



POLICY AND RESOURCES COMMITTEE

Thursday 15 November 2018 at 6.30 pm

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

Documents marked "To Follow" on the Agenda published 7 November 2018

- 6 **To Consider the Recommendations from the Resources Working Party held on 8 November 2018** (Pages 3 - 6)
- 7 **To Consider the Recommendations from the Corporate Peer Challenge Improvement Plan Working Party held on 8 November 2018** (Pages 7 - 8)
- 15 **Update on Increasing Recycling** (Pages 9 - 12)
- 16 **Malton Livestock Market** (Pages 13 - 18)
- 17 **Additional Funding for a Flood Risk Management Project Manager and RDC's Flood Grant Fund** (Pages 19 - 26)
- 21 **Financial Strategy 2018-2023** (Pages 27 - 40)
- 22 **Revenue Budget Monitoring** (Pages 41 - 46)
- 23 **Corporate Peer Challenge Revisit Feedback Report** (Pages 47 - 78)

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Resources Working Party

Held at Meeting Room 1, Ryedale House, Malton
on Thursday 8 November 2018

Present

Councillors Steve Arnold, Val Arnold, Duncan, Ives (Chairman), Raper,
Elizabeth Shields, Thornton and Wainwright

In Attendance

Cllr Burr (substitute for Cllr P. Andrews)

Gary Housden, Anton Hodge, Stacey Bulet, Beckie Bennett

Councillors Oxley, Cowling, Cleary, Keal and Goodrick

Minutes

19 **Apologies for absence**

Apologies for absence were received from Councillor Gardiner and Councillor P. Andrews.

20 **Minutes of the meeting held on 13 September 2018**

Decision

That the minutes of the meeting of the Resources Working Party held on 13 September 2018 be approved and signed by the Chairman as a correct record.
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21 **Urgent Business**

There were no items of urgent business.

22 **Declarations of Interest**

Councillor Raper declared an interest in item 25 (Briefing note regarding Northern Ryedale Leisure Centre) as he is a member of Everyone Active.

23 **Malton Livestock Market**

Considered – Report of the Specialist Services Lead.

Recommendation

That the report be noted and amendments made to the recommendations to be considered by the Policy and Resources committee.

24 **Update on increasing recycling**

Considered – Report of the Delivery and Frontline Services Lead.

Recommendation

That the update be noted.

25 **Briefing note regarding Northern Ryedale Leisure Centre**

Considered.

Recommendation

That the briefing note be noted.

26 **Funding support for a joint flood risk management project manager with North Yorkshire County Council and top-up funding for the Council's Flood Grant Fund**

Considered – Report of the Delivery & Frontline Services Lead.

Recommendation

That the report be noted.

27 **Budget Strategy 2018-23**

Considered.

Recommendation

That the presentation be noted.

28 **Financial Management Information**

Considered.

Recommendation

That the report be noted.

29 **Revenue Budget Monitoring - Q2**

Considered – Report of the Chief Finance Officer (s151).

Recommendation

That the report be noted.

30 **Capital Monitoring**

Considered – Report of the Chief Finance Officer (s151).

Recommendation

That the report be noted.

31 **Any other business that the Chairman decides is urgent**

There being no other business, the meeting closed at 9:05pm.

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Corporate Peer Challenge Improvement Plan Working Party

Held at Meeting Room 1, Ryedale House, Malton
on Thursday 8 November 2018

Present

Councillors Steve Arnold, Val Arnold, Duncan, Ives (Chairman), Raper,
Elizabeth Shields, Thornton and Wainwright

In Attendance

Stacey Burlet

Councillors Clark, Oxley and Goodrick

Minutes

1 **Apologies for Absence**

Apologies for absence were received from Councillor Gardiner and Councillor Burr.

2 **Minutes of the meeting held on the 18 January 2018**

<p style="text-align: center;">Decision</p> <p>That the minutes of the meeting of the Corporate Peer Challenge Improvement Plan Working Party held on 18 January 2018 be approved and signed by the Chairman as a correct record.</p>
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3 **Urgent Business**

There were no items of urgent business.

4 **Declarations of Interest**

Declarations of interest were received from Councillor Gardiner.

5 **Corporate Peer Challenge Review Revisit**

Considered.

<p style="text-align: center;">Recommendation</p> <p>That the report was discussed and noted.</p>
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6 **Any other business that the Chairman decides is urgent**

There being no other business, the meeting closed at 10pm.



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	DELIVERY & FRONTLINE SERVICES LEAD BECKIE BENNETT
TITLE OF REPORT:	UPDATE ON INCREASING RECYCLING
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides an update to Members on progress to date following the motion to Council on 28 June 2018 to increase the Council's recycling performance and introduce an awareness campaign to encourage residents to recycle more.

2.0 RECOMMENDATIONS

- 2.1 That the report be noted.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 This report provides an update on progress to date together with a draft action plan which will inform a future detailed report of options to increase recycling performance for consideration by the Council.

4.0 BACKGROUND

- 4.1 On 28 June 2018 a motion to Council was referred to Policy and Resources Committee which called to action an increase in recycling performance within a 2 year period and the introduction of an awareness campaign for residents to encourage more recycling (Minute Number 21 – Full details of the minute are given at Appendix 1]
- 4.2 Over the last couple of months, initial work has been taking place to enable a series of actions to be considered for inclusion in a draft action plan to increase recycling in Ryedale, including attendance at the Local Authority Recycling Advisory Committee Conference on 10 October 2018.
- 4.3 DEFRA are expected to publish a new Resources and Waste Strategy by the end of December 2018 aimed at making the UK a world leader in resource efficiency. It will set out the approach to reducing waste, promoting markets for secondary materials, incentivising producers to design better products and how we can better manage materials at the end of life by targeting environmental impacts.
- 4.4 The new Resources and Waste Strategy will need to be incorporated into the work

plan over the next few months. This will be an important step in considering future options for the Council's recycling collection service.

- 4.5 A number of expected key action points are set out in Appendix 2 to this report. This is subject to review as the work progresses and will be developed further to categorise each action into a detailed timetable to give short and long term objectives.
- 4.6 The majority of this work is expected to be completed by the end of the financial year and the intention is to provide a further report on progress and potential options at the next meetings of Policy and Resources Committee on 7 February 2019 and 14 March and Full Council on 11 April 2019 as shown below

<i>Date</i>	<i>Meeting/Event</i>	<i>Details</i>
8 Nov	Resources Working Party	Update on approach to increasing recycling
15 Nov	Policy and Resources Committee	Update on approach to increasing recycling
January/Feb	Member Briefing	To include a visit to Allerton Park Recovery Plant
7 Feb	Policy and Resources Committee	Update on increasing recycling action plan and consideration of potential options
14 Mar	Policy and Resources Committee	Various actions to be complete and detailed financial information for potential options for consideration
11 April	Full Council	Council consider potential options to increase recycling
April/May	Implement new recycling and waste rounds	Raise awareness of what can be recycled as part of the current recycling collection service including staff and residents
Beyond May	Recycling Campaign	Develop a proactive recycling awareness campaign and communications plan as part of the don't be a waster initiative
June	Parish Liaison	Launch recycling campaign with parish and town council

Beckie Bennett
Delivery and Frontline Services Lead

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Background Papers: None

Full Council 28 June 2018

Minute Number 21

Proposed by Councillor Di Keal and seconded by Councillor Elizabeth Shields

This council has a proud history of being at the forefront of recycling over many years, but is now falling behind many other authorities in the national league tables.

We have fallen from a position of 16th in these national tables in 2005/6 to 132 in 2015/16 and even though our recycling rates are comparable with other councils in North Yorkshire, we are dropping behind many local authorities around the country because of the limited recycling that we do.

In the current climate we need to strive to ensure that everything that is recyclable is recycled – for the benefit of residents, the environment and ultimately the planet on which we live. There is real commitment amongst the public to recycle as many waste items as possible and this council should be responding to that demand.

After much campaigning by the green lobby, supermarkets are finally listening and slowly starting to take steps to reduce single use plastic and packaging – although there is still a very long way to go – and this council also needs to up its game.

While applauding our recent ‘Don’t be a Waster’ campaign, we believe that as a council we can do more. The North Yorkshire Minerals and Waste plan is currently being revised and will be informed by new government directives on waste and recycling, so it is timely to address these important issues now.

We therefore call on the council to:

- 1. work with neighbouring authorities through the North Yorkshire Minerals and Waste Plan to increase the materials that we recycle to include a wider range of household plastics, and*
- 2. to expand our doorstep collections to include these additional materials within a two year period, and*
- 3. in the interim introduce a resident awareness programme to encourage more recycling, both on the doorstep and at household recycling centres, to reduce levels of waste going to landfill.*

Having been moved and seconded, this motion stood automatically referred to the Policy and Resources Committee under Council Procedure Rule 11.4.

Under Council Procedure Rule 13.7(a), Councillor Di Keal, as proposer of the motion, altered the motion, with the consent of the meeting, to accept in the following suggested amendment from Councillor Clark and Councillor Potter:

“To add

- 4. To include the examination of recycling of food waste as agreed at the Commissioning Board.”*

Expected key actions required to inform development of options to increase recycling

1	Review the existing recycling contract to identify any other materials which could be introduced to the kerbside collection service and the potential impact on the current recycling collection service
2	Propose a new set of charges as part of 2019/20 budget for commercial waste recycling service
3	Develop an awareness campaign to remind residents what they can recycle now as part of the current recycling service
4	Review mini recycling centres and rebrand/refresh
5	Review the new Resources and Waste Strategy and provide further information on the key issues for the Council (expected by 31 Dec 2018)
6	Arrange a trip for elected members to Allerton Park Waste Recovery Plant.
7	Consider impact of increasing recycling on current resource levels and the impact on the new rounds. Identify any additional resources and vehicle requirements and impact on the revenue budget
8	Explore options for food waste collections
9	Hold a Member Briefing Session on options to increase recycling
10	Plan to roll out a recycling service to all commercial waste customers which mirrors the current service provided to residents
11	Present detailed options including financial implications for decision to Policy and Resources and Full Council
12	Launch a refreshed recycling awareness campaign as part of rolling out the new recycling and waste rounds in Spring 2019
13	Hold workshops with all staff to raise awareness of what can be recycled
14	Launch a refreshed recycling awareness campaign at Parish Liaison
15	Complete a comparison exercise with other NY District Councils and family group collection authorities
16	Work in partnership with NYCC as the disposal authority to raise awareness of recycling at Household Waste Recycling Centres
17	Consider the opportunities that the new waste transfer facility may offer
18	Develop and implement a communication plan to continually promote recycling as part of the Don't Be A Waster Initiative



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	SPECIALIST SERVICES LEAD GARY HOUSDEN
TITLE OF REPORT:	MALTON LIVESTOCK MARKET
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The report seeks support from Council to carry out an options appraisal with the aim of identifying a preferred option for a relocated livestock market for Ryedale.

2.0 RECOMMENDATION

- 2.1 That Council makes available up to £50k from reserves to commission an independent options appraisal report (comprised of up to two stages) with the aim of recommending a preferred option for a relocated livestock market for Ryedale.
- 2.2 On completion of the Stage 1 options appraisal report (if a positive outcome is received) the Council's Specialist Services Lead, in consultation with the Chairman of Policy and Resources Committee, is delegated to proceed to authorise further work on the Stage 2 options appraisal. In the event of an unfavourable or unclear outcome of the Stage 1 options appraisal process, the matter shall be referred back to Members of the Policy and Resources Committee for further consideration
- 2.3 That the final outcome of the Stage 1 and Stage 2 options appraisal process be the subject of a further officer report to a future meeting of the Policy and Resources Committee and Council.

3.0 REASON FOR RECOMMENDATION

- 3.1 The Malton livestock market is the last remaining livestock market in Ryedale and is greatly valued by the local farming and wider community. The livestock market is considered to be integral to the District's economy, its cultural heritage and its identity. Its presence in Ryedale provides a sustainable focus for the sale and purchase of livestock, has the potential to help to reduce food miles and encourage the trend towards local food production. The local livestock market also helps to reduce the distance that livestock is transported including store stock which is considered to be beneficial in terms of animal welfare matters.

- 3.2 The retention of a livestock market within the District is considered to be a vital part of the Council's approach to the land based economy which seeks to support the traditional components of economic activity based around agriculture and associated businesses.

4.0 SIGNIFICANT RISKS

- 4.1 The strong possibility remains that the retention of a livestock market in Ryedale on a relocated site will not be possible without support and some level of intervention by the Council. It is unlikely that the Malton livestock market operating in its current location in the centre of Malton is sustainable in the longer term.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Council Plan – Priorities - Sustainable Growth.

The Council seeks to promote a strong economy with thriving businesses and supporting infrastructure for future generations. Capitalising on our culture, leisure and tourism opportunities.

- 5.2 LDF – The Ryedale Plan - Local Plan Strategy was adopted in September 2013.

Para 2.28 of the plan states,

Within Ryedale a significant proportion of the workforce is employed in traditional manufacturing and agricultural sectors. Although these activities have experienced decline over the past decade they remain core elements of Ryedale's economy and are likely to experience further restructuring in the future.

The Aspirations and Strategy section of the plan goes on to state,

Aim 1.

To create opportunities to retain and create jobs, skills and prosperity and to develop adverse and resilient economy that supports an ability to live and work in Ryedale.

Objective 8.

Support new and existing businesses with the provision of a range of employment sites and premises, including higher quality purpose built sites, principally at the market towns.

Ryedale Plan Local Plan Strategy - Section 5 The Economy

- 5.1 A strong and healthy economy is integral to the quality of life, prosperity and sense of personal security of residents of the District.

- 5.2 A large part of Ryedale's economy is inextricably linked to its geography. As a predominantly rural area, agriculture is a traditional sector of the economy across the District. Tourism has a strong presence particularly in northern Ryedale where it is centred on specific visitor attractions, the picturesque settlements of Helmsley, Pickering and Thornton-le-Dale and attractive landscapes, including the North York Moors National Park. Throughout history the District's Market Towns have been hubs of economic activity. They are the main centres of manufacturing, retailing and service and leisure based economic activity. The City of York exerts influence in the southern and

western parts of Ryedale in terms of commuting patterns and retail expenditure.

- 5.3 Ryedale's economy appears strong; enjoying relatively high levels of business start-ups and low levels of unemployment. Underlying these headline figures however, the District's economic base remains dependent on traditional sectors or a small number of large businesses which are vulnerable to wider national and international changes. To help to increase local wage levels, retain and attract young people, reduce out commuting and ensure a more skilled workforce in the longer term, it will be essential to diversify the District's economy to reduce dependence on vulnerable sectors and to foster a wider choice of employment opportunities. Lifting wage levels locally will also assist in addressing some of the significant housing needs of young and working people through the open market.

Paras 5.34 -36 go on to state;

- 5.34 Land-based economic activity is integral to the District's economy, cultural heritage and identity. Farming, forestry and the equine industry, in particular horse racing, have all been longstanding and traditional components of economic activity. Many of these activities have helped to ensure that Ryedale's valued landscapes are carefully and sensitively managed. In Ryedale the role of local Estates has been a significant factor in influencing rural economic activity and management of the landscape.

- 5.35 However the land-based sector, and in particular agriculture, has undergone considerable restructuring over the post war period, and is set to continue to restructure as a consequence of both local and global changes. These changes are happening at a rapid rate, can be difficult to predict and are likely to exert a combination of positive and negative pressures on the District's rural economy. This Strategy is intended to support and be flexible to the needs of those who rely on the land-based economy. It also supports new opportunities that may arise from future changes. These range from alternative cropping to renewable energy schemes. It is essential that these new land uses and economic activity must be supported and encouraged where appropriate if Ryedale's countryside is to continue as the living and working countryside that is intrinsic to Ryedale's cultural identity.

- 5.36 Malton Livestock Market is the last remaining livestock market in Ryedale and is greatly valued by the local farming and wider community. It provides a local sustainable focus for the sale and purchase of livestock, reducing food miles and encouraging the trend towards local food production. The Council considers that the current livestock market is an important use that should be retained in Ryedale. Following the grant of outline planning consent for redevelopment of the current livestock market site, it is very likely that the livestock market will vacate its current location. It is important that any new site for a livestock market reflects the balance of maintaining links to a Market Town in Ryedale but also ensures that it is acceptable taking into account other matters such as highways, amenity, visual impact, character and setting.

Policy SP6 of the Local Plan Strategy makes the focus for employment allocations at Malton and Norton on sites within and adjacent to the built up areas of the towns,

Policy SP9 The Land Based and Rural Economy goes on to state that the land based economy will be sustained and diversified with support fornew

buildings that are necessary to support land based activity and in a working countryside, including farming.

And indirectly by supporting.... The retention of a livestock market within Ryedale on a site which is convenient to users, well related to the road network and in allocation which is close to a market town but will not harm its character, landscape setting or the amenities of nearby residents.

5.3 Ryedale Economic Action Plan 2016-20

The Plan was first developed in conjunction with the Local Enterprise Partnership (LEP). Local Growth funding has been achieved at Eden Camp for an agri-business park and there has been a Food Enterprise Zone (FEZ) designated.

The current Plan focuses on “Doing what Matters for Ryedale”-dealing with concepts and priorities that have a particular resonance for Ryedale. Delivery of the FEZ is one of the identified priority projects for between now and 2020.

5.4 Financial Strategy – use of assets for income generation

The Council’s Financial Strategy notes that:

“The Council’s policy is to maintain its contingencies, balances and reserves at levels that are prudent but not excessive. With the outlook for 2017/18 and beyond being very tough, 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.”

The Council’s Commercialisation and Income Generation Policy notes that:

“Developing business opportunities for the Council and optimising income” is a Council priority and that to maximise business opportunities and income generation, the Council’s action will include:

- Supporting investment opportunities including in major projects to deliver a return on investment to support the revenue budget
- Developing new opportunities for chargeable services, which are competitive within the local market

5.5 Regular briefings held with Resources Working Party and Group Leaders, a number of meetings with all interested parties

REPORT

6.0 REPORT DETAILS

6.1 In addition to the policy context set out above Members will be aware that planning permission was granted in March 2015 for a new livestock market and associated commercial development on an extensive site at Land off Edenhouse Rd, Old Malton under planning permission reference 14/00426/MOUTE. This was an outline planning permission and to date no reserved matters have been submitted in respect of the livestock market element of the proposal. The permission however has an extended period for the submission of reserved matters and remains extant. The livestock market was shown on a parcel of land to the west of Eden House Rd. and this remains the

proposed location of the livestock market and associated facilities.

- 6.2 The above mentioned planning permission was the subject of 'linked' developments elsewhere in the town and is the subject of a s106 agreement which derived a significant developer contribution toward the relocation of the livestock market and associated infrastructure at Eden Camp. A sum of £500k remains available towards the provision of the livestock market and this is referred to in the costings set in more detail in the report below.
- 6.3 The FEZ Local Development Order (LDO) was adopted in February 2016. The effect of the order is to grant detailed planning permission to particular classes of development which are specified in the order. Subject to meeting the requirements of the LDO and the accompanying design code this means that there are greater freedoms for business on the site. Nevertheless despite initial infrastructure being carried out on site, including significant roadworks and a new roundabout together with a surface water attenuation lagoon, development on site and take up of the FEZ Local Development Order has been slow. More recently development has commenced on six speculative business units which can be used for a range of uses within Classes B1, B2 and B8.
- 6.4 Members will recall that this matter was reported to P&R on 26 July 2018 and then considered by Council on 6 September 2018 when members resolved to refer the matter back to a future meeting of P&R.

The P&R recommendation to Council in July 2018 had stated:

That the Council approves in principle to lead the development of a relocated livestock market for Ryedale Conditional upon:

- a) The preparation of a business case for the new Malton Livestock Market and*
- b) The preparation of a detailed specification for the new MLM, to include additional facilities to support sustainability and delivery return to the Council and a revised cost plan based on this.*

That £150k to be made available to support the developmental a business case, specification and procurement exercise for the preferred Option 2 (this estimated figure had been reduced to £50k by the time the matter was considered at the Council meeting on 6 September 2018)

- 6.5 Following the Council decision on 6 September 2018 officers met with representatives of all interested parties including the Auctioneers Partnership (both auctioneers), the Fitzwilliam Malton Estate, the Fitzwilliam Trust Corporation and the Malton and Ryedale Farmers Livestock Market Company. The meeting enabled those attending to make known their respective positions and to use this as a basis for the reconsideration of a potential range of options available for a development including a new livestock market. The meeting held on 5 October 2018 was also attended by officers representing Align Property Partners (APP), a company listed on NYCC's framework agreement.
- 6.6 After the meeting RDC officers have received a fee proposal for a two stage assessment process of an options report from APP in order to derive a recommended option for a new Livestock Market facility. This includes;
- Stage 1 appraisal - sifting from a longer list of options to a short list of proposals and providing relevant high level details in support of these.

Stage 2 appraisal - recommending a preferred option for the new LSM and to prepare a business case as a second stage of this process.

The fees for Stage 1 would be £19,965 and fees for Stage 2 would be £26,925

- 6.7 Officers are advised by APP that the total time period for carrying out the appraisal process of Stages 1 and 2 combined would take in the order of 10 weeks to complete meaning that the outcome of this work would not be known until early in the New Year assuming work on the options appraisal commences immediately.
- 6.8 Members will be aware from the earlier report to P&R in July 2018 that officers remain concerned about the impact of any further delays in progressing this work and perceive a need to maintain momentum if a successful outcome is to be achieved.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

The Council's earmarked reserves are £12.8m as at 31 March 2018. Over the last year these have increased from £8.7m, largely as a result of the in-year revenue underspend (£2.1m) and New Homes Bonus (£1.3m).

Any other financial implications relating to the level of Ryedale District Council involvement will only become apparent after the receipt of the options appraisal work. This would be the subject of a future report to P&R and Council.

b) Legal

None at this stage

c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

All other implications have been accounted for in the report.

8.0 NEXT STEPS

- 8.1 Development of an options appraisal leading to the recommendation of a preferred option.
- 8.2 A further report to Council via Policy and Resources Committee to seek support and next steps.

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Background Papers:

[Council Plan](#)

[Ryedale Plan – Local Plan Strategy](#)

[Economic Action Plan](#)

[Financial Strategy](#)

[Food Enterprise Zone Local Development Order](#)

[Planning Application reference 14/00426/MOUTE](#)

[Livestock Markets in the 21st Century](#)



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	DELIVERY & FRONTLINE SERVICES LEAD BECKIE BENNETT
TITLE OF REPORT:	ADDITIONAL FUNDING FOR A FLOOD RISK MANAGEMENT PROJECT MANAGER (WITH NORTH YORKSHIRE COUNTY COUNCIL) AND RYEDALE DISTRICT COUNCIL'S FLOOD GRANT FUND
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report seeks a decision from Members as to whether they wish to support a jointly funded flood risk project manager with North Yorkshire County Council (NYCC) on a 50/50 basis and agree to topping up the current Flood Grant Fund to support other potential applications.

2.0 RECOMMENDATION(S)

- 2.1 To recommend to Council:
- a) The approval of additional revenue funding of £13,000 to support a shared one year fixed term contract for a joint Flood Risk Management Project Manager with NYCC; and
 - b) £20,000 additional funding into the current Flood Grant Fund from reserves.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 On 8 December 2016, following the Scrutiny Review of the Council's role in Flood Management, Council agreed to commit £12,000 funding to resource a project manager (up to a maximum of 20%) to progress delivery of the Malton, Norton and Old Malton Flood Study Project (MNOMFSP) and drive partnership working, on the basis that match funding would be forthcoming from partners of the Malton and Norton Project Group (Minute No 37).
- 3.2 Over the past two years officers from NYCC and RDC have been working together to progress various actions to improve flood response in Malton, Norton and Old Malton.
- 3.3 The work has reached a point where In order to progress with actions and options identified in the MNOMFSP a dedicated full time project manager is required for one

year. The post would be technically supported by NYCC, managed jointly by NYCC and RDC and based at RDC in Malton the majority of the time.

- 3.4 The recommendation seeks to amend the original Council decision to increase the commitment to 50% and increase the amount of funding by £13,000 from £12,000 to £25,000.
- 3.5 NYCC, as Lead Flood Risk Authority, are also working with a number of parishes in Ryedale and surface water studies are being undertaken in Gilling, Hovingham, Kirkbymoorside, Sinnington and Thonrton-le-Dale. It is likely that each parish will submit an application to the RDC Flood Grant Fund for £5,000 each which will be match funded by NYCC. The Forestry Commission are also likely to apply for £5,000 towards their Enclosed Beaver Trial project.
- 3.6 The balance of the Flood Grant Fund is £17,300 therefore it is recommended the fund is topped by £20,000 to cover these potential applications whilst also leaving a balance of £7,200 for any other future applications.

4.0 SIGNIFICANT RISKS

- 4.1 There is a significant risk that without a dedicated resource the delivery of the options identified in the MNOMFSP will take many years as there is lack of resource capacity to make meaningful progress at NYCC and RDC.
- 4.2 There is also a risk that there will be insufficient funds in the RDC Grant Fund to meet the level of applications likely to be received which has the potential for parishes and other partner organisations being unable to implement flood resilience measures to reduce the flood risk affecting communities in the Ryedale district.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 This report relates to all the Council's priorities; managing the environment of Ryedale with partners and supporting improvements to enhance and deliver sustainable growth; making the best use of resources to ensure maximum benefit for all customers and communities and building capacity in partnership.

REPORT

6.0 REPORT DETAILS

- 6.1 At its meeting on 8 December 2016, the Council made a number of decisions following the Scrutiny Review of the Council's role in Flood Management which are attached in Annex 1 (Minute No 37).
- 6.2 The Council committed £12,000 funding (upto a maximum of 20%) to resource a project manager to progress delivery of the MNOMFSP.
- 6.3 Following this decision, NYCC commissioned consultants to make progress with the MNOMFSP which has identified a range of actions which require a dedicated resource to progress with detailed designs through to implementation together with engaging residents and local stakeholders to identify areas that may attract additional funding or property level resilience measures which can be implemented to reduce the risk and/or impacts from future ground water flooding in Malton, Norton and Old Malton.

- 6.4 The Council also resolved to consider funding which may be allocated from the New Homes Bonus towards the funding gap estimated at that time to be £1.8m of the approved Grant In Aid (GIA) Scheme on the Defra Programme for the alleviation of flooding in Malton, Norton and Old Malton where any contribution should be to a maximum of 20% of any funding gap.
- 6.5 Since this decision, scheme costs have been rationalised and are presently valued at £1.6m (originally £3m). Whilst there are still business cases to submit to secure funding, the original commitments from a mixture of NYCC, Environment Agency, Local Enterprise Partnership Growth Fund contribution and RDC are now forecast to fully fund the MNOMFSP.
- 6.6 Excellent progress has been made and the work has reached a point where in order to deliver actions and options a dedicated full time project manager is required for one year. The post would be technically supported by NYCC, managed jointly by NYCC and RDC and based at RDC in Malton the majority of the time.
- 6.7 The recommendation seeks to amend the original Council decision to increase the commitment to 50% and increase the amount of funding by £13,000 from £12,000 to £25,000 to enable NYCC to progress with the recruitment of a project manager.
- 6.8 The Council also resolved to allocate £50,000 to a Flood Grant Fund which has supported the delivery of local flood solutions in Malton, Norton and Brawby. The balance of the Flood Grant Fund is now £17,300.
- 6.9 NYCC, as Lead Flood Risk Authority, are currently working with a number of parishes in Ryedale and surface water studies are being undertaken in Gilling, Hovingham, Kirkbymoorside, Sinnington and Thonrton-le-Dale. It is likely that each parish will submit an application to the RDC Flood Grant Fund for £5,000 each which will be match funded by NYCC. The Forestry Commission are also likely to apply for £5,000 towards their Enclosed Beaver Trial project.
- 6.10 In order to meet the level of applications likely to be received, it is therefore recommended the fund is topped by £20,000 which will leave a small balance of £7,200 for any other future applications.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
Revenue: There is already budget provision of £12,000 to support a project manager post. A further £13,000 is required to provide a total of £25,000 towards a jointly funded one year fixed term contract post with NYCC..
In order to top of the current grant fund by £20,000, a further contribution would be required from reserves.
 - b) Legal
There are no legal implications.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
None.

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Background Papers:
Scrutiny Review of the Councils Role in Flood Management considered by Council on 8 December 2016 – [insert link to the final report](#)

APPENDIX A

Scrutiny Review of the Councils Role in Flood Management considered by Council on 8 December 2016 - [link to final report](#)

Recommendations as agreed by Council	UPDATE ON PROGRESS
<p>1. That RDC commits £12,000 funding (up to a maximum of 20%) to resource a project manager to progress delivery of the Malton, Norton and Old Malton Flood Study project and drive partnership working, and seeks match funding from the partners of the Malton and Norton Project Group</p>	<p>NYCC commissioned consultants to make progress with the MN and OM flood study which has identified a range of actions which require a dedicated resource to progress with detailed designs through to implementation together with engaging with residents and local stakeholders to identify areas that may attract additional funding or property level resilience measures which can be implemented to reduce the risk and/or impacts from future ground water flooding</p>
<p>2. RDC commits £2.5k (20%) funding towards a CCTV monitoring survey to understand the drainage system in Old Malton.</p>	<p>A CCTV survey in Old Malton commissioned by NYCC has been completed and RDC contributed £2000. There is one outstanding action due to some areas being hard to reach and requiring more specialist investigation. This action is expected to take place during quarter 4 which will then inform capital improvements to take forward concerning the function of Riggs Road Drain.</p> <p>This work has also identified that water from the A64 does contribute to the flow in Riggs Road Drain and Highways England have indicated that a proportionate financial contribution to the improvements would be appropriate.</p>
<p>3. That Natural Flood Management (NFM) considerations should be integral to all local flood management solutions and that RDC continues to facilitate links across the various partners and interested stakeholders endorsing a whole catchment approach</p>	<p>Ongoing involvement by RDC and NYCC in a number of projects across Ryedale including attendance at the Yorkshire Derwent Partnership Board and the Ryevitalise Landscape Partnership.</p>

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	<p>Work is presently being undertaken by the Derwent catchment Partnership using natural flood management techniques in Thornton Le Dale, Sinnington, Hovingham, and Gilling East.</p>
<p>4. That RDC allocates a sum of £50,000 to a grant fund to support local flood solutions which will be allocated through Resources Working Party (similar to the arrangements for the allocation of Community Grants) where the criteria for allocation will also be agreed.</p> <p>Town and Parish Councils would be eligible to apply (including Malton and Brawby), as should any fully constituted community group, with any grant conditional on the preparation of a Community Resilience Plan to ensure sustainability and linkage to NYCC and other flood risk management partner organisations.</p> <p>Any contribution RDC makes towards a local solution involving equipment is on the basis that:</p> <ol style="list-style-type: none"> a) The community group or parish council engage with NYCC to set up a community resilience group (CRG) with a Community Resilience Plan (CRP) b) The CRG undertake training and take responsibility for deploying and insuring the pump with sign off from NYCC c) That the Resources Working Party make recommendations to the Policy & Resources Committee on the grant applications for this fund, and that the criteria be similar to that used for the Community Grant applications ie; 	<p>There have been 3 bids to the flood grant fund which have all been successful totalling £32,700. Malton and Norton Town Council's have both purchased a portable pump and Brawby Parish have installed a permanent pumping solution in Brawby.</p> <p>The current balance in this fund is £17,3 00</p> <p>There are still a number of schemes which are work in progress and it is expected that an additional 6 applications will be made to this fund.</p> <p>NYCC have been working with Gilling, Hovingham, Kirkbymoorside, Sinnington and Thornton-le-Dale Parish Councils and surface water studies are being undertaken. It is likely that each parish will submit an application to the RDC Flood Grant Fund for £5000 each which will be match funded by NYCC.</p> <p>In addition, the Forestry Commission are also likely to bid to the RDC Flood Grant Fund for £5,000 towards their Enclosed Beaver Trial Project (total scheme cost of £190,000)</p>

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<p>i. Grant must not exceed £5000.00 or 25% of the total cost - whichever is the lowest</p> <p>ii. Grants up to £1000 may be 100% of the total cost.</p> <p>iii. In certain circumstances the above criteria may be waived if it is felt that an application will be of exceptional benefit to a community.</p> <p>5. That the above spending be funded from the New Homes Bonus Reserve</p>	
<p>6. That Council may consider that funding be allocated from the New Homes Bonus towards the funding gap of £1.8m of the approved GiA scheme for the alleviation of flooding in Malton, Norton and Old Malton. That any contribution should be to a maximum of 20% of the funding gap.</p>	<p>Scheme costs have been rationalised and are presently valued a £1.6m. Whilst there are still business cases to submit, this is presently assumed to be fully-funded from a mixture of NYCC, RDC, EA and LEP Growth funding contribution.</p> <p>£500k has been allocated in the growth funding programme for measures in Malton, Norton and Old Malton. NYCC will submit the full business case to assurance at the end of Oct.</p> <p>The work of the Project Manager will be to complete the EA business case, to rationalise costs further, to project manage the production of detailed designs and delivery of the measures and to engage with the community on behalf of NYCC and RDC.</p>

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	RYEDALE'S FINANCIAL STRATEGY 2018-23
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides an update to members on progress towards refreshing the Council's Financial Strategy.

2.0 RECOMMENDATIONS

- 2.1 The Committee is asked to note the contents of this report, and in particular to note that it will continue to develop over the next few weeks as part of the timescales set out in Appendix 1. The committee is also asked specifically to note or comment on the assumptions made so far regarding:

- Confirmation of the Objective of the Financial Strategy (6.7)
- The preparation of 'best', 'mid' and 'worst' scenarios for future consideration by Members (6.8)
- Interest rates (7.1)
- Pay and Price Inflation (7.3 – 7.4)
- Transitional Grant (7.6)
- Business Rates (7.9 – 7.11)
- New Homes Bonus (7.15)
- Specific Grants (7.19)
- Council Tax (7.20 – 7.23)
- Service income (7.25)
- Pension Arrangements (7.27)
- Debt Charges (7.30 – 7.31)
- General Balances (7.32 – 7.33)
- Earmarked Reserves (7.35)
- Costs and income (section 8)

3.0 REASON FOR RECOMMENDATIONS

- 3.1 This report sets out some of the detail relating to work already undertaken in relation to issues that will impact on the Council's financial strategy. It also reminds members of the proposed timescale and plans for formal approvals and other proposals regarding ongoing budget monitoring.

4.0 POLICY CONTEXT AND CONSULTATION

4.1 The 2018-19 budget strategy was approved at Council in July 2017 and is a key document affecting all service delivery, linking to the Council Plan and all of the strategic plans as well as providing the means for attaining the Council's objectives and priorities.

REPORT

5.0 REPORT DETAILS

5.1 The remainder of this report is split into the following sections:

- Section 6 – Background
- Section 7 – Update on Financial Assumptions
- Section 8 – Revenue Budget Outlook 2019-20 to 2021-22
- Section 9 – Savings
- Section 10 – Capital Programmes
- Section 11 – Conclusions

6.0 BACKGROUND

6.1 This paper presents a refreshed Medium Term Financial Strategy to supplement the version that was approved by Council as part of the budget in February 2018. It considers the budget pressures and issues facing the Council over the next 3 years and beyond. It provides the framework for the forthcoming budget round and the longer term outlook to inform funding and investment decisions.

6.2 The Government's proposals for a reviewed Local Government funding system are emerging but there is still much to be settled. A number of consultations have taken place and the latest closed on 18th September, with the closing date for the next round of Business Rates Pool pilots a week later. We continue to await the outcome of the consultations on the fairer funding review to throw further light on the outlook for public sector finances.

6.3 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.

6.4 The outlook for the devolution agenda also remains uncertain and at this stage the financial implications of devolution for Ryedale are not known and therefore cannot be taken into account in this refresh. It will be important to understand the on-going implications as part of any future decisions on forming a combined authority with other partners should this ultimately be an option.

6.5 Against this backdrop of uncertainty the key drivers for the financial strategy remain unchanged as the pressure on Local Government finance continues.

6.6 With this refresh comes the 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.

6.7 Accordingly, the Financial Strategy seeks to achieve the following objectives:

1. Budgets are Prudent and Sustainable in the Long Term;
 2. Financial plans recognise corporate Priorities and Objectives;
 3. Significant risks are identified, and mitigation factors identified;
 4. The Capital Programme is planned over a 4 year period with no further borrowing planned beyond the £1.75m already undertaken for the Brambling Fields project;
 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.
- 6.8 To support this paper and due to the expected volatility within the General Fund, three scenarios ('best', 'mid' and 'worst' case) are being prepared to cover the next 5 years from 2019-20 to 2023-24.

7.0 Update on financial assumptions

Economic Assumptions

Interest Rates

- 7.1 The bank base rate was increased by 0.25% to 0.5% in November 2017 and then raised again to 0.75% in August 2018. In the latest forecasts received from Link (the Council's treasury management advisors), rates are expected to rise steadily over the next few years. Forecast returns have been updated to reflect the latest profile.

Investment Income	2018-19	2019-20	2020-21	2021-22
Average rate %	0.75%	1.1%	1.25%	1.35%
Interest£000's	145	198	225	243

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

Pay and Price Inflation

- 7.3 Provision for the public sector pay award and changes to the NJC pay scale has been included within the MTFs based on the 2 year offer agreed in 2018. For 2020-21 onwards 2% is assumed.
- 7.4 As at May 2018 CPI inflation was running at 2.4% in contrast to average weekly earnings which rose by 2.5% in the 3 months to April 2018. The Bank of England forecast CPI to decline through 2018 to 2020, to just above their 2% target. However,

it remains to be seen how the UK's exit from the European Union will impact on the outlook for the economy and inflation. Given the continued cuts to central Government funding, the MTF5 assumption on inflation has been maintained at up to 3%.

Settlement Funding

- 7.5 This element of funding has seen the most significant changes in recent years following the localisation of Business Rates and Council Tax Support.
- 7.6 The 2017-18 Local Government Finance Settlement provided figures for Settlement funding through to 2019-20. Settlement Funding includes Revenue Support Grant (RSG) and Business Rates Baseline Funding (BRBF). In addition Rural Services Delivery Grant (RSDG) and Transitional Grant (TG) were included in the settlement. The Government has confirmed its intention to honour the multi-year settlement in its final year and has consulted on negative RSG (tariff adjustment), suggesting this may be removed from the 2019-20 settlement. At this stage it is assumed that this will be rolled into the new settlement from 2020-21 so any benefit is assumed to be for one year only.

Local Government Finance Settlement February 2018	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's*
RSG	1,315	763	378	143	0	0
BRBF	1,487	1,500	1,531	1,576	1,611	1,643
Tariff adjustment					-120	-122
SFA	2,802	2,263	1,909	1,719	1,611	1,521
RSDG	109	568	459	572	459	0
TG	0	25	25	0	0	0
Total	2,911	2,856	2,393	2,291	2,070	1,521

**Multi-Year Settlement runs to 2019-20 – 2020-21 Estimated and inflationary rises assumed thereafter*

- 7.7 Subject to the removal of negative RSG, the settlement shows a funding reduction of approximately £840k from 2015-16 to 2019-20 with RSG being completely phased out over the period.
- 7.8 The Government has provided a multi-year settlement (2017-18 – 2019-20) to Local Authorities although has reserved the right to alter the figures due to unforeseen circumstances or 'shocks' in the system. The strategy assumes that the settlement stands but clearly this presents a risk.

Business Rates Retention

- 7.9 The Council is currently part of the 50% North Yorkshire Business Rates Pool and with business rates above our baseline funding level we retain our share plus a pool dividend (a share of the Government's levy foregone, across the pool).
- 7.10 The Government has announced a further pilot for Business Rates Retention (75% rather than 100%) prior to the system reset due from 2020-21. Work has been done to assess the issues and impacts with colleagues within the potential pilot (West Yorkshire, City of York and North Yorkshire Councils) and a bid for 75% pilot status was submitted on 25 September. The estimated benefit for Ryedale is £130k over and above the current benefits from the 50% pool. Should the application be successful, it is assumed the impacts will be for one year only and as such will not be included within

the Council's base budget assumptions. Our forecasts take account of the 2017 revaluation and latest intelligence on appeals:

Business Rates Income	2018-19 £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's
Baseline Funding	1,576	1,611	1,521	1,551
Share of growth	434	458	100	200
Pool dividend	256	320	50	100
Renewable energy	31	32	0	0
Total	2,297	2,421	1,671	1,851

- 7.11 These forecasts include reasonable provision for appeals but due to the potential volatility within the system they should be treated with caution. Any additional growth will be factored into our plans once a clear trend can be established and decisions on future allocations will need to be taken in light of the overall funding available and risk at that time.

New Homes Bonus

- 7.12 New Homes Bonus (NHB) is an incentive scheme which rewards housing growth. 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).
- 7.13 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 2018-19 £964k is expected.
- 7.14 New Homes Bonus funding is only secured to 2019-20 and latest intelligence suggests that this scheme will be replaced in its entirety from 2020-21 with the Government considering alternative ways to incentivise housing growth. Assuming a prudent level of growth in 2019-20 New Homes Bonus forecasts are:

New Homes Bonus	2018-19 £000's	2019-20 £000's	2020-21 £000's
Year 5	260		
Year 6	289	289	
Year 7	210	210	0
Year 8	205	205	0
Year 9		196	0
Total	964	900	0

- 7.15 Given the uncertain nature of NHB it is not advisable to rely on this to support the revenue budget and therefore the mid-case scenario presented to members for discussion will assume that the balance of NHB after applying £188k to fund capital expenditure, is transferred to reserves next year to help mitigate the risk of loss should the scheme ultimately be brought to a close:

New Homes Bonus	2018-19 £000's	2019-20 £000's	2020-21 £000's
Revenue	0	0	0
Capital	188	188	0
Balance to reserves	776	712	0
Total	964	900	0

- 7.16 Growth in receipts above these levels is currently assumed to be allocated to the New Homes Bonus Reserve.
- 7.17 The previous MTFS assumed that a growing proportion of NHB would be needed to support the revenue budget (£426k in 2019-20, £586k in 2020-21 and £642k in 2021-22) so cessation of the scheme would add a pressure to the Council's financial outlook.

Special and Specific Grants

- 7.18 The Council is in receipt of a number of additional grants for 2018-19 which may continue into the future. For 2019-20 the Local Government Finance Settlement included the following which are assumed to continue to 2020 in line with the multi-year finance settlement:

Specific Grants	2018-19 £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's
New burdens – CTS Admin	50	49	0	0
Total	50	49	0	0

- 7.19 Future funding is dependent upon the outcome of the new Business Rates Retention system - beyond 2020 it is assumed that these will be rolled into Business Rates funding. These grants are not ring-fenced.

Council Tax

- 7.20 A Council Tax Base of 21,581 is estimated for 2018-19 with a 1% rise forecast thereafter. Every 0.5% increase above this level would add approximately 108 Band D equivalents to our Tax Base which equates to around £21k p.a. at the current Band D charge.
- 7.21 The latest indications from central Government are that they are minded to allow district councils to increase their Band D charge by 3% or £5 whichever is the highest, without triggering a referendum and our current workings will include – for the illustration below – a £5 p.a. increase is used for 2019-20.
- 7.22 A £5 increase would equate to an increase of 2.62% or 10p per week for 2019-20:

	2018-19	2019-20
Tax Base with 1% growth	21,581.37	21,797.18
Band D Charge £	190.82	195.82
% Increase	2.56	2.62
Council Tax Income £000's	4,118	4,267

- 7.23 Should the Council wish to consider an alternative policy on Council Tax:
- a 3% increase would take the Band D charge to £196.55 (an increase of £5.73) and raise an additional £16k in 2019-20 - £84k over the life of the MTFS, if we assume a maximum increase in future years of 1.99%;
 - a freeze in 2019-20 would reduce income by £109k – a loss of circa £579k over the life of the MTFS, if we assume a maximum increase in future years of 1.99%

Service Income

- 7.24 The Council approved a Commercialisation and Income Policy in February 2018 which established full cost recovery as the minimum for all discretionary charges. A review of fees and charges is planned as part of our savings programme.
- 7.25 This strategy assumes that service income raised through discretionary fees and charges will increase in line with inflation although opportunities to maximise income will be sought as part of our overall approach to savings and efficiency – currently a £11k target for additional income is included within our approved savings plan for 2018-19. Prescribed planning fees increased by 20% from 17 January 2018. Other grants and subsidies are assumed to remain flat – any subsequent reductions will be managed within the overall base budget/savings requirement.
- 7.26 The table below shows the main service related income streams:

Service Income	2017-18 Actual £'000	2018-19 Estimate £'000	2019-20 Projection £'000	2020-21 Projection £'000	2021-22 Projection £'000
Court Fees Summon Costs	81	56	67	69	70
Local Land Charges	84	88	89	91	93
Waste Collection & Recycling	1,486	1,462	1,401	1,429	1,457
Regulatory Services	253	197	201	205	209
Planning	636	462	512	512	512
Economic Development	55	77	79	80	82
Parking Services	765	903	868	886	903
Lifeline Services	236	226	231	235	240
Other Rent Income	0	73	74	76	77
Miscellaneous Fees & Charges	187	182	176	179	183
Total Service Income	3,783	3,726	3,698	3,762	3,827
Income Growth included in MTFS update:					
Council Tax Recovery Costs		10			
Planning Income		50			
Car Parking Income		-53			
Garden Waste / Recycling credits		-90			
Market Rent Income		-10			
Total Target Income	3,783	3,633	3,698	3,762	3,827

Pension Assumptions

- 7.27 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 has a historic deficit - £6.472m at 31 March 2016 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. The next valuation is due as at 31 March 2019 – any subsequent increases in rates will be incorporated into our forecasts once they are known.

Debt Charges Assumptions

- 7.28 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 borrowing taken in light of spending plans and available funding, cash flow needs and interest rates (current and future forecasts).
- 7.29 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.
- 7.30 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. Given the high level of reserves held by the Council, one option might be to use these and therefore reduce the charge to the revenue budget. It is suggested that this is explored before finalising the 2019-20 budget.
- 7.31 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.

Reserves and Balances Assumptions

General Balances

- 7.32 In accordance with the current strategy it is assumed that General Balances are **not** used to support the revenue budget.
- 7.33 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.

Earmarked Reserves

- 7.34 The following sets out the rationale for each reserve and some initial assumptions for the future
- 7.35 A further detailed review will be undertaken as part of the budget process before final decisions are taken. The initial figures shown are as at 1 April 2018:
- **Capital Fund (£2,929k)** – this holds the resources from the revenue stream of funding to be applied to the capital programme. Expected movements in 2018-19 are shown below, with an initial **expected balance at 31 March 2019 of £4,486k**:
 - £100k contribution from revenue budget
 - £188k from NHB income
 - £2.5m from NHB reserve for Ryedale Hub
 - £1,231k initial funding of projects from reserves (although current estimates show that all of this is unlikely to be required)

- **Collection Fund Equalisation Reserve (£506k)** – this reserve currently evens out the financial impact of the Business Rates Retention System. Going forward it is assumed that additional receipts received above the previous MTFS assumptions will be transferred to this reserve for draw down in future years to balance the revenue budget after allowing for planned savings, should this be required. The mid-case scenario shows contributions of £1.438m over 2018-19 and 2019-20 and subsequent drawdown of £1.08m for 2020-21 to 2023-24. Contributions and drawdowns are subject to the actual receipts achieved following the system reset from 2020-21.
- **Ryedale Development Fund (£94k)** – this reserve was established from the balance of the 2012-13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area. At 1 April 2018, £94k remains available for allocation.
- **Election Reserve (£61k)** – this reserve is used to equalise the effect of the four yearly district election costs. A review suggests that the current £20k p.a. revenue contribution is insufficient to cover current costs and therefore it will be proposed to increase annual contributions to £30k from 2019-20 which will have an impact on the revenue budget.
- **Council Tax Hardship Fund (£24k)** – this has been established to finance the cost of discretionary tax relief awarded. The reserve receives annual revenue contributions of £6k and at 1 April 2018 the balance stood at £24k.
- **New Homes Bonus Reserve (£3.698m)** – this reserve has been established to be utilised in line with Member priorities. At 1 April 2018 the balance on this reserve was £3.698m and £2.5m has been transferred to the Capital Fund for financing of the Ryedale Hub. In line with the assumptions set out in paragraph 2.16 above, contributions of £776k for 2018-19 and £712k for 2019-20 are assumed. From 2020-21 it is assumed the New Homes Bonus scheme ceases. In addition £286k is included in the 2018-19 revenue budget as a contribution to this reserve along with an additional £113k Rural Services Delivery Grant. This will produce a reserve of £2.373m by 31 March 2019.
- **Grants Reserve (£163k)** – the Council provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the district. Grants are also issued to support rural community transport facilities. If budgeted funds are not fully utilised in year the remaining budget provision is transferred into this reserve to help off-set expenditure in future years should this be necessary.
- **IT Fund (£95k)** – £2k p.a. is currently set aside to sustain this important reserve, which provides the financial capacity to upgrade and replace our IT infrastructure, hardware and systems in accordance with our approved IT Strategy. The use of IT to support the Council's customer 'self-service' and channel shift agenda means that the financial capacity to invest in modern technologies is crucial to support future services and deliver savings. Fixed contributions allow the smoothing of these irregular costs to avoid peaks and troughs in funding requirements. Future spending will be reviewed and planned over a 10 year period allowing for known upgrades and system replacements. It is expected that significant investment will be required over the coming years and accordingly, linked to any decisions around the future main site of the Council

- **Improvement, Contingency and Emergency (ICE) Fund (£807k)** – this is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings. The reserve is topped up from in-year surpluses should these be available and needed.
- **Local Development Framework Reserve (£50k)** – delivery of a district wide local plan requires a significant and sustained resource input over a relatively long period of time, which can put pressure on in-year budgets when peaks in work occur.
- **Operational Reserve (£648k)** – this reserve has been used to allow service units to set aside a proportion of savings in their budgets for use in later years. It also includes service specific revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Account but not yet applied. The MTFS includes £6k p.a. contribution to this reserve and an estimate of £4k being used.
- **Restructure Reserve (£402k)** was established to cover the set-up costs associated with the restructure of the Council.

Capital Reserves

- **Useable Capital Receipts (£222k)** – generated through the sale of Council assets. These receipts can only be used to fund capital expenditure and are allocated in light of our capital investment plans.

7.36 At 1 April 2018 reserve balances were £12.8m. Members are asked to note that a further detailed review will be undertaken as part of the budget process before final decisions are taken

8.0 Revenue Budget Outlook 2019-20 to 2021-22

Costs

- 8.1 It is assumed that on average costs will increase in line with inflation. Whilst cuts in general grant continue, demand-led cost pressures must be contained within the net revenue budget. The strategy will include inflation and cost pressures over the five years, taking into account (for example):
- Additional costs (full year impact) of the waste transfer station £62k (£227k less than the previous estimate for 2019-20);
 - A reduction in green waste recycling credits paid by NYCC - £90k;
 - A continuing shortfall in car parking income £53k.
- 8.2 The single largest cost to the Council is its employees. In 2018-19 the Council's payroll budget is approximately £5.5m. A 2% pay award is included in our budget forecasts - an increase of around £110k p.a. – although rising inflation is putting this under pressure. We also need to take account of the new pay award from April 2019.
- 8.3 It is recommended that an amount for the Apprenticeship Levy is also factored into our future payroll costs – at this stage, an estimated cost of around £10k p.a.

Income

- 8.4 Service related income levels are helping to support our savings plan although some areas are under pressure. Opportunities for growing income generation remain a priority and proposals for commercialisation will continue to be developed. A strategic review of income generation is planned as part of our savings work.
- 8.5 The growth in Business Rates income continues to have a positive impact on our General Fund financial position at least in the short term but we will need to keep this under close review post the system reset from 2020-21.
- 8.6 Whilst the Government's offer of a multi-year settlement provides a degree of certainty (notwithstanding the impacts of the UK's exit from the EU) this is a diminishing proportion of overall funding. Due to the uncertainty of Business Rates and New Homes Bonus it is difficult to predict the level of resources we can expect beyond 2019-20 with confidence.
- 8.7 Initial indications suggest that while there will be budget surpluses in 2018-19 and 2019-20, after that a number of cost pressures may arise, caused by:
- reset of the Business Rates Retention system
 - ending of the Rural Service Delivery grant
 - ending of New Homes Bonus comes
- 8.8 Over the coming 5 years, new business rates growth will help to bolster our funding, although this will be subject to the rates retention system and future business growth. The Business Rates Equalisation Reserve smooths the impact of the funding changes providing resources to call on as savings plans are brought to fruition.
- 8.9 The Council's healthy reserves position provides resources for future investment but the on-going risk to the Council's funding means that we will need to strike a careful balance between savings and investment. We will continue to strive for more efficient and effective services and maximising income where possible and appropriate, which in turn will enable the financial capacity for investment in corporate priorities.

9.0 Savings Progress

- 9.1 This 2018-19 budget is expected to achieve an in-year surplus and this is masking the initial savings programme. The Financial Strategy agreed in February 2018 assumed additional savings in future years and these are being reviewed as part of the current work on refreshing the strategy.

10.0 Capital Programmes

- 10.1 The Council's Capital Programme is split into 5 themes:
- Asset management
 - Priority aims
 - Major schemes
 - Externally funded schemes
 - Others
- 10.2 Schemes relating to Asset Management comprise all those that will result in the Council's assets being substantially enhanced. These can include works to land and buildings as well as IT upgrades of either hardware or software.

- 10.3 Schemes under Priority Aims are those where the Council has taken a deliberate decision that these will help satisfy its corporate objectives/key priorities.
- 10.4 The value of the current approved programme to 2021-22 is £4.429m, which is primarily funded by earmarked reserves and Government (MHCLG) grants.
- 10.5 Capital Programme proposals will be considered as part of the forthcoming budget round and borrowing requirements will be kept under review.
- 10.6 It also recommended that monitoring arrangements for capital are refreshed alongside those for the revenue budget.

11.0 Conclusions

- 11.1 This paper illustrates the “live” nature of the Medium Term Financial Strategy. A number of assumptions are included in this update but there will be further information shared with Members in the coming weeks.
- 11.2 At this stage, it is important to highlight the risk within the Business Rates retention scheme as we approach the system reset from 2020-21 and in particular it is not known if similar levels of growth as to those experienced to date can be expected going forward.
- 11.3 There is also uncertainty over New Homes Bonus, the economic situation, income generation and delivery of savings. The Council's longer term financial position is heavily reliant upon overall resources keeping pace with inflation and costs being contained within base budget.
- 11.4 Currently, New Homes Bonus is crucial to our capacity to invest in Ryedale District. Whilst it continues, it will be earmarked for future investment and not used to support the Council's base budget (which could create a 'cliff edge' if the scheme ultimately comes to an end).

Anton Hodge Chief Finance Officer (s151)

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Background Papers: Report to Resources Working Party 12 July 2018, 27 September 2018

APPENDIX 1

The following table sets out some key dates for the budget process:

Date	Meeting	Details
3 Oct	Members' Development	Budget Planning Process
22 Oct	Group Leaders' Briefing	Update on Budget Strategy
1 Nov (rescheduled to 8 Nov)	Resources Working Party	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
15 Nov	Policy and Resources Cttee	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
6 Dec	Council	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
7 Jan	Group Leaders' Briefing	Preparing for final stages of budget process
9 Jan	Members' Development	Review of budget issues and any proposals
17 Jan	Resources Working Party	Draft Budget Strategy 2019-23
27 Jan	Overview and Scrutiny Cttee	Treasury management statement and Investment Strategy 2019-20
7 Feb	Policy and Resources Cttee	Budget Strategy 2019-23
21 Feb	Council	Budget Strategy 2019-23, including <ul style="list-style-type: none"> - approving 2019-20 revenue and capital budgets - setting Council Tax 2019-20 - Treasury management statement and Investment Strategy 2019-20

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PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	REVENUE BUDGET MONITORING – Q2
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The revenue budget was approved by Council on 22 February 2018, this report and associated appendices present the financial performance as at 30 September 2018 against the budget.

2.0 RECOMMENDATION

- 2.1 It is recommended that:
- i) Policy and Resources committee endorse the actions of officers and note the contents of the report;

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 To ensure that budget exceptions are brought to the attention of the Policy and Resources Committee in order to approve remedial action where necessary.

4.0 POLICY CONTEXT AND CONSULTATION

- 4.1 The financial position and performance against budget is fundamental to delivery of the Council's Plan, achieving value for money and ensuring financial stability.

REPORT

5.0 REPORT DETAILS

5.1 Summary

At the end of quarter 2, the General Fund is indicating an outturn surplus of £1,140k. There are a number of variances (positive & negative) which make up this surplus including:

- shortfall on some income streams such as car parking and market rents, offset by
- expected NNDR collection fund surpluses,
- Employee costs underspend,
- Higher Investment income,
- un-committed contingencies

Planned savings and efficiencies of £436k for the year, identified as part of the 2018/19 budget setting process have already been built into the base budgets and are reflected in the numbers below, and therefore any forecast surplus is after the budget has been reduced by this amount.

The table below sets out the summary position, with details of forecast variances included in **Appendix A**.

General Fund Account – Q2 2018/19	Budget £000's	Forecast £000's	Variance £000's
Net Revenue Budget	6,067	5,449	(618)
Settlement Funding RSG/NDR	(1,719)	(1,719)	(0)
Amount to be met from Council Tax	4,348	3,730	(618)
Council Tax	(4,118)	(4,118)	0
Collection Fund Surpluses	(230)	(752)	(522)
Net Revenue Budget (Surplus) / Deficit	0	(1,140)	(1,140)

5.2 The main forecasted variances are:

Expenditure

- Employee related costs are currently forecast to be underspent by a net £123k. This is primarily due to a number of vacancies being carried across services, which is partially offset by cost relating to agency and contracted staff employed to back-fill vacant posts. As these vacancies are filled, we can expect the salaries underspend to increase.
- Supplies and Services are forecast to underspend by £129k, which includes part year savings of £40k resulting from the insurance re-tender, LDF consultants as this is not an inspection year (£50k) and delays in expected cost pressures arising from the Waste Transfer station, which is now expected in 19/20 (£38k).
- Vehicles and Transport related costs are due to underspend following delays in replacement Waste collection vehicles being brought into use (£60k), and employee travel allowance costs of (£24k).

- Reactive property maintenance costs are on track to underspend by around (£50k) based on current known commitments.
- There are currently no cost pressures identified requiring use of contingency provisions (£109k)

Income

- Forecast shares from the NNDR pool suggest a surplus of £522k against budget set.
- Within fees & charges, based on current trend, a shortfall in car parking income is forecast (£109k), and (£20k) against market rents, although steps are being taken to improve market occupancy. This is partially mitigated by a potential surplus within Planning income (£50k), and other smaller surpluses in HIA grant (£18k) which is linked to the forecast capital spend and Lifeline income (£12k)
- Income from Housing Benefit overpayments is expected to exceed budget by (£50k) as expected impact of Universal credit has not yet been seen.
- Investment income is set to exceed budget by (£81k) as a result of improved rates following base rate increases and cash balances.

5.3 The figures above and in the appendix do not at this stage take into account any one-off and recurrent spend incurred through a series of systemic “health checks”, which have been commissioned by the Chief Executive. These areas include:

- Health and Safety
- IT and Data Management
- Customer Services
- Programmes and Performance
- Legal services
- Assets

5.4 An organisational development programme – which includes access to new learning and development pathways - has also been commissioned by the Chief Executive to support workforce development. The costs of this programme will be incorporated within the Quarter 3 forecast.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
Included in the body of the report
- b) Legal
There are no legal implications identified as part of this report
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
Not applicable

Anton Hodge
Chief Finance Officer (s151)

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Background Papers:
None

Background Papers are available for inspection at:
N/A

Management Accounts 2018/19

Results as at Quarter 2 - 30th September 2018

	Prior Year	Latest Approved	Year to Date		Full Year	Variances		COMMENTS	
	Actual	Budget	Actual	Budget	Forecast	Year to Date	Full Year Forecast		
INCOME									
Fees & Charges	(3,016)	(2,921)	(1,587)	(1,471)	(2,885)	(116)	35	Shortfall in car parking income (£109k) and Market rents (£20k), offset by forecast surpluses in Planning income (£50k), HIA Grant (£18k) and Lifeline income (£12k)	
Government Grants	(2,083)	(1,633)	(871)	(817)	(1,642)	(54)	(9)		
Grants & Contributions Inc	(414)	(101)	(24)	(33)	(116)	9	(15)		
Housing Benefits	(9,478)	(9,315)	(85)	(132)	(9,365)	47	(50)		HB overpayments income] expected to exceed budget (£50k)
Investment Income	(85)	(55)	(57)	(29)	(136)	(28)	(81)		Surplus due to increase in rates and balances invested
Waste Collection & Recycling Inc	(1,936)	(1,935)	(901)	(1,585)	(1,935)	685	0		
Recharges	(2)	(45)	2	(1,119)	(45)	1,121	0		
TOTAL SERVICE INCOME	(17,015)	(16,004)	(3,523)	(5,186)	(16,124)	1,663	(120)		
Salaries & Employee Costs	6,377	6,912	2,145	3,293	6,789	(1,149)	(123)	Underspends relating to vacancies, partially offset by backfilling with agency and short term contracted staff	
Supplies & Services	1,912	2,320	559	1,038	2,192	(480)	(129)	Main variances relate to part year saving resulting from Insurance procurement (£40K), LDF Consultants budget not required this year (£50k), Expected costs relating to Waste Transfer Station not due to commence until 19/20 (£38k)	
Vehicles & Transport	465	577	261	288	490	(27)	(88)	Net saving resulting from delays in new leased waste vehicles becoming operational (£60k), and underspends across car allowances budgets (£24k)	
Premises	1,025	1,491	611	731	1,441	(119)	(50)	Estimated savings across reactive R&M budgets	
Drainage Board Levies	96	99	50	50	99	1	0		
Grants & Contributions	268	327	157	171	327	(14)	0		
Housing Benefit Payments	9,126	9,174	4,245	4,939	9,174	(694)	0		
Contingency Provisions	3	121	0	61	13	(61)	(109)	Cost pressures currently being managed within overall service budgets	
Interest Payable	56	63	7	32	63	(25)	0		
Capital A/c	251	(87)	(523)	(72)	(87)	(451)	0		
TOTAL SERVICE EXPENDITURE	19,579	20,997	7,512	10,531	20,501	(3,019)	(499)		
FINANCING & RESERVES									
Collection Fund Surplus	(19)	(31)	0	0	(31)	0	0		
Council Tax	(3,959)	(4,118)	966	0	(4,118)	966	0		
NNDR	(2,168)	(1,775)	2,282	0	(2,297)	2,282	(522)	Estimated income from NNDR Pool, including dividends and Renewable rates	
RSG	(378)	(143)	(49)	0	(143)	(49)	0		
Transfers to / from Reserves	1,871	1,073	0	25	1,073	(25)	0		
TOTAL FINANCING & RESERVES	(4,653)	(4,994)	3,199	25	(5,516)	3,174	(522)		
GF SURPLUS / DEFICIT	(2,088)	0	7,188	5,370	(1,140)	1,818	(1,140)		

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	CHIEF EXECUTIVE STACEY BURLET
TITLE OF REPORT:	CORPORATE PEER REVIEW REVISIT
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To present a copy of the Peer Review team's revisit report, and highlight the key areas of development that have been identified by the Lead Peer Reviewer.

2.0 RECOMMENDATIONS

- 2.1 That Council is recommended to:
- (i) Note the content of the Corporate Peer Review Revisit report, which is attached at appendix 1.
 - (ii) Note the key areas of development that have been highlighted to the Chief Executive by the Lead Reviewer.
 - (iii) Approve the proposed actions for addressing areas of development outlined at paragraph 6.4 – 6.7.

3.0 REASON FOR RECOMMENDATIONS

- 3.1 The Peer Review Revisit report and areas of development highlighted by the Lead Peer Reviewer provide an important reference point for Ryedale District Council. The findings presented represent an external professional view of our current performance. The Team included elected members and officers.
- 3.2 The 3 key areas for development, which have been highlighted, are critical for any strong and successful organisation. Ryedale District Council aspires to be a great employer, strong local authority and to make a real difference for everyone living, working and doing business in Ryedale. Addressing the findings will support us to achieve these goals.

3.3 The Chief Executive is new in post and has been carrying out her own review of the Council and its development needs. The 3 areas highlighted by the Peer Review Team have also been identified as requiring attention during this review.

4.0 SIGNIFICANT RISKS

4.1 Not taking action on these matters would not be recommended. The three areas highlighted by the Lead Reviewer requiring development – leadership, valuing the workforce and a strategic approach are critical pillars of a strong and focused organisation. To not take action would potentially result in a demotivated workforce, elected members and officers not focusing on their respective roles, and a lack of focus on the Council's strategic priorities.

4.2 Taking action is not considered to be 'risky' as programmes of activity have already been initiated to address the areas of development that have been highlighted by the Peer Reviewers. Please see paragraphs 6.4 and 6.7 for more detail.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Corporate Peer Challenge and the Revisit process offer Ryedale District Council with an opportunity to consider an external view of the Council's corporate arrangements and ambitions for growth.

5.2 The original Challenge process and the revisit involved consultation. This included partners, community representatives, elected members and staff.

REPORT

6.0 REPORT DETAILS

6.1 The original Corporate Peer Challenge took place in October 2016. The report and is attached at Appendix 2.

6.2 The Revisit took place in April 2018. The report is attached at Appendix 1.

6.3 The Chief Executive has discussed the report with Jane Toman, Lead Peer, who highlighted 3 key themes, which she recommends are the focus of any development activity:

- Valuing the workforce – comments from the Lead Peer spanned the need for learning and development programming, better internal communications and looking at and addressing capacity issues associated with the Council's operating model.
- Strategic Plan – the Lead Peer highlighted the need to ensure that a strategic and future-focused work programme is in place. There is a view that the organisation has a tendency to focus on operational and procedural issues, which means that medium and longer-term goals aren't being progressed in a way that brings greater benefit to the communities of Ryedale. There is a need to ensure that robust business cases, options appraisal processes, staffing and programme management are also in place to support this approach e.g. in the area of sustainable economic growth.

- Leadership – spanning officers and members, there is a need for a collective and collaborative approach that supports both to play their respective roles to the full.
- 6.4 The new Chief Executive has been undertaking a review of the current health of the organisation. This has included commissioning independent checks on key areas of the business such as HR and organisation development, information governance, health and safety, IT, performance and programmes, finance and legal services. The HR and OD has been completed with other health checks due to be finalised by early December. Following this, the results will be presented to Elected Members, with an action plan for improvement.
- 6.5 As a consequence of the HR health check, a series of activities are underway to improve our performance in this area and ensure that we are proactively demonstrating that we value our workforce. This ranges from leadership training for all managers, an organisational development programme, a review of policies and procedures, a refreshed approach to recruitment and retention, looking to address capacity issues within the organisation and stronger internal communications.
- 6.6 The Chief Executive is now turning her focus to the area of strategy so that the Council is able to deliver on its ambitions for Ryedale. This will particularly focus on the area of sustainable economic growth. It is anticipated that the results will be available for Elected Member consideration in the new year.
- 6.7 Collaborative leadership is also a focus. Efforts are being made by the Council's officer leadership team to strengthen working relationships with the workforce and elected members. Greater focus is being placed on communications and a transparent approach to areas like financial management. In turn, the new member development programme includes a focus on officer – member relationships and the elected member code of conduct. Collaborative leadership will be kept under constant review by the Chief Executive and the Council's Group Leaders so that a rolling programme of improvement is in place.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial – there are affordable financial implications associated with acting on the recommendations of the peer review. For example, in the area of organisational development. This is considered essential investment.
 - b) Legal – there are no legal implications.
 - c) Other – there are positive staffing implications if we act on the findings of the report.

Stacey Burlet
Chief Executive

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Corporate Peer Challenge Follow-up Ryedale District Council

26th April 2018

Feedback Report

Introduction

Ryedale District Council (RDC) had a three-day Corporate Peer Challenge in October 2016. The challenge used the LGA standard framework (see appendix 1), with an additional focus on how well the Council was achieving and had appropriate plans in place to deliver its stated vision of “a place where all residents can enjoy a good quality of life with strong, prosperous and welcoming communities”.

The council drew up an improvement plan based on the recommendations in the report. Four of the original team members returned to Ryedale for one day in April 2018 to assess progress against this improvement plan, and make recommendations. This report provides feedback on the key actions in the improvement plan, as well as highlighting some general themes that are working well, or would benefit from further consideration. There are also some key recommendations and signposting to other councils that RDC could learn from.

The peer team met with Members, staff, and partners to understand how things had progressed since the corporate peer challenge. They read recent key documents, and were provided with the (regularly updated) Improvement Plan. Some of the suggestions in this report may not have been triangulated in full due to the team being on site for only one day.

The team that were on site on April 26th 2018 were:

Jane Toman (Lead Peer)	Chief Executive, Blaby District Council
Paul James (Member peer)	Leader, Gloucester City Council
Andrew Seekings	Corporate Director, Allerdale District Council
Becca Singh	Challenge Manager, Local Government Association (LGA)

The full corporate peer challenge took place in 2016 during Ryedale’s transformation programme (T2020). At the time, staff felt unsettled, did not understand or appreciate the value of a behaviours-based appointment and appraisal system, and were anxious about what the future might hold. Councillor behaviour at council meetings was fractious and damaging the reputation of the council. Despite this background, RDC was delivering excellent services, which customers appreciated. Staff were thoroughly committed to doing a good job for the district, despite their concerns about the transformation programme. They demonstrated a high level of skills and knowledge, and support for one another.

Shortly after the peer challenge, staff and managers began to be appointed to new posts, including the new Deputy Chief Executive post. The new structure started operating in April 2017. Within a few weeks, the leader had stepped down, the Chief Executive resigned and several Conservative councillors left their group, which resulted in the council coming under no overall control, and with no Leader of the Council. The Deputy Chief Executive was appointed Chief Executive on an interim basis while decisions were made about political and managerial leadership.

The follow-up session took place shortly after several key decisions had been made by the council, namely:

1. Appoint a Chief Executive of RDC that would also be an Assistant Chief Executive of North Yorkshire County Council (NYCC) (out to advert at the time of the follow-up)
2. Use a shared political leadership model rather than appoint a Leader and a Deputy Leader. Six political group leaders meet regularly with the Chief Executive (Interim) and senior managers. Other senior roles (such as Chairs of committees, and the Chair of the council) were appointed.
3. Move the council from Ryedale House into a public-sector hub in the centre of Malton
4. Use the site to build some of the district's much-needed housing (including affordable housing)
5. Explore shared services arrangements with the council, particularly with Legal, Human Resources and Finance teams

The effect of these major strategic decisions, on staff resilience, capacity and morale, as well as on service delivery, should not be underestimated. Delivering this work will need to be well planned and managed, bringing in external project management or other expertise as needed.

Feedback on the key actions in the Improvement Plan

1. **Establish a strong and effective strategic officer leadership team with a collective vision and shared strategic responsibilities, such as financial management.**

The Strategic Leadership Team (SLT) was a new team in October 2016. The team is now more familiar and comfortable with one another, and working better as a team, but there is still more to do to increase effectiveness, and shared strategic responsibilities, particularly around financial management.

Good strategic management needs investment and support from Members. Managers need to act decisively, professionally and cohesively on strategic matters, giving a clear steer on priorities, behaviours and responsibilities across the organisation. This includes recognising, and addressing quickly, allegations of bullying or harassment.

The peer team feel that Ryedale would benefit from investment in senior management skills and responsibilities to work as an effective strategic management team. In addition, significant project management skills and experience are needed to deliver the ambitious tasks that the councillors have set. Consider how leadership skills could be developed and harnessed at all levels of management.

The peer team recommend holding regular (perhaps quarterly or annually) away days for senior managers, sometimes with the senior councillors. These should have no strict agenda about work delivery, but provide an opportunity for the senior leadership of the council to build relationships, establish a vision for the future,

identify skills gaps, and facilitate strategic planning. Members have not yet agreed the post-Corporate Peer Challenge Action Plan, although some of the actions have been taken. This could send a negative message to both staff and partners about the Member commitment to working together with staff for continuous improvement.

2. Review the expertise and capacity and resilience of the organisation

There are highly skilled, professional staff working for Ryedale District Council. However, capacity is stretched as the council tries to continue to deliver a 'gold' service with 25% fewer staff, at a time when demand may increase. This may not be sustainable. The Council has delegated authority to the Chief Executive (Interim) to explore options for shared services arrangements, which will increase resilience. The team encourage these explorations to be broad, and decisions made based on evidence. Current plans appear to be opportunistic, rather than strategic.

The CPC report indicated that RDC should review capacity and expertise in key areas of Communications, Governance and Planning. The Communications Officer from Selby District Council was made a shared post with Ryedale soon after the peer challenge. By the time of the follow-up visit by the peer team, Governance and Finance had been identified for shared services arrangements. In 2016, Planning at RDC was considered an exemplar regionally, but capacity has been affected by national shortages in professionals for this department. Despite this, Planning is maintaining its good performance, and the team is expanding.

Tourism and Economic Development are both important to the council's long-term financial sustainability as grants from central government continue to reduce. Members (and staff) will need to understand the impact of the council's involvement in both and how these link to the forthcoming Industrial Strategy. Work in these areas are largely delivered by partners (through the LEP and through 'Welcome to Yorkshire'). The peer team therefore recommend that RDC consider how Ryedale's needs are met and potential realised for these key areas, for example, Ryedale's identity and visibility in regional decision making. Linking these areas of work to the Industrial Strategy, and identifying how these can support and provide opportunities for commercial activities in future will give RDC control over the effects of any further reductions in capacity.

3. Review governance arrangements in order to prepare future political Leaders and ensure succession planning. Consider investing in external support to develop Member capacity through learning and development and consider how politicians are involved in priority setting

RDC decided not to review its governance arrangements. The peer team understands the reluctance to go ahead with this review, given the potential for it to use a great deal of the council's limited capacity. However, after deciding not to have a Leader of the Council, an alternative had to be established. Six group leaders meet regularly with the Chief Executive (Interim) and senior managers. It does appear that relationship between the different parties have much improved, in part because of these meetings. All parties are now involved early in strategic

discussions with senior officers. The peer team recommend that this arrangement should continue whatever the future leadership model.

However, a move to a more mainstream system would enable the council to ensure that it was visible and heard, at strategic, national, regional and sub-regional political discussions. Partners described Ryedale as having a “leadership vacuum” and are unsure how stable it is without this leadership role. Potential national and regional partners are more likely to invest time and resources in the district if it appears to be politically stable. The Chief Executive is not the same as a Leader of the Council at regional political strategic meetings or partnership boards. The peer team recommends that the council review the arrangement and its impact on strategic relationships in due course. In the meantime, Members should consider putting in place alternative measures to ensure that RDC is represented politically at strategic level.

Further work may be needed for long-term political succession planning. The LGA political leadership support programmes could help ensure that in the future, key roles in the council are filled by skilled members. With all-out elections in May 2019, Ryedale could encourage new members of the community to stand for the council (for example through the LGA ‘Be a Councillor’ campaign). These support mechanisms will help succession planning.

Unfortunately, the team did not have time to explore member learning and development in detail.

The Council adopted specific priorities in May 2017: Sustainable Growth, Customers and Communities, One Council. However, it was not clear how these were determined, and who was involved in developing them. They are not widely familiar amongst members or staff, and it was not clear how Members relate resources or Managers relate staff allocations to priorities.

4. Establish and demonstrate a collective commitment to shared values and behaviours, developed, agreed and demonstrated by all Members and officers.

The shared values acronym – PROUD (Passion, Respect, Openness, Unity, and Decisiveness) – is well-known amongst staff; however, it is generally viewed with cynicism and not everyone is sure what the acronym stands for. Members have not formally committed to them, although member conduct in council meetings has improved significantly. Relationships between senior officers and senior councillors have also improved, and this has improved member understanding of the changed wider local government context.

There are still examples of where some member behaviour could be damaging the reputation of the council, and there appear to be no clear procedure for addressing this. It is important to remember that even when not officially speaking on behalf of the council, councillors will still be identified as Ryedale District Councillors and this could affect the reputation of the council. More work should be done with

Communications, Standards and Governance arrangements to ensure that this is clarified and understood.

5. Develop and Deliver Strategic plans jointly with Members and staff

The council has taken specific strategic decisions regarding the political and managerial leadership of the council, shared services arrangements and assets. However, it is not clear how strategic planning works, either with members or senior officers, or how the wider staff group can be involved.

Strategic plans are needed to deliver these ambitions, particularly regarding the move to the public-sector hub in Malton, with specific project management expertise in place. The peer team suggest that RDC talks to other councils that have undertaken similar projects, and learn from them about the scale and size of the project. The One Public Estate programme could also offer further support and advice. The project will need significant resourcing (staff as well as finance), expertise and a realistic timeframe. Members were not clear how much they were involved in these plans, despite evidence of workshops and discussions on business cases and options appraisals.

Setting clear strategic plans with short, medium and long-term goals would enable staff to focus on delivering the priorities. Staff would be clear about what to focus on and be able to challenge Members if asked to divert resources away from priorities.

6. Improve communication across the organisation.

There is now a Communications Manager post, shared with Selby District Council. This has helped, but more work is needed. Member / Officer communications have improved, but arrangements have not been formalised. Managers need to be given support and training to be able to have difficult conversations with both staff and members. Involving communications officers at high level discussions, such as SLT and group leaders, will enable senior officers and members to understand the reputational impact of decisions or behaviours.

Concerns in October 2016 about how the T2020 programme was understood and communicated have been borne out. Staff need to have a meaningful role in working out the key outcomes for the council, and a clear strategic direction to work towards. This still needs to be developed, involving staff, and communicated well.

RDC may wish to consider a one-day LGA 'health check' for its communications function to establish what it needs and how this could be delivered.

7. Seek formal feedback regularly from staff and customers

This was not explored in detail during the follow-up visit.

8. Consider opportunities for using financial reserves to support the delivery of your priorities after conducting an appropriate financial risk analysis.

This was not explored in detail during the follow-up visit. However, it was clear that there is still a lack of collective financial management at a strategic level. It is not clear where financial decisions are taken, and therefore how RDC would proceed with the suggested approach.

9. Develop a strategic commercial income generation plan, including use of assets

Some work has been done, particularly with respect to disposing of Ryedale House and moving into the public-sector hub in the centre of Malton in due course. This involved a successful bid to the One Public Estate (OPE) programme. However, there does not seem to have been strategic consideration of commercialism or income generation. The team suggest exploring what might be possible with councils that have developed their commercial approaches further. This would help RDC assess the levels of risk and reward it is prepared to follow. The LGA provide support for Members and for officers on commercialism.

10. Develop and embed a robust performance management culture as part of the 'One Ryedale' approach.

The 'One Ryedale' approach, for members and officers, was heavily emphasised in October 2016. This was not the case at the follow-up session in April 2018. The peer team encourage Members and officers to re-invigorate this. This would demonstrate to communities, businesses and partners, as well as all staff and members, that both the councillors and the officers are committed to working together to do the best for Ryedale District.

The performance management framework has improved and is widely used across the council, although it is not fully embedded. The move to competency based job descriptions has been swift, and there has been little in depth understanding of the value of this approach, nor on why this is a positive step forward. Job titles no longer reflect work done. This is frustrating to staff, who tend not to use their new job titles when working with others.

Other issues

What is working well

- Ryedale District Council has great, skilled staff. They are committed to the council and to the locality and are keen to deliver good quality services to meet the needs of residents, businesses and other customers. Members, senior officers and partners all spoke very highly of staff. They are very supportive of one another, particularly with the increase in demand whilst

- coping with a 25% reduction in staff numbers. Consider how to reward staff, recognise staff achievements and improve morale that has fallen since 2016.
- Council meetings have improved, with more considered discussions and fewer personal attacks. There has been a strong, experienced chair since May 2017 and this has made a difference. This role is now recognised as crucial in managing member behaviour and conduct at meetings. Careful consideration is under way about the next chair who will be appointed at Annual Council Meeting in May 2018.
 - Communication between officers and members has improved. Establishing elected member briefings on forthcoming discussions and early in the decision-making process have helped.
 - Party group leaders meet regularly together with the Chief Executive (Interim). Although an unusual leadership model, it has improved cross-party communication and collaboration. All parties receive the same information, and feel able to contribute to policy discussions. The peer team encourages RDC to continue these meetings, even if at some point in the future there is a single Leader of the Council.
 - RDC, as part of the North Yorkshire bid, has been successful in securing One Public Estate (OPE) funding. This is a massive achievement and Ryedale should be proud of this. The funds will help to establish the public-sector hub in the centre of Malton. Consider how else RDC could influence this work to the benefit of residents, businesses and communities in Ryedale.

Areas for consideration

- Many people referred to RDC as “rudderless” and “in a leadership vacuum”. Despite recent major decisions being made, they felt that goal-setting, planning and strategic thinking was on hold, waiting for the new Chief Executive to be appointed, and for the elections in May 2019. The local government sector moves quickly, and there is a risk that waiting for new leaders means that Ryedale will miss out on opportunities to deliver sustainable growth and improve lives for customers and communities.
- The Senior Leadership Team (SLT) still acts as individual service heads, rather than a strategic leadership team with a collective vision and shared responsibilities. Managers need to be supported and trained to ensure that they are equipped to deal with the strategic responsibilities that they have. This include training in how to have difficult conversations with staff (particularly over performance), coaching in management techniques, and work on identifying and sharing strategic responsibilities. Consider how leadership skills could be developed and harnesses at all levels of the organisation.
- It is not clear what evidence and business processes have been used to make high level decisions (for example, the development of the Ryedale House site, and the new Chief Executive model). Members were not aware of options appraisal and business cases (for example, to enter into shared services arrangements). The peer team recommends that future strategic decisions demonstrate a clear reason for those decisions, linked to the council’s

strategic priorities and political consideration. This would improve transparency and accountability.

Key recommendations

- Invest in staff leadership and management training. For example, through coaching, mentoring, training in difficult conversations and great conversations, visioning workshops and strategic decision-making.
- Bring Senior Members and Senior Leadership team together. Initially for visioning workshop, to set long-term aspirations, and subsequently to ensure that they are all working together for a common goal.
- Set out clear short, medium and long-term goals that help to deliver your priorities. Use these goals to plan where your resources need to be. Ensure that timescales are based on evidence and experience of similar projects and that councillors are involved in these discussions and are aware of where resources have been targeted. Be realistic about your ambition.
- The Group Leaders' meeting with the Chief Executive should be continued, regardless of the political leadership model in future.
- Ensure strategic decision-making is based on evidence, business case and options appraisals, and that these processes are transparent. This will help achieve buy-in and ownership of decisions.
- Ensure that the Chair of the Council understands their role and can act robustly and decisively. Consider succession planning for roles such as this, for example appointing a deputy chair, shadowing etc.
- Major projects need to be led, managed and overseen by people with appropriate skills and experience, for example the move to the new offices in Malton, and development of the Ryedale House site. All major projects will need clear, appropriate communications to and with different stakeholders.
- Consider how to maximise knowledge transfer from external or temporary appointments so that the organisation learns from them.
- Explore how to encourage a more diverse range of councillors as future candidates to help with political succession planning.

Conclusions and next steps

There have been some improvements at Ryedale District Council since October 2016, for example, member conduct at council meetings, and communication between group leaders. However, key strategic skills, knowledge and management are needed to ensure that RDC can deliver the ambitious plans that have been agreed. Ryedale District Council would benefit from a more co-ordinated strategic approach to financial management, commercial activity, project and programme management, clarity over goals and realism over timescales.

Staff and members are committed to doing the right thing for Ryedale's communities, but may need some external support to help deliver its priorities and culture change.

It is an exciting time to be working for Ryedale DC with a new office, new Chief Executive, and new ways of working, on the horizon. It is imperative that senior officers and members do not lose the enthusiasm and energy of their staff as they navigate through these changing times.

Appendix 1 – LGA Corporate Peer Challenge Framework

1. Understanding of local context and priority setting: Does the council understand its local context and has it established a clear set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

Appendix 2 – Signposting

- Joint senior councillor and officer meetings: Rushcliffe Borough Council holds ‘CabMan’ meetings quarterly for the Cabinet and the Senior Management Team. These have helped build up strong working relationships between Portfolio Holders and senior officers.
- Member development: the LGA Leadership programme has several aspects to it that Ryedale may find useful: leadership essentials, top team development, enhancing skills of younger or newer politicians, encouraging a diverse range of candidates at election time.
- Project Management of Office Move – Newark and Sherwood District Council, Rushcliffe Borough Council and Harborough District Council are all good examples of managing a significant office move, including either a new build or complete refurbishment and re-purposing of buildings. All are good examples of partnership working, keeping to time and to budget, along with using a new building to change the culture of the organisation.
- Performance Management – Newcastle City Council has a clear method of reporting which is published on their website. Performance reporting on one of Newcastle’s priorities “A working city” can be found here: [Newcastle performance on priority "A working city"](#)
- Strategic Commercialisation and income generation – Many councils have progressed in this area. The LGA website offers advice and case studies on different approaches here: [commercialisation approaches and advice](#). Specific councils to discuss with include: Rushcliffe Borough Council, Eastleigh Borough Council, Hinckley and Bosworth Borough Council, Mendip District Council.

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Corporate Peer Challenge Ryedale District Council

19th – 21st October 2016

Feedback Report

1. Executive Summary

Ryedale District Council (RDC) is a small but ambitious council with committed staff who are focused on delivering the best possible service to meet local needs, in partnership with others where possible in order to improve capacity. Staff are proud to work for the council, and have an excellent understanding of the local context. There is a commitment to seek housing and economic growth and an understanding that this needs to be done sensitively, and in partnership with others.

The council is recognised regionally as an exemplar for its planning services. Partners highlighted the pre-planning advice and the relationships they are able to build with the Planning Team, but were concerned about the capacity of the team to continue to provide such a good service. The Planning Committee was also cited as acting with care and due diligence.

RDC is keen to work in partnership where possible. It benefits from the work of the Local Enterprise Partnership (LEP), making sure it has a seat at the negotiating table and influencing partners. It has seconded two officers, part-time, to the LEP which has led to RDC being at the forefront of potential funding and support opportunities. Partners highlighted Ryedale's positive contribution and suggested that their engagement was more productive than that of other local councils.

There are excellent ideas from officers on using assets for income generation, but in order to realise this income this work needs to be translated into a delivery plan with clear lines of accountability and robust performance management.

The peer challenge took place towards the end of a transformation programme (T2020), which is intended to change the way the organisation operates and involved almost every post and team being reviewed. The new structure proposes a flexible operating model and generic job descriptions based on behavioural competencies. Staff are able to apply for a number of jobs at different levels, an approach which brings both opportunities and risks, with a high degree of uncertainty and anxiety for staff during the process.

The T2020 programme also offers the chance to set a firm strategic direction with clear lines of accountability and responsibility across the officer corps, together with the opportunity to develop strategic plans and introduce a robust performance framework. Reference was made to the 'One Ryedale' vision (although it had not yet been clearly articulated or shared across the organisation), which will aim for Members and staff to model the same behaviours and values, working together for the good of the district. However, if this is to work those values and behaviours will need to be agreed by and demonstrated across all members and officers. With the exception of Council and committees there is little member/ officer interaction except at a senior level but where there is (for example the Ward Buddy system) it is generally positive and valuable.

Senior officers and Members, particularly the Chief Executive and the Leader, have taken on additional responsibilities over and above their substantive roles, and this is placing

limitations on their capacity. A fully functioning senior management team could help the chief executive delegate some responsibilities. Distributing councillor responsibility (for example representation on external bodies) more widely than at present would enable the

Chief Executive:

Leader to delegate. Both should ensure that there are clear succession planning options. Involving members of the administration in strategic planning will help to share the responsibilities and ensure that the challenges (particularly financial challenges) faced by the council can help the Members make more informed decisions.

Internal communication needs to be significantly improved for staff and Members. There is a lack of professional communications expertise at RDC, and this has manifested itself in different ways, including a perceived lack of communications about the T2020 programme by staff, and members feeling excluded from information prior to decisions at full council. Sometimes the methods used may not be the most appropriate or effective, and monitoring and guidance from communications professionals should help this to improve.

There is a clear priority for both economic and housing growth, but this is not consistently understood by councillors, with some openly opposed to growth. In addition, there is not necessarily a corresponding commitment to resources to support these priorities, such as increasing capacity in the planning and economic development teams.

Full Council meetings are acknowledged to be challenging, with some member behaviour extremely disruptive. This behaviour dominated discussions in almost all of the meetings held by the peer team, and council meetings were described as a 'circus' by a number of internal and external stakeholders. This is damaging RDC's reputation. Although decisions are usually reached at Council, the length and standard of debate, and the methods of reaching decisions are demoralising Members and officers alike. This is not sustainable. Good, firm and consistent chairing, together with individual Members adopting the agreed values and behaviours, will be essential to tackle this.

Ryedale District Council is considered to be a good partner that, although recognising the limitations due to its size and location, is maximising its influence and building productive relationships with others. Tackling the problems with how decisions are reached would enable the council continue to be effective in future.

2. Key recommendations

1. Use the T2020 programme to establish a strong and effective strategic officer leadership team with a collective vision and shared strategic responsibilities, such as financial management.
2. Review the expertise and capacity of the organisation in the following key areas: Communications, Governance and Planning.
3. Review governance arrangements in order to prepare future political Leaders and ensure that you are succession planning. Consider investing in external support to develop

Member capacity through learning and development and consider how politicians are involved in priority setting. .

4. Establish and demonstrate a collective commitment to shared values and behaviours, developed, agreed and demonstrated by all members and officers.
5. Develop and deliver strategic plans jointly with members and staff.
6. Improve communication across the organisation.
7. Seek formal feedback regularly from staff and customers. This will help ensure your priorities and service plans are evidence-based.

8. Consider opportunities for using financial reserves to support the delivery of your priorities after conducting an appropriate financial risk analysis.
9. Develop a strategic commercial income generation plan, including use of assets.
10. Develop and embed a robust performance management culture as part of the One Ryedale approach.

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Ryedale District Council were:

- Jane Toman, Chief Executive, Blaby District Council
- Cllr Paul James, Leader, Gloucester City Council
- Kirsty Cole, Deputy Chief Executive, Newark and Sherwood District Council
- Andrew Seekings, Corporate Director, Allerdale Borough Council
- Louise Sboui, Policy, Performance and Transformation Manager, Huntingdonshire District Council
- Helen Rankin, Adviser, Leadership and Localism, Local Government Association
- Becca Singh, Peer Challenge Manager, Local Government Association

Scope and focus

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges cover. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?

5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to look at how well the Council is achieving, and whether it has appropriate plans in place to achieve its stated vision of a place where all residents can enjoy a good quality of life with strong, prosperous and welcoming communities.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement-focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent three days onsite at Ryedale House, during which they:

- Spoke to more than 70 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings, and additional research and reading.
- Collectively spent more than 250 hours to determine their findings – the equivalent of one person spending more than seven weeks in Ryedale District Council.

This allowed us to triangulate our evidence and therefore nothing has come from just one source or without any evidence. This is information which was given in a nonattributable manner.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (19th – 21st October 2016). In presenting feedback to you, we have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Understanding of the local place and priority setting

“RDC understands the local population and the area, they engage well” (partner)

Ryedale District Council has a small population in a large geographic area, a significant proportion of which is within the North York Moors National Park. There are challenges in delivering services in such a rural area with reducing resources. However, RDC works hard and creatively to understand these challenges, gathering intelligence from partners as well as using its own data. RDC sets its priorities for the local area using this information with a focus on economic and housing growth.

Councillors provide good local information, and work with Town and Parish Councillors has helped enhance RDC’s understanding of local needs. The Parish Liaison meetings are welcomed, and provide an opportunity for all public sector partners (for example, police and county council delivering services in the area to share updates and hear concerns from residents). It may be worth considering holding them more than twice a year.

The ‘Town Team’ approach currently being piloted in Helmsley is a positive demonstration of RDC redesigning services with the customer at its heart. Officers from different disciplines work together around the needs of the town, and have a regular local presence in the community, often with the ward member. Other towns have ‘virtual’ town teams where officers work together but are not yet co-located in the town, but with the success of the Helmsley pilot this is likely to be rolled out in the near future. This has helped to enhance RDC’s ongoing understanding of local issues.

Although priorities for growth are set, it is not clear how well these are owned under a ‘One Ryedale’ vision by both members and officers. We heard mixed views on the member appetite for growth in the District, and although there is a strategic commitment to growth, resources do not always follow. For example, income generated by Planning is used to further develop the housing offer, rather than increasing capacity in the Planning Department.

4.2 Leadership of Place

There is widespread pride in the Ryedale District by staff and Members. There is clear understanding of Ryedale as a place where people live and work, and evidence that RDC takes responsibility for its leadership role in the local area. For example, the council held a public meeting to discuss the potential and perceived impacts of fracking within the district, despite having no specific responsibility for decisions relating to this.

There is evidence that Members have tried to adopt a sustainable development approach, and ensured infrastructure improvements are secured before approving larger scale developments. This shows that they have tried to address community concerns when taking difficult decisions about developments, explaining to communities the reasons for the growth.

The Chief Executive is recognised as a regional player, working on the devolution debate and bringing organisations together, particularly around health and housing. Although there are challenges with the Combined Authority in the region, partner authorities consider RDC to be “even-handed and working well to broker deals”.

RDC is seen by partners (including councils and developers) as engaged and approachable and there are well established and effective relationships. The formal and informal partnerships between RDC and other public sector partners (such as police, health and the National Park), local businesses and voluntary and community sector has ensured that local needs are identified together. For example, the Housing Options team are planning to hold surgeries in market towns, and benefits assessors are co-located in the Job Centre in Malton, and conduct home visits if necessary. Everyone Active, the sport and leisure management contractor providing leisure services, has ensured that leisure services are designed to include a focus on health and community engagement and reports a good working relationship with the council.

There are major opportunities in the region, with a strong LEP and effective partnerships, to influence at a regional level. The secondment of two economic development officers on a part-time basis to the LEP is increasing the council’s profile and supporting inward investment to Ryedale. There is a sense from partners that these secondments illustrate RDC’s forward thinking, enabling it to act quickly on funding and other support opportunities. The partnership work on economic development with the County Council, neighbouring districts and the LEP is welcomed by the business community, which works across administrative boundaries.

RDC has recognised that the local skills gap is a barrier to growth, and is addressing this by working with local businesses and training providers, and funding a post to work with young people in schools and higher education, for example the highly valued ‘Opportunity Knocks’ events which raises aspirations and awareness of career opportunities within the district. Through the work with the LEP, residents have access to learning opportunities at the training college and Coventry University campus at Scarborough.

RDC is recognised locally as an exemplar on Planning with both the department and the committee held in high regard regionally, particularly for its pre-planning advice. There is a high degree of trust between Members and officers. The Planning and Economic Development teams work together when needed, and there is work with developers early in the process to identify needs and address community concerns, such as the inclusion of infrastructure improvements. Officers work with Members and communities to understand the benefits of developments, so that when the application comes to Planning Committee, Members already understand the different implications of an application. Planning in the National Park is the responsibility of the North York Moors National Park Authority (NYMNPA). The relationship is constructive and RDC works with the NYMNPA to explain and talk to communities about decisions. This was evidenced by the production of the Helmsley Plan which was jointly prepared by 2 planning authorities and adopted in July 2015. RDC is driving the successful delivery of housing numbers, although further clarity is needed on economic and infrastructure targets.

There is positive action around culture and tourism, with RDC seeking to maximise its natural environment through working in particular with the Forestry Commission and the National Park Authority. The Food Enterprise Zone is a partnership initiative and offers potential for further development.

There is a perception amongst staff and partners that some Members are unwilling to embrace change and are unrealistic about the amount of change that may be needed in order to continue to fund and deliver council priorities. This suggests a possible lack of understanding of the local government finance landscape within which the council is operating. It appears that not all Members understand that they may not be able to continue to deliver all the services that they have in the past. 'Doing things differently' may mean stopping doing some things, however the retention of business rates and the ability to increase the Council Tax base means that driving growth can deliver funds to maintain essential services. Therefore there are some tensions between growth (economic and residential) and preserving the current environment.

“Ryedale is a challenging district, rural isolation, poor travel options, and particularly difficult road conditions in the winter – but all of these are outweighed by its strengths – a strong community spirit” (partner quote)

4.3 Organisational leadership and governance

There is a transformation programme underway at RDC known as T2020. It is designed to give RDC a flexible operating model, with staff able to work in different locations and in different ways to continue to deliver services with reduced resources. Staff, managers and Members generally understood the need for change and mostly felt that the changes would bring improvements to the way the council operates. RDC has been working with an external provider to develop the transformation process and the new organisational structure. The approach is mature and provides opportunity for talented staff to progress within the organisation, for example, through allowing staff to apply for 3 posts within the new structure which may be at grades above their current role. There is a need to be sensitive to the fact that this may be destabilising to some staff, for example to staff currently in role which colleagues may now apply and compete for.

Relationships between operational officers and ward Members is generally good, although engagement is limited. The 'Ward Buddy' system ensures that service managers spend time with ward members and go out within the ward to meet local people and understand local needs. Members and officers both noted that this was working particularly well and fosters good relations and better understanding between staff and Members both of their respective roles and the challenges associated with delivering services with fewer resources and/ or greater demand than in the past. Managers feel that this has enhanced knowledge and understanding of issues in local areas for both officers and Members. Outside this system, interaction is limited and many staff feel disconnected from councillors and feel that Members have little understanding of the services provided.

There is little opportunity for Members to be involved in strategic planning of services, which could help increase their understanding of the current constraints in the local government sector. If members better understood the wider national constraints and how they affect RDC, they may find it easier to set achievable priorities. Planning is an example of where officers and member have together established a positive approach and successful service with clear lines of responsibility and delegation.

The conduct of some Members at full council meetings is damaging the Council's reputation. Meetings were described to the peer team as "unpleasant" and "a circus" by officers, Members and partners. Meetings are always held in the evenings and are known to go beyond midnight. Recordings of meetings provide examples of Members' aggressive questioning and personal verbal attacks on officers and other Members. This has a considerable negative impact on the organisation and it featured in almost every meeting the peer team held with staff, members and partners. Everyone we spoke to talked about it 'grinding down' and demoralising staff and members, and diverting the council away from delivering its priorities. This has led to a cycle of behaviour where staff are reluctant to share information with members and dread attending council meetings. Members in turn feel uninformed about key issues, such as the T2020 programme or how individual services work.

The ruling group have a clear majority and mandate, which councillors need to respect. Clear, firm and consistent chairing is essential to ensure that meetings are not excessively long. Constructive debate is healthy, and ensures a robust decision-making process. However, the council chamber is not the place for personal attacks or aggressive public rows, which are not conducive to a healthy effective organisation. The 'One Ryedale' vision and approach offers an opportunity for all Members to agree and commit to an agreed set of values, behaviours and ways of working. Individual Members are responsible for their own conduct, but this needs to be in the context of agreed behaviours, with sanctions if needed for failure to adhere to them.

If the current constitution is not supporting good decision-making processes, the council should consider revising it. A constitution needs to enable a council to work effectively. We suggest that you explore how responsibilities could be shared more widely (for example identifying which members could take the lead on certain issues, and appointing a deputy leader), and consider whether decisions are being made at the appropriate tier of decision making (for example, do all decisions that go to Full Council need to be taken there?). Finally, the council should consider whether it is appropriate for Members to ask officers questions at Full Council – this is highly unusual. Providing more comprehensive information at an early stage may cut down on the number of questions at Full Council. It is not for the peer team to recommend one governance structure over another, but the council needs to decide how best to make its decision-making system work and the behaviours needed in order for it to be effective.

The way that the current committee system works puts too much responsibility on the Leader. There is no deputy leader, and limited scope for other members to develop specialist knowledge and share responsibility for key policy areas or partnership work. Members have mixed views on the effectiveness of the 'Champion' system and the

champion positions do not correspond with Council priorities. Formal leadership training or mentoring should be considered for elected Members in order to improve decision-making and strategic leadership. A succession plan needs to be put in place to nurture the leaders of the future and further the skills of those in leadership positions.

The Chief Executive spends a significant amount of time dealing with Member issues including complaints about Member behaviour, but this should be more the role of the Monitoring Officer. The Chief Executive and Deputy Chief Executive need to be able to share corporate responsibilities with senior managers, and collectively to set the tone and direction for the organisation, in particular financial management of the council. Consider establishing a senior management team, including the Monitoring Officer and the Section 151 Officer as well as other senior managers. This team would benefit from having a collective vision and shared strategic responsibilities to enable equitable delegation. The Council's policies and priorities need to be more widely developed, shared and owned within the organisation with clear accountability for delivery.

The interim shared Chief Executive arrangement with Selby is generally felt to be working well. However, there is no clear strategic direction for future models of working. It may in future have an impact on the effective delivery of key projects without effective delegation. The arrangement has been expanded to explore the opportunity to share other officer resources, but there seems to be no overall strategy or plan for how this will work in future. There are opportunities to build the capacity at Ryedale, but at the moment there is a risk that RDC is not fully understanding the benefits which could be realised or assessing whether the arrangement is delivering as expected. The council would benefit from evaluating how the arrangement is working and take decisions on how it will continue to benefit both Selby and Ryedale. Selby DC is a very different council from RDC, and there is much to learn from each other.

Performance management is patchy. Although appraisals and one-to-one supervision meetings take place, this is not consistent and not universally felt to be useful. RDC should build a robust approach to performance management as part of the new structure.

External, professional, expertise may be needed in some areas, for example to improve internal and external communications. The council should make efforts to tap into existing networks to learn from best practice, and the peer team would recommend assessing whether the council has sufficient capacity in your priority areas of Planning and Growth.

4.4 Financial planning and viability

RDC has successfully spent on or around budget over last few years and its approach is prudent with no major over- or underspends that would cause concern. However, there is scope to ensure staff at all levels are more involved. For example, Heads of Service, managers and other staff do not appear to be currently involved in corporate budget planning or management. The Head of Economic Development needs a good understanding of the level of business rates and how their service drives growth for the district and the council in order to maximise delivery. Members do not always feel fully

informed of key financial issues, such as how the financial benefits of local economic growth will enable the council to deliver better services.

RDC has healthy reserves and could consider how best to invest reserves to generate income to support service delivery. Using a sensitivity analysis (as done in other councils) would put a financial value to each risk allowing RDC to set a minimum reserves level. In employing this approach, the council could be confident that if risks materialise it would have enough in reserves to cover them, and it would also give confidence that any reserves over and above that can be invested into priorities. Reserves could be used to drive commercial activity, growth and jobs, which in turn would bring in income (through business rates, New Homes Bonus, Council Tax and commercial property income). Instead of focusing only on savings, RDC could use that energy to drive growth and commercial activity.

The council has recently completed an asset management review and there are a number of opportunities to use assets to drive growth and increase income. There is a £100,000 target within the Medium Term Financial Plan from better use of assets. A clear strategy and delivery plan is needed in order to realise the benefits identified in the review. People shared individual ideas with the peer team, but there was no clear strategic plan setting out which ideas are to be taken forward.

Working differently and collectively is clearly a major strength and has seen the delivery of shared services through innovative approaches (Veritau Internal Audit partner) and commissioned services (Everyone Active for leisure services). There remains an opportunity to undertake strategic reviews for a number of internally managed services, (such as waste management and street scene) that could drive up income, reduce costs and build in resilience that does not always exist in small councils. This could include the formal extension of shared services, commissioning a range of services, informal agreements and the formation of income generation targets for business units.

The Council needs to ensure that resources are allocated in order to support strategic priorities, that they link to future financial planning and management, and to communicate this well. Resources are required to support and drive growth in houses through both planning and economic development teams. The current economic plan sets out growth targets for new jobs and investment, yet doesn't make provision for an increase in business rate income. The investment in ICT is a good example of where resources have been allocated in order to support the transformation programme.

4.5 Capacity to deliver

We repeatedly heard that staff are committed, proud to work for and in Ryedale District Council, and go above and beyond their role. The goodwill of staff was spoken about in many of our conversations and we heard from members and managers that “the staff are brilliant”.

“The vast majority of people like working here but the uncertainty is damaging morale”

(officer comment)

There are some examples of excellent service delivery, with Planning and Housing particularly cited by partners. There are risks for the future if too much expertise is concentrated in a small number of individuals, but it is clear that services are currently delivering good outcomes for residents. The Town Team approach is also beginning to deliver outcomes and efficiencies and staff involved have identified good opportunities for further development.

There was a general acceptance of the need to change as a result of reduced resources and the changing local government landscape, but staff and partners expressed concern about the ongoing capacity to deliver services and meet the corporate priorities if resources were cut too far during the transformation process. The priorities of the council were seen as well-communicated, but some felt that the council was less clear on *how* priorities were going to be achieved. Individual staff do not necessarily understand how their work fits in with the council plan objectives, and the inconsistent performance management process means the 'golden thread' is not clear.

We heard from a number of stakeholders that Ryedale was excellent at partnership working, and there was a feeling that more could be done to share services. For example, working with other councils to build resilience in services by sharing skills, particularly in areas such as legal, planning and communications. RDC has worked opportunistically to boost capacity but this would benefit from a more strategic approach.

Communication and engagement difficulties were a continuing theme throughout the peer challenge. This included communication with Members, between political groups, and within staff groups. There was a Council decision to have a period without a communications specialist. We could not find anyone who could say which officer was individually responsible for either internal or external communications. For example, there is a communications plan for the T2020 programme, but there was no involvement or advice from communications specialists. Improved information sharing at an early stage in decision-making, with clear boundaries and transparency, could help to avoid lengthy questions at full council. Good Communications expertise is able to help decision-making (through improved communication with Members), maintain staff morale at a time of considerable change, and ensure that the public and partners are clearly aware of what is happening and how they can be involved or influence that change. We understand that there is provision for professional communications support in the new operating model.

Communication about T2020 was generally considered by staff to be poor. A perceived lack of anonymity regarding online questions, the format of information giving, and no clear timeline has led to staff morale being damaged, and little confidence about how meaningful staff consultation has been despite good intentions and processes. Many staff and Members felt that the new structure is not clear, and they do not understand how it will work in practice. There is a widely held view that the plan has not been wellcommunicated. Throughout a period of major change, information is key. It is important to have consistency of message, set clear deadlines and milestones for when something will be announced or known, and stick to them.

The behaviour-based approach for competency-based selection has resulted in some officers feeling under constant assessment and anxious. There is a high level of union membership and the union is keen to offer support for its members going through the transformation process. RDC could encourage and communicate these practical offers of help and support. The peer team, and staff, were not clear how Human Resources (HR) expertise has been involved in T2020, and this has meant that many staff feel that it is being done 'to' them not 'with' them. There was recognition that the Chief Executive took on all the oversight of the T2020 programme because all other officer posts were affected, and in order that normal HR service delivery was maintained, but this has meant that the Chief Executive shouldered a good deal of pressure at a time when increased support from Human Resources and Communications expertise (potentially with additionally allocated temporary resource) could have helped both the Chief Executive and staff during the change process.

Some short-term communications specialist help could improve work around the T2020 programme, and in the longer term the way information is disseminated across the whole organisation, including members and officers. We suggest that RDC explores the use of external communications expertise, tapping into regional and national networks where good practice is shared and support is offered.

4.6 Conclusions

RDC has a committed staff team who are keen to develop new ways of working and to provide the best possible service to local residents and communities. There are examples of excellent services in Planning and Housing, but the learning is not being shared across the whole organisation.

There is a good community spirit, and a sense of resilience under difficult circumstances. RDC is not afraid to act on behalf of its communities in areas outside its immediate control in order to support its residents to the best of its abilities, for example, around the planning permission for fracking.

The need for clear strategic leadership is being overshadowed by poor Member behaviour at Full Council meetings. All Members need to concentrate on doing what is best for the district and driving the change they want to see, rather than becoming engaged in political game-playing. The governance system needs to ensure a greater balance of responsibilities with clear lines of accountability.

Responsibilities need to be better shared and a collective ownership of values, behaviours and strategic priorities at senior political and managerial level will help to drive improvements in unifying Members and officers under the One Ryedale banner. There are some areas which need intense specialist support in the short term (for example communications and Monitoring Officer role). A strategic management team should be sharing strategic leadership for the organisation, including sharing responsibility for budget and financial issues more.

The council has the willingness and commitment to achieve its stated aims and objectives, working in partnership with key stakeholders. By maximising the establishment of the new organisation from early December, it can clearly set out the values and behaviours it wants to work with, and continue to demonstrate leadership of the local place by acting as One Ryedale, a unified district council.

5. Next steps

5.1 Immediate next steps

We appreciate you will want to reflect on these findings and suggestions with your senior managerial and political leadership in order to determine how the Council wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Mark Edgell, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). His contact details are: **Mark.Edgell@local.gov.uk or 07747 636910**

In the meantime we are keen to continue the relationship we have formed with you and colleagues through the peer challenge. We will endeavour to provide additional information and signposting about the issues we have raised in this report to help inform your ongoing consideration.

Follow up visit

The LGA peer challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 12-24 months.

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