67	364.24
Levisham	1.44	789.20
Lockton	1.67	910.61
Malton	11.33	6,192.16
Marishes	1.22	667.78
Nawton	1.44	789.20
Normanby	1.22	667.78
Norton	27.89	15,237.56
Pickering	19.00	10,380.97
Pockley	1.00	546.37
Rillington	11.22	6,131.45
Rosedale East	1.22	667.78
Salton	0.89	485.66
Scayingham/Leppington	3.89	2,124.76
Settrington	4.22	2,306.88
Sherburn	1.78	971.32
Sheriff Hutton	4.33	2,367.59
Southolme	1.44	789.20
Spaunton	1.44	789.20
Swinton	5.78	3,156.79

Terrington	2.67	1,456.98
Thixendale	0.89	485.66
Thornton le Clay	1.44	789.20
Thornton le Dale	9.44	5,160.13
Westow	3.11	1,699.81
Wharram	2.22	1,214.15
Willerby/Staxton	1.44	789.20
Wilton	2.11	1,153.44
Wintringham	1.22	667.78
Wombledon	0.67	364.24
Wreton	1.89	1,032.03

196.33	107,270.00
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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	BUDGET STRATEGY 2012/2013
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report forms the basis of preparation and planning for the 2012/2013 Council budget.

2.0 RECOMMENDATIONS

2.1 That Council is recommended to approve the following parameters for the preparation of the 2012/2013 budget:

- (i) Proposals be brought forward for a 2.5% increase in Council tax (unless the Government provides additional specific grant to enable a nil increase);
- (ii) Increases in fees and charges to be 3.5% - 4.5% on a cost centre heading basis excluding VAT and only those charges officers recommend above or below this figure to be considered by the relevant policy committee;
- (iii) Efficiencies to be maximised;
- (iv) Options for service cuts to be provided. These proposals to be considered by the Resources Working Party and the Policy and Resources Committee.

3.0 REASON FOR RECOMMENDATIONS

3.1 The proposals will ensure the Council sets a balanced budget for the forthcoming year with minimal impact on Council services.

4.0 SIGNIFICANT RISKS

4.1 The significant risk is that efficiencies cannot meet the shortfall and cuts to front line services will be required. This is mitigated through a whole Council approach to savings identification and investment proposals leading to savings through budget

review, shared services and service reviews.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The annual budget setting process for the Council will necessitate the identification of savings to deliver a balanced budget. The Medium Term Financial Plan (MTFP) as approved by members with the Council's Financial Strategy in February 2011 set out the projected financial position. At that time the Council set a 0% increase in its part of the Council Tax bill for 2011/2012. This was supported by additional Government grant equivalent to a 2.5% increase in Council tax.
- 5.2 Within the MTFP projection was the need to identify approximately £700k efficiency and cuts for the 2012/2013 budget. This position was based on the following assumptions:
- Government grants of £3,113k for 2012/2013 (this is the provisional announcement and may be subject to change)
 - Additional cost pressures from borrowing to finance the capital programme for the Brambling fields project
 - A Council Tax increase of 2.5%
 - Pay Inflation of 1%
 - Price inflation of 3%

6.0 POLICY CONTEXT

- 6.1 The budget strategy is a key process affecting all service delivery and linking to the Council Plan and all of the strategic plans as well as providing the means for attaining the Council's objectives and priorities.

7.0 CONSULTATION

- 7.1 Major public consultation on the 2011/2012 budget was undertaken through the residents' panel, and on line through a procured software tool. Further public consultation will be considered as further work on the budget and requirements are undertaken.

8.0 REPORT DETAILS

- 8.1 There are a number of key influences on the finances of the Council for 2012/2013 which then impact on the budgetary position. These include:
- Government grant
 - Council Tax increase
 - Income from Fees and Charges
 - Issues arising from the current year
 - Pay and price inflation
 - Revenue effects of the Capital Programme

Government Grant

- 8.2 The Comprehensive Spending Review 2012 (CSR12) announced in December 2010 details of the provisional grant settlement for all authorities. The following table sets out the figures for RDC:

Year	Government Grant	Reduction
2010/2011	4,520k	
2011/2012	3,599k	20.4%
2012/2013	3,113k	13.5%

8.3 The above figure for 2012/2013 is expected to be confirmed in late November/early December. Whilst the provisional stated amount is not guaranteed only minor variation to this figure is expected.

8.4 There have been no announcements for 2013/2014 or beyond and this uncertainty will cause difficulty in preparing for the 2013/2014 budget. Central Government issues such as the proposed Localisation of Council Tax Benefit with a 10% funding reduction, the Localisation of Business Rates and the implementation of the Single Universal Credit add to the concerns over 2013/2014.

Council Tax Increases

8.5 The Council's MTFP is predicated on a 2.5% increase in Council Tax for 2012/2013. The 2011/2012 charge was £176.72 per band D property. This rise would therefore equate to £4.42 per year (8.5p per week). Members should note that the full Band D charge is £1,500.85 taking into the account the charges from the County Council, Fire and Police services. RDC therefore makes up less than 12% of the final bill. A 1% increase in the Council's charge raises approximately £38k.

8.6 The grant provided to enable the freeze Council Tax for 2011/2012 of £94k is expected to continue for 2012/2013, although this has not yet been officially confirmed.

Income

8.7 It is important that the Policy and Resources Committee recommend to Council an outline target for increases in income. Clearly where officers believe that increases in line with the strategy will be counterproductive to overall income, or where there is potential scope for increasing above the target these would be considered by the relevant policy committee. The recommended target increase is 3.5 - 4.5% on a cost centre heading basis excluding VAT. Current inflation rates range from 4 - 5% depending on the index chosen.

Current Year issues (2011/2012)

8.8 Detailed monitoring of in year spend and income is undertaken and reported to the Resources Working Party and this Committee. The significant financial pressures on the Council in 2011/2012 revolve around inflationary increases in the cost of fuel and utilities. Further assessment of these pressures will be undertaken in preparing the 2012/2013 budget.

Pay and Price inflation

8.9 The 2011/2012 budget included provision for a £250 pay rise for those earning under £21k. A 2 year pay freeze has been in place for 2010/2011 and 2011/2012 and the employers' side made no offer. This generates a saving of £35k in preparing the 2012/2013 budget.

8.10 The 2012/2013 MTFP which identifies a savings target of £707k includes a 1% provision for the pay award. National negotiations are ongoing and regional views have been sought on an employer offer for next year, Councillor Acomb is the Council's representative on the Employers' Committee.

Revenue effects of the Capital Programme

- 8.11 The MTFP incorporate predictions around revenue impact of Capital Decisions. Council decided that the costs of the Brambling fields Junction upgrade in total £2.37m, is in part to be financed by borrowing (£2.07m initially). The repayment of debt and interest carries an annual revenue cost of £145k, which is also built into the MTFP. In the event that either or both schemes do not progress a saving against projections would be made.

Progress to Date

- 8.12 Following on from the success of the Council's One-11 programme which helped deliver a balanced budget with no significant cuts for 2011/2012, officers were clear that a target in excess of £700k was a significant challenge. Taking into account those savings achieved in the 2011/2012 budget and the reduced base the task was as great if not greater. The Council before 2011/2012 typically found efficiencies and savings of between £300k - £400k in balancing the budget.
- 8.13 A series of ongoing staff briefings have taken place to ensure that employees are aware of the financial projections.
- 8.14 The strategy for the 2012/2013 budget revolves around the following key headings:
- Streetscene Service Review – Target £250k**
This has included revised transfer arrangements for waste and recycling, retendering recycling, round optimisation work and fleet fuel efficiency measures. Officers believe that the target is achievable.
- Local Planning Application Fee Setting – Target £200k**
Planning fees are presently set to a national scale. The authority currently subsidises the Development Management service to around £378k per annum. Consultation on permitting authorities to set their own charges has taken place with a positive response nationally. Authorities are anticipating a statutory instrument to be received shortly to outline which charges can be set on a cost recovery basis and potential start dates. Internal preparation is well underway, however until the formal guidance is received it is not possible to determine the deliverability of the target saving.
- Shared Services and Other Efficiencies – Target £150k**
Details discussions with several potential partners have taken place on several primarily back office services of Legal, Finance, ICT and Human Resources. The Legal services proposal is being progressed to business case which may then be considered by members. Service reviews of the other services will be undertaken to identify efficiencies. Aside from the shared services discussion efficiencies in excess of £100k have been identified from a series of budget review meetings held with senior managers. Further review work is ongoing to identify further efficiencies. It is likely that the target will be achieved.
- 8.15 With the projections above it is possible that there will be a shortfall and cuts to services will therefore be required for the Authority to continue with its current services and levels of service. Work on options for cuts has been considered as part of the budget review meetings and will be presented to the Resources Working Party.
- 8.16 At this stage only unavoidable growth can be accommodated. Within the MTFP £100,000 is included for growth/meeting priorities. Further details on any unavoidable growth will be presented to the Resources working Party.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial

The financial impacts are detailed within the report.

- b) Legal
There are no new legal issues around the budget strategy.
- c) Other
All savings proposals will be evaluated to identify direct other implications where possible.

10.0 NEXT STEPS

10.1 The following table sets out the timetable for the budget process:

Officers prepare options for discussion at Resources Working Party	22 November 2011 10 January 2012
Member briefing on budget	18 January 2012
Policy and Resources Committee consider 2012/2013 Budget	2 February 2012
Full Council formally set budget and Council Tax	20 February 2012

Paul Cresswell Corporate Director (s151)

Author: Paul Cresswell, Corporate Director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:

None.

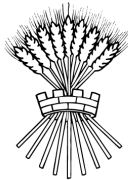
Background Papers are available for inspection at:

N/A.

RISK MATRIX

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Efficiency savings unable to meet the shortfall therefore cuts required.	Cuts to front line services, reputational damage to Council, possible poor external inspection.	4	D	Co-ordinated approach to savings identification, looking at budget as a whole. IT investment to change working patterns and make efficiencies. Ongoing service reviews and budget review of revenue budgets. Any cuts will be fully worked up and considered by members at an early stage	4	C

Score	Likelihood	Score	Impact
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	COUNCIL SOLICITOR AND MONITORING OFFICER ANTHONY WINSHIP
TITLE OF REPORT:	COMMUNITY GOVERNANCE REVIEW – MALTON AND NORTON-ON-DERWENT
WARDS AFFECTED:	MALTON AND NORTON-ON-DERWENT

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To consider the outcome of the public consultation exercise on the Community Governance Review proposals for the amalgamation of Malton and Norton-on-Derwent Town Councils.
- 1.2 To consider what further action should be taken in the Community Governance Review against the background of the public consultation response.

2.0 RECOMMENDATIONS

- 2.1 That Council is recommended to resolve to take no further action on the Community Governance Review for Malton and Norton-on-Derwent.

3.0 REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the statutory duty under section 83 of the 2007 Act to respond to a community governance petition.

4.0 SIGNIFICANT RISKS

- 4.1 No significant risks have been identified in preparing this report.

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Policy and Resources Committee at its meeting on 10 February 2011 recommended Council to undertake a Community Governance Review following

receipt of a Community Governance petition calling for the amalgamation of Malton Town Council and Norton-on-Derwent Town Council. The recommendations of the Policy and Resources Committee to progress a Community Governance Review was adopted by the Council meeting on 10 March 2011.

- 5.2 As well as approving terms of reference for the Community Governance Review, Council also authorised the carrying out of a public consultation exercise in the following terms:-

“That consultation of local government electors be conducted by means of a questionnaire by post (Option B)

That other persons or bodies be consulted by mailing the questionnaire. Such persons or bodies to include:

- *Malton Town Council*
- *Norton-on-Derwent Town Council*
- *Malton and Norton Area Partnership*
- *The Fitzwilliam (Malton) Estate*

And any other groups brought to the attention of the Council Solicitor.”

- 5.3 In addition to the above it is a statutory requirement to consult North Yorkshire County Council.

6.0 POLICY CONTEXT

- 6.1 The Council has a legal duty to respond to the petition.

7.0 CONSULTATION

- 7.1 Section 93(3) of the 2007 Act requires the District Council to conduct a consultation exercise of local government electors and other persons or bodies which appears to the principal council to be appropriate. Accordingly consultation has been undertaken.

8.0 REPORT DETAILS

- 8.1 The consultation of householders in Malton and Norton-on-Derwent took place by questionnaire to each household between 5 May 2011 and 6 June 2011. The results of this consultation exercise are shown in Annex 1.

- 8.2 Due to legal restrictions imposed by Parliament on the use of the full electoral register, it was not possible for the District Council to send a questionnaire to each local government elector. Accordingly only one questionnaire was sent to each household in Malton and Norton.

- 8.3 Details of persons and organisations that are entitled to use or receive free copies or to be sold copies of the register of electors are governed by Regulations 97 – 114 of the Representation of the People Regulations 2001, as amended (the 2001 Regulations). There are restrictions placed on the use to which the Full Register may be put.

- 8.4 In the case of the Council of the Electoral Registration Officer, the register may only be used for Local Government Elections, Parliamentary Elections, European Elections and Local Referendums and :

“For the discharge of a statutory function of the Council relating to security, law enforcement and crime prevention.”

It is an offence to contravene the provisions of those Regulations. A person found guilty of such an offence is liable on summary conviction to a fine not exceeding level 5 on the standard scale (currently £5,000).

- 8.5 Election law also provides restrictions on combination of polls. A local referendum could not be combined with a Parliamentary and Local Government election.
- 8.6 In terms of numbers of questionnaires despatched 2,383 questionnaires were sent to Malton households and 3,279 questionnaires were sent to Norton households. The number of valid responses received were 642 from Malton and 945 from Norton.
- 8.7 The consultation results for the Proposed Amalgamation of Malton and Norton Town Council are as follows:

Overall:

Yes – 48.6%

No – 51.4%

Malton Households:

Yes – 52.2%

No – 47.8%

Norton Households:

Yes – 46.2%

No – 53.8%

The response rates were as follows :

Malton = 27%

Norton = 29%

- 8.8 The District Election turnout for May 2011 elections were as follows in relation to local government electors:

Malton 39.13%

Norton East 31.09%

Norton West 36.83%

- 8.9 In relation to the Community Governance Petition calling for a Community Governance Review, 452 Malton electors signed the Petition and 643 Norton-on-Derwent electors signed the petition.

- 8.10 The response rate on the consultation on the Proposed Amalgamation of Malton and Norton Town Council compares favourably with that achieved at Test Valley Borough Council in its Community Governance Review consultation where the response rate from the electorate consulted was at 15.7%. Test Valley only consulted households because of the legal restrictions on using the full electoral register.
- 8.11 The consultation response rate may be considered to compare favourably with the District election turnout rates.
- 8.13 The consultation responses from other consultees are attached as Annex 2.
- 8.14 The alternate process associated with progressing the Community Governance Review can be seen in Annex 3. Work would also need to begin on resolving the necessary Council Tax and electoral register implications of the proposals.

9.0 IMPLICATIONS

9.1 The following implications have been identified:

- a) Financial
There are no significant financial implications in the recommendation.
- b) Legal
There are no significant legal implications in the recommendation.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
The report has no significant implications.

Anthony Winship Council Solicitor

Author: Anthony Winship, Council Solicitor
Telephone No: 01653 600666 Ext: 267
E-Mail Address: anthony.winship@ryedale.gov.uk

Background Papers:

Local Government and Public Involvement in Health Act 2007
Guidance on Community Governance Reviews published by DCLG and the Electoral Commission in April 2008
Parish and Town Councils in England (HMSO 1992) Research by the Aston Business School
Circular 1126/1988 – Council Size published by the National Association of Local Councils.

Background Papers are available for inspection at:

Ryedale House, Legal Services.

COMMUNITY GOVERNANCE REVIEW

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
The District Council fails to comply with the statutory requirements relating to Community Governance Reviews in the 2007 Act.	Complaint and potentially a court order or mandamus.	2	B	There is no mitigation in this case	2	B

Score	Likelihood	Score	Impact
1	Very Low	A	Low
2	Not Likely	B	Minor
3	Likely	C	Medium
4	Very Likely	D	Major
5	Almost Certain	E	Disaster

ANNEX A

Malton & Norton-on-Derwent Town Council Merger Questionnaire Results

The following information is for use within Ryedale District Council.

- Q1. Do you support the setting up of a single Town Council for Malton and Norton-on-Derwent?
- Q2. Do you support the name of 'Malton and Norton-on-Derwent Town Council' for a single Town Council?

	Overall	Malton	Norton
Questionnaires sent:	5662	2383	3279
Valid Returns:	1587	642	945
Number of valid returns which contained a response* to Q1:	1569	632	937
Number of 'Yes' responses to Q1:	763	330	433
Percentage of 'Yes' responses to Q1:	48.6%	52.2%	46.2%
Number of 'No' responses to Q1:	806	302	504
Percentage of 'No' responses to Q1:	51.4%	47.8%	53.8%
Number of valid returns which contained a response* to Q2:	1495	596	899
Number of 'Yes' responses to Q2:	731	327	404
Percentage of 'Yes' responses to Q2:	48.9%	54.9%	44.9%
Number of 'No' responses to Q2:	764	269	495
Percentage of 'No' responses to Q2:	51.1%	45.1%	55.1%

*A response is classed as a tick or cross in the answer box. Some returns may have only responded to one of the two questions or may not have responded to either questions but replied with a comment only.

Consultation Responses

Consultation responses received from:-

- Malton Town Council
- Norton-on-Derwent Town Council
- Malton and Norton Area Partnership
- Business in Action
- The Fitzwilliam (Malton) Estate
- North Yorkshire County Council

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From: Malton Town Council [maltontc@btinternet.com]
Sent: 13 June 2011 21:40
To: Anthony Winship
Subject: Community Governance review

Dear Mr Winship

Below the response of the Malton Town Council to the questions posed re the Malton and Norton Town Councils.

Do you support the setting up of a single town council for Malton and Norton-on-Derwent? YES
Do you support the name of Malton and Norton Town Council for a single Town Council? YES

Regards
Mike Skehan
Clerk to Malton Town Council

NORTON-ON-DERWENT TOWN COUNCIL

Town Clerk: Mrs R. Tierney

Tel/Fax: 01653 695348
Council Chamber and Office
The Old Courthouse
84B Commercial Street
Norton-on-Derwent
Malton
North Yorkshire YO17 9ES



22 July 2011

Mrs J Waggot,
Chief Executive Officer,
Ryedale District Council,
Ryedale House,
Old Malton Road,
MALTON
YO17 7HH

RYEDALE DISTRICT COUNCIL CHIEF EXECUTIVE	
25 JUL 2011	
PASS FOR:	COPY TO:

Dear Mrs Waggot,

COMMUNITY GOVERNANCE REVIEW - AMALGAMATION

Members were asked at the last meeting of the Council on the 18 July 2011, to consider their response, given the results of the Consultation to amalgamate the Councils of Malton and Norton-on-Derwent, and to pass a resolution either for or against.

On debating the issue it was felt by some members that it was a backward step to remain with two councils, as there would be many benefits in joining together. Others felt that while the voting process had been flawed the result had to stand and that they would abide by the democratic decision of the voters.

Following a vote on the proposal it was;

RESOLVED that Norton on Derwent Town Council has resolved to abide by the democratic decision of the voters, and does not at this time seek to amalgamate as one Council with Malton.

Yours sincerely

216

Ros Tierney
Town Clerk

E. Mail: norton tc@btconnect.com

MALTON & NORTON AREA PARTNERSHIP

DAVID LLOYD-WILLIAMS : CHAIRMAN
HAWTHORN HOUSE, LANGTON ROAD,
NORTON, MALTON
YO17 9AD
TEL : 01653 693016
E MAIL : dllloydwilliams@btopenworld.com

PAUL ANDREWS : SECRETARY
2, KIRBYMISPERTON LANE,
GREAT HABTON, MALTON
YO17 6RS
TEL : 01653 669023
E MAIL : paul.p.andrews@btinternet.com

**Anthony Winship,
Governance Review Officer,
Ryedale District Council.**

Dear Mr. Winship,

**GOVERNANCE REVIEW
MALTON - NORTON ON DERWENT**

I understand from my Secretary that we are being consulted concerning the request from the two Town Councils for a unification/merger, following the joint application to your authority made some two years ago.

This has not fallen well for the Partnership, there being no meeting during the consultation period so the Secretary has asked me to make personal contact with some of the members in order to gauge opinion. There was some favourable discussion during the period when the two Town Councils were gathering names from the Electoral Register for the 10% request requirement and I have spoken with some members since.

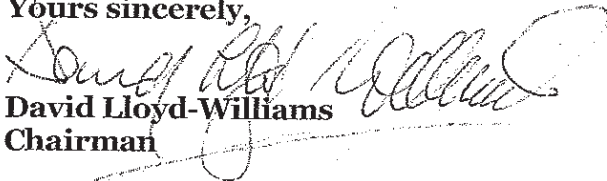
The general view is that a larger elected body representing the whole community of Malton & Norton would be a better voice for the community, and enable consultation to be more readily carried out. Recently the Towns were involved in grant aiding a joint web site venture which could have been simplified if there had been one elected body.

It is also felt that with a smaller number of elected councillors than the current 22 there would be a greater chance of a proper election every four years rather than what has been happening in recent times. It was also felt that there would be some meaningful savings as regards Clerks and cemetery staff which could be turned back into services. It was also felt that a single authority for the community might be able to take over some of the local 'Street Scene' and County Highway activities which have on occasions been subject to critical comment

We have also been aware, during the past few weeks, of considerable comment about the consultation process being referred to one person per house rather than to all the residents of voting age. Whilst I personally have had this explained to me in considerable detail, I believe it to be a bureaucratic nonsense and if the District Council is unable to carry out a full referendum, then the process should be delegated to the two Town Councils who appear not to be constrained by the rules.

I trust this response can be channelled into the process.

Yours sincerely,


David Lloyd-Williams
Chairman

6th June 2011

COUNCIL SOLICITOR

- 6 JUN 2011

COPY TO:
REPORT TO:



Business in Action

Promoting business in Malton and Norton

Officer In Charge

c/o A Winship Esq.

Community governance petition for the proposed amalgamation of Malton and Norton Town Councils

Ryedale District Council

Ryedale House

Malton

Dear Sir

Following the email dated 19 May from Mr Winship, I contacted our membership by email.

The question put was:

Please reply

YES to signify your agreement with the proposed merger
or

No if you are against it

If you wish to please add a few comments in support of your point of view.

The results of the 15 replies is as follows:

1. In favour of the merger - Yes 12 votes
2. Comments:
 - a. I believe the merger would be beneficial. Besides possible cost savings, the towns of Norton and Malton should, in my opinion, be operating as a team to make the most of the area. The 2 towns are so close to each other, what happens in one probably has an effect on the other. They need to work together for the benefit of the surrounding community as a whole.
 - b. Totally sensible to cut down on bureaucracy. Whatever nonsense is put about to the contrary we are one town. Most people shop in Malton, live in Norton, go to the pub/restaurant in one town, but worship in the other. We are one community of people. The anomalies of Malton Bacon Factory, Malton Railway and Bus Stations all being in Norton seem to underline this.
 - c. It makes sense for the future benefit of both towns.
 - d. to offset the undue power/influence that Ryedale has over Malton and Norton.
3. Against the merger - No – 2 Votes

Business in Action

Business in Action

Promoting business in Malton and Norton

4. Comments:
 - a. They want Norton to retain its individuality/independence and not become a secondary force to Malton. Unfortunately we have councillors who sit on both councils [totally wrong in my opinion !] and I feel conflict will surface. Needless to say the whole 'referendum' is a total sham and will only fuel the debate for years to come - which ever way the vote goes.
5. Abstention – 1 vote
6. Comment:
 - a. neither of us have enough knowledge to vote either way

The question of the name was not put to our members

I trust that these views will be taken into consideration in the appraisal to follow.

Yours sincerely

D N Townsend
Chairman

FITZWILLIAM (MALTON) ESTATES

Tel: MALTON (01653) 692849

Fax: (01653) 693455

Agent:

R.J.G. BUSHELL, BSc MRICS

E-mail: office@maltonestate.co.uk

Website: www.maltonestate.co.uk

**ESTATE OFFICE
OLD MALTONGATE
MALTON
NORTH YORKSHIRE
YO17 7EG**

Mr Anthony Whinship
Solicitor
Ryedale District Council
Old Malton Road
Malton
YO17 7HH

anthony.winship@ryedale.gov.uk

6th June 2011

Ref: FMER 16

Dear Mr Whinship,

Community Governance Petition – Malton and Norton Town Councils

I refer to your email of 17th May 2011 giving Fitzwilliam Malton Estate the opportunity to express a view on the proposed amalgamation of Malton & Norton Town Councils.

The Estate takes the view this is a question wholly for the people of Malton & Norton to decide, and not a question on which the Estate need express a view.

I am, nevertheless, appreciative of the Council offering the Estate the opportunity to express a view.

Yours sincerely



R.J.G. Bushell
Estate Manager

for further information look up our website: www.maltonestate.co.uk

RE Community Governance Petition - Malton and NortonTownCouncils.txt

From: Moira Beighton [Moira.Beighton@northyorks.gov.uk]
Sent: 22 June 2011 13:46
To: Anthony Winship
Cc: Carole Dunn
Subject: RE: Community Governance Petition - Malton and Norton Town Councils

Dear Mr Winship

I confirm that following receipt of your email of 5 May 2011, enclosing a copy of the Terms of Reference for a Community Governance Review in respect of Malton and Norton on Derwent Town Councils, I circulated a copy to relevant members and officers of the County Council for any observations.

There are no specific representations the County Council would wish to make.

Yours sincerely,
Moira Beighton

Moira Beighton
Lawyer (Professional Support)
For Assistant Chief Executive (Legal and Democratic Services) North Yorkshire
County Council | County Hall | Northallerton | North Yorkshire | DL7
8AD Direct Line: 01609 532458
Email: moira.beighton@northyorks.gov.uk

PLEASE NOTE: From 1 April 2011 we will no longer be members of the DX post system.

>>> Anthony Winship <anthony.winship@ryedale.gov.uk> 18/05/2011 15:59

>>> >>>

Dear Ms Beighton

Many thanks for your e mail.

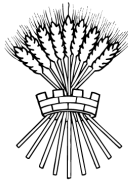
Regards

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Community Governance Review Process

Action
Draft proposals are agreed by Policy and Resources Committee and recommended to Council.
Council to agree proposals for publication
Second consultation period commences
Second consultation Period closes
Final proposals prepared
Final Proposals are recommended by Policy & Resources Committee
Council to agree Final Proposals
Final recommendations are published
Electoral matters are referred to Electoral Commission if required
Electoral Commission response
Review Order made

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	COUNCIL SOLICITOR AND MONITORING OFFICER ANTHONY WINSHIP
TITLE OF REPORT:	SUBSTITUTE MEMBERS OF COMMITTEES AND NUMBERS OF SUBSTITUTES
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To consider the procedural arrangements for substitute Members of Committees and to increase the maximum number of substitutes in respect of each Political Group at any meetings.

2.0 RECOMMENDATIONS

- 2.1 The Policy & Resources Committee is invited to decide which of the following two options it wishes to recommend to Council, either:-

Option A

Allow substitute Member arrangements for the Overview & Scrutiny Committee and amend clauses 2.1 and 2.2 of the Overview and Scrutiny Procedure Rules at Page 112 of the Constitution accordingly ; or

Option B

Recommend Council to maintain as a rule of the Constitution that there are no substitute Members for Overview & Scrutiny Committee by reinstating clause 28.5 in Part 4 of the Constitution –Rules of Procedure in the following terms :

“28.5 Overview and Scrutiny Committees

Substitute Members cannot be drawn from those Members who sit on the Policy and Resources and Community Services Committees.”

- 2.2 That Council is recommended to approve a change to Council Procedure Rule 28.1 such that for each Committee where substitution is applicable the maximum number of substitutes in respect of each Political Group becomes 50% of that group's

membership on the relevant committee, rounded up if necessary, subject to a minimum of 2.

3.0 REASONS FOR RECOMMENDATIONS

3.1 To 'prepare and keep up to date' the Constitution in accordance with section 37 of the Local Government Act 2000.

4.0 SIGNIFICANT RISKS

4.1 No significant risks have been identified in preparing this report.

5.0 BACKGROUND AND INTRODUCTION

5.1 It is a legal requirement for a Committee to have a known membership. For this reason named substitutes are agreed at the Annual Meeting of Council for Committees.

5.2 One of the central principles of the reform of the political management system of Council's implemented by the Local Government Act 2000 was the separation of roles between the Executive/Policy Committees and the Overview & Scrutiny Committee. Accordingly the Council's constitution has historically maintained this separation of roles.

6.0 POLICY CONTEXT

6.1 The Council has a legal duty to maintain a constitution.

7.0 CONSULTATION

7.1 None

8.0 REPORT DETAILS

8.1 There has periodically been a request from Members for Officers to explore the extent to which there may be dual membership of Members on Policy Committees and an Overview & Scrutiny Committee.

8.2 The legal position in relation to the issue of dual membership of a Policy Committee and an Overview & Scrutiny Committee is as follows:

- (a) There is no legal prohibition on Members of a Policy Committee being Members of the Overview & Scrutiny Committee;
- (b) Statutory guidance states that a core group of between 5-10 scrutiny Members should not be on a Policy Committee. But subject to that other Members could be on both. There is, therefore, some flexibility to allow some Members to be on both. This would be convenient for a small group like the Liberal Group. If Members wished to disregard that statutory guidance they would need to give clear, and convincing reasons to depart from that guidance;
- (c) The Members Code of Conduct provides that a Member may not scrutinise a decision in which they participated in making at a Policy Committee; and

- (d) The Council's Constitution had until recently provided that Members of the Policy Committees cannot be a Member of the Overview & Scrutiny Committee. This can be amended if Members so wish.
- 8.3 Council relaxed the historic rule in the Constitution which provided that Members of the Overview & Scrutiny Committee may not also sit on a Policy Committee.
- 8.4 However Council maintained as a rule of the Constitution that there are no substitute Members for Overview & Scrutiny Committee.
- 8.5 In March 2011 an unfortunate mistake was made in updating the constitution and a change in error has been made to the constitution. Paragraph 28.5 of Part 4 of the Constitution clearly states that named substitutes for the Overview & Scrutiny Committee may be drawn from those Members who sit on the Policy and Resources and Commissioning Board. The incorrect text is as follows :
- “28.5 Overview and Scrutiny Committees**
Named substitute Members may be drawn from those Members who sit on the Policy and Resources Committee and Commissioning Board.”
- 8.6 This is wrong and inconsistent with clauses 2.1 and 2.2 of the Overview and Scrutiny Procedure Rules at Page 112 of the Constitution.
- 8.7 Paragraph 28.5 should read as follows :
- “28.5 Overview and Scrutiny Committees**
Substitute Members cannot be drawn from those Members who sit on the Policy and Resources and Community Services Committees.”
- 8.8 The Chairman of the Overview & Scrutiny Committee is understood to favour maintaining the historic position of following the statutory guidance quoted above on having a core membership on the Overview & Scrutiny Committee. This can be achieved by reinstating clause 28.5 as shown in paragraph 8.7 above.
- 8.9 Present general arrangements restricting the number of substitutes to 2 are arguably unfair to a large group. The proposal in paragraph 2.2 give all groups the same proportion of substitutes on any committee without disadvantaging any group compared with the present rules.
- 8.10 Members are asked to note that Council Procedure Rule 23.2 provides that any motion to amend the Council Procedure Rules will, when proposed and seconded, stand adjourned without discussion to the next Ordinary Meeting of Council.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
There are no significant financial implications in considering this report.
 - b) Legal
The legal issues around this decision are in detail in the report.
 - c) Other

There are no significant other implications in considering this report.

**Anthony Winship
Council Solicitor**

Author: Anthony Winship, Council Solicitor
Telephone No: 01653 600666 Ext: 267
E-Mail Address: anthony.winship@ryedale.gov.uk

Background Papers:
None.



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	29 SEPTEMBER 2011
REPORT OF THE:	CORPORATE DIRECTOR (s151) PAUL CRESSWELL
TITLE OF REPORT:	PROVISION OF INTERNAL AUDIT SERVICES
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform Members of developments regarding the future provision of the Internal Audit service and to seek approval to the business case proposing a merger of the NYAP with Veritau (a company set up by North Yorkshire County Council and the City of York to provide their Internal Audit service), through the establishment of a new company.

2.0 RECOMMENDATIONS

- 2.1 That Council is recommended to approve:
- (i) the Business Case for the provision of an Internal Audit Service from the 1 April 2012;
 - (ii) Delegate authority to the Council Solicitor to conclude the legal contract for the Council to be stakeholders in Veritau (North Yorkshire) Ltd a subsidiary of Veritau Ltd. The subsidiary company will be a regulated company under the terms of the Local Authorities (Companies) Order 1995;
 - (iii) Note that the Corporate Director (s151) will agree a service level agreement with Veritau (North Yorkshire) Ltd for the provision of Internal Audit Services for the financial year commencing April 2012; and
 - (iv) Appoint the Council's Corporate Director (s151) as the Council's Director to the Board of Veritau (North Yorkshire) Ltd.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 To ensure that the Council continues to receive a comprehensive and effective Internal Audit Service.

4.0 SIGNIFICANT RISKS

- 4.1 The key risk relates to whether all current partner Councils of NYAP (5 Councils) agree to the proposed merge. Should one or more Councils elect not to support the merger, then it puts the business case and the proposal at risk. Progressing without the full support of all Councils will lead to significant complications, in particular TUPE transfers and future staff provision to operate the service. In mitigation of this risk, the proposed merger has the support of all the Council's Chief Financial Officers and the backing of the NYAP Board (subject to the approval of the business case)

REPORT

5.0 BACKGROUND AND INTRODUCTION

- 5.1 The Accounts and Audit Regulations require all Councils to provide an adequate and effective Internal Audit function. The current North Yorkshire Audit Partnership agreement ends on the 31 March 2012. The business Case attached at Annex A outlines the background to the formation of the North Yorkshire Audit Partnership.
- 5.2 Each of the Partner Councils to NYAP (Scarborough, Ryedale, Selby, Hambleton and Richmondshire) will be considering the future of their internal audit service with the requirement to establish new procedures to be in place by April 2012. It is important for the benefit of an efficient and effective Audit Services that the Council Partners respond collectively.
- 5.3 The 'in principle' decision to merge with Veritau has been endorsed by both the NYAP Board, which has two Members of this Council on the Board (The Chairman of Policy and Resources Committee and the Chairman of the Overview and Scrutiny Committee), the Councils Chief Financial Officers as well as this Committee at its meeting on the 9 December 2010 where it was resolved that:
'members note the progress and support in principle the merger of NYAP with Veritau effective from the 1 April 2012 subject to a satisfactory business case.'

6.0 POLICY CONTEXT

- 6.1 The proposed merger is a change in Council Policy for the mechanism of delivery of Internal Audit.

7.0 CONSULTATION

- 7.1 The proposed merger has been subject to consultations with the NYAP Board, The Councils, the Chief Financial Officers and staff.
- 7.2 Extensive discussion and consultation has taken place with the staff of NYAP over the last 12 months; joint 'away days' with Veritau staff have taken place, and continue to be scheduled. The general consensus is that the proposed course of action does provide optimum opportunity and security of employment for NYAP staff given all the pertaining circumstances that face Local Government at the present time.
- 7.3 Initial discussion and consultation has taken place with staff union representation, and their initial view is aligned with that of the staff. TUPE transfer issues have been considered and discussed with the staff.

8.0 REPORT DETAILS

- 8.1 The present Partnership Agreement runs to 31 March 2012. The Council must determine its future method of providing an Internal Audit function as required under the 1972 Local Government Act, and the Accounts & Audit Regulations.
- 8.2 The attached Business Case provides an assessment of the main alternatives for the Council. These are: -
- NYAP to continue to the end of the current Partnership Agreement (31/3/2012) and thereafter each Partner Council procures their own Internal Audit service.
 - Outsource completely as a group of 5 Councils to the private sector
 - Continue with NYAP; all 5 partners; and new agreement from 1/4/2012
 - NYAP merge with Veritau
- 8.3 The Business Case has been considered, in principle, by the Partnership Board, and discussed in detail by the s151 officers of the Partner Councils.
- 8.4 Entering into a company arrangement will create a larger entity, which is beneficial not just to the Council, but importantly, to the staff too. The larger body will be better placed to develop and hone specialist audit techniques which will be required for future internal audit work. The larger entity will also give staff the opportunity to develop their skills, and acquire qualifications that will give them greater chance of promotion within a larger group.
- 8.5 It also, significantly, addresses the key issues facing NYAP; the potential loss of key staff; the Head of the Partnership being now eligible to retire, and with neither Audit Manager professionally (CCAB) qualified restricting their ability to step up into that role, and an ageing profile of staff, resulting in stultification of the workforce.
- 8.6 It also provides greater resilience to absorb the anticipated reductions in demand and budget for Internal Audit services over the forthcoming years. In a small team this would be more difficult to achieve without compulsory redundancies and associated costs for the Councils.
- 8.7 The merger delivers cost savings as set out in the Business Case, and whilst these are not significant, they contribute to the overall need to find savings for the Budget in 2012/13. All other options for Internal Audit provision would almost certainly cost more for Ryedale.

9.0 IMPLICATIONS

- 9.1 The following implications have been identified:
- a) Financial
Ryedale District Council is presently host to the North Yorkshire Audit Partnership and therefore the financial position is different to other authorities in that current support service charges to the Partnership will be lost as income to the council, currently £xxx p.a. This charge relates primarily to Financial Services and a service review of this service will seek to mitigate this loss of income.
- b) Legal
The legal form, setting up a company is lawful within Local Government legislation, and meets all EU procurement requirements.
The subsidiary company will be a regulated company under the terms of the Local Authorities (Companies) Order 1995. Regulated companies are those

classed as either being 'controlled' or 'public sector influenced' by a local authority. The subsidiary company falls within the definition of a 'public sector influenced' company and must therefore comply with a number of specific governance and accountability rules, including;

- identifying the relevant local authorities on business documents;
- limiting Directors' remuneration;
- removing Directors who are disqualified as councillors;
- prohibiting party political publicity; and
- requiring the provision of certain information to the local authority's Members, officers and auditors.

The Districts have equal representation on the proposed subsidiary company.

c) Other

The significant other issues relate to staffing matters which have been detailed within the business case and have been subject to consultation.

Paul Cresswell
Corporate Director (s151)

Author: Paul Cresswell, Corporate director (s151)
Telephone No: 01653 600666 ext: 214
E-Mail Address: paul.cresswell@ryedale.gov.uk

Background Papers:

None.

Annex A



Internal Audit Provision from 1st April 2012

The Business Case

Version No: 5.3
Author: J Ingham
Date: September 2011

1. Background: - the present arrangements for Internal Audit (NYAP)

- 1.1 It is a statutory requirement that Councils have a system of Internal Audit (IA). It is essential that all the Partner Councils have a robust effective IA service.
- 1.2 Three Councils, Scarborough Borough Council, Ryedale District Council and Selby District Council, joined together to form the North Yorkshire Audit Partnership (NYAP) using the joint committee provisions of the 1972 Local Government Act in 1999. Subsequent to the first agreement Hambleton District Council and Richmondshire District Council joined so that there are now 5 District Councils in the partnership.
- 1.3 The first Partnership Agreement ran for seven years and the current four year agreement ends on the 31 March 2012.
- 1.4 The operating environment of the Partner Councils is changing especially with the current and forecast economic cuts that are anticipated. This is leading to a change in demand for IA services. In addition the nature of the portfolio of work is starting to change with an increasing emphasis on identifying the 'added value' of Internal Audit.
- 1.5 The Partnership has a specific issue with succession planning for the post of Head of Partnership, and this is allied to a secondary, more general issue, around the age profile of its staff.

2. Executive Summary of the preferred option

- 2.1 The Partnership Board has discussed the options in outline and is of the opinion that for the Partner Councils, the merger of NYAP with Veritau, is the preferred option for the reasons set out below. Veritau is an established company jointly owned by City of York Council and North Yorkshire county Council for the provision of internal audit and fraud work to those two partners. Each Partner Council must secure approval to enter into the proposed company arrangements for the delivery of Internal Audit.
- 2.2 Linking with Veritau will bring a number of benefits: -
 - (i) Cost reduction that will flow from a merger of two organisations, as a result of the reduction in management costs and other economies of scale;
 - (ii) Eliminates the issue of succession planning of the Head of Partnership. The core issue here is that none of the second tier NYAP Audit Managers has full professional qualifications. They are AAT qualified, part IIA qualified, but not full CCAB qualified. The current CIPFA Code of Practice for Internal Audit recommends that the Head of Internal Audit should be professionally qualified. Therefore in addition there is a real risk of adverse external auditors comment if the Head of the Partnership was not so qualified;
 - (iii) Greater security and resilience in audit provision (including ICT Audit);
 - (iv) The ability to manage the increasing complexity of internal audit work due to increasing complexity of the business environment, software and systems that are in use. This also extends to the increasing use of joint service provision including Councils working together to provide services jointly;
 - (v) The need to secure flexible response capability;
 - (vi) Certainty of service delivery through greater resilience and size of team; and
 - (vii) The opportunity to access audit management and working systems software that currently is uneconomic to purchase and install for NYAP.

2.3 From Veritau's perspective the merger has the potential to unlock capacity closer to the sites being audited, reducing overhead travelling time from Northallerton/York where Veritau staff are currently based. This could be achieved by structuring the combined Veritau/NYAP around three or four discrete areas, or regionally based offices providing IA services across all Councils in their vicinity. These additional savings would lead through to a reduced daily rate for all the councils and hence the annual fee for internal audit services.

3. Why the merger of NYAP with Veritau makes good sense.

3.1 All the Partner Councils are actively involved in looking for financial savings, and this is an opportunity to realise some and combined with the very real potential for an increased quality of service.

3.2 The Councils are looking to work collaboratively, whether that is with private organisations, the formation of partnerships, or closer working arrangements with other Councils. This is leading to the Councils moving towards 'commissioning' rather than 'direct provision' of services.

3.3 As this process accelerates it is likely that the Councils, once into shared service solutions will have much fewer in-house managed services and so may require a different and more flexible approach to internal audit. Therefore to merge with Veritau offers longer term security of service, as the bigger consortium will have greater turnover of staff and so will be better placed to provide the essential flexibility of supply that will be demanded. This is evidenced through the requirement by the NYAP Partner Councils for reduced audit days from 2010/2011 and annually thereafter. Without the flexibility that the merger will bring this could lead to redundancies, and those costs would fall to the Partnership, ultimately the Partner Councils.

3.4 It will also provide greater security to staff as their opportunities are extended, and they are able to progress their careers in a larger organisation.

3.5 Also as outlined above it is a real opportunity for the Partnership to embrace modern Audit management software with all its associated benefits, e.g. easier to create a recommendations database, that as a smaller organisation it may find difficult to build a solid business case for.

3.6 The economies of scale and associated reduction in management layers will result in a reduced IA fee for partners. Initial estimates suggest that this reduction would be in the order of around 5% with no detriment to, or loss of, the service, and in the longer term an improved service.

3.7 The key benefit is that it provides a secure longer term means of providing internal audit, which is at lower cost, provides greater resilience, and is beneficial to the staff.

3.8 Annex A sets out in tabular form an evaluation of the competing options.

4. Options

The various options that have been considered in detail are: -.

NYAP to continue to the end of the current Partnership Agreement (31/3/2012) and each partner procures their own Internal Audit service.

- 4.1 The Partnership will be wound up, in accordance with the provisions of the agreement. Each of the Partner Councils will then need to make their own decision on the form of Internal Audit they require, and procure it. The key issues would be:
- i. The Head of Partnership may have retired (eligible to retire from July 2011) and if so could leave a void if the post is unfilled.
 - ii. Each Council will need to secure IA services. The existing staff will transfer to the partner Councils from NYAP. The Partnership Agreement refers to staff transferring back to original Councils upon termination; best efforts to avoid redundancy and associated costs. Only three staff remain from the original cohort; and as all were at Scarborough BC that could lead to some difficulties with the transfer of other staff to the Partner Councils.
 - iii. None of the individual Councils (possibly except SBC) would have the critical mass, or the funds to have an effective in-house team so service performance will gradually decline. It would almost certainly lead to those smaller Councils needing to outsource their IA function.

Outsource completely as a group of 5 Councils to private sector

- 4.2 The key issues would be:
- a) Councils gain access to some alternative and additional services that a large private sector organisation could offer.
 - b) Councils lose a certain amount of control of the management of the audit service.
 - c) Councils lose direct control of costs, and these may rise to generate profit for contractor.
 - d) Councils lose direct control of the quality and experience of staff performing their audit work.
 - e) Significant risk of increased costs arising from any imposition in the contract for qualified and experienced staff.
 - f) Costs of the tendering process on a periodical basis.
 - g) With the implications of TUPE, the tendering process will be significant complicated exercise with an associated cost.

Continue with NYAP; all 5 partners; and new agreement from 1/4/2012

- 4.3 The key issues would be:
- a) Well established, professional service with proven governance arrangements.
 - b) Councils retain overall control of the Partnership
 - c) There may be difficulty in recruiting new head of partnership, if required, that is professionally qualified.
 - d) The partnership may have to further review its structure for the changed audit environment.
 - e) The reducing demand for IA may result in cuts to staff numbers with associated morale issues; such reductions could also result in a structure that is expensive (a highly geared ratio of managers to auditors)
 - f) Limited financial savings would be available other than through reduced audit days and a revised structure.
 - g) The Partnership in a 'reducing service' environment will not have the funds to modernise.

NYAP merge with Veritau

4.4 The key issues would be:

- a) Well established, professional service with proven governance arrangements.
- b) The service provision model of a local authority owned company is now well established and working effectively with the two Councils.
- c) Resolves a number of issues with minimal inconvenience and cost.
- d) Relatively seamless transition.
- e) Provides opportunities for staff to develop their careers, and thereby minimise the risk of the loss of qualified, experienced, key staff.
- f) Provides access to modern audit management software with all the benefits at minimal cost.
- g) IA quality will, in the short term, be maintained, and over the longer term will improve.
- h) Provides greater long-term resilience for the NYAP Partner Councils and the NYAP staff.
- i) Control is maintained through joint 'ownership' of the company. [see section 5. below for additional detail on the company structure and shareholding)

4.5 The large number of variables within each option makes it quite difficult to establish what each option would mean, in terms of daily rates, which could be used as a simple benchmark for comparing the options. What is equally, if not more, important is the non-financial considerations, particularly retaining good control and governance arrangements with the Internal Audit provider. An additional consideration is the likelihood of each option to provide a competent service, developing and being able to react to the changing local government landscape, which for internal audit means doing more with fewer resources.

Option.	Daily fee rate range.	Notes
4.1 NYAP to continue to the end of the current Partnership Agreement (31/3/2012) and each partner procures their own Internal Audit service.	£215 - £250	Richmondshire & Ryedale are too small to operate their own IA service, and would need to contract in or seek a new partnership. The size, structure and form, combined with deciding upon the qualification and status of the Chief Internal Auditor would determine the overall cost to each council. There may be redundancy costs arising from a literal interpretation of the Partnership Agreement to be met.
4.2 Outsource completely as a group of 5 Councils to private sector	£245 - £300	Estimate is based on recent info of tenders; the councils would need to ensure detailed specification to ensure quality and experience maintained. Demanding qualified and experienced staff will increase the daily rate significantly.
4.3 Continue with NYAP; all 5 partners; and new agreement from 1/4/2012	£235 - £250	The daily rate would depend upon the structure chosen and the appointment of a new Head of Partnership.
4.4 NYAP merge with Veritau	£225	Certainty of control of governance & of quality. Qualified and experienced staff.

5. Legal implications

- 5.1 The Councils have the necessary legal powers to create a shared service company however; any such arrangement must comply with the EU public procurement regime and the Public Contract Regulations 2006. Specific case law (including Teckal and Carbotermo SpA) has established that if a local authority wishes to award a contract to supply services, to a company set up by that local authority, then the authority does not need to carry out a competitive tender exercise before awarding such a contract provided that the following principles apply:
- the authority must exercise a similar degree of control over the company to that which it exercises over its own departments;
 - the exercise must be 'a power of decisive influence over both the strategic objects and significant decisions of the company';
 - the essential part of the company's activities must be carried out on behalf of the controlling authority. Any activities undertaken for bodies other than the controlling authority can be of no more than marginal significance.
- 5.2 The exemption also applies to companies controlled by more than one authority, providing the principles set out above are complied with.
- 5.3 With a view to demonstrating compliance with the Teckal principles, the provision of services to external customers by Veritau is currently limited to no more than 10% of the shared service company's total activities. This will continue to be the case with the expanded group.
- 5.4 In the event that the company did want to provide services to other bodies then it would be up to those organisations to consider, in accordance with their own procurement rules, whether to award a contract to the company.
- 5.5 There are also restrictions on the ability of local authorities to undertake trading activities through such a company. A local authority can make a decision to carry out an activity or provide a service which it considers is likely to improve the economic, social or environmental well being of its area (Local Government Act 2000). The well being function is an "ordinary function" for the purpose of Section 95 of the Local Government Act 2003. Section 95 provides a general power to local authorities to undertake trading activities. The general power is further regulated through the Local Government Power to Trade Order. This business case is considered to satisfy the requirements of the Local Government Power to Trade Order.
- 5.6 Section 95 also defines the type of company that an authority can use for trading activities. The Section states that the company must be a company regulated by Part V of the Local Government and Housing Act 1989, which limits the proposed structure to:
- companies limited by share;
 - companies limited by guarantee with or without share capital;
 - unlimited companies;
 - societies registered under the Industrial and Provident Societies Act.
- 5.7 The company would be funded from the public sector so its own procurement activities would be bound by the Public Contract Regulations.

- 5.8 Veritau will form a subsidiary company; Veritau (North Yorkshire) Ltd to deliver the additional services. The subsidiary company will be limited by shares, with Veritau holding 50% of the share capital and each District Council holding 10% (50% in total; an equal share).
- 5.9 The parent company (Veritau Ltd) will continue to provide services to its existing customers, including NYCC and CYC. Staff currently employed by Veritau would also remain as employees of the parent company. The subsidiary company; Veritau (North Yorkshire) Ltd, would provide services to the NY district councils and would employ the staff who were transferred. In practical terms the Veritau 'group' would operate as a single entity with common systems, working practices and one overall management structure.
- 5.10 The subsidiary company will have a board of directors comprising an officer from each District Council and two directors appointed by Veritau;
- 5.11 The creation and future operating arrangements of the subsidiary company would be governed by a formal Shareholders' Agreement. The Agreement will set out the rights and obligations of the shareholders and the continuing relationship between each Council and Veritau as participants in the venture;
- 5.12 The services to be provided to each District Council will be specified in separate Service Agreements, identical or similar to the existing Service Agreements which Veritau currently has with NYCC and CYC;
- 5.13 The length of the new Service Agreements would be coterminous with Veritau's existing Service Agreements. Each District Council would retain the right to terminate its Service Agreement by providing written notice;
- 5.14 The proposed transfer of staff will be regulated by the Transfer of Undertakings (Protection of Employment) Regulations 2006 which guarantee that there will be equivalence of terms and conditions of employment. NYAP staff will be given the option of transferring from their existing terms and conditions to those of Veritau.
- 5.15 In addition, Veritau (North Yorkshire) Ltd has admitted body status to the North Yorkshire Pension Fund. All current and future staff will then be entitled to be members of the Local Government Pension Scheme (administered by NYCC).

6. Benefits

The preferred option of NYAP merging with Veritau will bring benefits in terms of: -

6.1 Tangible and realisable cost savings:

- Reduced daily rate, of around 5% which combined with reductions in volume of internal audit required will give a material saving on the IA budget to partner Councils.
- Change to 'fee for audit' with lower annual fees.

	2011/12 IA plan days (incl Risk Mgt)	Annual Fee NYAP @ £235/day	Annual fee Veritau @ £225/day	Saving
Hambleton	365	£85,775	£82,125	£3,650
Richmondshire	240	£56,400	£54,000	£2,400
Ryedale	260	£61,100	£58,500	£2,600
Scarborough	655	£153,925	£147,375	£6,550
Selby	435	£102,225	£97,875	£4,350
			Total saving	£19,550

6.2 Efficiency gains:

- larger staffing base with wide and varied expertise;
- a reduction in group costs and lost time arising from the potential to locate operational staff nearer to their workplaces (principally a benefit to Veritau, with spin offs through enhancing NYAP staff's roles in their offices);
- use of audit management software to speed up the review and reporting process;
- use of audit management software to effectively monitor the implementation of agreed recommendations (something that audit committees are starting to look for).

6.3 Improved quality:

- resilience of service;
- access to wider knowledge base. The District Councils also gain knowledge of new and emerging issues with the City and County Councils that may affect the District Councils;
- access to external ICT audit expertise;
- opportunity to develop ICT audit skills with a larger client base to service.

6.4 Process improvement through the use of electronic audit management software and working papers.

6.5 Potentially enhanced controls and the benefit of a wider experience base to allow innovative solutions to control issues to evolve.

6.6 Ease of project operation and thereby likelihood of success:

- Seamless transition
- Overcomes issue of succession for the current Head of Partnership (NYAP)

6.7 Benefits to staff of NYAP (and Veritau):

- Part of a larger team with greater personal career development opportunities;
- Greater job security as part of the larger team with opportunities across the whole service;
- Reduces the risk of redundancy from revised IA service requirements by Partner Councils as a result of the changing Council environment and from budget cuts.

- 6.8 The move from a 'wholly owned' Partnership to being part of a wider one fits with the emerging ethos of commissioning, as future IA services will, in effect, be commissioned from Veritau.
- 6.9 Some of the benefits outlined above are tangible and can be easily measured, whilst others are less so. However that does not diminish the value of those benefits. Clearly the cash benefits from reduced internal audit volumes will be realised by the partner Council in the relevant year, but the reduction in daily fee rate of the merged service are continuous. Certain other benefits will only be discernable through the annual review of the effectiveness of the system of internal audit.

7. Costs and timescales

- 7.1 There will be some costs associated with merging NYAP with Veritau, currently estimated at £14,000, and the proposal is that these costs are shared equally between NYAP and Veritau. The existing reserves of the Partnership can meet the share for NYAP Councils.
- 7.2 It is expected that the following will be the principal cost items: -
- ICT preparation to accommodate the use of audit management software. As this is not the full package and is predominantly licence fees they will not be significant.
 - Legal costs incurred in ensuring the Councils are properly represented and have proper and fair representation in the legal agreement that governs Veritau.
- 7.3 A draft budget has been prepared with Veritau. A copy of the proposed budget is attached as annex B for reference purposes and features the following:
- This budget suggest that the daily rate for NYAP partners will be £225; a reduction of around 5%, compared to the current NYAP rate of £235.
 - This reduction combined with the anticipated, and now requested, reductions in audit volumes will give overall savings to each Council. The actual percentage saving for each Partner varies due to the varying volume changes, but they contribute to making the whole project viable.
- 7.4 There are costs associated with the winding up of NYAP. There are sufficient reserves, combined with any surplus for 2011/2012, in the Partnership to meet all anticipated costs.

8. Summary of Key Risks associated with the preferred option

- 8.1 The significant risks associated with the preferred option of merging NYAP with Veritau are:

The Councils will be tied in for a 7 year period, to 31/3/2019.

This period is not significantly different to the period that any future NYAP agreement would have been agreed to run. Each Council has the right to termination their membership with appropriate notice (a minimum of 12 months notice).

There is a risk that Councils will lose a certain amount of management and financial control.

This mitigated by the fact that the District Councils will have parity on the board of the company, so there will be minimal difference in levels of managerial and financial control. The Council's will continue to set their own audit planning work programmes.

There is a risk of some short term loss of service quality in the transition period.
This will and continues to be mitigated by starting the transition process early with shared workshops, joint team days, establishing ICT linkages in good time, and training on the audit management software to allow a quick and seamless transition.

Each of the possible long term options are assessed against a series of key criteria linked to the vision and objectives of the shared service. The results of this analysis are given below:

Options

Option A – NYAP ~ continue (Joint Committee)

Option B – Veritau ~ NYAP merger

Option C – Fully Outsourced Service

Criteria	Options		
	A	B	C
<i>OWNERSHIP AND VISION</i>			
Will this option be able to deliver the vision for the shared service and are there clear links to Corporate Objectives at each Council?	✓	✓	✓
Will the service be perceived as a genuine equal 'partnership' between the Partners (and Councils)?	✓	✓	
Will all Councils have sufficient control and influence over the strategic direction and future development of the service?	✓	✓	
Would this option avoid the need for Councils to establish a separate 'client' structure to monitor the contract?	✓	✓	
<i>IDENTITY</i>			
Will this option allow the service to develop its own identity?	✓	✓	✓
<i>AFFORDABILITY</i>			
Are the set up costs / required investment for this option likely to be affordable?	✓	✓	
<i>COST EFFECTIVENESS</i>			
Is this option likely to be affordable on an ongoing basis, and does it represent value for money?	✓	✓	
Will this option achieve economies of scale and deliver the expected efficiencies in service delivery?		✓	✓
<i>IMPLEMENTATION</i>			
Are the skills and resources readily available to implement the proposed option?	✓	✓	
Is there general support from within the Councils to implement this option?	✓	✓	
Would the Councils be able to support the change management needs associated with this option?	✓	✓	

Criteria	Options		
	A	B	C
SERVICE AND CAPACITY IMPROVEMENTS			
Is this option able to provide continuity of service in the long-term, irrespective of short-term problems and/or changes in key personnel?	✓	✓	✓
Is this option likely to deliver the required improvements in operational capacity?		✓	✓
Is this option likely to achieve the required focus on quality and enhance the professionalism of the service?	✓	✓	✓
FINANCIAL / BUSINESS OPPORTUNITIES			
Does this option allow external income to be generated by selling services to other public sector bodies?		✓	✓
Does this option offer the capability and capacity to identify and develop other business opportunities?		✓	✓
LEGAL CONSIDERATIONS			
Do the Councils have the legal powers to implement the proposed option?	✓	✓	✓
Does this option avoid the need to undertake an EU compliant tender exercise?	✓	✓	
RISKS			
Are the financial risks associated with this option considered to be acceptable to the Councils?	✓	✓	
Are the risks to future service delivery associated with this option considered to be acceptable to the Councils?	✓	✓	
Do all Councils have an equal or proportionate share of risk and reward?	✓	✓	
INNOVATION / SERVICE TRANSFORMATION			
Is this option innovative and does it offer the opportunity to address the government's transformational policy agenda?		✓	✓
Is this option suitable for helping to develop new methods of partnership working and service delivery in the future?	✓	✓	✓
Can this option allow the service to be expanded to provide other back office functions to the Councils?	✓	✓	✓
Would this option be attractive to other potential partners in the future?	✓	✓	✓

Annex B

DRAFT Budget 2012/13

	Veritau		NYAP	Veritau (NY)Ltd	TOTAL
	2011/12 £	2012/13 £	2011/12 £	2012/13 £	2012/13 £
Payroll, incl. NI, Pension etc	1,112,500	1,101,500	426,900	335,387	1,436,887
Travel costs	34,100	32,100	17,500	15,000	47,100
Other Staff costs, incl. training etc.	23,000	31,000	7,500	7,700	38,700
Supplies & Services	76,500	79,900	22,525	18,225	98,125
	<u>1,246,100</u>	<u>1,244,500</u>	<u>474,425</u>	<u>376,312</u>	<u>1,620,812</u>
Proposed Fee 2012/13		225.00		225.00	225.00
Existing Fee 2011/12		229.50		235.00	
Reduction		1.96%		4.26%	

When merged the budget would be as shown: -

	Veritau 2011/12 £	NYAP 2011/12 £	TOTAL 2011/12 £	Combined 2012/13 £	Saving 2012/13 £
Payroll, incl. NI, Pension etc	1,112,500	426,900	1,539,400	1,436,887	102,513
Travel costs	34,100	17,500	51,600	47,100	4,500
Other Staff costs, incl. training etc.	23,000	7,500	30,500	38,700	(8,200)
Supplies & Services	76,500	22,525	99,025	98,125	900
	<u>1,246,100</u>	<u>474,425</u>	<u>1,720,525</u>	<u>1,620,812</u>	<u>99,713</u>
Existing Fee 2011/12	229.50	235.00			
Proposed Fee 2012/13	225.00	225.00		225.00	
Reduction – per day (£)	£4.50	£10.00			
Reduction – per day (%)	1.96%	4.26%			

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