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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>12 NOVEMBER 2020</b>
<b>REPORT OF THE:</b>	<b>CHIEF FINANCE OFFICER (s151) ANTON HODGE</b>
<b>TITLE OF REPORT:</b>	<b>RYEDALE'S FINANCIAL STRATEGY 2021-25</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 This report contains updates to the contents of the Financial Strategy and the proposed consultation with members of the public on next year's budget.

### **2.0 RECOMMENDATIONS**

- 2.1 The Council is asked to note the content of Appendix 1 of this report which form the basis of the Council's Financial Strategy. This paper builds on that presented in September to Full Council.
- 2.2 Members are also asked to consider and approve the proposed areas for consultation with the public, as set out in Appendix 2.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 To ensure proper process is in place to develop the Financial Strategy for the period 2021-25.

### **4.0 SIGNIFICANT RISKS**

- 4.1 When presented to Council, the Financial Strategy and budget proposals for 2021-22 will contain a full risk and impact assessment highlighting all relevant mitigating controls.

### **5.0 POLICY CONTEXT AND 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.

## **6.0 REPORT DETAILS**

### **Introduction**

- 6.1 Appendix 1 sets out the content of RDC's Financial Strategy 2020-24, as agreed by Council on 10 October 2019 and updated and agreed by Council in February 2020 and then updated again to include more recent and relevant information. The Strategy is effectively a live document which at certain points is agreed to ensure that budgets can be set.
- 6.2 This will continue to be reviewed and revised as information emerges and is agreed by Members around funding, cost pressures and potential savings, until we are in a position to make final decisions for the budget early in the new year.
- 6.3 The approach also contains the Commercial Strategy which was agreed last year as a key driver to deal with future financial pressures and a need to plug a likely funding gap in the years to come or to fund investment in services, and to look at how the Council can become self-sufficient other than where specific grants are allocated by central government.
- 6.4 Progress on this has unfortunately been impacted by the effects on the Council of COVID-19. The Financial Strategy and 2020-21 approved budget include a number of income targets over the next few years and these remain in place. However as we work through the revision to the Financial Strategy and take account of Quarterly Budget Monitoring, we will consider and immediate financial impact, as well as review the timescales for review of the areas outlined above
- 6.5 As reported to Council in September, the budget process begins in earnest in August although preparatory work within the Finance Team began in July. The need for public consultation (consultation with ratepayers is a statutory requirement) and the lead in time for Policy & Resources mean that to enable full engagement with Policy & Resources members, Senior Management Board, Service and Budget Managers, the process needs to begin as soon as final accounts work is complete. That said, budget managers will consider their future budget requirements as part of service planning and in reality budgeting should be an ongoing process informed by in-year budget management and horizon scanning.
- 6.6 The annual process is the opportunity for Budget Managers to refine and collate detailed proposals for consideration by senior management and members and ultimately for inclusion in the Council's budget for the coming year.
- 6.7 The table below sets out the timetable that will ensure we meet targets and undergo due process in setting a budget.

Annual Budget proposed timetable

<b>Who?</b>	<b>When?</b>	<b>What?</b>
Finance	By end of August	Preparatory work – key messages re approach and process ; pay budgets rolled forward based on approved establishment and budgets updated for inflation where appropriate (pay/contracts/utilities)  Ongoing assessment of impact of COVID-19
Management Teams/Budget Managers (with support from Finance in high risk areas)	August - September	Detailed budget requirements including savings, commitments, growth, strategic programmes.
Council	10 September	Consideration of Financial Strategy and intended timescales
P&R	12 November	Consider draft budget data and any proposals (including regarding public consultation) at this stage and follow up of issues from Members' Briefing.
Members Briefing	TBC	Present key issues to members and seek steer on proposals which are supported, those which require more detail and those which are rejected.
Council	3 December	Consider draft budget data and any proposals (including regarding public consultation) at this stage and follow up of issues from Members' Briefing.
Public Consultation	7 December – 12 January	
Policy & Resources	4 February	Budget and Council Tax proposals agreed for submission to Council
Council	18 February	Formal budget and council tax setting

Investment Requirement and Potential Budget Pressures

- 6.8 As the Strategy is refined, members will be presented with updated information on budget pressures, including:

- COVID-related ongoing costs (including lost income)
- Other staffing/investment required.
- Consideration of impact of LGR
- People and Culture Plan implementation (including specific health and well-being initiatives)
- Brexit
- Other

### Public Consultation

6.9 Appendix 2 sets out a list of areas for public consultation on the budget which will inform the decisions members will take in setting the budget. Members are asked to comment on this. It is suggested that the consultation runs from Monday 7<sup>th</sup> December 2020 until Monday 11 January 2021.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
Financial implications are explained throughout this report
- b) Legal  
There are no legal implications regarding this report.
- c) Other  
None to report, although in any report to Committee and Council, it will be noted that any proposals which may impact on Equalities, Staffing, Planning, Health & Safety, Climate Change, Environmental, Crime & Disorder will be assessed as part of the budget process.

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### **Background Papers:**

Report to Full Council 10 September 2019

APPENDIX 1

RYEDALE DISTRICT COUNCIL FINANCIAL STRATEGY 2020-24

RYEDALE  
DISTRICT  
COUNCIL



# FINANCIAL STRATEGY

2021-25

# FINANCIAL STRATEGY

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## 1. Introduction

- 1.1 The Council's Financial Strategy provides the financial framework to deliver the Council Plan.
- 1.2 It aims to provide financial sustainability, resilience and capacity for the Council in pursuing its objectives and secure the resources necessary to deliver the Corporate Plan, whilst managing the funding cuts we are facing.
- 1.3 The Financial Strategy sets out the overall approach in which detailed proposals and actions will be developed and considered when agreeing the annual budgets over a four-year period. It also notes that work will be undertaken in time for 2021-22 to ensure the Council can set a balanced budget which reflects its priorities, but that a more detailed and fundamental review will take place in time for 2022-23.
- 1.4 This approach will reflect what is expected to be a limited the funding settlement from central government – expected in December 2020 – in place of the originally-expected Local Government Spending Review. It makes no assumptions at this stage about local government review.
- 1.5 The Strategy covers four years, from 2021 to 2025.
- 1.6 Members will be kept informed of work undertaken, including detailed briefings. This will assist the development of the budget over the period of the Strategy and especially the work required for the more fundamental review.
- 1.7 Any implications (such as Equalities, Staffing, Planning, Health & Safety, Environmental, Climate Change, Crime & Disorder) will be considered as part of this work and will be reported to Members before recommendations are made and decisions taken.
- 1.8 As this strategy is being written, the impacts on public sector finances of the UK's exit from the European Union are still not clear. This is also the case with the impact of any changes arising from devolution and local government review.
- 1.9 Against this backdrop of uncertainty the key drivers for the financial strategy remain unchanged as the pressure on Local Government finance continues.
- 1.10 The Strategy has an emphasis on financial self-sufficiency - aiming to secure the resources necessary to deliver the Corporate Plan, whilst managing the funding cuts we are facing – ultimately over the long term achieving a self-sustaining financial model which sees the Council free from reliance on central government funding by raising income locally through Council Tax and Business Rates as well as through charging appropriately for services, maximising investments and commercial activity.

## 2. Objectives of the Financial Strategy

2.1 The Financial Strategy contains the following objectives:

1. Budgets are Prudent and Sustainable in the Long Term. The Council will aim to maintain a balanced budget by ensuring that in-year expenditure is matched by income from Council Tax, Business Rates, fees and charges and grants from government and other bodies. Funding from reserves will be used to cover one-off investments or temporary initiatives subject to a detailed business case being approved by Members.
2. Financial plans recognise corporate Priorities and Objectives.
3. Significant risks are identified, and mitigation factors identified.
4. The Capital Programme is planned over a 4 year period with no further borrowing planned.
5. Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account.
6. Council Tax increases will be kept within the Government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change.
7. Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council;
8. Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy.
9. The Financial Strategy supports the achievement of Excellence in Financial Management and use of resources.
10. The Council will seek to maximise income through a Commercial Strategy.

### 3. Financial Assumptions

#### Economic Assumptions

##### Interest Rates

- 3.1 There were two emergency cuts in Bank Rate from 0.75% to 0.25% and then to 0.10% as a result of the coronavirus outbreak in March 2020. In the latest forecasts received from Link (the Council's treasury management advisors) rates are expected to remain at 0.1% through to 2023. However these assumptions are based upon significant uncertainties around a Brexit outcome and the ongoing impact from COVID-19 and will be closely watched.
- 3.2 The approved strategy already included a cap on investment income of £200k to protect the general fund from over reliance on treasury returns during uncertain times resulting from Brexit. However, the increased turmoil in the financial markets due to COVID-19 and resulting rates forecasts suggest that returns on cash balances will remain below this level for the foreseeable future and will be included as an on-going budget pressure.

<b>Investment Income</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Average rate %	0.56%	0.25%	0.25%	0.25%
Interest £000's	140	50	50	50

- 3.3 Rates will be kept under review and forecasts updated as necessary.

##### Pay and Price Inflation

- 3.4 Provision for the public sector pay award for 2021-22 onwards 2% will be assumed.
- 3.5 As at August 2020 CPI inflation was running at 0.5%. However, it remains to be seen how the UK's exit from the European Union and the ongoing impact of COVID will reflect on the outlook for the economy and inflation. The Monetary Policy Committee sets policies to meet the 2% CPI target and expects rates to rise over the next two years although the effects of COVID and Brexit mean on-going uncertainty. The MTFS assumptions on inflation will therefore range from 1.5% to 3.5%, although inflation will only be provided on contractual budgets, staff pay and income.

##### Settlement Funding

- 3.6 This element of funding has seen the most significant changes in recent years following the localisation of Business Rates and Council Tax Support.
- 3.7 In October, HM Treasury confirmed that it will conduct a one-year Spending Review in November. The current assumptions in this paper are therefore that funding in 2021-22 will follow a similar pattern to that of the current year, except where longer-term assumptions were already in place (e.g. New Homes Bonus). This position may of course change and our final assumptions will be amended in such circumstances.

### Business Rates Retention

- 3.8 The Council was part of a successful bid for 2019-20, which included councils in West Yorkshire as well as our colleagues in the North Yorkshire pool and the City of York.
- 3.9 Invitations to bid for pooling in 2021-22 have been issued from central government but following modelling work and analysis, the s151 officers of the North Yorkshire authorities (county and districts) show a large degree of risk in this approach given the current financial circumstances. This risk outweighs the small potential benefits and therefore the unanimous view is not to progress a pool for next year.

### New Homes Bonus

- 3.10 New Homes Bonus (NHB) is an incentive scheme which rewards housing growth. It provides funding based on the number of new properties brought into use with an added element for affordable housing. The calculation provides that 80% of the funding is paid direct to District Councils with the County Council receiving the remaining 20%. The scheme is funded partly by the Government and also by top-slicing the Local Government funding settlement. Ryedale achieved £1.676m p.a. when the scheme reached maturity for 2016/17 (year 6 of the scheme).
- 3.11 However, the Government's evaluation of NHB and consultation early in 2016 resulted in it being scaled back to a 4 year scheme with a 0.4% growth threshold – for 2020-21 £835k was received.
- 3.12 New Homes Bonus funding is only currently secured to 2019-20 and it was anticipated that this scheme would be replaced in its entirety from 2020-21 with the Government considering alternative ways to incentivise housing growth. However, NHB did continue in 2020-21 and our Financial Strategy currently assumes this will phase out over the next two years with £475k estimated for 2021-22 and £275k for 2022-23.
- 3.13 The use of this funding in recent years is shown in the table below. The revised Financial Strategy assumes that £121k of the 2020-21 grant will be used to support additional spend in the budget on areas such as economic development and housing, with the remaining £714k allocated to reserves. In future years, at this stage it is likely that all of any future NHB will be used in support of the revenue budget.

Year	NHB £000	Revenue Support £000	Capital Support £000	Balance £000 <sup>1</sup>
2014/2015 (received)	1,127	175	0	952
2015/2016 (received)	1,387	559	288	540
2016/2017 (received)	1,676	327	188	604
2017/18 (received)	1,420	32	188	1,200
2018/19 (received)	964	0	188	776
2019-20 (received)	861	0	188	673
2020-21 (due)	835	121	0	714
2021-22 (estimate)	475	475	0	0
2022-23 (estimate)	275	275	0	0

### Special and Specific Grants

- 3.14 The Strategy assumes that Council Tax Administration support grant of £49k will not continue into 21/22, although this figure will be confirmed in the final settlement.
- 3.15 Negative RSG has of £120k was removed for 20/21, with an expectation that it may be reintroduced at a later date, and therefore is currently included from 21/22 onwards. However, this will be updated when we have details of the financial settlement.

### Pensions

- 3.16 The Council's employers' contribution rate for the North Yorkshire Pension Fund is set every 3 years based upon actuarial assumptions and investment expectations. Like many other Councils Ryedale's pension fund now has an estimated surplus of £8.7m at 31 March 2019 when the last valuation was undertaken. The employers' rate is designed to cover future service costs and a contribution towards the historic deficit, which aims to balance the fund over the long term. Changes to the scheme benefits have also been introduced in order to reduce the costs of future pension payments.
- 3.17 The triennial valuation took place last year and has set employer contribution rates for the next three years. These show a reduced expectation to the tune of £81k, £144k and £148k over the next three years. The Strategy assumes that this headroom will be held in reserve to assist any negative of the next valuation in future years

### Debt Charges

- 3.18 Management of the Council's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Council's capital expenditure plans are prudent, affordable and sustainable, with decisions on

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<sup>1</sup> Allocated to NHB Reserve

borrowing taken in light of spending plans and available funding, cash flow needs and interest rates (current and future forecasts).

- 3.19 Borrowing enables the Council to spread the cost of capital expenditure over time. Generally speaking it gives rise to 2 charges against the revenue budget: Minimum Revenue Provision (MRP) and interest payable on debt.
- 3.20 MRP is an amount set aside to repay debt in accordance with the approved policy within the Treasury Management Strategy. The current policy is to charge MRP for assets included within the debt liability over the useful life of the asset or finance lease term. The current annual charge to General Fund balances is £35k. At this stage, and until the Council has agreed it's Council Plan and also potential use of reserves on any major schemes and other priorities, no change is proposed in the MRP level.
- 3.21 The Council has resolved to fund the current capital programme through the use of grant funding and reserve balances, thus removing the need to borrow. However, should this position change, the current environment of low returns on cash investments means that it is more favourable to borrow internally (i.e. use available cash earmarked for future spend) than take out new external borrowing. This will be kept under review as part of monitoring the Council's Treasury activities.

## 4. Commercial Strategy

- 4.1 A key driver for the Council's Commercial Strategy is future financial pressures and a need to plug a likely funding gap in the years to come or to fund investment in services, and to look at how the Council can become self-sufficient other than where specific grants are allocated by central government.
- 4.2 The Strategy considers where certain discretionary services can be funded by those who use them rather than the general taxpayer.
- 4.3 Alongside this is a requirement to ensure that the Council provides the best value for money to the people of Ryedale.
- 4.4 Commercial opportunities can have a positive impact on the Council and the area by:
- Developing the portfolio of services provided by the Council and making it a more attractive place to work
  - Generating additional income which, in addition to plugging any financial gap, can be used to invest in services
  - Working more closely with business and ensuring the Council is a key player in ensuring that we maximise the economic potential of our area and achieve our strategic outcomes across our communities
- 4.5 Although income generation is very important, our Commercial Strategy will also look at how we can ensure that every spending decision is taken with a view to ensuring the best value for money for taxpayers. We will also ensure that we become infuse our procurement and commissioning decisions with an "intelligent client" ethos.

- 4.6 All of these require us to look at culture across the Council and ensure that staff and members feel confident and knowledgeable enough to deliver the strategy.
- 4.7 In summary therefore this Strategy notes that we will
- Look at all non-statutory services and investigate potential for full cost recovery or increasing user contribution to their cost
  - Shape potential markets for delivering traded services and look at how generated surplus can be used
  - Review our procurement strategy to ensure that a commercial approach is taken
  - Ensure that all purchasing decisions are guided by a value for money approach
- 4.8 To do this successfully we need to ensure that we have the proper support functions in place in designing and delivering the services (e.g. financial and legal advice and marketing support) and that any costs of this are fully recovered in what we charge for the services.
- 4.9 Ensuring we have the right culture across the organisation is also important. We will take steps to provide staff and members with the relevant skills and expertise in this regard to embed a more commercial mindset across the Council.
- 4.10 An important part of becoming more commercial involves managing risk and attitudes towards this from officers and members. Our approach will encourage an appetite for calculated risk-taking and being willing to learn lessons from approaches which do not always lead to the success hoped for. This will of course be balanced by a risk management process which ensures we safeguard the council at all times.
- 4.11 The Financial Strategy will include a number of income targets over the next few years and further details will be provided to members in due course.

## 5. Council Tax

- 5.1 The Council Tax Base in 2020-21 is 22,062 and the Strategy currently estimates a 1% rise forecast thereafter. Every 0.5% increase above this level would add approximately 110 Band D equivalents to our Tax Base which equates to around £21.5k p.a. at the current Band D charge. However the final strategy will reference any potential slowing of growth in growth on the base as a result of increased Council Tax support and less new development due to Covid.
- 5.2 In 2020-21 central Government allowed district councils to increase their Band D charge by 2% or £5 whichever was the highest, without triggering a referendum. Our assumptions are that this will be 2% or £5 per annum in future years. The Financial Strategy agreed by Council in December 2019 stated that “any Council Tax increase will be between £0 and £5 and, pending any further information, our assumptions will continue to be based on that allowance from government.
- 5.3 In February 2020, Council agreed an increase of £5.

## 6. Reserves and Balances

- 6.1 The Local Government Act 2003 places a specific duty on the Chief Finance Officer (s151), to make a report to the authority when it is considering its budget and the level of the Council Tax. This report must deal with the robustness of the estimates and the adequacy of reserves allowed for in the budget proposals. The Council must have regard to this report in making their decisions.
- 6.2 The Council also has a fiduciary duty to local taxpayers and the Chief Finance Officer must be satisfied that the decisions taken on the level of balances and reserves represent the proper stewardship of funds.
- 6.3 In assessing the adequacy of the contingencies, balances and reserves, the Chief Finance Officer takes account of the key financial assumptions underpinning the budget, together with an assessment of the Council's financial management arrangements. This assessment will include a review of past performance and external influences on the financial plan, and full consideration of the risks and uncertainties associated with the plan, their likelihood and potential impact.
- 6.4 The Council's policy is to maintain its contingencies, balances and reserves at levels that are prudent but not excessive. With the outlook for the years after 2020/21 and beyond currently uncertain, and the scale and risk of achieving cost reduction being high, any reserves identified as being surplus should be prioritised to invest to save schemes and, if required, to smooth the curve of cost reduction in the light of timescales needed to drive costs out.
- 6.5 It is assumed that General Balances are **not** used to support the revenue budget but may be used for temporary or on-off costs – although such costs will be clearly managed and agreed through the use of the Strategic Reserve. In 2020-21, specific amounts have been set aside for potential costs of Brexit (£50k), contributions to matched funding from external bids (£10k) and any necessary furniture costs, pending decisions on the Public Services Hub.
- 6.6 General Balances are funding of last resort. Taking account of the size of the Council's revenue budget and risks being managed, a minimum working balance of £1m would seem appropriate.
- 6.7 At 1 April 2020 reserve balances were £15.8m revenue and £456k capital receipts.
- 6.8 A current list of reserves and balances is shown in the table below. The Council's revenue reserves increased from £12.8m in March 2018 to £14.9m in March 2019 and then to £15.8m in March 2020. These are expected to fall over the next few years not least because of the requirement to fund additional COVID-costs.

## 7. Budget Outlook 2021/22 – 2024/25

- 7.1 The 2019-20 budget was the first in a number of years where a large underspend or contingency was not set as part of the overall revenue budget and this continued in 2020-21. This means that the Council has gone from a £2.1m underspend in 2017-18 and £1.4m underspend in 2018-19, to a small surplus of £31k in 2019-20. This is an ongoing process and work continues across the Council to ensure that budgets are allocated at appropriate levels.
- 7.2 However, the costs on the Council of COVID have had a significant and detrimental effect on the budget.
- 7.3 The Q2 position to be reported to members in November 2020 shows the an expected overspend of £1.6m
- 7.4 This incorporates additional COVID costs of £2.7m, offset by income or other budgets already agreed.
- 7.5 Central government has also made available a scheme to “compensate councils for irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services, in the financial year 2020-21”. This means that where the Council has budgeted for something as income (sales, fees and charges), and has suffered losses to that income, then compensation will be payable. Authorities will have to absorb the initial 5% of losses (the 5% deductible), with central government compensating 75% of losses above this threshold. Any recovered income would therefore contribute to the gap above.
- 7.6 Work is being undertaken to identify as best as we can the ongoing impact of Covid on the revenue budget in future years. This includes:
- a) Business Rates income reduction
  - b) Council Tax income reduction
  - c) Other lost income
  - d) Additional staffing costs to reflect increased workload or requirements around social distancing. At the same time we will take account of any cost increases and reductions that are arising through revised working arrangements
- 7.7 In general, it is assumed that on average costs will increase in line with inflation.
- Employee Costs
- 7.8 The single largest cost to the Council is its employees. In 2020/21 the Council’s payroll budget is over £6m. A 2% pay award is included in our budget forecasts.
- 7.9 Salary budgets are set at mid-point of scale with no vacancy factor.
- 7.10 The budget includes costs to other organisations – such as NYCC – which replace direct staffing costs. Estimated costs in 2021/22 are shown below. It should be noted that in most cases these are not additional costs. The only area which has been included as a budget pressure is Facilities Management.

<b>Service</b>	<b>Organisation</b>	<b>Budget £000s</b>
Finance Resource	NYCC	
Legal Resource	NYCC	
HR Resource	NYCC	
Payroll	NYCC	
Revenues Resource	SBC	
Collection Fund	SBC	
Cleaning Services	NYCC	
Facilities Management	NYCC	
Procurement	SBC/NYCC	
Legal Support	NYCC	
Safeguarding	SBC	
Housing	The York, North Yorkshire & East Riding Strategic Housing Partnership	
Health & Safety	NYCC	

### Investment

- 7.11 In addition to increased costs arising from the ongoing impact of the pandemic, we will also highlight any other capacity issues required to continue to improve the Council's performance or deal with regulatory compliance
- 7.12 A summary of these investments and budget pressures will be included in the final Strategy and discussed with members prior to that point.

### Savings

- 7.13 A number of savings have been identified and built into the budget. These are set out below. In some cases, these are reductions which can be applied without any further action as they reflect an updated spend pattern or have been planned for some time. In other cases, efficiencies have been linked to income generation through better marketing and increasing take-up targets.

### Fees, Charges and Income Generation

- 7.14 Fees and charges have generally been increased in line with inflation, by up to 4%, however there are some specific service areas to highlight the position for next year's proposed pricing.

## 8. Revenue Summary

- 8.1 The Final Strategy will set out the proposed revised budget forecast.
- 8.2 This shows that in 2021/22, the budget will balance, but – based on the assumptions in this paper – there are still shortfalls in future years which will have to be found with further savings. The final position for those years will not be known until the outcome of the spending review.
- 8.3 The Strategy will note the assumptions for the 2021-22 budget on use of Council Tax New Homes Bonus to fund pressures.

## 9. Capital Programme

- 9.1 The Council continues to work on a new capital programme which will take account of the Council's priorities and objectives, including any investment in large scale projects such as the Public Services Hub or Livestock Market.
- 9.2 In putting this together, new schemes will be reviewed against the Council priorities plus a detailed assessment of deliverability prior to consideration by Council. This methodology will be applied to all proposals, regardless of the source of funding, prior to any decision being made to accept external capital support such as grant funding, so that the Council can ensure that they form part of an overall capital investment strategy.
- 9.3 The Council is committed to seeking out innovative partnership and funding opportunities in order to deliver the capital strategy and achieve best value.
- 9.4 The Council will continue to work closely with funding partners. Future projects will continue to be developed through partnership working more likely with the Local Enterprise Partnership (LEP). The Council also recognises the importance of increased community engagement and participation as fundamental to the quality of public services and the health of community life. The Council will therefore seek to develop major projects with the full involvement of local communities and ensure appropriate consultation prior to scheme approval.
- 9.5 Resources to fund capital spending are provided from central government grants, with other external grants and contributions sought. Council funding in the form of capital receipts, use of reserves, borrowing and from revenue sources make up the balance of resources. However, grants provided by central government and resources from other external agencies are often specific to an individual scheme and cannot be used for any other purpose by the Council. The Council has limited scope to generate significant capital receipts other than through the sale of major underutilised assets.
- 9.6 Under the Prudential Regime, which has operated since April 2004, the Council has the responsibility to demonstrate that its capital investment programme is affordable, prudent and sustainable. The Prudential Code requires that this is done by calculating specific indicators for capital expenditure and financing and by setting borrowing limits.
- 9.7 The revenue implications of funding the capital programme will be built into the medium term financial forecasts.

## 10. Impact/Risk Assessment

- 10.1 This section recognises the challenges and risks that have implications for the Council's financial position in the medium term. This assessment of risk is an essential element of the budget process; it is used to inform decisions about the appropriate levels of contingencies and reserves that may be required and to indicate priorities for financial monitoring.
- 10.2 Managing Risk is an important part of the Financial Strategy. In addition to the Corporate Risk Register each service maintains its own risk register. The Corporate Risk Register will be reported to the Overview and Scrutiny Committee during the forthcoming year.
- 10.3 A key risk is Brexit as it remains unclear what short term impact there will be on the Council in a post EU environment. There are, however, risks that suppliers of services with significant exposure to workers from the EU and / or currency fluctuations will seek to recover additional costs from customers including the Council. This has been accounted for in the Strategy
- 10.4 The key risks identified for 2020/21 and in the medium term are listed below, together with comments on how they will be managed. These compliment the Council's Corporate Risk Register

## APPENDIX 2

### Suggested Headings in Public Budget Consultation pack

Summary of financial Position, noting:

- Like others, the Council has had to take action to ensure that we stay within budget and it is likely that our funding will reduce further in future years. As we are limited in how much we can increase Council Tax, we are constantly looking at ways we can work more efficiently.
- Although we are the authority who send you the annual Council Tax bill, we only keep 11% of the money we collect. The other 89% is split between:
  - North Yorkshire County Council 71%
  - North Yorkshire Police 14%
  - North Yorkshire Fire and Rescue Service 4%
- A comparison<sup>2</sup> of the different responsibilities of the County, District and Parish Councils, as below:

County Councils	District, borough and city councils	Parish, community and town councils
education	rubbish collection	allotments
transport	recycling	public clocks
planning	Council Tax collections	bus shelters
social care	housing	community centres
libraries	trading standards	play areas and play equipment
waste management		consultation on neighbourhood planning
		They also have the power to issue fixed penalty fines for things like: <ul style="list-style-type: none"> <li>• litter</li> <li>• graffiti</li> <li>• fly posting</li> <li>• dog offences</li> </ul>

- Where does our money come from?
- What is the money spent on?

<sup>2</sup> <https://www.gov.uk/understand-how-your-council-works>

### Suggested topics for consultation

- Council Tax level: does it provide value for money? Do you agree that the proposed limits are reasonable?
- Opinion on various services provided by RDC
- Charging for Discretionary Services provided by Ryedale
- What can the Council do to help you more – especially as we cope with and recover from the effects of Coronavirus?