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RYEDALE
DISTRICT
COUNCIL

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COUNCIL

Council Summons and Agenda

You are hereby summoned to attend an **Ordinary Meeting of Ryedale District Council** to be held in the **Council Chamber, Ryedale House, Malton** on **Tuesday, 26 February 2013** at **6.30 pm** in the evening for the transaction of the following business:

Agenda

1 **Emergency Evacuation Procedure**

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

2 **Apologies for absence**

3 **Public Question Time**

4 **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.

5 **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.

6 **Announcements**

7 **To consider for Approval the Recommendations in respect of the following Part 'B' Committee Items:** (Pages 1 - 2)

Commissioning Board – 24 January 2013

Minute 94 – Fees and Charges (page 1)

8 **Revenue and Capital Budgets and Setting of Council Tax 2013/2014** (Pages 3 - 10)

Annex A and Annex B are attached, Annex C is to follow

With reference to Minute No. 101 (Financial Strategy 2013/2014) of the Special Policy & Resources Committee (Budget) held on 7 February 2013 (copy attached), Councillor Acomb, Chairman of the Policy & Resources Committee, will move:-

I **Budget 2013/2014**

That the revised revenue estimates for the year 2012/2013 and the revenue estimates for 2013/2014, as submitted in the Council's Financial Strategy and Revenue Budget 2013/2014 Book be approved (copy enclosed).

II **Council Tax Base**

That it be noted that, in accordance with Minute No. 363(d)/2005 of the Policy & Resources Committee held on 8 December 2005, which was subsequently approved by Council at its meeting on 12 January 2006, Ryedale District Council has (pursuant to Section 101 of the Local Government Act 1972) delegated responsibility to adopt the Council Tax base to the Chief Executive and Chief Finance Officer in consultation with the Chairman of the Policy & Resources Committee**.** The Council calculated the amounts for the year 2013/14, in accordance with regulations made under Section 31B of the Local Government Finance Act 1992, as amended, as set out in Annex A.

III **District/Parish Council Tax Rates**

That the following amounts be now calculated by the Council for the year 2013/14, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992, as amended (the Act):

(a) **District/Parish Gross Expenditure**

£30,787,681.52 being the aggregate of the amounts, which the Council estimates for the items, set out in Section 31A(2) of the Act.

(b) **Income (including Government Grants and Collection Fund Surpluses)**

£26,704,143.00 being the aggregate of the amounts, which the Council estimates for the items, set out in Section 31A(3) of the Act.

(c) **District/Parish Council Tax Requirement**

£4,083,538.52 being the amount by which the aggregate at Part III(a) above exceeds the aggregate at Part III(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.

(d) **Basic amount of Tax (including Parish Precepts)**

£211.59 being the amount at Part III(c) above, all divided by the amount at Part II above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) **Parish Precept and Special Expenses**

£672,951.52 being the aggregate amount of all special items referred to in Section 34(1) of the Act.

(f) **Basic Amount of Tax (excluding Parish Precepts)**

£176.72 being the amount at Part III(d) above less the results given by dividing the amount at Part III(e) above by the amount given at Part II above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(g) **Basic Amount of Tax in Parishes/Towns**

The details for each Parish as shown in Annex B, column headed “Aggregate amount at Band D”, being the amounts given by adding to the amount at Part III(f) above the amounts of the special item or items relating to dwellings in those parts of the Council’s area mentioned above, divided in each case by the amount at Part II above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate.

(h) **District/Parish Council Tax Rates**

The details as shown in columns “A” to “H” of Annex B, being the amounts given by multiplying the amounts at Part III(f) and Part III(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

IV **County Council, Police & Crime Commissioner and Fire & Rescue Authority Tax Rates (Provisional)**

That it be noted that for the year 2013/14 precepting Authorities have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, as amended, for each of the categories of dwellings shown below:-

BAND £	NORTH YORKSHIRE COUNTY COUNCIL £	NORTH YORKSHIRE POLICE & CRIME COMMISSIONER £	NORTH YORKSHIRE FIRE & RESCUE AUTHORITY £
A	Subject to confirmation on 20 February 2013.	136.37	41.40
B		159.09	48.30
C		181.82	55.20
D		204.55	62.10
E		250.01	75.90
F		295.46	89.70
G		340.92	103.50
H		409.10	124.20

V **Total Council Tax Rates**

That having calculated the aggregate in each case of the amounts at Part III(h) and Part IV above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, as amended, hereby sets the amounts set out in Annex C as the amounts of Council Tax for 2013/14 for each of the categories of dwellings shown.

9 **Treasury Management Strategy Statement and Annual Investment Strategy 2013/2014** (Pages 11 - 34)

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

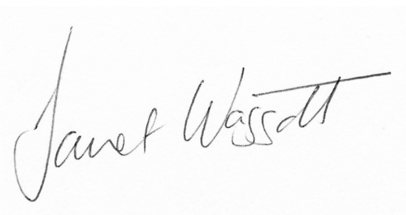
Background Papers- (Pages 35 - 48)

Commissioning Board – 24 January 2013

Minute 94 – Fees and Charges (page 35)

Policy and Resource Committee – 7 February 2013

Minute 101 – Financial Strategy 2013/2014 (page 39)



Janet Waggott
Chief Executive

RYEDALE
DISTRICT
COUNCIL

REPORT TO:	**FULL COUNCIL**
DATE:	**26 FEBRUARY 2013**
SUBJECT:	**PART 'B' REFERRALS FROM COMMISSIONING BOARD ON 24 JANUARY 2013**

94 Fees and Charges

Considered – Report of the Corporate Director (s151)

Recommendation to Council

That Council be recommended to approve the following fees and charges exceptions:

(i) An increase of 2.5% in Ryecare charges;
(ii) No increase in Taxi Licensing fees;
(iii) An increase of 3.4% for water sampling units;
(iv) An increase of 3.3% for markets (charge for vehicles); and
(v) An increase of 5.5% for rat control visits

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Policy and Resources Committee

Held at Council Chamber - Ryedale House, Malton, North Yorkshire YO17 7HH
on Thursday 7 February 2013

Present

Councillors Acomb (Chairman), Bailey, Mrs Burr MBE, Mrs Goodrick, Ives, Knaggs, Mrs Knaggs, Legard (Vice-Chairman), Maud and Woodward

By Invitation of the Chairman: Councillor S Arnold, Councillor Mrs L Cowling, Councillor Mrs J Frank, Councillor Mrs A D Hopkinson, Councillor J Raper, Councillor L Richardson, Councillor Mrs J E Sanderson, Councillor P Walker, Councillor S Ward and Councillor J Windress

Overview & Scrutiny Committee Observers: Councillor Mrs Shields

In Attendance

Audrey Adnitt, Paul Cresswell and Janet Waggott

Minutes

98 **Apologies for absence**

Cllrs Fraser, Hicks, Hope and Wainwright.

99 **Urgent Business**

There were no items of urgent business.

100 **Declarations of Interest**

There were no declarations of interest.

101 **Financial Strategy 2013/2014**

Considered – Report of the Corporate Director (s151).

Members recorded their thanks to officers for their hard work in preparing the budget.

Recommendation to Council

That Council be recommended to:
(i) To approve the Council's Financial Strategy (Annex A) which includes:

a. Saving/additional income totalling £721k (Financial Strategy Appendix A) To incorporate provision of further savings of £15k by not collecting green waste in the winter period of December, January February.
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 £7,173,400 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 £55k and no anticipated draw down from the general reserve;

(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 and the basis for the use of the New Homes Bonus.

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

There being no urgent business the meeting closed at 7.30pm

Annex A

RYEDALE DISTRICT COUNCIL
COUNCIL TAX BASE FOR THE YEAR 2013-2014

BAND 'D' EQUIVALENT TOTALS FOR TOWN AND PARISH AREAS

Parish / Town	Band D Equivalent
ACKLAM	67.42
AISLABY MIDDLETON & WRELTON	294.15
ALLERSTON & WILTON	187.17
AMOTHERBY	141.17
AMPLEFORTH	336.83
APPLETON-LE-MOORS	91.84
APPLETON-LE-STREET	51.99
BARTON-LE-STREET	72.34
BARTON-LE-WILLOWS	83.76
BARUGHS AMBO	87.44
BEADLAM	93.11
BIRDSALL	71.23
BRANSDALE	28.15
BRAWBY	59.76
BROUGHTON	78.21
BULMER	93.06
BURYTHORPE	105.59
BUTTERCRAMBE	41.81
BYLAND WITH WASS & OLDSTEAD	118.70
CAWTON COULTON & GRIMSTONE	96.97
CLAXTON & SAND HUTTON	204.82
COLD KIRBY	50.06
CONEYSTHORPE	43.29
CROPTON	111.46
EBBERSTON & YEDINGHAM	244.83
EDSTONE	55.19
FADMOOR	55.97
FARNDALE EAST	47.12
FARNDALE WEST	45.23
FLAXTON	141.76
FOSTON & THORNTON-LE-CLAY	119.91
FOXHOLES with BUTTERWICK	86.11
GANTON with POTTER BROMPTON	85.07
GATE HELMSLEY & UPPER HELMSLEY	136.87
GILLAMOOR	67.29
GILLING EAST	99.73
HABTON	124.33
HAROME	119.46
HARTOFT	32.74
HARTON	37.10
HAWNBY	84.16
HELMSLEY	664.36
HENDERSKELFE	23.38
HESLERTON	136.03
HOVINGHAM & SCACKLETON	223.31
HOWSHAM	58.57
HUTTON-LE-HOLE	89.94
HUTTONS AMBO	122.41
KIRBYGRINDALYTHE	110.12

Annex A

Parish / Town	Band D Equivalent
KIRBY MISPERTON	126.42
KIRKBYMOORSIDE	1088.77
LANGTON	33.78
LASTINGHAM	63.93
LEAVENING	127.26
LEVISHAM	46.97
LILLINGS AMBO	73.12
LOCKTON	118.83
LUTTONS	153.75
MALTON	1654.14
MARISHES	54.29
MARTON	89.74
NAWTON	237.33
NEWTON-ON-RAWCLIFFE & STAPE	120.82
NORMANBY	66.69
NORTON	2199.53
NUNNINGTON	115.84
OLD BYLAND & SCAWTON	67.86
OSWALDKIRK	118.06
PICKERING	2372.04
POCKLEY	43.11
RIEVAULX	39.76
RILLINGTON	355.51
ROSEDALE EAST & WEST	169.81
SALTON	34.14
SCAGGLETHORPE	88.71
SCAMPSTON with E & W KNAPTON	118.46
SCRAYINGHAM with LEPPINGTON	73.77
SETTRINGTON	129.64
SHERBURN	245.17
SHERIFF HUTTON with CORNBOROUGH	431.98
SINNINGTON	132.18
SLINGSBY	226.36
SOUTHOLME & FRYTON	35.57
SPAUNTON	34.37
SPROXTON	54.93
STONEGRAVE	48.59
SWINTON	197.79
TERRINGTON	236.77
THIXENDALE	73.75
THORNTON-LE-DALE	768.10
THORPE BASSETT	45.53
WARTHILL	111.45
WEAVERTHORPE	107.26
WELBURN (KIRKBYMOORSIDE)	33.14
WELBURN (MALTON)	204.79
WESTOW	134.04
WHARRAM	40.43
WHITWELL-ON-THE-HILL & CRAMBE	94.02
WILLERBY & STAXTON	214.99
WINTRINGHAM	76.48
WOMBLETON	148.30
COUNCIL TAX BASE	**19299.39**
(aggregate of band "D" equivalents)	

Annex B

Ryedale District Council
Council Tax 2013-2014

(District, Parish and Special Expenses only)

Parish / Town	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band A £	B £	C £	D £	E £	F £	G £	H £
Acklam	176.72	30.85	0.00	207.57	138.38	161.44	184.51	207.57	253.70	299.82	345.95	415.14
Aislaby, Middleton & Wrelton	176.72	7.89	10.04	194.65	129.76	151.40	173.02	194.65	237.90	281.16	324.41	389.30
Allerston & Wilton	176.72	7.53	10.04	194.29	129.52	151.12	172.70	194.29	237.46	280.64	323.81	388.58
Amotherby	176.72	21.25	0.00	197.97	131.98	153.98	175.98	197.97	241.96	285.95	329.95	395.94
Ampleforth	176.72	45.93	0.00	222.65	148.43	173.17	197.92	222.65	272.13	321.60	371.08	445.30
Appleton le Moors	176.72	43.55	0.00	220.27	146.84	171.32	195.80	220.27	269.22	318.17	367.11	440.54
Appleton le Street	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Barton le Street	176.72	8.55	0.00	185.27	123.51	144.10	164.69	185.27	226.44	267.61	308.78	370.54
Barton le Willows	176.72	10.15	0.00	186.87	124.58	145.34	166.11	186.87	228.40	269.92	311.45	373.74
Barughs Ambo	176.72	0.00	10.04	186.76	124.50	145.26	166.01	186.76	228.26	269.76	311.26	373.52
Beadlam	176.72	17.19	0.00	193.91	129.27	150.82	172.37	193.91	237.00	280.09	323.18	387.82
Birdsall	176.72	1.40	0.00	178.12	118.74	138.54	158.33	178.12	217.70	257.28	296.86	356.24
Bransdale	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Brawby	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Broughton	176.72	19.18	0.00	195.90	130.60	152.37	174.14	195.90	239.43	282.96	326.50	391.80
Bulmer	176.72	16.12	0.00	192.84	128.56	149.99	171.42	192.84	235.69	278.54	321.40	385.68
Burythorpe	176.72	16.50	0.00	193.22	128.81	150.28	171.76	193.22	236.16	279.09	322.03	386.44
Buttercrambe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Byland with Wass & Oldstead	176.72	7.58	0.00	184.30	122.86	143.35	163.83	184.30	225.25	266.21	307.16	368.60
Cawton, Coulton & Grimstone	176.72	6.37	0.00	183.09	122.06	142.40	162.75	183.09	223.78	264.46	305.15	366.18
Claxton & Sand Hutton	176.72	21.48	0.00	198.20	132.13	154.16	176.18	198.20	242.24	286.29	330.33	396.40
Cold Kirby	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Coneysthorpe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Cropton	176.72	7.42	10.04	194.18	129.45	151.03	172.61	194.18	237.33	280.48	323.63	388.36
Ebberston and Yedingham	176.72	15.81	10.04	202.57	135.04	157.56	180.06	202.57	247.58	292.60	337.61	405.14
Edstone	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Fadmoor	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Farndale East	176.72	7.28	0.00	184.00	122.66	143.11	163.56	184.00	224.89	265.78	306.66	368.00
Farndale West	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Flaxton	176.72	18.16	0.00	194.88	129.92	151.57	173.23	194.88	238.19	281.49	324.80	389.76
Foston & Thornton le Clay	176.72	20.13	0.00	196.85	131.23	153.11	174.98	196.85	240.59	284.34	328.08	393.70
Foxholes and Butterwick	176.72	31.00	0.00	207.72	138.48	161.56	184.65	207.72	253.88	300.04	346.20	415.44
Ganton and Potter Brompton	176.72	27.96	0.00	204.68	136.45	159.20	181.94	204.68	250.16	295.65	341.13	409.36
Gate Helmsley & Upper Helmsley	176.72	13.24	0.00	189.96	126.64	147.75	168.86	189.96	232.17	274.38	316.60	379.92
Gillamoor	176.72	7.27	0.00	183.99	122.66	143.10	163.55	183.99	224.88	265.76	306.65	367.98

Ryedale District Council
Council Tax 2013-2014

(District, Parish and Special Expenses only)

Parish / Town	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band A £	B £	C £	D £	E £	F £	G £	H £
Gilling East	176.72	11.95	0.00	188.67	125.78	146.74	167.71	188.67	230.60	272.52	314.45	377.34
Habton	176.72	3.86	0.00	180.58	120.38	140.45	160.52	180.58	220.71	260.84	300.96	361.16
Harome	176.72	33.48	0.00	210.20	140.13	163.49	186.85	210.20	256.91	303.62	350.33	420.40
Hartoft	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Harton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Hawnby	176.72	8.92	0.00	185.64	123.76	144.39	165.02	185.64	226.89	268.14	309.40	371.28
Helmsley	176.72	77.52	0.00	254.24	169.49	197.74	226.00	254.24	310.74	367.23	423.73	508.48
Henderskelfe	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Heslerton	176.72	19.51	0.00	196.23	130.82	152.62	174.43	196.23	239.84	283.44	327.05	392.46
Hovingham & Scackleton	176.72	14.95	0.00	191.67	127.78	149.08	170.38	191.67	234.26	276.85	319.45	383.34
Howsham	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Hutton le Hole	176.72	53.50	0.00	230.22	153.48	179.06	204.65	230.22	281.38	332.54	383.70	460.44
Huttons Ambo	176.72	22.17	0.00	198.89	132.59	154.69	176.80	198.89	243.09	287.28	331.48	397.78
Kirbygrindalythe	176.72	8.38	0.00	185.10	123.40	143.97	164.54	185.10	226.23	267.36	308.50	370.20
Kirbymisperton	176.72	9.16	10.04	195.92	130.61	152.38	174.15	195.92	239.46	282.99	326.53	391.84
Kirkbymoorside	176.72	62.92	0.00	239.64	159.76	186.39	213.02	239.64	292.89	346.14	399.40	479.28
Langton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Lastingham	176.72	6.95	0.00	183.67	122.44	142.86	163.27	183.67	224.48	265.30	306.11	367.34
Leavening	176.72	8.69	0.00	185.41	123.60	144.21	164.81	185.41	226.61	267.81	309.01	370.82
Levisham	176.72	0.00	10.04	186.76	124.50	145.26	166.01	186.76	228.26	269.76	311.26	373.52
Lillings Ambo	176.72	2.65	0.00	179.37	119.58	139.51	159.45	179.37	219.23	259.09	298.95	358.74
Lockton	176.72	18.93	10.04	205.69	137.12	159.98	182.84	205.69	251.40	297.10	342.81	411.38
Luttons	176.72	7.48	0.00	184.20	122.80	143.27	163.74	184.20	225.13	266.06	307.00	368.40
Malton	176.72	51.24	2.93	230.89	153.92	179.58	205.24	230.89	282.20	333.50	384.81	461.78
Marishes	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Marton	176.72	4.33	10.04	191.09	127.39	148.63	169.86	191.09	233.55	276.01	318.48	382.18
Nawton	176.72	21.07	0.00	197.79	131.86	153.84	175.82	197.79	241.74	285.69	329.65	395.58
Newton on Rawcliffe & Stape	176.72	16.99	10.04	203.75	135.83	158.47	181.11	203.75	249.03	294.30	339.58	407.50
Normanby	176.72	6.00	10.04	192.76	128.50	149.93	171.34	192.76	235.59	278.43	321.26	385.52
Norton	176.72	41.02	5.64	223.38	148.92	173.74	198.56	223.38	273.02	322.66	372.30	446.76
Nunnington	176.72	7.73	0.00	184.45	122.96	143.46	163.96	184.45	225.44	266.43	307.41	368.90
Old Byland & Scawton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Oswaldkirk	176.72	9.15	0.00	185.87	123.91	144.57	165.22	185.87	227.17	268.48	309.78	371.74
Pickering	176.72	53.96	0.00	230.68	153.78	179.42	205.05	230.68	281.94	333.20	384.46	461.36
Pockley	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44

Ryedale District Council
Council Tax 2013-2014

(District, Parish and Special Expenses only)

Parish / Town	RDC Band D £	Parish Band D £	Special Expenses £	Aggregate of Band D £	Council Tax at Band A £	B £	C £	D £	E £	F £	G £	H £
Rievaulx	176.72	7.37	0.00	184.09	122.72	143.18	163.64	184.09	225.00	265.91	306.81	368.18
Rillington	176.72	31.52	0.00	208.24	138.82	161.97	185.11	208.24	254.51	300.79	347.06	416.48
Rosedale East & West	176.72	26.50	10.04	213.26	142.17	165.87	189.57	213.26	260.65	308.04	355.43	426.52
Salton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Scagglethorpe	176.72	15.13	0.00	191.85	127.90	149.22	170.54	191.85	234.48	277.11	319.75	383.70
Scampston & East and West Knaptons	176.72	13.21	0.00	189.93	126.62	147.72	168.83	189.93	232.14	274.34	316.55	379.86
Scrayingham and Leppington	176.72	16.65	0.00	193.37	128.91	150.40	171.89	193.37	236.34	279.31	322.28	386.74
Settrington	176.72	25.53	0.00	202.25	134.83	157.31	179.78	202.25	247.19	292.14	337.08	404.50
Sherburn	176.72	65.26	0.00	241.98	161.32	188.21	215.10	241.98	295.75	349.52	403.30	483.96
Sheriff Hutton with Cornborough	176.72	33.16	0.00	209.88	139.92	163.24	186.57	209.88	256.52	303.16	349.80	419.76
Sinnington	176.72	8.24	10.04	195.00	129.99	151.67	173.33	195.00	238.33	281.66	324.99	390.00
Slingsby	176.72	24.07	0.00	200.79	133.86	156.17	178.49	200.79	245.41	290.03	334.65	401.58
Southolme & Fryton	176.72	16.87	0.00	193.59	129.06	150.57	172.09	193.59	236.61	279.63	322.65	387.18
Spaunton	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Sproxton	176.72	3.05	0.00	179.77	119.84	139.82	159.80	179.77	219.72	259.67	299.61	359.54
Stonegrave	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Swinton	176.72	14.44	0.00	191.16	127.44	148.68	169.93	191.16	233.64	276.12	318.60	382.32
Terrington	176.72	12.27	0.00	188.99	125.99	146.99	168.00	188.99	230.99	272.98	314.98	377.98
Thixendale	176.72	8.95	0.00	185.67	123.78	144.41	165.05	185.67	226.93	268.19	309.45	371.34
Thornton le Dale	176.72	27.09	10.04	213.85	142.56	166.33	190.09	213.85	261.37	308.89	356.41	427.70
Thorpe Bassett	176.72	4.12	0.00	180.84	120.56	140.65	160.75	180.84	221.03	261.21	301.40	361.68
Warthill	176.72	6.46	0.00	183.18	122.12	142.47	162.83	183.18	223.89	264.59	305.30	366.36
Weaverthorpe	176.72	32.63	0.00	209.35	139.56	162.83	186.09	209.35	255.87	302.39	348.91	418.70
Welburn (Kirkbymoorside)	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Welburn (Malton)	176.72	18.81	0.00	195.53	130.35	152.08	173.81	195.53	238.98	282.43	325.88	391.06
Westow	176.72	14.82	0.00	191.54	127.69	148.98	170.26	191.54	234.10	276.67	319.23	383.08
Wharram	176.72	0.00	0.00	176.72	117.81	137.45	157.09	176.72	215.99	255.26	294.53	353.44
Whitwell on the Hill & Crambe	176.72	4.78	0.00	181.50	121.00	141.17	161.34	181.50	221.83	262.16	302.50	363.00
Willerby and Staxton	176.72	28.93	0.00	205.65	137.10	159.95	182.81	205.65	251.35	297.05	342.75	411.30
Wintringham	176.72	19.61	0.00	196.33	130.88	152.70	174.52	196.33	239.96	283.59	327.21	392.66
Wombleton	176.72	25.39	0.00	202.11	134.74	157.20	179.66	202.11	247.02	291.93	336.85	404.22

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RYEDALE
DISTRICT
COUNCIL

REPORT TO:	**COUNCIL**
DATE:	**26 FEBRUARY 2013**
REPORT OF THE:	**CORPORATE DIRECTOR (s151)** **PAUL CRESSWELL**
TITLE OF REPORT:	**TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2013/14**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To consider the Treasury Management and Annual Investment Strategies, the Minimum Revenue Provision Policy and set the Prudential Indicators for 2013/14.

2.0 RECOMMENDATIONS

2.1 That Council is recommended to approve:

(i) Members receive this report;

(ii) The Treasury Management and Investment Strategies be noted and approved by the Council;

(iii) The Minimum Revenue Provision Policy Statement be approved by the Council and;

(iv) That the Prudential Indicators in the report be approved by the Council.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Treasury Management in Local Authorities (The Code) was adopted by the Council.

3.2 The Local Government Act 2003 and supporting regulations requires the Council to have regard to specified codes of practice, namely the CIPFA publications *Prudential Code for Capital Finance in Local Authorities* and *Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes*.

4.0 SIGNIFICANT RISKS

4.1 There are significant risks when investing public funds especially with unknown institutions. However, by the adoption of the CIPFA Code and a prudent investment policy, these are minimised. The employment of Treasury Advisors also helps reduce the risk.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities and this report complies with the requirements under this code and the relevant requirements of the Local Government Act 2003.

5.2 The Council use the services of Sector Treasury Services Limited to provide treasury management information and advice.

REPORT

6.0 REPORT DETAILS

6.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

6.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

6.3 CIPFA defines treasury management as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting Requirements

6.4 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Overview and Scrutiny Committee.

Prudential and Treasury Indicators and Treasury Strategy (this report) – The first and most important report covers:

- The capital plans (including prudential indicators);
- A Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- The Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and

- An investment strategy (the parameters on how investments are to be managed).

A Mid Year Treasury Management Report. This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy or whether any policies require revision.

An Annual Treasury Report. This provides details of a selection of actual prudential treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2013/14

6.5 The strategy for 2013/14 covers two main areas

Capital Issues

- The capital plans and prudential indicators
- The MRP strategy

Treasury Management Issues

- The current treasury position;
- Treasury indicators which will limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- The investment strategy; and
- Creditworthiness policy.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

THE CAPITAL PRUDENTIAL INDICATORS 2013/14 – 2015/16

6.6 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

6.7 **Capital Expenditure.** This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. **<u>Members are asked to approve the capital expenditure forecasts</u>:**

Capital Expenditure	2011/12 Actual £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Programme	**4.478**	**3.068**	**4.084**	**0.700**	**0.700**

The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already included borrowing instruments.

6.8 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing):

Capital Expenditure	2011/12 Actual £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Total	4.478	3.068	4.084	0.700	0.700
Financed by:					
Capital receipts	-2.561	-0.010	-0.101	-0.316	-0.500
Capital grants	-0.470	-0.822	-1.687	-0.200	-0.200
Revenue	-1.447	-2.236	-0.226	-0.184	0
Net financing need for the year	**0**	**0**	**2.070**	**0**	**0**

6.9 **The Council's Borrowing Need (the Capital Financing Requirement)**
The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

6.10 Following accounting changes the CFR includes any other long term liabilities (e.g. PFI schemes, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.473m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£m	2011/12 Actual £m	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital Financing Requirement					
CFR – non Housing	0.473	0.295	2.327	2.832	2.585
Total CFR	**0.473**	**0.295**	**2.327**	**2.832**	**2.585**
Movement in CFR	**-0.166**	**-0.178**	**2.032**	**0.505**	**-0.247**

Movement in CFR represented by					
Net financing need for the capital programme	0	0	2.070	0	0
Net financing need – other long term liabilities	0	0	0.154	0.770	0
Less MRP and other financing movements	-0.166	-0.178	-0.192	-0.265	-0.247
Movement in CFR	**0.166**	**-0.178**	**2.032**	**0.505**	**-0.247**

MRP Policy Statement

6.11 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP).

6.12 CLG Regulations have been issued which require the full Council to approve an MRP Policy Statement in advance of each year. A variety of options are provided to councils so long as there is a prudent provision. **The Council is recommended to approve the following MRP Statement**.

Certain expenditure reflected within the actual debt liability at 31 March 2012 will under delegated powers be subject to MRP under option 3 of the guidance; this relates to the acquisition through finance lease of refuse and recycling vehicles and will be charged over a period which is commensurate with the life of the lease, using the annuity method.

For future borrowing, estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will be divided up in cases where there are two or more major components with substantially different useful economic lives.

The Use of the Council's Resources and the Investment Position

6.13 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	**2011/12 Actual £m**	**2012/13 Estimate £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**	**2015/16 Estimate £m**
Fund balances / reserves	4.250	2.087	2.322	2.322	2.582
Capital receipts	0.127	0.137	1.206	0.920	0.450
Provisions	0	0	0	0	0
Other	0	0	0	0	0
Total core funds	**4.377**	**2.224**	**3.528**	**3.242**	**3.032**
Working capital*	1.123	1.150	1.150	1.150	1.150
Under/over borrowing	0	0	0	0	0
Expected Investments	5.500	3.374	4.678	4.392	4.182

*working capital balances shown are estimated year end; these may be higher mid year

Affordability Prudential Indicators

6.14 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. **The Council is asked to approve the following indicators:**

Actual and estimates of the ratio of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	**2011/12 Actual**	**2012/13 Estimate**	**2013/14 Estimate**	**2014/15 Estimate**	**2015/16 Estimate**
Non HRA	0.89%	1.57%	2.69%	2.57%	1.68%

The estimates of financing costs include current commitments and the proposals in this budget report.

Estimates of the incremental impact of capital investment decisions on council tax. This indicator identifies the revenue costs associated with proposed changes to the capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	**2013/14 Estimate**	**2014/15 Estimate**	**2015/16 Estimate**
Council tax – band D	£4.15	£6.61	£6.60

TREASURY MANAGEMENT STRATEGY

6.15 The capital expenditure plans provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

6.16 The Council's treasury portfolio position at 31 March 2012, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

	2011/12 Actual £m	**2012/13 Estimate £m**	**2013/14 Estimate £m**	**2014/15 Estimate £m**	**2015/16 Estimate £m**
External Debt					
Debt at 1 April	0	0	0	2.070	2.016
Expected change in debt	0	0	2.070	-0.054	-0.055
Other long term liabilities (OLTL)	0.639	0.473	0.295	0.257	0.816
Expected change in OLTL	-0.166	-0.178	-0.038	0.559	-0.192
Actual gross debt at 31 March	**0.473**	**0.295**	**2.327**	**2.832**	**2.585**
Capital financing Requirement	0.473	0.295	2.327	2.832	2.585
Under / (over) borrowing	0	0	0	0	0

6.17 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its total debt net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

6.18 The Corporate Director (s151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

6.19 **The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Debt	5.000	5.000	5.000	5.000
Other long term liabilities	0.600	0.300	1.100	0.900
Total	5.600	5.300	6.100	5.900

6.20 **The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans or those of a specified council, although this power has not been exercised.

The Council is asked to approve the following Authorised Limit:

Authorised Limit	2012/13 Estimate £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Debt	20.000	20.000	20.000	20.000
Other long term liabilities	1.000	1.000	2.000	2.000
Total	21.000	21.000	22.000	22.000

Prospects for Interest Rates

6.21 The Council has appointed Sector as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Annex G draws together a number of current city forecasts for short term (bank rate) and longer fixed interest rates. The following table gives the Sector central view

Annual Average%	Bank Rate	PWLB Borrowing Rates		
		5 Year	25 Year	50 Year
March 2013	0.50	1.50	3.80	4.00
June 2013	0.50	1.50	3.80	4.00
Sept 2013	0.50	1.60	3.80	4.00
Dec 2013	0.50	1.60	3.80	4.00
March 2014	0.50	1.70	3.90	4.10
June 2014	0.50	1.70	3.90	4.10
Sept 2014	0.50	1.80	4.00	4.20
Dec 2014	0.50	2.00	4.10	4.30
March 2015	0.75	2.20	4.30	4.50
June 2015	1.00	2.30	4.40	4.60

6.22 The economic recovery in the UK since 2008 has been the worst and slowest recovery in recent history, although the economy returned to positive growth in the third quarter of 2012. Growth prospects are weak and consumer spending, the usual driving force of recovery, is likely to remain under pressure due to consumers focusing on repayment of debt, inflation eroding disposable income, general malaise about the economy and employment fears.

The Primary drivers of the UK economy are likely to remain external. 40% of UK exports go to the Eurozone so the difficulties in this area are likely to continue to hinder UK growth. The US, the main world economy, faces similar debt problems to the UK. The resulting US fiscal tightening and continuing Eurozone problems will depress UK growth and is likely to see the UK deficit reduction plans slip.

6.23 This challenging and uncertain economic outlook has several key treasury management implications:

- The Eurozone sovereign debt difficulties provide a clear indication of much high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy

6.24 The Council has resolved to borrow approximately £2m during 2013/14 as funding towards the 4 year capital programme, specifically as funding towards the A64 Brambling Fields Upgrade. Presently the cheapest method of borrowing is internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, the Council will look to borrow externally from the PWLB in order to avoid the potential long term costs of taking loans at long term rates which will be higher in future years.

The Chief Financial Officer will monitor interest rates in conjunction with Sector and seek to borrow at the most advantageous point in time. Any decisions will be reported to the Policy and Resources Committee.

Treasury Management Limits on Activity

6.25 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

%	2013/14 £'000	2014/15 £'000	2015/16 £'000
Interest Rates Exposure	**Upper**	**Upper**	**Upper**
Borrowing:			
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	5%	5%	5%
Investments:			
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%
Maturity Structure of fixed interest rate borrowing 2013/14		**Lower**	**Upper**
		N/a	N/a

Policy on Borrowing in Advance of Need

6.26 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

ANNUAL INVESTMENT STRATEGY

Investment Policy

6.27 The Council's investment policy has regard to the CLGs Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code") The Council's investment priorities will be security first, liquidity second, and then return.

6.28 In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using the Sector ratings service banks ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

6.29 Further the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Sector in producing its colour coding which show the varying degrees of creditworthiness.

6.30 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk.

6.31 Investment securities identified for use in the financial year are listed in Annex B under the Specified and Non-Specified Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – schedules. The Council's current bankers, National Westminster Bank are excluded from these limits.

Creditworthiness Policy

6.32 This Council applies the creditworthiness service provided by Sector. This service employs a sophisticated modelling approach utilising credit ratings from all three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

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

6.33 This modelling approach combines credit ratings, credit watches, and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands, which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the duration for investments. The Council will therefore use the counterparties within the following durational bands:

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No colour not to be used

* This category has been added for AAA rated Government debt or its equivalent.

6.34 The Sector creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency ratings.

6.35 Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1 , Long Term rating A-. Viability ratings of BB+, and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these, instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

6.36 All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be with drawn immediately;
- In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in

downgrade of an institution or removal from the lending list.

6.37 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support

Country Limits

6.38 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies). The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex C. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

Investment Strategy to be followed In-house

6.39 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates i.e. rates for investments up to 12 months.

6.40 **Investment returns expectations.** Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2012/2013 0.50%
- 2013/2014 0.50%
- 2014/2015 0.75%
- 2015/2016 1.75%

There are down side risks to these forecasts (i.e. start of increases in bank rate is delayed even further) if economic growth remains weaker for longer than expected. However, should the pace of growth pick up more sharply than expected there could be upside risk, particularly if Bank of England inflation forecasts for two years ahead exceed the Bank of England's 2% target rate.

6.41 **Investment Treasury Indicator and limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days			
	2013/14	**2014/15**	**2015/16**
Principal sums invested > 364 days	£1.0m	£1.0m	£1.0m

6.42 For its cash flow generated balances, the Council will seek to utilise its business reserve accounts, 60 and 95 days notice accounts, money market funds and short dated deposits (overnight to three months) in order to benefit from the compounding of interest.

End of Year Investment Report

6.43 At the end of the financial year the Council will report on its investment activity as part of the Annual Treasury Report.

Policy on the use of external service providers

6.44 The Council uses Sector as its external treasury management advisors.

6.45 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

6.46 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

Scheme of Delegation

6.47 Please see Annex D.

Role of the section 151 officer

6.48 Please see Annex E.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial
The results of the investment strategy affect the funding of the Capital Programme.

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

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no legal implications regarding this report.

Paul Cresswell
Corporate Director (s151)

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Background Papers:
None

Background Papers are available for inspection at:
None

TREASURY MANAGEMENT STATEMENT AND INVESTMENT STRATEGY REPORT- RISK MATRIX – ANNEX A

Issue/Risk	Consequences if allowed to happen	Likeli-hood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria.	Could mean loss of principal sum and interest accrued.	**2**	**D**	In response to the economic climate the Council have adopted a more stringent credit rating methodology.	**1**	**D**
Market risk - Selection of wrong type of investment for higher return.	The poor performance of the chosen investment.	**2**	**B**	The number of investment options was reduced in the 2012-13 Investment Strategy for this year and it is proposed that this will continue.	**2**	**B**
Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity	Unable to take advantage of better investment options. Funds are unavailable to cover capital spend.	**1**	**B**	The maturity profile shortened for investments in 2011-12. It is proposed that this will continue.	**1**	**B**

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

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ANNEX B

SPECIFIED AND NON-SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS:

All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Investment	Minimum Credit Criteria / Colour Band	£ limit per institution	Max maturity period
Debt Management Agency Deposit Facility	N/A	£2.5m	6 months
Term deposits – local authorities	N/A	£2.5m	1 year
Term deposits - UK part nationalised banks	Blue **	£3.0m	1 year
Term deposits – banks and building societies	Orange Red Green No colour	£2.5m	Up to 1 year Up to 6 months Up to 3 months Not for use
Money Market Funds	AAA	£2.5m	Liquid

**only applies to nationalised or semi nationalised UK Banks

NON-SPECIFIED INVESTMENTS

A maximum of £1.0m will be held in aggregate in non-specified investment

1. Maturities of ANY period

Investment	Minimum Credit Criteria / Colour Band	Maximum Investment	Maximum maturity period
Certificates of deposits issued by banks and building societies	Green	£1.0m	Up to 2 years
UK Government Gilts	Sovereign rating	£1.0m	Up to 2 years
Bonds issued by multilateral development banks	AAA	£1.0m	Up to 2 years
Bonds issued by a financial institution which is explicitly guaranteed by the UK government	Sovereign rating	£1.0m	Up to 2 years
Fixed term deposits with variable rate and variable maturities:			
Structured deposits	Green	£1.0m	Up to 2 years
Commercial paper issuance by UK banks covered by UK Government guarantee	Green	£1.0m	Up to 2 years
Other debt issuance by UK banks covered by UK Government guarantee	Green	£1.0m	Up to 2 years

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2. Maturities in excess of 1 year

Investment	Minimum Credit Criteria	Maximum Investment	Maximum maturity period
Term deposits – local authorities	N/A	£1.0m	Up to 2 Years
Term deposits – banks and building societies	Purple	£1.0m	Up to 2 Years

ANNEX C

APPROVED COUNTRIES FOR INVESTMENT

Based on lowest available rating

AAA Rating

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- U.K.

AA+ Rating

- France
- Hong Kong
- U.S.A.

AA Rating

- Abu Dhabi
- Qatar
- UAE

AA- Rating

- Belgium
- Japan
- Saudi Arabia

TREASURY MANAGEMENT SCHEME OF DELEGATION

1. Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

2. Policy and Resources Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

3. Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

The Global economy

The Eurozone debt crisis has continued to cast a pall over the world economy and has depressed growth in most countries. This has impacted the UK economy which is unlikely to grow significantly in 2012 and is creating a major headwind for recovery in 2013. Quarter 2 of 2012 was the third quarter of contraction in the economy; this recession is the worst and slowest recovery of any of the five recessions since 1930. A return to growth @ 1% in quarter 3 in unlikely to prove anything more than a washing out of the dip in the previous quarter before a return to weak, or even negative, growth in quarter 4.

The **Eurozone sovereign debt crisis** has abated somewhat following the ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bailout. The immediate target for this statement was Spain which continues to prevaricate on making such a request and so surrendering its national sovereignty to IMF supervision. However, the situation in Greece is heading towards a crunch point as the Eurozone imminently faces up to having to relax the time frame for Greece reducing its total debt level below 120% of GDP and providing yet more financial support to enable it to do that. Many commentators still view a Greek exit from the Euro as inevitable as total debt now looks likely to reach 190% of GDP i.e. unsustainably high. The question remains as to how much damage a Greek exit would do and whether contagion would spread to cause Portugal and Ireland to also leave the Euro, though the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

Sentiment in financial markets has improved considerably since this ECB action and recent Eurozone renewed commitment to support Greece and to keep the Eurozone intact. However, the foundations to this "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse.

The US economy has only been able to manage weak growth in 2012 despite huge efforts by the Federal Reserve to stimulate the economy by liberal amounts of quantitative easing (QE) combined with a commitment to a continuation of ultra low interest rates into 2015. Unemployment levels have been slowly reducing but against a background of a fall in the numbers of those available for work. The fiscal cliff facing the President at the start of 2013 has been a major dampener discouraging business from spending on investment and increasing employment more significantly in case there is a sharp contraction in the economy in the pipeline. However, the housing market does look as if it has, at long last, reached the bottom and house prices are now on the up.

Hopes for a broad based recovery have, therefore, focused on the **emerging markets**. However, there are increasing concerns over flashing warning signs in various parts of the Chinese economy that indicate it may be heading for a hard landing rather than a gradual slow down.

The UK economy

The Government's austerity measures, aimed at getting the public sector deficit into order over the next four years, now look as if they will fail to achieve their objectives within the original planned timeframe. Achieving this target is dependent on the UK economy growing at a reasonable pace but recession in the Eurozone, our biggest trading partner, has depressed growth whilst tax receipts have not kept pace with additional welfare benefit payments. It will be important for the Government to retain investor confidence in UK gilts so there is little room for it to change course other than to move back the timeframe.

Currently, the UK is enjoying a major financial benefit from some of the lowest sovereign borrowing costs in the world as the UK is seen as a safe haven from Eurozone debt. There is, though, little evidence that consumer confidence levels are recovering nor that the manufacturing sector is picking up. On the positive side, growth in the services sector has rebounded in Q3 and banks have made huge progress since 2008 in shrinking their balance sheets to more manageable levels and also in reducing their dependency on wholesale funding. However, availability of credit remains tight in the economy and the Funding for Lending scheme, which started in August 2012, has not yet had the time to make a significant impact. Finally, the housing market remains tepid and the outlook is for house prices to be little changed for a prolonged period.

Economic Growth. Economic growth has basically flat lined since the election of 2010 and, worryingly, the economic forecasts for 2012 and beyond were revised substantially lower in the Bank of England Inflation quarterly report for August 2012 and were then further lowered in the November Report. Quantitative Easing (QE) was increased again by £50bn in July 2012 to a total of £375bn. Many forecasters are expecting the MPC to vote for a further round of QE to stimulate economic activity regardless of any near-term optimism. The announcement in November 2012 that £35bn will be transferred from the Bank of England's Asset Purchase Facility to the Treasury (representing coupon payments to the Bank by the Treasury on gilts held by the Bank) is also effectively a further addition of QE.

Unemployment. The Government's austerity strategy has resulted in a substantial reduction in employment in the public sector. Despite this, total employment has increased to the highest level for four years as over one million jobs have been created in the private sector in the last two years.

Inflation and Bank Rate. Inflation has fallen sharply during 2012 from a peak of 5.2% in September 2011 to 2.2% in September 2012. However, inflation increased back to 2.7% in October though it is expected to fall back to reach the 2% target level within the two year horizon.

AAA rating. The UK continues to enjoy an AAA sovereign rating. However, the credit rating agencies will be carefully monitoring the rate of growth in the economy as a disappointing performance in that area could lead to a major derailment of the plans to contain the growth in the total amount of Government debt over the next few years.

Sector's forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. There does, however, appear to be consensus among analysts that the economy remains relatively fragile and whilst there is still a broad range of views as to potential performance, expectations have all been downgraded during 2012. Key areas of uncertainty include:

- the potential for the Eurozone to withdraw support for Greece at some point if the costs of such support escalate were to become prohibitive, so causing a worsening of the Eurozone debt crisis and heightened risk of the breakdown of the bloc or even of the currency itself;

- inter government agreement on how to deal with the overall Eurozone debt crisis could fragment; the impact of the Eurozone crisis on financial markets and the banking sector;

- the impact of the Government's austerity plan on confidence and growth and the need to rebalance the economy from services to manufactured goods;

- the under-performance of the UK economy which could undermine the Government's policies that have been based upon levels of growth that are unlikely to be achieved;

- the risk of the UK's main trading partners, in particular the EU and US, falling into recession ;

- stimulus packages failing to stimulate growth;

- elections due in Germany in 2013;

- potential for protectionism i.e. an escalation of the currency war / trade dispute between the US and China.

- the potential for action to curtail the Iranian nuclear programme

- the situation in Syria deteriorating and impacting other countries in the Middle East

The focus of so many consumers, corporates and banks on reducing their borrowings, rather than spending, will continue to act as a major headwind to a return to robust growth in western economies.

Given the weak outlook for economic growth, Sector sees the prospects for any changes in Bank Rate before 2015 as very limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. The interest rate forecast in this report represents a balance of downside and upside risks. The downside risks have already been commented on. However, there are specific identifiable upside risks as follows to PWLB rates and gilt yields, and especially to longer term rates and yields: -

- UK inflation being significantly higher than in the wider EU and US causing an increase in the inflation premium in gilt yields

- Reversal of QE; this could initially be allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held

- Reversal of Sterling's safe haven status on an improvement in financial stresses in the Eurozone

- Investors reverse de-risking by moving money from government bonds into shares in anticipation of a return to worldwide economic growth

- The possibility of a UK credit rating downgrade (Moody's has stated that it will review the UK's AAA rating at the start of 2013).

INTEREST RATE FORECAST

Sector's Interest Rate View	Now	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Sector's Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
3 Month LIBID	0.39%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.60%	0.70%	0.80%	1.10%	1.40%	1.70%
6 Month LIBID	0.54%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.90%	1.00%	1.10%	1.30%	1.60%	1.90%
12 Month LIBID	0.88%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.10%	1.20%	1.30%	1.30%	1.50%	1.80%	2.10%
5yr PWLB Rate	1.85%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
10yr PWLB Rate	2.87%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
25yr PWLB Rate	4.02%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
50yr PWLB Rate	4.15%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
Bank Rate														
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate														
Sector's View	1.85%	1.50%	1.50%	1.60%	1.60%	1.70%	1.70%	1.80%	2.00%	2.20%	2.30%	2.50%	2.70%	2.90%
UBS	1.85%	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	1.85%	1.55%	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.60%	-	-	-	-	-
10yr PWLB Rate														
Sector's View	2.87%	2.50%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	3.00%	3.20%	3.30%	3.50%	3.70%	3.90%
UBS	2.87%	3.00%	3.10%	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	-	-	-	-	-
Capital Economics	2.87%	2.55%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	-	-	-	-	-
25yr PWLB Rate														
Sector's View	4.02%	3.80%	3.80%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.30%	4.40%	4.60%	4.80%	5.00%
UBS	4.02%	4.20%	4.30%	4.40%	4.50%	4.50%	4.50%	4.50%	4.50%	-	-	-	-	-
Capital Economics	4.02%	3.70%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	-	-	-	-	-
50yr PWLB Rate														
Sector's View	4.15%	4.00%	4.00%	4.00%	4.00%	4.10%	4.10%	4.20%	4.30%	4.50%	4.60%	4.80%	5.00%	5.20%
UBS	4.15%	4.30%	4.40%	4.50%	4.60%	4.60%	4.60%	4.60%	4.60%	-	-	-	-	-
Capital Economics	4.15%	4.00%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

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RYEDALE
DISTRICT
COUNCIL

PART B:	**RECOMMENDATIONS TO COUNCIL**
REPORT TO:	**COMMISSIONING BOARD**
DATE:	**24 JANUARY 2013**
REPORT OF THE:	**CORPORATE DIRECTOR (s151)** **PAUL CRESSWELL**
TITLE OF REPORT:	**FEES AND CHARGES**
WARDS AFFECTED:	**ALL**

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report sets out the proposed fees and charges for 2013/14 for those services recommending changes outside the parameters set by Full Council.

2.0 RECOMMENDATIONS

2.1 That Council is recommended to approve the following fees and charges exceptions:

(i) an increase of 2.5% in Ryecare charges;

(ii) no increase in Taxi Licensing fees;

(iii) an increase of 3.4% for water sampling units;

(iv) an increase of 3.3% for markets (charge for vehicles); and

(v) an increase of 5.5% for rat control visits.

3.0 REASON FOR RECOMMENDATIONS

3.1 The above charges have considered the impact of increases in line with Council resolution.

4.0 SIGNIFICANT RISKS

4.1 The significant risk is that in setting charges below the target level will potentially lead to additional savings to be found in other areas if officer's views on the demand effect are incorrect.

5.0 POLICY CONTEXT

5.1 This report supports existing Council Policy and the budget strategy.

6.0 REPORT DETAILS

6.1 Full Council on 1 November 2012 resolved that in relation to fees and charges:

'Increases in fees and charges to be 3.5% - 4.5% on a cost centre heading basis excluding VAT and only those charges officers recommend above or below this figure to be considered by the relevant policy committee'.

6.2 This report considers those charges under the purview of the Commissioning Board where officers are recommending changes outside of the above.

Ryecare

6.3 The service has had a successful year with all existing contracts being retained. There is a continued demand for the service by private householders. There are currently approximately 5,000 private connections to the service.

6.4 The Ryecare service is provided to the most vulnerable members of the community and therefore we would like to increase to be no more than 2.5%. This equates to an increase from £4.49 per week to £4.60 per week.

6.5 Additional income will come from the Service Level Agreements with York HA, Richmondshire District Council and Yorkshire Housing which will see increases in income at Retail Price Index (RPI).

Taxi Licensing

6.6 Last year it was agreed to freeze the prices of taxi licenses against a background of years of appeals/time spent (officers and members) given the economic climate and with RDC's licence fees already being amongst the highest around by comparison.

6.7 The level of licences p.a. remains fairly constant. The likelihood is that if the licence fees increase by 3.5%-4.5% (which would generate additional income of around £1k) managing appeals and the cost of advertising/officer time etc will exceed the additional income generated. Therefore no increase is recommended again for 2013/2014.

Environmental Health

6.8 All discretionary fees arising from this service have been kept within the 3.5 - 4.5% with the exception of water sampling and market vehicle changes and charges for rats. These rise from £59 to £61; £6.10 to £6.30 and £18 to £19 respectively. The above figures lie just outside of the range of increases authorised by Council due to the recommended charges being rounded to the nearest pound/10p.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial
As detailed within the report.

b) Legal
There are no additional Legal Issues from the decision in this report.

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no significant additional implications of the proposals.

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Background Papers:
None

Background Papers are available for inspection at:
n/a

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RYEDALE DISTRICT COUNCIL

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

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:

Budget Year	Offer
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:-

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

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:

Exemption	Option A	Option B	Option C
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).*"

<u>Section 25 Report (Report of the Chief Finance Officer – Corporate Director (s151))</u>

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