



## **POLICY AND RESOURCES COMMITTEE (BUDGET MEETING)**

Thursday 7 February 2013 at 6.30 pm

Council Chamber - Ryedale House, Malton, North Yorkshire YO17 7HH

***All Members are invited to attend this meeting and have been sent a copy of the agenda.***

### **Agenda**

**1 Emergency Evacuation Procedure**

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

**2 Apologies for absence**

**3 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.

**4 Declarations of Interest**

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

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

### **PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL**

**5 Financial Strategy 2013/2014**

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

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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>7 FEBRUARY 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>FINANCIAL STRATEGY 2013/2014</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report sets out the budget for 2013/14, a proposed Council Tax level, the Financial Strategy, details of balances and reserves, the indicators under the Prudential Code for capital finance as required by the Local Government Act 2003 and the Pay Policy for 2013/2014.
- 1.2 Members should note that this report is prepared on the basis of the provisional Local Government Finance Settlement and a potentially significant further announcement on new burdens funding yet to be made. Further updates will be provided to the meeting.

### **2.0 RECOMMENDATIONS**

- 2.1 That Council is recommended:
- (i) To approve the Council's Financial Strategy (Annex A) which includes:
    - a. Savings/additional income totalling £721k (Financial Strategy Appendix A)
    - b. Growth Pressures totalling £616k (Financial Strategy Appendix A)
    - c. The Prudential Indicators (Financial Strategy Appendix B)
    - d. The revised capital programme (Financial Strategy Appendix D)
    - e. The Pay Policy 2013/2014 (Financial Strategy Appendix E)
  - (ii) a Revenue Budget for 2013/2014 of £7,173,800 which represents no increase in the Ryedale District Council Tax of £176.72 for a Band D property (note that total Council Tax, Including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council);
  - (iii) that Members note that the budget, as presented, still includes an unallocated revenue budget of £50k and an anticipated draw down of £100k from reserves (the same as the 2012/2013 budget);

- (iv) to approve the special expenses amounting to £43,000;
- (v) to not implement a special expense for closed churchyards in 2013/2014;
- (vi) to approve the following Council Tax Exemptions:
  - (a) Class A, 12 months at 100%;
  - (b) Class C, 2 months at 100%; and
- (vii) to note the financial projection for 2014/15 – 2016/17 and note the proposals for the Resources Working Party on the 12 March to start the budget strategy process for 2014/15 including options for service cuts.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 To agree a balanced revenue budget for submission to Council for the financial year 2013/2014 and prepare the Council to deliver the same in future years.

### **4.0 SIGNIFICANT RISKS**

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

### **5.0 POLICY CONTEXT CONSULTATION**

- 5.1 The Financial Strategy is a key strategy document that affects all service delivery. It links to the Corporate Plan and all other strategic plans as well as providing the means for attaining the Council's objectives and priorities.
- 5.2 The Policy and Resources Committee is the Committee designated to make recommendations to the Council relating to the budget and levels of Council Tax. Consequently, recommendations from this Committee will inform the Council and subsequently the Council Tax resolution.
- 5.3 Budget consultation with the public took place last year through focus groups drawn from the Council's Citizen's Panel. This work is valid to inform the 2013/14 and 2014/15 budgets. A summary of this consultation is attached at Annex B.
- 5.4 Member consultation has been through the Resources Working Party and Member Briefing.

## **REPORT**

### **6.0 BACKGROUND AND INTRODUCTION**

- 6.1 The Financial Strategy sets out the Council's financial position in the medium term in detail, including issues around the Local Government Finance Settlement and efficiencies as well as the principles and procedures adopted by the Council to manage its finances to a high standard.
- 6.2 Monitoring of the 2012/2013 budget has taken place through the Group Leaders, Resources Working Party and this Committee who receive Revenue Budget Monitoring reports.

### **Budget and Council Tax for 2013/14**

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

- General Inflation 3%
- Pay Inflation 1%
- Council Tax 0% (based on accepting the Council Tax Freeze grant)
- Fees and Charges 3.5% to 4.5% (with exceptions considered by the Commissioning Board, the Policy and Resources Committee and Council)

### **Grant Settlement and specific grants**

6.4 The government announced on the 8 October 2012 proposals for a Council Tax Freeze Grant for 2013/2014. Members will be aware that the Council has accepted the grant in the previous two years, the following table outlines the grant offers accepted and the latest offer:

<b>Budget Year</b>	<b>Offer</b>
2011/2012 Budget	Grant equivalent to 2.5% increase in council tax for those authorities who do not increase council tax. This funding was 'baselined' and therefore funding provided for subsequent years.
2012/2013 Budget	Grant equivalent to 2.5% increase in council tax for those authorities who do not increase council tax. This grant was a 'one-off' and therefore created a financial pressure in 2013/2014.
2013/2014 Budget	Grant equivalent to 1% increase in council tax for those authorities who do not increase council tax. This grant is payable in 2013/2014 and 2014/2015.

6.5 In addition to the above the Government has confirmed that any increases in Council Tax above 2% or £5 (whichever is the higher) in 2013/2014 would require a public referendum. A £5 increase would equate to a rise of 2.82%. Members should be aware that the estimated cost of such a referendum in Ryedale would be c£70k.

6.6 The Draft Local Government Finance Settlement was announced on the 19 December 2012, with the information arriving sporadically over the subsequent days. At the time of writing this report some information and the final announcement had not been received.

6.7 This year sees a fundamental change in the Local Government Finance System. Central Government support for local authorities in 2013/2014 in the main comes from:

- Retention of a proportion of Business Rates (based on an assumed business rates income less a fixed tariff) = £1.432m
- Revenue Support Grant (RSG) (under revised formulae) = £2.152m

6.8 The Business Rates proposals involve RDC retaining 40% of business rates collected in the District but having to pay over a fixed tariff to the Government. The tariff is index linked and the scheme is planned to operate up to 2020. The Council is therefore at risk for underachieving its business rates target, but can benefit to a limited extent if it overachieves its target (a 50% levy payment to Government of any overachievement applies).

6.9 The following table sets out the target and estimated actual position for Business

Rates Retention Scheme for 2013/2014 for RDC:

	Target £m	Est. £m
Business Rates Income Ryedale	15.925	16.278
RDC Share (40%)	6.370	6.511
Tariff payable to Government	4.938	4.938
Levy payment		0.071
Business Rate Income retained by RDC	1.432	1.502

- 6.10 In addition to the above there are the following additional specific grants which will be received by RDC:

Grant	£k
Council Tax Freeze Grant (re 2013/2014)	37
Localised Council Tax Support Transition Grant	11
New Burdens Funding – Localised Council Tax Support	33

- 6.11 Council Tax income, including the projected surplus on the collection fund is estimated at £3.520m. This is a reduced Council Tax figure compared to 2012/2013 due to the Localisation of Council Tax Support, which has the effect of reducing the tax base. RDC receives grant, which is included within the RSG figure to offset some of this reduction.

#### Base Budget Adjustments

- 6.12 These are as follows:

Issue	£k	Comments
Pay and Price Inflation	133	3% Price and 1% Pay
Cost of Borrowing	80	Brambling Fields Junction Improvements
12/13 Freeze Grant	94	One Off funding in 2012/2013
Total	307	

#### Growth Items

- 6.13 The position is detailed in appendix A to the Financial Strategy at Annex A.

#### Savings

- 6.14 The Council has shown over recent years the ability to deliver change, through investment in IT and through reshaping the services it provides to deliver a level of efficiencies which has minimised the cuts to services required. The following table outlines the significant savings achieved by the Council after the 'Austerity' financial settlements started.

Savings Programme	£k	Main themes
One-11 (2011/12 Budget)	1,127	Service reviews for Environmental Health, Housing, Planning, Tourism, voluntary redundancy window, budget review, CMT review
Going for Gold (2012/2013 Budget)	628	Streetscene review plus budget review
Round 3 (2013/2014 Budget)	721	Review of back office (Hub creation), CMT, budget review
Total	2,476	

- 6.15 Appendix A to the Financial Strategy highlights the savings/additional income identified for the 2013/14 budget, totalling £721k.

### Summary Position

- 6.16 Taking all of the above into account the summary position (excluding New Homes Bonus) is as follows:

Issue	£k
Base Budget Brought forward	6,972
Add:	
Base Budget Adjustments	307
Growth items	616
Total 'Cost'	7,895
Less:	
External Support	7,174
Efficiencies/Savings	721
Balance	0

- 6.17 Given the significant efficiencies already within the proposed budget and Financial Strategy it will be difficult to identify additional robust deliverable efficiency savings for the 2013/2014 budget. Therefore any Member proposals for additional expenditure will necessitate allocation of some of the 2013/2014 New Homes Bonus or cuts to existing services.

### New Homes Bonus

- 6.18 The provisional New Homes Bonus (NHB) allocations for 2013/2014 have been announced with RDC earning £707,942 in total, of which c£268k relates to development undertaken in 2012/2013.
- 6.19 The budget proposals as presented make no assumption on the use of NHB to support the revenue budget in 2013/2014. This position is not replicated in all Authorities, with many using NHB to support the 2012/2013 revenue budget and more likely to use NHB to support the 2013/2014 budget. NHB is top sliced from spending control totals. If it was not distributed in the form of NHB the amount RDC receives from RSG would be higher, although it is acknowledged that the current basis of NHB distribution is favourable to District Councils.
- 6.20 The 2013/2014 allocation may be considered by Members in setting the 2013/2014 Revenue Budget, or at a suitable time during the year.

### Capital Programme

- 6.21 The Financial Strategy provides a detailed breakdown of the Council's Capital Programme up to 2016/2017 totalling £9.252m. External funding of £3.109m is included, leaving a balance of £6.143m to be financed by the Council's funds and reserves as follows:

Funding Source	£
Capital Fund	2,666K
Capital Receipts	1,407K
Borrowing	2,070K
	6,143K

6.22 The principle of the capital plan is that only those schemes which are fully worked up, evaluated and approved by Members and as such would not require further Member approval to proceed (other than in meeting constitutional requirements) are within the Capital Programme. The Capital Programme, as profiled above, necessitates borrowing to be undertaken in 2013/2014.

6.23 Members should note that there are £549k unallocated capital resources available for investment in new schemes based on existing assumptions of capital receipts.

#### **Pay Policy 2013/2014**

6.24 The Pay Policy for RDC for 2013/2014, as required under the Localism Act is attached at appendix E to the Financial Strategy (Annex A). Members will note that there are few changes to the policy as presented to Council in March 2012.

#### **Special Expenses**

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

<b><u>Town/Parish</u></b>	<b>£</b>
Malton	4,850
Norton	12,400
Pickering Rural	25,750
<b>TOTAL SPECIAL EXPENSES</b>	<b><u>43,000</u></b>

#### **National Non-Domestic Rates (NNDR)**

6.26 For 2012/13 the NNDR multipliers are: a small business non-domestic rate multiplier of 45.0p and a non-domestic rate multiplier of 45.8p. For 2013/14 the draft multipliers are 46.2p and 47.1p respectively.

#### **Prudential Code**

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

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

#### **Funds & Reserves**

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

6.30 The Council's revenue budget for 2013/2014 assumes a £100k draw on the General Reserve to support the budget. The Council's revenue budget has been approved with a planned draw down on reserves to balance the budget in every year since 2006/07.

6.31 Members are aware of the claim from the Fitzwilliam (Malton) Estates, following the award of partial costs in the Livestock Market Planning Application appeal. The exact value of the claim is likely to be agreed during 2013/2014. As previously stated at that time options will be brought before Members to decide how to finance the costs. It is



likely that reserves will be used to meet the cost with an officer recommendation likely to involve funding from the Operational Reserve and Improvement, Contingency and Emergency fund.

### **Special Expense for Closed Churchyards**

6.32 Members have considered this issue in recent years, most recently at Council on the 1 November 2012 where it was resolved:

That Council:

- 1) Support option 2 from paragraph 6.13 of the report to apply a Special Expense to those parishes in which the closed churchyard is located to cover in full the maintenance costs' in principle and to be considered further as part of the budget and Council Tax proposals presented to Council.
- 2) Calls upon HMG to repeal the relevant part of the LG Act (1972) 'maintenance of closed churchyards', the aim being to ensure that all religious bodies maintain their own buildings and land. Thus avoiding the council tax payers having to pay for the costs of other peoples' religion.
- 3) Writes to our MP, other local authorities and appropriate local and national government offices to request support.

6.33 If Members choose to implement a special expense for closed churchyards with the budget as proposed within the financial strategy, the Council would not be eligible to receive the Council Tax Freeze Grant for 2013/2014, as special expenses form part of the precept calculation.

6.34 Members will see revenue provision within the growth items of £30k for 2013/2014 to provide the necessary resources within the Council to manage its obligations. The issue of a special expense for closed churchyards can be considered in future budget rounds, which may then be able to generate a revenue saving.

### **Council Tax Exemptions**

6.35 The Government through the Finance Act has relaxed the granting of certain exemptions to Council Tax to a Billing Authority decision. The two material flexibilities relate to:

- Class A – Properties undergoing structural repairs, current exemption 12 months of 100% reduction.
- Class C – Empty and Unfurnished properties, current exemption 6 months of 100% reduction.

6.36 In approving the Local Council Tax Support Scheme for 2013/2014 at Council on the 10 January 2013 Members resolved to make changes to exemptions as part of the 2013/2014 budget strategy of £196k.

6.37 In order to achieve this, Members will need to decide the levels of exemption. Members should be aware that Authorities are approaching this issue very differently and taking a local decision with no pattern emerging. The following table provides some options:

<b>Exemption</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>
Class A	12 months 100%	12 months 50%	12 months 50%
Class C	2 months 100%	6 months 50%	1 month 100% then 5 months at 30%

6.38 In considering collection and operational customer issues, plus the benefit of incentivising returning properties back into use, option A is recommended.

### **The 2014/2015 – 2016/2017 Budgets**

- 6.39 The two year settlement announcement enables the Council to predict its likely position in 2014/2015. Whilst years beyond that will form part of the next spending review an estimate of support can be made based on existing Government announcements and commitments.
- 6.40 Annex C to this report provides the Medium Term Revenue Forecast. The stark picture is that in the three years 2014/2015 to 2016/17 the Council may need to consider cuts totalling c£1.4m. It is estimated that the Council will receive over £1m less in RSG in 2016/2017 compared to 2013/2014.
- 6.41 The forecast as presented makes the assumption that New Homes Bonus will be used to finance the cut in RSG. Even with this assumption cuts of £417k will be required. Officers believe this will be a significant challenge with the current scale of the Council's existing budget and services.
- 6.42 To carefully manage and implement any cuts required for 2014/2015 and beyond, the work required is planned to start at Resources Working Party on the 12 March 2013.

### **Local Government Act 2003 – Section 25 Report**

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

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

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

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

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

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

In setting the Revenue budget for 2013/14 **I consider that the proposed budget is robust, and reflects a realistic and prudent view of all anticipated expenditure and income.**

The total savings and additional income proposals are £721k. This level is significant in relation to the Authority's overall budget and therefore inherently carries a risk. The achievement of these savings will be crucial in managing within the budget. The risk of this has been mitigated in part by thoroughly reviewing all savings proposals for their robustness, and effective budget monitoring procedures are in place. Most savings have been identified through the Round 3 programme. As a result many are considered low risk in that several months planning and lead in to the 2013/2014 budget has been possible to embed procedures to secure the savings. However, there inevitably remains a risk in delivering on this level of efficiency savings and there is always potential for delay in achieving savings or failure to achieve income targets. Where this occurs, compensating savings will need to be identified. Assumptions are within the 2013/2014 budget that the 3 month moratorium £58k will be delivered. The Car Parking and Development Management budgets have both been problematic in 2012/2013 and the adjustments made in the proposed budget should reduce the risks from these major income budget services.

The overall level of reserves is considered in detail within the Financial Strategy. Notwithstanding the award of partial costs against the Council arising from the Fitzwilliam (Malton) Estates Planning application appeal, which are likely to be payable in 2013/2014, I consider that the overall level of reserves is adequate.

The Capital Plan and Capital Programme have been regularly reviewed during the year. The unapplied capital resources will need to be considered in knowledge of the ongoing expectations of low interest rates and limited capital receipts generated by the Authority. It is important that proper project management disciplines are followed for schemes within the programme together with regular monitoring to minimise the potential for unexpected overspends. It is expected that the account for the Brambling Fields junction improvements will be finalised in 2013/2014. It is likely that this will be in excess of the existing budgetary position. The inclusion of the scheme in the capital programme initially with very conservative estimates of developer contributions will enable the Council to review that assumption in managing the overspend primarily caused by the exceptional weather.

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

### **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
Significant financial implications on the Council are detailed in the report and the Financial Strategy.
- b) Legal  
There are no additional legal issues on the Council from the recommendations.

c) Other

The proposals within the Financial Strategy do impact on the staffing resources of the Authority. Appropriate procedures and plans are in place to manage these issues.

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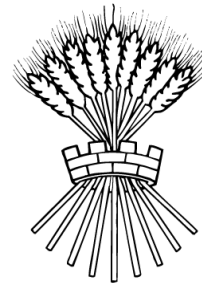
**Background Papers:**

None

**Background Papers are available for inspection at:**

N/a

RYEDALE  
DISTRICT  
COUNCIL



# FINANCIAL STRATEGY

2013 - 2017

# **FINANCIAL STRATEGY**

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### **Main Report**

1. Purpose and Scope
2. Objectives of the Financial Strategy
3. The Current Financial Position
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6. Development of the Financial Strategy
7. The Capital Plans 2013 – 2017
8. Balances and Reserves
9. Impact/Risk Assessment
10. Pay Policy 2013/2014
11. Conclusion

**Appendix A:** 2013/2014 Revenue Budget Pressures and Savings

**Appendix B:** Prudential Indicators

**Appendix C:** Reserves and Balances

**Appendix D:** Capital Programme 2013 – 2017

**Appendix E:** Pay Policy 2013/2014

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

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

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

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

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

In particular it:

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

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

## **2. OBJECTIVES OF THE FINANCIAL STRATEGY**

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

1. Budgets are Prudent and Sustainable in the Long Term,
2. Financial plans recognise corporate Priorities and Objectives,
3. Significant risks are identified, and mitigation factors identified,
4. The Capital Programme is planned over a 4 year period. Borrowing will only take place where there is a clear financial business case to borrow and it meets the requirements of the Prudential Code,
5. Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account,
6. Council Tax increases will be kept below the Government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change,
7. Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council,
8. Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy,
9. The Financial Strategy supports the achievement of Excellence in Financial Management and use of resources.



### 3. THE CURRENT FINANCIAL POSITION

The Council's net budget for 2012/13 totals £6.972m after allowing for £100,000 contribution from the General Fund Reserve and is allocated to services as shown:

Service	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central Services	10,667	9,158	1,509
Cultural & Related Services	1,433	57	1,376
Environmental & Regulatory Services	4,154	1,696	2,458
Highways & Transport Services	364	824	(460)
Housing Services	13,885	12,757	1,128
Planning Services	2,678	853	1,825
	33,181	25,345	7,836
General Fund Reserve			(100)
Other Financial Adjustments			(764)
<b>Net Revenue Budget</b>			<b>6,972</b>
Financed By:			
Government Formula Grant			3,207
Collection Fund Surplus			48
Ryedale District Council Precept			3,717
<b>Total</b>			<b>6,972</b>

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

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

Appendix A details the budget pressures and savings/additional income proposals for the 2013/2014 budget.

Council Tax currently pays for 54% of the Council's revenue spending. With 46% of the Council's resources come from central government, the financial strategy is to some extent shaped by factors outside the Council's immediate control. However, there are many facets to an effective financial strategy, and the Council must ensure it proactively manages its resources with a view to ensuring robust financial planning that delivers Council priorities.

#### **External Factors:**

**Revenue Support Grant and Retained Business Rates** - In late December 2012 Government announced the draft 2 year financial settlement for Local

Government covering 2013/2014 and 2014/2015. The two year announcement was welcomed. The Council will support lobbying for early announcements of future years. However, there will remain significant uncertainties in long term planning, as the level of grant is only one part of a complicated set of assumptions in long term financial planning.

The Government also committed to a further spending review, to start in 2013, and to cover the period 2015/2016 onwards.

The Revenue Support Grant will see substantial reductions in future years. The fundamental change to the Local Government Finance Settlement for 2013/2014 sees the introduction of the 'Business Rate Retention Scheme'. Under this scheme RDC keeps a proportion of business rates collected, but must pay a fixed tariff from its share. The retained share is 40% and any above target performance will increase the retained share for Ryedale (after paying a levy of 50% of any growth). The down side risk is that any reductions in collected business rates will see a 40% reduction in RDC income. Careful monitoring of business rates collection and appeals will be required.

***Public Spending Plans and National Priorities*** - It is clear from the last Comprehensive Spending Review and the subsequent autumn statements that the Authority will see several years of reducing Government financial support. Public services are however under increased pressure from their customers for improved service provision. In addition new legislation proposals may create burdens as well as opportunities for the Council. This financial strategy seeks to ensure national priorities are considered alongside local priorities.

### ***Efficiencies***

The requirement to formally record and report efficiencies has now been removed however the achievement of efficiencies will be essential to balancing the Council's budget with minimal impact to front line services with the likely levels of government Grant support.

These efficiencies have to be achieved through a greater focus on Value for Money (VFM) and through a culture of innovation. Responsibility for identifying opportunities for efficiency gains are left to individual Councils and it will be up to them to put in place the processes that they need to plan VFM projects, track delivery, measure achievement, and assure service quality. The Council's Corporate Efficiency Programme, which started with the One-11 programme for 2011/2012, Going for Gold for 2012/2013 and Round 3 for 2013/2014, will be an essential tool in delivering savings to meet the target and to finance other services within the Authority. Having completed the review of the whole organisation, the scope for significant savings without more radical approaches to service delivery will not be there. Careful evaluation of more radical approaches and proper consideration of risk will be vital to deliver sustainable savings.

### ***Additional Cost Pressures***

There has been a trend in local government in recent years for additional cost pressures (for example pay increases, impact of meeting national targets, new duties/legislation) to significantly outweigh increases in Government

funding. In addition to this some of the pressures carry significant growth year on year, which is not reflected in Revenue Grant Settlements.

The significant issue for the 2013/2014 budget and beyond is the Localisation of Council Tax Support. This legislative change passes the discretion and risk of council tax support with local authorities. Whilst the Council in 2013/2014 has agreed a scheme with some cuts to benefits, using changes to Council Tax exemptions to manage the overall 10% cut in funding, the claimant profile and national underclaiming of the existing benefit is a risk to RDC. Again careful monitoring will be required as will the consideration of greater cuts to working age claimants. Collection rates, increased demand and costs of collection will be key issues. The new burdens funding from Government for two years is welcomed, but needs to be properly reflected in future spending reviews.

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

### ***New Homes Bonus***

This funding started in 2011/2012 and provided Authorities funding based on the number of new properties brought into use with an added element for affordable housing. The calculation provides that 80% of the funding is paid direct to District Councils with the County Council receiving the remaining 20%. This funding under the local government finance scheme is now provided through a top slice of aggregate external funding.

RDC has not used this funding to supplement its revenue budget in 2011/2012 and 2012/2013, nor is such a move proposed for the 2013/2014 budget. The following table set out the received and predicted income from New Homes Bonus for RDC:

<b>Year</b>	<b>£</b>
2011/2012 (received)	214,540
2012/2013 (received)	439,779
2013/2014 (due)	707,942
2014/2015 (estimated)	942,000
2015/2016 (estimated)	1,178,000
2016/2017 (estimated)	1,414,000

With ongoing cuts to RSG predicted for a number of years, using part or all of the New Homes Bonus for the revenue budget will need to be considered against the alternative of cuts to services.

### ***External Funding***

The Audit Commission sees the achievement of external funding as a key part in the demonstration of Value for Money. It is likely that the Local Economic Partnerships (LEP) could have roles in the distribution of external funding and RDC will need to ensure it has a voice and link to the LEPs.

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

### ***Pensions***

The Council's contribution rate for the North Yorkshire Pension Fund (NYPF) is set based upon the returns to the fund and the recovery period for the fund. These are affected by economic fluctuations and with the economic downturn increases in contribution rates may ensue. The contribution rates are established in consultation with the Council based on a triennial review by the actuary. Changes to the scheme benefits have been made which should reduce overall costs. Notwithstanding this the NYPF continues to see reduced returns and a difficult overall funding position. The next review of local authority contributions will take place during 2013/2014 and some estimation of the impact is included in the Financial Strategy.

### ***Significant Partnerships***

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

- Ryedale Strategic Partnership
- North Yorkshire Building Control Partnership
- White Rose Home Improvement Agency

Further partnerships and shared service may be sought to secure efficiency savings and/or service resilience in future years. Proper governance and security of Council finances will be an important consideration of any such proposals.

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

## **4. THE FINANCIAL STRATEGY OBJECTIVES**

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

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

This seeks to ensure that budgets recognise real cost pressures.

This will be achieved by ensuring:-

- Adequate provision is made for inflation pressures, pay awards, and new legislation

- The revenue budget is not supported by significant one off savings, or any significant use of reserves
- Effective budget monitoring to ensure early identification of issues and action planning

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

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

This will be achieved by ensuring:-

- additional investment, and savings proposals make explicit reference to corporate priorities
- Local and national targets are considered
- Long term vision and objectives are considered within the report
- Provision within financial planning figures for growth and contingency amounts based upon perceived risk

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

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

This will be achieved by:-

- Risk Management being embedded in corporate and service planning
- Financial risks being specifically considered on an ongoing basis, and specifically reflected within the Financial Strategy

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

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

This will be achieved by ensuring: -

- the development of a 4 Year capital programme
- regular review of reserves and balances
- a Corporate approach to external funding opportunities
- only includes fully evaluated schemes within the programme

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

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

This will be achieved by ensuring:-

- specific reference within each financial strategy of constraints, and current issues
- regular reporting to members on local government finance issues
- awareness of the financial position within the organisation through effective communication

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

It is important in developing the financial plan that an assumed Council Tax increase is included, ensuring that financial plans do not place over-reliance upon excessive Council Tax increases.

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

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

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

This will be achieved by ensuring:-

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

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

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

This is being achieved through:-

- The Corporate Efficiency Programmes, One-11, Going for Gold and Round 3 including monitoring and managing proposed efficiencies
- Ongoing review of costs and service standards, challenge, and benchmarking with others.

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

A Financial Plan in isolation will achieve little. It needs to be supported by:-

- Effective financial governance arrangements
- Financial Management that supports performance
- Effective Monitoring arrangements
- Effective Financial Reporting

This will be achieved by

- Implementation of the action plans following external inspection
- Developing the financial culture within the Council
- Financial reporting and documentation based upon stakeholder needs
- Maintaining the quality and performance of the Financial Systems
- Training and Development – finance/non finance
- Integration of financial and non financial performance measures

### **5. THE REVENUE PLAN 2013-2017**

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

#### ***Local Government Finance Settlement***

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

To strengthen financial stability and promote medium term financial planning this external funding has been announced for 2 years starting in 2013/14.

The 2-year finance settlement for the Council identified grant reductions in 2013/14 and 2014/15. Proposals beyond this are not known, and are subject to a number of uncertainties including the next spending review starting in 2013. Predictions are that funding support will continue to be cut and the medium term predictions incorporate the best estimates based on Government announcements.

#### ***Localised Business Rates***

As previously stated the Council retains a proportion of business rates out of which it must pay a fixed tariff (subject to RPI uplift). The revenue plan takes the estimated business rates income for 2013/2014 and assumes no growth in business rates base over the plan period. Using these figures the Council starts ahead of its target and any increase in business rates carries a 20% windfall to RDC.

## **Council Tax**

In accordance with Objective 6 of this Financial Strategy, the plan makes a clear assumption that future Council Tax increases will be restricted to below Government upper limits. The Government have set the limit above which increases in Council Tax must be subject to referendum at 2% or £5 (whichever is higher) for 2013/2014. With a District wide referendum likely to cost in excess of £70k, the authority must look to manage increases below this threshold and future forecasts assume the referendum limit will continue at this level.

The proposed Council Tax increase for 2013/14 is 0% and the Council will benefit by grant equivalent to 1% of 2012/2013 Council Tax in both 2013/14 and 2014/15. Future years Council Tax rises are provisionally predicted at 2%.

## **Inflation rates and pay increases**

The medium term plan makes provision for inflation and pay awards as follows:

*Inflation:* a composite rate of approximately 3% has been used for non-salary expenditure budgets

*Pay awards:* an estimated increase of 1% has been included for 2013/14. Future years are based on a 1% increase.

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

The ongoing effect of current policies is included in the plan. These additional costs include planned changes in the contribution rate to the Pension Fund, salary increments and revenue implications of capital projects.

## **Spending Pressures Contingency**

The plan assumes provision to meet spending pressures as follows:-

2014/15 - £250,000

2015/16 - £100,000

2016/17 - £100,000

Provision is included for years 2014 onwards to recognise the likelihood of additional burdens/pressures upon the Council.

## **Efficiency savings**

The Council no longer has efficiency targets set by Government. The Budget for 2013/2014 includes estimated efficiency savings and additional income of £721k. These have been primarily delivered through the Corporate Efficiency Programme – Round 3.

The Corporate Efficiency Programme will be the tool for identification, monitoring and delivery of the efficiencies required for the Council's financial



strategy. However, in recognising the need to achieve such a scale of transformation the Council needs to look closely at all areas of potential efficiency including increased partnership working, shared services, procurement, trusts and streamlining services.

### ***Risks, contingencies and balances***

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

## **6. DEVELOPMENT OF THE FINANCIAL STRATEGY**

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

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

- § help Members to determine priorities;
- § forecast the changes in demand for services;
- § identify the likely financial implications of changes in legislation;
- § demonstrate the future cost of policies or proposals;
- § match the demand for spending with the resources likely to be available; and
- § provide a financial framework within which services and individual managers can plan their services.

### **The budget process**

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

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

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

## **Consultation and Communication**

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

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

- Budget Consultation – working with Parish Councils, the Citizens Panel and meeting with harder to reach groups.
- Regular communication with staff at all levels and with Unions

## **Budget Monitoring arrangements**

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

The monitoring process focuses on high risk budgets and involves:

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

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

## **7. THE CAPITAL PLANS 2013 - 2017**

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

### ***a) Prioritisation methodology***

New schemes are reviewed against the Council priorities plus a detailed assessment of deliverability prior to consideration by Council. This methodology will be applied to all proposals, regardless of the source of funding, prior to any decision being made to apply for external capital support such as grant funding, so that the Council can ensure that they form part of an overall capital investment strategy.

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

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

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

### ***c) Affordability of funding***

#### **Financing the Capital Programme for the Future**

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

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

#### ***The Prudential Code***

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

#### ***Revenue Implications***

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

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

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

- Reviewing the capital programme annually.

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

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

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

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

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

## **8. BALANCES AND RESERVES**

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

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

In assessing the adequacy of the contingencies, balances and reserves, the Corporate Director (s151) takes account of the key financial assumptions underpinning the budget, together with an assessment of the Council's financial management arrangements. This assessment will include a review of

past performance and external influences on the financial plan, and full consideration of the risks and uncertainties associated with the plan, their likelihood and potential impact.

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

Appendix C details the position on the Councils Reserves

## **9. IMPACT/RISK ASSESSMENT**

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

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

The key risks identified for 2012/13 and in the medium term are listed below, together with comments on how they will be managed:

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

Budget does not reflect corporate priorities	Council fails to achieve Corporate plan with consequent impact on Community Plan. Adverse external inspection.	Not Likely	Major	Ensure corporate involvement in the process. Early consideration of budget pressures and legislation changes. Regular reporting to members. Up to date Service Delivery plans in place.	Not Likely	Minor
The capital programme is not affordable	Council may need to remove existing planned schemes from the programme or use reserves earmarked for other purposes. Adverse External inspection.	Likely	Major	Schemes are monitored and reported on a regular basis. Financing profile based on realistic assumptions. Ensure only fully evaluated schemes are included within the programme with sufficient contingency sums.	Not Likely	Medium
Poor budget planning with decisions being made without proper consideration/consultation	Council fails to meet community needs, adverse impact on Corporate and Community Plan. Adverse external inspection	Likely	Major	Develop a long-term financial strategy. Set out a clear budget timetable. Regular updates to Members. Effective ongoing consultation processes.	Not Likely	Minor
Council Tax Support scheme –above expected demand or collection rates not achieved	Collection fund into deficit which may require savings/cuts in future years. Impact on other major preceptors	Likely	Major	Proper assessment of likely take up based on historic trends, comparison with other authorities, in year monitoring of spend and collection	Not Likely	Major
Decision on Pension fund contribution rates create future significant cost pressure	Additional savings/cuts to services required in future years	Likely	Major	Market interest rates and investment returns are expected to improve. National review of Pension scheme could alter benefits and Authority contributions.	Likely	Medium





## **10. PAY POLICY 2013/2014**

The Localism Act 2011 requires that the authority produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. The Council's first pay policy was produced last year. The Pay Policy for 2013/2014 is incorporated within this Financial Strategy at Annex E.

## **11. CONCLUSION**

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

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

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

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

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

## APPENDIX A

### 2013/2014 Budget Pressures

		£'000
<b>Reduced Income</b>		
- Benefits/NNDR Admin grant	Cut to funding from Central Government	21
- Rental Property	Ryedale, House, Bowls Club and other	56
- Car Parking	Budget Realignment	60
- CTB Subsidy	Loss from Localised Council Tax Support	32
- Building Control	Ongoing market conditions	20
- Other	Crime Funding, Cesspool emptying, Street Naming	23
<b>Service Cost Pressures</b>		
- Community Leisure	Pensions back funding cost pressure	10
- Motor Insurance	Increase following tender	36
- Other	Various inc. HIA (£6k)	22
<b>Service Investment</b>		
- Legal Support	Investment to meet service pressures	40
- Asset Rationalisation Support	Investment to meet service pressures	20
- Revenues and Benefits	Investment to meet service pressures and LCTS	35
- Closed Churchyards	Establishment of Revenue Budget	30
- External Fraud Support	Outsource of Benefit Fraud function	15
- Empty Property Officer	Support to generate New Homes Bonus	12
<b>Other</b>		
- Members IT	Provision for replacement of existing hardware	20
- Parish Councils Grant	Mitigate impact of LCTS	65
- Homelessness Budget	Matched by increase in grant support	85
- Hardship Fund	Localised Council Tax Support	6
- Welcome to Yorkshire Subscriptions	Increase from £2k to £10k requested	8
<b>Total</b>		<b>616</b>

### 2013/2014 Efficiencies/Savings/Additional Income Proposals

Proposal	Savings £'000	Risk L/M/H
<b>Additional Income</b>		
- Planning Fees (15% national fees uplift)	20	M
- Rental Income	28	M
- Charging for Coaches in carparks	10	M
- Harrison House Car Parking	10	L
<b>Additional Grant</b>		
- Council Tax Freeze Grant	37	L
- LCTS Transition Grant	11	L
- LCTS New Burdens Funding	33	L
<b>Cost Savings</b>		
- Salary savings, Restructure, Budget Review	429	L
- CCTV and Skatepark	17	L
- Barcoding Council Bills, area cash office closures	50	M
<b>Other</b>		
- Discretionary Rate Relief (Now part of Rate Retention System)	76	L
<b>Total of Savings</b>	<b>721</b>	

## Prudential Indicators

### Capital Expenditure

The actual capital expenditure that was incurred in 2011/12 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2011-12 Actual £'000	2012-13 Forecast £'000	2013-14 Estimate £'000	2014-15 Estimate £'000	2015-16 Estimate £'000
Total Capital Programme	4,478	3,068	4,084	700	700

### Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2011/12 are:

	2011-12 Actual	2012-13 Forecast	2013-14 Estimate	2014-15 Estimate	2015-16 Estimate
Estimate of ratio of financing costs to net revenue stream	0.89%	1.57%	2.69%	2.57%	1.68%

### Capital Financing Requirement

Estimates of the Capital Financing Requirement for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2012 are:

2011-12 Actual £'000	2012-13 Forecast £'000	2013-14 Estimate £'000	2014-15 Estimate £'000	2015-16 Estimate £'000
473	295	2,327	2,832	2,585

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

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

*"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years."*

The Corporate Director (s151) reports that the authority had no difficulty meeting this requirement in 2011/12, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### **Authorised Limit for External Debt**

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

	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Borrowing	20,000	20,000	20,000	20,000
Other Long Term Liabilities	1,000	1,000	2,000	2,000
Authorised Limit	21,000	21,000	21,000	21,000

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

### **Operational Boundary for external debt**

The Council is also asked to approve the following operational boundary for external debt for the same time period. The proposed operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly the Corporate Director's (s151) estimate of the most likely, prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate. The operational boundary represents a key management tool for in year monitoring by the Corporate Director (s151). Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified.

The Council is also asked to delegate authority to the Corporate Director (s151); within the total operational boundary for any individual year; to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Borrowing	5,000	5,000	5,000	5,000
Other Long Term Liabilities	600	300	1,100	900
Operational Boundary	5,800	5,600	5,600	6,300

The Council's actual external debt at 31 March 2012 was nil. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2013/14 (see above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

### **Estimate of Incremental Impact of Capital Investment**

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

For the Band D Council Tax	2013/14	2014/15	2015/16
	£4.15	£6.61	£6.60

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

### Consideration of options for the capital programme

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

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

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

**APPENDIX C**

**Key Reserves and Balances**

	General Reserve	Capital Fund	Capital Receipts	Capital Grants & Conts	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2012</b>	<b>648</b>	<b>2,134</b>	<b>127</b>	-	<b>2,909</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	100	-	-	100
Capital Receipts	-	-	20	-	20
Capital Grants & Contributions	-	-	-	822	822
	648	2,309	147	822	3,926
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-144	-	-	-	-144
Capital Expenditure	-	-2,236	-10	-822	-3,068
<b>Estimated Balance 31 March 2013</b>	<b>504</b>	<b>73</b>	<b>137</b>	-	<b>714</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	80	-	-	80
Capital Receipts	-	-	1,170	-	1,170
Capital Grants & Contributions	-	-	-	1,687	1,687
	504	228	1,307	1,687	3,726
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-100	-	-	-	-100
Capital Expenditure	-	-226	-101	-1,687	-2,014
<b>Estimated Balance 31 March 2014</b>	<b>404</b>	<b>2</b>	<b>1,206</b>	-	<b>1,612</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	108	-	-	108
Capital Receipts	-	-	30	-	30
Capital Grants & Contributions	-	-	-	200	200
	404	185	1,236	200	2,025
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-	-	-	-	-
Capital Expenditure	-	-184	-316	-200	-700
<b>Estimated Balance 31 March 2015</b>	<b>404</b>	<b>1</b>	<b>920</b>	-	<b>1,325</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	185	-	-	185
Capital Receipts	-	-	30	-	30
Capital Grants & Contributions	-	-	-	200	200
	404	261	950	200	1,815
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-	-	-	-	-
Capital Expenditure	-	-	-500	-200	-700
<b>Estimated Balance 31 March 2016</b>	<b>404</b>	<b>261</b>	<b>450</b>	-	<b>1,115</b>

RYEDALE DISTRICT COUNCIL - PROPOSED CAPITAL PROGRAMME 2012/13 TO 2016/17

Citee	Category / Scheme	2012/13 Rev Est £'000	2012/13	2013/14	2014/15	2015/16	2016/17	Total	External	Net RDC	Net Cumulative £'000	Comments	External Funding Assumptions		Revenue Implications					
			Forecast £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Cost £'000	Funding £'000	Cost £'000			£'000	Comments	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	Comments
<b>ASSET MANAGEMENT</b>																				
CB	Car Parks Major Repairs	60	60	0	0	0	0	60	0	60	60	In accordance with Asset Mgt Plan, Hith & Safety risk	0		0	0	0	0	0	
CB	Vehicle Replacement Programme	25	25	0	25	25	25	100	0	100	160	Replacement for recycling, street cleansing and grass cutting services	0		0	0	0	0	0	
CB	Public Conveniences Refurbishment	0	4	30	0	0	0	34	0	34	194	Refurbishment of sites	0		0	0	0	0	0	
CB	Wall Repairs Land Castlegate Malton	75	75	0	0	0	0	75	0	75	269	Repairs to boundary walls	0		0	0	0	0	0	
CB	Recreational Open Space Development	13	13	0	0	0	0	13	0	13	282	Implement improvements identified in ILAM report	0		0	0	0	0	0	
CB	Equipment for Plastics and Cardboard Recycling	34	34	0	0	0	0	34	0	34	316	Rollout of fortnightly plastics and cardboard kerbside collection	0		80	80	80	80	80	Operational
CB	Trade Waste Equipment	0	0	15	0	0	0	15	0	15	331	Replacement of trade waste bulk bins	0		0	0	0	0	0	
P&R	Energy Efficiency Improvements to Council Property	0	0	0	0	0	0	0	0	0	331	Efficient energy use, reduce pollution	0		0	0	0	0	0	
P&R	ICT Strategy Provision	0	24	0	0	0	0	24	0	24	355	Investment programme aimed at generating revenue efficiency savings	0		0	0	0	0	0	
P&R	Property Condition Survey	413	313	225	125	125	125	913	0	913	1,268	Programme of minor capital works to property portfolio	0		0	0	0	0	0	
P&R	Ryedale House Public Areas	99	99	0	0	0	0	99	0	99	1,367	Minor capital works to Council reception area	0		0	0	0	0	0	
		<b>719</b>	<b>647</b>	<b>270</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>1,367</b>	<b>0</b>	<b>1,367</b>			<b>0</b>		<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	
<b>PRIORITY AIMS - HOUSING</b>																				
CB	Aff Hsg Init - Home Repair Loans	19	19	0	0	0	0	19	0	19	1,386	Equity loans to applicants	0		0	0	0	0	0	
CB	Aff Hsg Init - Houses in Multiple Occupation Grants	0	0	0	0	0	0	0	0	0	1,386	Improvement/repair work to help owners comply with licensing	0		0	0	0	0	0	
CB	Aff Hsg Init - Empty Property Grants	0	0	0	0	0	0	0	0	0	1,386	Bring property back into use; tenancy nomination rights	0		0	0	0	0	0	
CB	Aff Hsg Init - Exception Sites Land Purchase	100	100	0	0	0	0	100	0	100	1,486	Contribution to RSL land acquisitions	0		0	0	0	0	0	
CB	Aff Hsg Init - Decent Home Loans	10	10	0	0	0	0	10	0	10	1,496	Equity loans to applicants to bring properties towards decent homes standard	0		0	0	0	0	0	
CB	Aff Hsg Init - Home Appreciation Loans	28	28	0	0	0	0	28	0	28	1,524	Equity loans to applicants	0		0	0	0	0	0	
CB	Aff Hsg Init - Property Improvement Loans	38	38	95	95	95	95	418	0	418	1,942	Recoverable Loans to ensure properties are to the decent home standard	0		0	0	0	0	0	
CB	Aff Hsg Init - Landlord Improvement Loans/Grants	80	80	80	80	80	80	400	0	400	2,342	Recoverable Loans or Grants to Landlords	0		0	0	0	0	0	
CB	Aff Hsg Init - New Supported Accomodation Facility	0	250	600	0	0	0	850	750	100	2,442	Buckrose House	750	HCA/Developer Contrib/YH	0	0	0	0	0	
CB	Private Sector Energy Efficiency Grants	50	50	50	50	50	50	250	0	250	2,692	Provide insulation improvements	0		0	0	0	0	0	
CB	Private Sector Renewal - Disabled Facilities Grants	425	464	325	325	325	325	1,764	1,039	725	3,417	Improve access to and within properties for people	1,039	DCLG	0	0	0	0	0	
CB	Mortgage Rescue Scheme	161	21	0	0	0	0	21	0	21	3,438	Scheme in partnership with Registered Social Landlord	0		0	0	0	0	0	
CB	Malton Travellers Site	0	65	887	0	0	0	952	952	0	3,438	Scheme to create 7 new pitches and upgrade the current pitches at Tara Park	952	HCA/Developer Contrib	0	0	0	0	0	
		<b>911</b>	<b>1,125</b>	<b>2,037</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>4,812</b>	<b>2,741</b>	<b>2,071</b>			<b>2,741</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>PRIORITY AIMS - JOBS</b>																				
P&R	Provision for Managed Workspace Facilities	0	0	550	0	0	0	550	0	550	3,988	Provision for contribution to external scheme	0		0	0	0	0	0	
		<b>0</b>	<b>0</b>	<b>550</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>550</b>	<b>0</b>	<b>550</b>			<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>MAJOR SCHEMES</b>																				
P&R	A64 Brambling Fields Junction Upgrade	634	634	0	0	0	0	634	223	411	4,399	Contribute to upgrade for improvement to traffic managem't in Malton	223	Developer Contributions	0	80	128	128	128	Borrowing
P&R	Refurbishment of Stanley Harrison House	331	331	0	0	0	0	331	0	331	4,730	Accommodation for RCVA, CAB & NYCC functions	0		0	0	0	0	0	
		<b>965</b>	<b>965</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>965</b>	<b>223</b>	<b>742</b>			<b>223</b>		<b>0</b>	<b>80</b>	<b>128</b>	<b>128</b>	<b>128</b>	
<b>OTHER SCHEMES</b>																				
CB	Helmsley Sports	85	85	50	0	0	0	135	0	135	4,865	Grant for the redevelopment of existing sports facilities in Helmsley	0		0	0	0	0	0	
CB	Pickering Flood Defence	0	0	950	0	0	0	950	0	950	5,815	Major grant contribution to Environment Agency Scheme	0		0	0	0	0	0	
CB	Ryedale Folk Museum	0	0	0	0	0	0	0	0	0	5,815	Grant for the purchase & development of building to house Harrison Collection	0		0	0	0	0	0	
CB	Vale of Pickering Channel Management Pilot	5	5	0	0	0	0	5	0	5	5,820	Contribution to joint funded project	0		0	0	0	0	0	
CB	Malton Museum Relocation	0	0	0	0	0	0	0	0	0	5,820	Contribution to relocate the Malton Museum to the Derwent Fort site	0		0	0	0	0	0	
CB	Relocation of Malton Scouts	0	40	0	0	0	0	40	0	40	5,860	Contribution to relocate Malton Scouts to the Malton School Site	0		0	0	0	0	0	
P&R	Former Town Hall Malton - Stonework Repairs	20	20	0	0	0	0	20	0	20	5,860	Work required under terms of lease	0		0	0	0	0	0	
P&R	Assembly and Milton Rooms - Preservation Works	232	5	227	0	0	0	232	0	232	6,112	Work required under terms of lease to prevent further deterioration of building	0		0	0	0	0	0	
P&R	Flood Works at Kirkbymoorside and Pickering	145	163	0	0	0	0	163	145	18	6,130	Facilitate flood defence work to reduce impact of flooding to households	145		0	0	0	0	0	
P&R	Householder Flood Resistance Grants Scheme	31	13	0	0	0	0	13	0	13	6,143	Facilitate small scale works to reduce impact of flooding to households	0		0	0	0	0	0	
		<b>518</b>	<b>331</b>	<b>1,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,558</b>	<b>145</b>	<b>1,413</b>			<b>145</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>TOTAL OF PROPOSED CAPITAL PROGRAMME</b>												<b>TOTAL</b>	<b>3,109</b>	<b>TOTAL</b>	<b>80</b>	<b>160</b>	<b>208</b>	<b>208</b>	<b>208</b>	

CAPITAL RESOURCES AVAILABLE FOR NEW SCHEMES (£000's)

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CAPITAL INVESTMENT PLAN - POTENTIAL SCHEMES

	Net Cost RDC £'000	Annual Revenue Implications £'000	
P&R Heart of Malton	TBC	0	Includes Milton Rooms, Assembly Rooms, caretaker house and public realm improvements
P&R Provision for an Economic Development Scheme	1,000	0	Site acquisition & infrastructure works
P&R Milton Rooms Phase 2	500	0	Work required under terms of lease
CB Ryedale and Derwent Swimming Pools	500	0	Asset management

**CAPITAL PROGRAMME 2012/13 TO 2016/17 - SUMMARY OF FUNDING**

Source of Funding	2012/13 Rev Est Funding £'000	2012/13	2013/14	2014/15	2015/16	2016/17	Total	Scheme
		Forecast Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	
<b>External Grants and Contributions</b>								
Department Constitution & Local Government (DCLG)	200	239	200	200	200	200	1,039	Private Sector Renewal - Disabled Facilities Grant
North Yorkshire County Council	500	0	0	0	0	0	0	Stanley Harrison House
Developers Contributions	0	438	0	0	0	0	438	Malton Travellers Site, A64 Brambling Fields and Supported Accommodation Facility
Homes and Communities Agency	0	0	1287	0	0	0	1,287	Malton Travellers Site and Supported Accommodation Facility
Yorkshire Housing	0	0	200	0	0	0	200	Supported Accommodation Facility
Environment Agency	145	145	0	0	0	0	145	Flood Works
<b>Total External Grants and Contributions</b>	<b>845</b>	<b>822</b>	<b>1,687</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>3,109</b>	
<b>Ryedale DC Funding of Schemes</b>	<b>2,268</b>	<b>2,246</b>	<b>2,397</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>6,143</b>	
<b>TOTAL FUNDING OF CAPITAL PROGRAMME</b>	<b>3,113</b>	<b>3,068</b>	<b>4,084</b>	<b>700</b>	<b>700</b>	<b>700</b>	<b>9,252</b>	



## PAY POLICY STATEMENT 2013/2014

RYEDALE  
DISTRICT  
COUNCIL



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## **1 INTRODUCTION**

In accordance with Sections 38 – 43 of the Localism Act 2011 the authority is required to produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. This policy statement sets out the arrangements and meets the requirements of the Localism Act. It also complies with the guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act. This policy also correlates with the data on pay and reward for staff which the authority publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011). It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Annex A to this policy statement.

## **2 DEFINITION OF OFFICERS COVERED BY THE POLICY STATEMENT**

This policy statement covers the following posts:

1. Head of the Paid Service, which in this authority is the post of Chief Executive
2. Statutory Chief Officers (as defined under the Localism Act) which in this authority is the post of Corporate Director (Section 151 Officer).
3. Monitoring Officer
4. Non-statutory Chief Officers, (those who report directly to the Head of the Paid Service) which in this authority are the posts of:
  - Head of Economy and Infrastructure
  - Head of Planning and Housing
5. Deputy Chief Officers (those who report directly to a statutory Chief Officer) which in this authority are the posts of:
  - Head of Corporate Services
  - Head of Health and Environment

## **3 POLICY ON REMUNERATING CHIEF OFFICERS**

The authority's policy on remunerating Chief Officers is set out on the schedule that is attached to this policy statement at Annex B. The Chief Executive's and Corporate Director's (Section 151 Officer) remuneration packages are set by Elected Members. It is the policy of this authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skill level, knowledge, experience, abilities and qualities that are consistent with the authority's requirements of the post in question at the relevant time. The Chief Executive and the Corporate Director (Section 151 Officer) are the only employees appointed by Elected Members.

#### **4 POLICY ON REMUNERATING THE LOWEST PAID IN THE WORKFORCE**

The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this authority is spinal column point four of Grade one, this relates to an annual salary of £12,145 (2012/2013 £12,145) which expressed as an hourly rate of pay is £6.2951 (2012/2013 £6.2951). This pay point and salary was determined by the authority as part of a pay scale for employees employed on Local Government Services Terms and Conditions in April 2004 and has been applied since that date. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

#### **5 POLICY ON THE RELATIONSHIP BETWEEN CHIEF OFFICER REMUNERATION AND THAT OF OTHER STAFF**

The highest paid salary in this authority is £104,460 (2012/2013 £104,460) which is paid to the Chief Executive. The average median salary in this authority is £19,126 (2012/2013 £19,126). The ratio between the two salaries, the 'pay multiple' is 5.46:1 (2012/2013 5.46:1). This authority does not have a policy on maintaining or reaching a specific 'pay multiple', however the authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority as expressed in this policy statement. The authority's approach to the payment of other staff is to pay that which the authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the authority meets any contractual requirements for staff including the application of any local or national collective agreements, or authority decisions regarding pay.

#### **6 POLICY ON OTHER ASPECTS OF CHIEF OFFICER REMUNERATION**

Other aspects of Chief Officer remuneration which are appropriate to be covered by this policy statement, these other aspects are defined as recruitment, pay increases, additions to pay, performance related pay, earn back, termination payments, transparency and re-employment when in receipt of an LGPS pension or a redundancy/severance payment. These matters are addressed in the schedule that is attached to this policy statement at Annex C.

#### **7 APPROVAL OF SALARY PACKAGES IN EXCESS OF £100K**

The authority will ensure that, prior to an offer being made, any salary package for any post that is in excess of £100k will be considered by Full Council. The salary package will be defined as base salary, fees, routinely payable allowances and benefits in kind that are due under the contract.

#### **8 FLEXIBILITY TO ADDRESS RECRUITMENT ISSUES FOR VACANT POSTS**

In the vast majority of circumstances the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be

exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented except for the appointment of the Chief Executive or Corporate Director (S151).

## **9 AMENDMENTS TO THE POLICY**

It is anticipated that this policy will not need to be amended during the period it covers (1 April 2013 to 31 March 2014), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to Full Council for consideration.

## **10 POLICY FOR FUTURE YEARS**

This policy statement will be reviewed each year and will be presented to Full Council each year for consideration in order to ensure that a policy is in place for the authority prior to the start of each financial year.

## 11 ANNEX A

The Secretary of State for CLG Code of Recommended Practice for Local Authorities on Data Transparency indicates that local authorities should publish the following data concerning staff:

- Salaries, names (with an option for individuals to refuse to consent to this), job descriptions, responsibilities, budgets (including overall salary cost of staff reporting), and numbers of staff for all staff in receipt of a salary of more than £58,200
- An organisational chart of the staff structure of the authority including salary bands and details of currently vacant posts
- The 'pay multiple' – the ratio between the highest paid salary and the median average salary of the whole authority workforce

The Accounts and Audit (England) Regulations (2011) require that the following data is included in the authority's accounts:

- Numbers of employees with a salary above £50k per annum (pro-rata for part time staff) in multiples of £5k
- Job title, remuneration and employer pension contributions for senior officers. Senior officers are defined as Head of Paid Service, Statutory Chief Officers and Non-Statutory Chief Officers by reference to Section 2 of the 1989 Local Government & Housing Act
- Names of employees paid over £150k per annum

For the above, remuneration is to include:

- Salary, fees or allowances for the current and previous year
- Bonuses paid or receivable for the current and previous year
- Expenses paid in the previous year
- Compensation for loss of employment paid to or receivable, or payments made in connection with loss of employment
- Total estimated value of non-cash benefits that are emoluments of the person

For the above pension contributions to include:

- The amount driven by the authority's set employer contribution rate
- Employer costs incurred relating to any increased membership or award of additional pension.

Aspect of Chief Officer Remuneration	RDC Policy
Recruitment	The post will be advertised and appointed to at the appropriate approved salary for the post in question unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the Council's policy and any variation will be approved through the appropriate decision making process.
Pay Increases	The Council will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The Council will also apply any pay increases that are as a result of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts subject to approval by the appropriate decision making process.
Additions To Pay	The Council would not make additional payments beyond those specified in the contract of employment.
Performance Related Pay	The Council does not operate a performance related pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed in accordance with Council Policy.
Earn-Back ( Withholding an element of base pay related to performance)	The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.
Termination Payments	The Council applies its normal redundancy payment arrangements to senior officers and does not have separate provisions for senior officers. The Council also applies the appropriate Pensions regulations when they apply. The Council has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred regarding senior officers are published in the Council's accounts as required under the Accounts and Audit (England) Regulations 2011.
Transparency	The Council meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	The Council is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The Council will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post.

13 ANNEX C

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£104,460	Paid through normal authority procedures	None	None	None	None	None	Election duty fees are paid in accordance with normal authority and national procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year and none are anticipated for 2013/14.
Corporate Director (s151)	£70,000	Paid through normal authority procedures	None	None	None	None	None	Election duty fees are paid in accordance with normal authority and national procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year and none are anticipated for 2013/14.

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Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Head of Planning and Housing	£54,558	Paid through normal authority procedures	None	None	None	Paid through normal authority procedures, none planned.	Paid through normal authority procedures, none planned.	Election duty fees paid in accordance with normal authority and national procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments are anticipated for 2013/14.
Head of Corporate Services	£54,558									
Head of Economy & Infrastructure	£54,558									
Head of Health & Environment	£54,558									
Council Solicitor/Monitoring Officer	£54,558									
Head of Corporate & Business Support	£13,647									Payment £14,125 Left: 2 July 2012



### Methodology

The consultation has been planned to inform the next two years of budget decision making.

First phase – Mid November to Mid December 2012

Focus groups undertaken with members recruited from the current Citizens Panel. 4 focus groups with 8 people attending each.

Second phase - March 2013 onwards to undertake further focus groups with members of groups identified as likely to be impacted by changes to Council services, following any budget decisions. The learning from these sessions will be used to inform the assessment of the impact of any service cuts or service redesign resulting from budget decisions made in February 2013.

The focus groups were designed to reflect on the results of earlier budget consultations which identified possible areas for making savings.

The theme for the focus groups was as follows:

Over the next two years, the Council has to further reduce its budget by one fifth. This means that the Council will have to either:

- stop delivering some services or parts of services
- increase fees and charges for some services
- introduce charges for some services not previously charged for
- deliver services differently to reduce their cost

Members of the Citizens Panel were invited to take part in a focus group to find out their views on this. The focus groups were informal and made up of 8 members of the Citizens Panel each. The group were asked questions and encouraged to discuss the challenges and share their perspective and preferences for future service provision and targeting budget cuts.

Each focus group had the Council's budget position explained to them to establish the context for the next round of budget decisions:

- § Over the next two years the Council has to reduce its budget by a fifth.
- § The Council has already made savings of just over £2m since 2011.

2011-12	£1 million savings	Efficiencies achieved through service reviews, IT investment, voluntary redundancy
2012-13	£707,000	Shared Services, Waste Management review & reduction in grants to voluntary/community organisations
2013-14	£607,000	Creation of Business Hub within the Council, Budget Review & changes in Employee Terms & Conditions
2014-15 2015-16	£1,400,000	Savings to make over the next two years
Current year's revenue Budget (2012-13) is just under £7m		
Council Tax freeze since 2010 & Pay freeze since 2009		

## Summary of Outcomes

The outcomes have been organized around the areas of questioning explored with each group.

### Question 1

*Using the results of the Budget Consultation from 2010. A list of the Council's services was shown to the focus group members. The list was ordered according to which services people wanted to cut the most. The panel members were given time to study the list.*

#### **Thinking about this list, do you think this list is in the right order?**

Tourism and Tourist Information Centres was an area that people thought was in the wrong place and that it was an area that could be cut. People felt that this was an industry that provided low paid jobs and should be self financed by the Tourism Industry.

People felt that essential services should be protected especially services for vulnerable people, people in need, transport and community facilities, but that there was scope to look at the grants for arts, culture and heritage which were seen as a luxury at this time and should be self-financing.

Tackling crime and anti-social behaviour and waste collection were seen as sacrosanct, but how much we spend needs balancing against low crime rates.

Some services that only benefit a minority of the population should not be provided by the District Council eg Norton Playground & Skatepark. They should be handed over to the local council or a voluntary organisation to run.

Too many Councillors

Public conveniences should be kept in strategic areas, others that are under used should be closed.

Concerns over new houses in Norton and the strain on related facilities such as parking, schools, sewers etc. Concerns also expressed over the future of particular sites currently on the market

### Question 2

*The focus group members were handed a revised list of services which had ideas of how the Council could save money in that service area*

#### **Thinking about the bottom 5 (the services that people wanted to see cut the most) and how the services would change, how acceptable do you think that is?**

#### **Reduction in grants to the Voluntary & Community Sector**

People felt that these grants should be looked at individually and it was not fair to cut them across the board. Grants to organisations such as CAB that helped people in need should be higher priority. Some organisations may be able to get funding from other funding bodies.

#### **Reduction in opening hours Customer Services**

As long as people know when the offices are open and they can still speak to someone local on the phone or in person, they did not mind a reduction in opening hours, they did however question how much money this would save. One suggestion was to have more flexible staff rotas with skeleton cover at quieter times.

People were in favour of being able to make payments through the Post Office.

#### **Development Management - Reduce enforcement, Charging for advice, Increase charges**

People did not like the idea of cutting enforcement work, they felt this would encourage cowboy builders and inappropriate development. Instead look at increasing the fee for the application and not the advice. It was felt that the service should be improved before increasing costs, applications take too long and are overly bureaucratic, and the recent planning appeals have cost the Council money.

#### **Reduce Members allowances**

People felt that this would not save much money, however, they felt there was scope to reduce the numbers of Councillors which would result in quicker decisions.

#### **Increase use of electronic communication**

Generally, people believed that this was the way forward. However, that paper communications should still be kept as an option so as not to exclude people without a computer. Also, the website should be improved before paper communications ceased altogether.

### **Question 3**

**If there is a business that provides a service that is also provided by the Council, how would you feel if the Council stop providing that service and let the business deliver that service instead? For example Pest Control, Trade Waste**

In principle, people did feel that it was acceptable for a business to undertake these areas of work instead of the Council but people did have some reservations.

The Council's prices could be keeping the prices in the market at that level, if the Council no longer provides that service it could result in higher prices being charged by these businesses and no means to control this, which in the case of pest control could result in rat problems.

The fact that a service is run by the Council gives the service credibility and a guarantee, it was feared that vulnerable people would be taken advantage of by rogue traders.

Some people felt happier if it was a service provided to businesses that was outsourced rather than services that are provided to households.

### **Question 4**

**What do you think about charging for services? (On top of the Council Tax you pay) E.g. Garden waste collection**

In the case of garden waste collection, the majority were not in favour of being charged for this service. People couldn't see how this could work, with some households opting in and out. They felt the green waste would be put in the household waste bin and end up in landfill sites. They also felt it could increase fly-tipping and might increase the amount of bonfires. It was also thought it could disadvantage elderly people. Some people felt that the Council should not be paying farmers to dispose of green waste. The Council should compost it and sell it. However, they did feel unanimously that it was acceptable to not collect green waste in the winter months.

In general, people were not keen on charging for services on top of Council Tax and would rather see savings made in other ways. People said the Council Tax was high enough already and people struggle to pay it without paying extra.

In the case of car parks, they wanted to see charges reduced for Ryedale residents and increased for tourists, with different charges in different locations.

Licensing should be self-financing and a profit should not be made out of it.

Introduce charging for public conveniences.

### **Question 5**

**Please could you look at the rest of the list and is there anything that is either totally unacceptable or on the other hand is acceptable? For example; stopping winter collections of garden waste.**

Although people believed crime prevention was important, they know that Ryedale is a low crime area and felt at what stage do you stop putting money into education and just maintain the levels of policing. People didn't feel it was a good idea to increase market rents - they felt the Council already made a profit and thriving markets are important to the market towns.

With regard to leisure facilities, it was felt that the pools although expensive were valuable and all other options should be looked at before closing any of the facilities.

People questioned whether there was an actual need for affordable housing and felt that the houses were never allocated to local people.

The idea of reducing the cleaning of public conveniences was not received well and people thought it was better to let local councils take them over, if it can be done cheaper and to the same standards.

Some people liked the idea of transferring more to parishes in terms of environmental protection- but could see it being problematic with the variable quality of parish councils - others thought that the parishes would just increase the parish precept and it would not end up being done any cheaper.

Look at the industrial estates - should they be self financing i.e. The rent should cover maintenance and repairs. Vacancy rates.

## Question 6

### Have you any other suggestions/comments that haven't been mentioned already?

Share services where possible to save money.

One suggestion was to bring in consultants to take an independent view of how the Council is run and where efficiencies can be made. Another was to cut a certain % off each budget then everyone takes a cut and no one service area or sector of the community suffers, someone felt that certain services may already have taken cuts and was it fair to cut them further.

People believed that the Council spends £1.4m on capital financing and felt these loans should be paid off using the reserves that the Council has.

Bring food safety, infectious diseases, health and safety and trading standards under one group for responsibility.

The selling of the bowling club was mentioned and felt the Council should be helping to keep this facility open.

Continue to find ways to help with running costs of Ryedale House such as letting out rooms and possibly sharing with the Police.

Council Tax should be doubled on second homes

Sad to think people may lose their jobs over these cuts, better to pay them to do something rather than pay benefits.

Too much spent on salaries, pensions, travel expenses and cutting from the front line service. Need some management and support to ensure the front line delivery happens, needs to be balanced.

Can't expect staff to keep having pay freezes.

### Medium Term Revenue Forecast 2013/14 - 2016/17

	2013/14 Projection £'000	2014/15 Projection £'000	2015/16 Projection £'000	2016/17 Projection £'000	Notes
Base Budget and Inflation					
Base Budget	6,972	7,174	6,800	6,598	
Pay Increase & General Inflation	133	166	165	165	1
	7,105	7,340	6,965	6,763	
Add Future Cost Increases					
Budget Pressures	616	250	100	100	2
Capital Programme Borrowing	80	48	0	0	3
Deduct Future Savings					
Efficiency Savings	-643	-150	-100	-100	4
Service Cuts	0	-184	-163	-70	5
Other Grants	-44	-8	52	0	
NHB Applied to Revenue (=cut in RSG)	0	-496	-290	-249	6
Council Tax Freeze Grant 12/13	94	0	0	0	
Council Tax Freeze Grant 13/14	-34	0	34	0	
<b>Net Revenue Budget</b>	<b>7,174</b>	<b>6,800</b>	<b>6,598</b>	<b>6,444</b>	
Financing					
RSG	2,152	1,656	1,366	1,117	7
Business Rates	1,502	1,548	1,590	1,639	8
Collection Fund Surplus	109	100	75	50	
Council Taxpayers	3,411	3,479	3,549	3,620	9
CT Base Growth		17	18	18	10
<b>Budget Requirement</b>	<b>7,174</b>	<b>6,800</b>	<b>6,598</b>	<b>6,444</b>	
<b>NHB Note</b>					
Received/Estimated	707	942	1,178	1,414	
Applied to Revenue	0	496	786	1,035	
To be allocated	707	446	392	379	

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## Medium Term Revenue Budget Forecast NOTES

1. The base budget is updated each year to take account of inflation and growth factors in the previous year. The budget for 2013/14 includes a pay award provision of 1%. An increase of 1% has also been used for the following three years. A provision is included for annual increments to cover the progress up the salary grade of new starters. General Inflation of 3% is included for increases of expenditure for 2013/14 and 3% for subsequent years. It is netted off with anticipated increases in income at the inflation level.
2. Provision is included for the likelihood of additional spending pressures. In 2013/2014 there will be the triennial North Yorkshire Pension Fund revaluation and it is anticipated that rises of over 2% in contributions will be required.
3. Members have agreed that borrowing is required to finance the A64 upgrade at the Brambling Fields junction.
4. The Round 3 programme has delivered significant savings for the 2013/14 budget, however, it is anticipated that new budget pressures and likely reductions in the government grant settlement will mean further efficiency and other savings will be required in future years. The lower estimates for efficiency savings reflects the fact that completing Round 3 has seen the entire organisation reviewed.
5. Service cuts have not been required in the 2013/2014 budget. Further cuts will be required in future years, the level required subject to decisions around the New Homes Bonus.
6. The plan as presented assumes the use of New Homes Bonus funding to meet the predicted cut in Revenue Support Grant.
7. The Revenue Support Grant has been announced for 2013/2014 with a provisional figure for 2014/2015. The remaining two years are estimates based on existing announcement. The spending review starting in 2013 will provide the detail, however the possibility of a late announcement in December 2014 of the figures for 2015/16 and 2016/2017 should not be ruled out.
8. The Business Rates figure is the expected retained element for RDC under the Business Rate Retention Scheme. The figures in the projection assume no growth in business rates, the increases reflecting indexation of the retained element and tariff.
9. The RDC Council Tax is assumed not to increase for 2013/14, whilst increases in future years are predicted at 2%.
10. An adjustment has been made for a small increase in the council tax base.

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