

## POLICY AND RESOURCES COMMITTEE

Thursday 26 September 2013 at 6.30 pm

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

### Agenda

**1 Emergency Evacuation Procedure**

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

**2 Apologies for absence**

**3 Minutes of the meeting held on 29 August 2013**

(Pages 3 - 6)

**4 Minutes of the Resources Working Party held on 10 September 2013** (Pages 7 - 10)

**5 Urgent Business**

To receive notice of any urgent business which the Chairman considers should be dealt with at the meeting as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972.

**6 Declarations of Interest**

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

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

### **PART 'A' ITEMS - MATTERS TO BE DEALT WITH UNDER DELEGATED POWERS OR MATTERS DETERMINED BY COMMITTEE**

- 7 **Annual Statement of Accounts** (Pages 11 - 128)
- 8 **Delivering the Council Plan** (Pages 129 - 142)
- 9 **IT Strategy** (Pages 143 - 154)
- 10 **Treasury Management Monitoring** (Pages 155 - 158)

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

- 11 **Budget Strategy** (Pages 159 - 172)
- 12 **Charging for Green Waste** (Pages 173 - 188)
- 13 **Parish Grant Funding 2014/2015** (Pages 189 - 202)
- 14 **Council Tax Discounts** (Pages 203 - 210)
- 15 **Any other business that the Chairman decides is urgent.**

# Public Document Pack Agenda Item 3

## Policy and Resources Committee

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Held at Council Chamber, Ryedale House, Malton  
on Thursday 29 August 2013

### Present

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Councillors Acomb (Vice-Chairman), Bailey, Clark (Substitute), Mrs Cowling (Chair), Mrs Goodrick, Ives, Maud, Mrs Sanderson (Substitute), Mrs Shields (Substitute) and Woodward

Substitutes: Councillor J S Clark, Councillor Mrs J E Sanderson and Councillor Mrs E Shields

Overview & Scrutiny Committee Observers: Councillors Hope and Wainwright

### In Attendance

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Paul Cresswell, Nicki Lishman, Louise Lunn, Julian Rudd and Janet Waggott

### Minutes

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#### 11 Apologies for absence

Apologies were received from Councillor Mrs Burr (substitute Councillor Mrs Shields), Councillor Legard (substitute Councillor Mrs Sanderson) and Councillor Ward (substitute Councillor Clark).

#### 12 Minutes of the meeting held on the 20 June 2013

##### Decision

That the minutes of the meeting held on 20 June 2013 be approved and signed by the Chairman as a correct record subject to the following amendment to Minute 9 – Ryedale Development Fund – Major Projects.

Councillor Woodward requested that his vote against this recommendation be recorded as well as the reason for his vote.

Officers have reviewed this request. The Council's constitution states:

'Where any Member requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether he/she voted for or against the motion or abstained from voting.'

There is no provision for the recording of reasons within the constitution, the minutes have therefore not been amended.

#### 13 Urgent Business

The Chairman reported that there were no items of urgent business to be considered at the meeting as a matter of urgency by virtue of Section 100B(94)(b) of the Local Government Act 1972.

#### 14 **Declarations of Interest**

The following interests were declared:

Councillor Bailey declared a personal pecuniary and prejudicial interest in Item 8 as Chairman of the North York Moors National Park Authority.

Councillor Mrs Shields as substitute for Councillor Mrs Burr, as the owner of one of the businesses being considered, declared a personal pecuniary prejudicial interest in Item 8 and, as a Member of North Yorkshire County Council declared a personal non pecuniary but not prejudicial interest in the same Item.

Councillors Clark and Mrs Sanderson declared a personal non pecuniary but not prejudicial interest in Item 8 as Members of North Yorkshire County Council.

Councillor Ives declared a personal non pecuniary but not prejudicial interest in Item 8 as a regular customer of one of the businesses being considered.

### **PART 'A' ITEMS - MATTERS TO BE DEALT WITH UNDER DELEGATED POWERS OR MATTERS DETERMINED BY COMMITTEE**

#### 15 **Living Wage Motion**

##### **Recommendation to Council**

That Council be recommended to approve:

Ryedale Council has an objective of increasing the average wage level in Ryedale. So as to set an example and show sound leadership this Council resolves to, subject to the agreement of the recognised trade unions;

- (i) Pay all RDC permanent posts at the living wage or above
- (ii) That preference be given to external contracts over £50,000 where the applicant pays the living wage or above; and

Any cost of the above to be financed in 2013/14 year from the unallocated provision and in the event of any increases in the living wage the issue be brought back to Council to consider the implication and whether to apply the increase.

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

### **16 Exempt Information**

#### **Decision**

That the press and public be excluded from the meeting during consideration of Item 8 (Ryedale Apprenticeship Project) as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972.

### **17 Ryedale Apprenticeship Project**

#### **Recommendation to Council**

That Council be recommended to approve:

- (i) The distribution of funding to companies and organisations to support new apprenticeships in Ryedale, as set out in Annex B, taking account of any updated information received;
- (ii) The distribution of funding to Ryedale training providers towards equipment costs to deliver the minimum specified increases in apprentices and training delivered, as set out in Annex B;
- (iii) That final grant offers (based upon Annex B) and management of the RAP grants be delegated to the Head of Economy and Infrastructure in consultation with the Chairman of the Policy and Resources Committee.

### **18 Any other business that the Chairman decides is urgent.**

There being no items of urgent business, the meeting closed at 9.10 pm.

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## Resources Working Party

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Held at Meeting Room 1, Ryedale House, Malton  
on Tuesday 10 September 2013

### Present

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Councillors Mrs Cowling (Chairman), Acomb, Clark, Mrs Goodrick, Ives, Legard and Woodward

### In Attendance

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Beckie Bennett, Paul Cresswell, Peter Johnson, Phil Long, Tim Sedman and Janet Waggott

### Minutes

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9        **Apologies for absence**

Apologies for absence were received from Councillor Mrs Keal.

10       **Minutes**

Decision
That the minutes of the meeting of the Resources Working Party held on 4 June 2013 be approved and signed by the Chairman as a correct record.

11       **Urgent Business**

There were no items of urgent business which the Chairman considered should be dealt with as a matter of urgency by virtue of Section 100B(4)(b) of the Local Government Act 1972 (as amended).

12       **Declarations of Interest**

The following interests were declared:

Councillor Acomb declared a personal non-pecuniary but not prejudicial interest as a member of a Parish Council.

Councillor Clark declared a personal non-pecuniary but not prejudicial interest as a member of North Yorkshire County Council.

Councillor Mrs Cowling declared a personal non-pecuniary but not prejudicial interest as an owner of rental property.

Councillor Woodward declared a personal non-pecuniary but not prejudicial interest as a member of a Parish Council and having a brown bin.

13 **Budget Strategy 2014/2015**

Considered – Report of the Corporate Director (s151).

**Decision**

That the report on the Budget Strategy 2014/2015 be noted.

14 **Charging for Green Waste**

Considered – Report of the Head of Environment.

**Decision**

That the report on charging for green waste be noted.

15 **IT Strategy**

Considered – Report of the Head of Environment.

**Decision**

That the report on the IT Strategy be noted.

16 **Localisation of Council Tax Support - Parish Grant**

Considered – Report of the Corporate Director (s151).

**Decision**

That the report be noted.

17 **Council Tax Discounts**

Considered – Report of the Corporate Director (s151).

**Decision**

That the report be noted.



18 **NHB Consultation RDC Draft Response**

Considered – Report of the Corporate Director (s151).

**Decision**

That the New Homes Bonus consultation draft response be noted.

19 **Capital**

Considered – Report of the Corporate Director (s151).

**Decision**

That the report be noted.

20 **EMIS**

Considered – Report of the Corporate Director (s151).

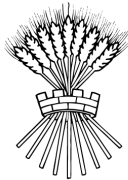
**Decision**

That the report be noted.

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

There being no other business, the meeting closed at 9.15pm.

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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>2012/13 STATEMENT OF ACCOUNTS</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the Council's Statement of Accounts for the year ended 31 March 2013 and to request this committee's approval of the Statement of Accounts.

### **2.0 RECOMMENDATION**

- 2.1 It is recommended that members approve the 2012/13 Statement of Accounts (Annex A) and authorise the Corporate Director (s151) to sign the letter of representation (appendix 3 to Annex B)

### **3.0 REASON FOR RECOMMENDATION**

- 3.1 The Accounts and Audit Regulations require the Statement of Accounts to be approved by members by the 30 September each year.
- 3.2 The Council's external auditors, Deloitte LLP, have concluded the audit of accounts for 2012/13 and have issued their final report to the Overview and Scrutiny Committee on the 25 September 2013. That report is attached at Annex B.

### **4.0 SIGNIFICANT RISKS**

- 4.1 There are no significant risks in considering this report.

### **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2011 and, more specifically, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2012/13

## **REPORT**

### **6.0 REPORT DETAILS**

- 6.1 The Statement of Accounts are attached to this report at Annex A, members will find a review of the Council's financial position on page 5 of the Statement.
- 6.2 On satisfactory completion of a number of outstanding matters, Deloitte LLP anticipate issuing an unmodified audit opinion on the truth and fairness of the financial statements and value for money conclusion.

### **7.0 IMPLICATIONS**

- 7.1 The following implications have been identified:
- a) Financial  
There are no financial implications regarding this report.
  - b) Legal  
There are no legal implications regarding this report.
  - c) Other  
None to report.

**Paul Cresswell**  
**Corporate Director (s151)**

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**Background Papers:**  
None.

**RYEDALE  
DISTRICT  
COUNCIL**



## **Statement of Accounts 2012/13**

**Ryedale District Council**  
*working with you to make a difference*

# STATEMENT OF ACCOUNTS

for the

YEAR ENDED 31 MARCH 2013

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# EXPLANATORY FOREWORD

## 1. Introduction

This foreword provides a brief explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position.

## 2. Council's Accounts

The Council's accounts for the year ended 31 March 2013 are set out on pages 7 to 70. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2012/13* (the Code). A summary of the statements in the accounts and an explanation of their purpose is shown below:

- the ***Statement of Responsibilities for the Accounts*** - which sets out the Authority's and Chief Finance Officer's legal and professional responsibilities for the accounts.
- the ***Movement in Reserves Statement*** – this statement shows the movement in the year on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services more details of which are shown in the Comprehensive Income and Expenditure Statement. The net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.
- the ***Comprehensive Income and Expenditure Statement*** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- the ***Balance Sheet*** – the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- the ***Cash Flow Statement*** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying

# EXPLANATORY FOREWORD

cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

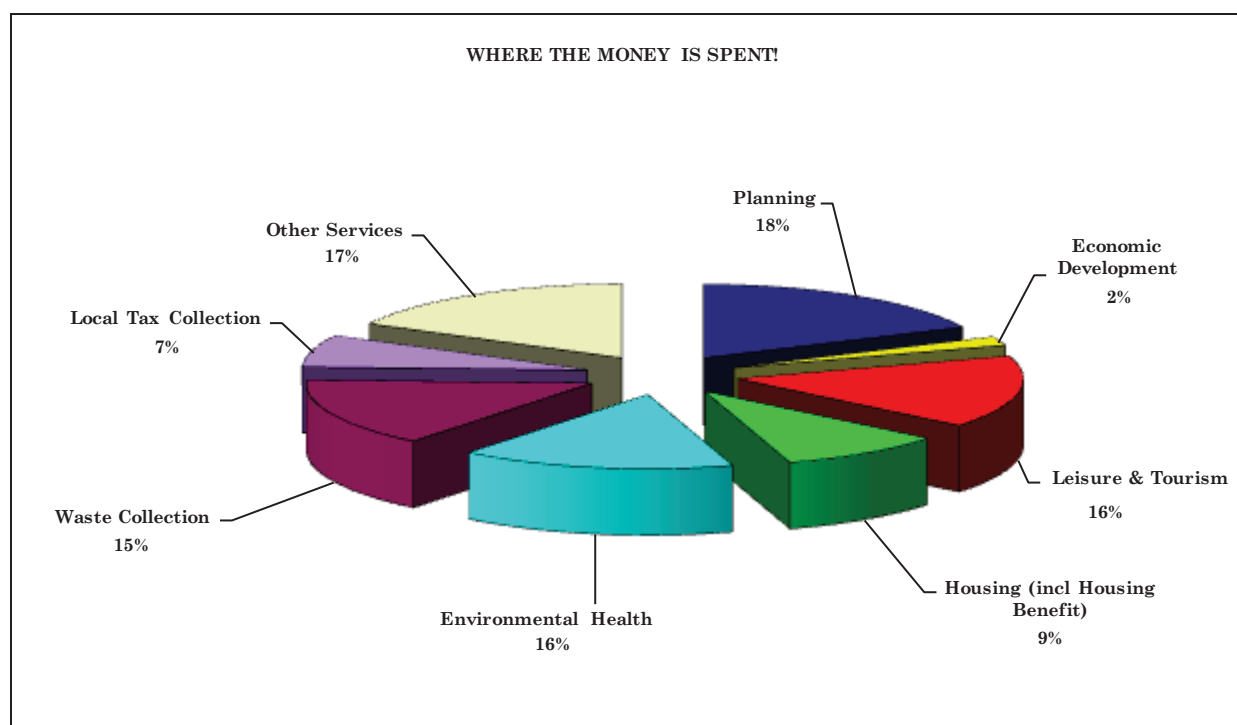
- the ***Collection Fund Statement*** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

## Supplementary Statement:

- the ***Annual Governance Statement*** – which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

### 3. General Fund Revenue Expenditure in 2012/13

The net cost of the Authority's revenue activities was £8.782m, this being spent on services as summarised in the chart below:

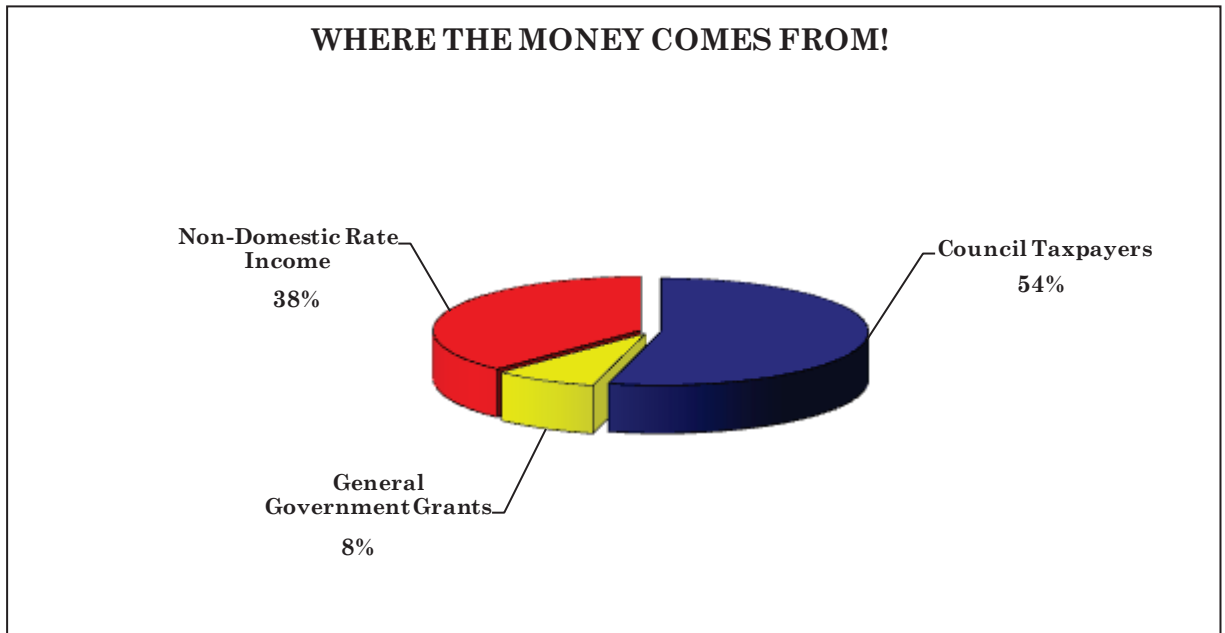


A more detailed analysis of the Net Cost of Services is shown on Pages 81 and 82 of this document.



# EXPLANATORY FOREWORD

After adjusting for the payment of parish precepts of £0.660m, the receipt of investment income (£0.112m) and the net credit from appropriations (£1.025m) the amount met from Taxation and Non-Specific Grant Income was £8.305m, which is funded as follows:



The above chart shows that of the funding to meet the Authority's net revenue expenditure, around 54% (£4.490m) was provided by the Council Taxpayers, an additional 38% (£3.146m) from the Government's Non-Domestic Rate Redistribution Pool and some 8% (£0.669m) from non-ringfenced general government grants such as the Rate Support Grant.

# EXPLANATORY FOREWORD

## 4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2012/13 and how these compared with the actual expenditure are set out below:

	Original Budget £'000	Actual £'000	Difference £'000
<b>Net Cost of Services</b>	<b>8,672</b>	<b>8,782</b>	<b>110</b>
<b>Other Operating Expenditure:</b>			
Precepts paid to Parish Councils	660	660	-
Capital Receipts unattached to non current assets	-	(13)	(13)
(Gains) / Losses on disposal of non current assets	-	3	3
	<b>660</b>	<b>650</b>	<b>(10)</b>
<b>Financing and Investment Income &amp; Expenditure</b>			
Interest Payable	42	32	(10)
Pensions interest cost & expected return on pension assets	800	893	93
Income from Investments	(100)	(112)	(12)
Income and expenditure in relation to investment properties	(58)	(103)	(45)
	<b>684</b>	<b>710</b>	<b>26</b>
<b>Taxation &amp; Non Specific Grant Income</b>			
Council Precept	(4,377)	(4,377)	-
Collection Fund Surplus	(48)	(113)	(65)
Non-Domestic Rate Income	(3,146)	(3,146)	-
Revenue Support Grant	(61)	(61)	-
Other General Government Grants	(534)	(608)	(74)
	<b>(8,166)</b>	<b>(8,305)</b>	<b>(139)</b>
<b>(Surplus) / Deficit on Provision of Services</b>	<b>1,850</b>	<b>1,837</b>	<b>(13)</b>
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	293	293
Actuarial (gains) / losses on Pensions assets / liabilities	-	3,251	3,251
<b>Total Comprehensive Income and Expenditure</b>	<b>1,850</b>	<b>5,381</b>	<b>3,531</b>
Adjustments between accounting basis and funding basis under regulations	(903)	(4,100)	(3,197)
Transfers to or from the General Fund that are required to be taken into account – contribution from earmarked reserves	(947)	(1,281)	(334)
<b>Increase/Decrease in General Fund Balance for Year</b>	<b>-</b>	<b>-</b>	<b>-</b>

Supplementary information for this statement regarding the actual Net Cost of Services is shown at the end of this document on pages 81 and 82.

There is no material assets acquired or liabilities incurred that warrant specific disclosure and explanation.

## 5. Review of the Authority's Financial Position

The balance of General Fund Earmarked Reserves during 2012/13 has reduced by £1.281m from £4.250m to £2.969m at 31 March 2013.

Major drawings included the revenue support for the capital programme of £1.436m from the Authority's Capital Fund, drawdown of £0.148m from the Operational Reserve and the Improvement Contingency & Emergency Fund towards a planning appeal award of costs and an amount of £0.089m from the Restructure Reserve to fund pension curtailment costs.

# EXPLANATORY FOREWORD

Major contributions to reserves and balances included the transfer of investment income of £0.111m into the Capital Fund to finance the capital programme and the transfer of unapplied grant income balances to the Ryedale Development Fund of £0.370m.

For further details regarding the purpose and balances of the Authority's reserves see Note 8 in the Notes to the Accounts.

## 6. Pension Liability

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet increased from £22.785m as at 31 March 2012 to £26.768m as at 31 March 2013. This increase of £3.983m is matched by a decrease in the level of the Pension Reserve and does not represent a reduction in the Authority's cash reserves or impact on the council tax.

## 7. Capital Expenditure

The original capital budget for the financial year 2012/13 totalled £1.434m. During the year there were further re-programming movements approved resulting in an increase of £1.679m and a revised budget of £3.113m.

The total amount invested in the capital programme for 2012/13 was £1.968m. Investment continued towards the upgrade works at the A64 Brambling Fields Junction (£0.529m), the refurbishment of the reception area at Ryedale House (£0.174m) and the completion of the acquisition of the new Supported Accommodation Facility at Buckrose House (£0.192m).

Under spends included Housing Grants and Loans (£0.434m), continued slippage on the Assembly Rooms and Milton Rooms Preservation Works (£0.223m) and slippage on the refurbishment of Stanley Harrison House (£0.309m).

Of the £1.968m capital expenditure incurred some £1.436m was funded from the Authority's capital funds with the balance of £0.532m being financed by external grants and contributions.

## 8. Changes in Accounting Policy

Following the significant number of changes in the accounting policies required to comply with the move to IFRS in the 2010/11 accounts there are few changes for the 2012/13 accounts.

## 9. Further Information

Further information about the accounts is available from Financial Services, Ryedale House, Malton. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press and on the Authority's website.

# STATEMENT OF RESPONSIBILITIES

## The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Corporate Director (s151);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statements of Accounts.

## The Chief Finance Officer's Responsibilities

The Corporate Director (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Corporate Director (s151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Corporate Director (s151) has also:

- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities, through the use of Veritau North Yorkshire Ltd.

## Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2013 and its income and expenditure for the year ended 31 March 2013.

Signed: \_\_\_\_\_

P D Cresswell

Corporate Director (s151)

Dated: \_\_\_\_\_

28 June 2013

## Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 26 September 2013.

Signed: \_\_\_\_\_

Cllr. Mrs L Cowling

Chairman of Policy & Resources Committee

Dated: \_\_\_\_\_

# MOVEMENT IN RESERVES STATEMENT

## For the Year Ended 31 March 2013

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Balance as at 31 March 2011</b>	-	5,195	2,652	57	7,904	(2,067)	5,837
<b><u>Movement in reserves during 2011/12</u></b>							
Surplus or (deficit) on the provision of services.	(2,709)	-	-	-	(2,709)	-	(2,709)
Other Comprehensive Income and Expenditure.	-	-	-	-	-	(3,676)	(3,676)
<b>Total Comprehensive Income and Expenditure</b>	(2,709)	-	-	-	(2,709)	(3,676)	(6,385)
Adjustments between accounting basis & funding basis under regulations (note7)	1,764	-	(2,525)	(57)	(818)	818	-
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	(945)	-	(2,525)	(57)	(3,527)	(2,858)	(6,385)
Transfers to/from Earmarked Reserves (note 8)	945	(945)	-	-	-	-	-
<b>Increase / Decrease in 2011/12</b>	-	(945)	(2,525)	(57)	(3,527)	(2,858)	(6,385)
<b>Balance as at 31 March 2012</b>	-	4,250	127	-	4,377	(4,925)	(548)
<b><u>Movement in reserves during 2012/13</u></b>							
Surplus or (deficit) on the provision of services	(1,837)	-	-	-	(1,837)	-	(1,837)
Other Comprehensive Income and Expenditure	-	-	-	-	-	(3,544)	(3,544)
<b>Total Comprehensive Income and Expenditure</b>	(1,837)	-	-	-	(1,837)	(3,544)	(5,381)
Adjustments between accounting basis & funding basis under regulations (note7)	556	-	15	-	571	(571)	-
<b>Net Increase / Decrease before Transfers to Earmarked Reserves</b>	(1,281)	-	15	-	(1,266)	(4,115)	(5,381)
Transfers to/from Earmarked Reserves (note 8)	1,281	(1,281)	-	-	-	-	-
<b>Increase / Decrease in 2012/13</b>	-	(1,281)	15	-	(1,266)	(4,115)	(5,381)
<b>Balance as at 31 March 2013</b>	-	2,969	142	-	3,111	(9,040)	(5,929)

**COMPREHENSIVE INCOME AND EXPENDITURE  
STATEMENT  
for the year Ended 31 March 2013**

2011/12				2012/13		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£000
4,819	3,872	947	Central Services to the Public	4,792	3,862	930
1,749	84	1,665	Cultural and Related Services	1,430	39	1,391
4,199	1,632	2,567	Environmental and Regulatory Services	4,508	1,834	2,674
3,668	791	2,877	Planning Services	2,524	763	1,761
390	760	(370)	Highways and Transport Services	369	723	(354)
12,995	12,194	801	Housing Services	13,674	12,856	818
1,305	1	1,304	Corporate and Democratic Core	1,260	12	1,248
88	1	87	Other Corporate and Non Distributed Costs	316	2	314
<b>29,213</b>	<b>19,335</b>	<b>9,878</b>	<b>COST OF SERVICES</b>	<b>28,873</b>	<b>20,091</b>	<b>8,782</b>
640	30	610	Other Operating Expenditure (Note 9)	663	13	650
3,030	2,388	642	Financing and Investment Income and Expenditure (Note 10)	2,870	2,160	710
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
-	8,421	(8,421)	Taxation and Non-Specific Grant Income (Note 11)	-	8,305	(8,305)
		<b>2,709</b>	<b>(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES</b>			<b>1,837</b>
		262	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			293
		-	Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		3,414	Actuarial (Gains) / Losses on Pension Assets / Liabilities			3,251
		<b>3,676</b>	<b>OTHER COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>3,544</b>
		<b>6,385</b>	<b>TOTAL COMPREHENSIVE INCOME &amp; EXPENDITURE</b>			<b>5,381</b>

## BALANCE SHEET AS AT 31 MARCH 2013

1 April 2011 £'000	31 March 2012 £'000		31 March 2013 £'000	Notes Ref.
14,275	15,274	Property Plant & Equipment	15,000	12
-	-	Heritage Assets	-	13
2,435	2,417	Investment Property	2,489	14
773	695	Intangible Assets	468	15
-	-	Assets Held for Sale	-	21
-	-	Long Term Investments	-	16
7	1	Long Term Debtors	60	16
17,490	18,387	<b>Long Term Assets</b>	18,017	
9,527	5,533	Short Term Investments	5,707	16
-	-	Assets Held for Sale	-	21
75	94	Inventories	90	17
1,104	1,468	Short Term Debtors	1,038	19
-	273	Cash and Cash Equivalents	364	20
10,706	7,368	<b>Current Assets</b>	7,199	
(70)	-	Cash and Cash Equivalents	-	20
-	-	Short Term Borrowing	-	16
(2,817)	(2,907)	Short Term Creditors	(4,071)	22
(166)	(178)	Other Short Term Liabilities	(164)	16
-	-	Provisions	(11)	23
-	-	Liabilities in Disposal Groups	-	
-	(138)	Revenue Grants Receipts in Advance	-	34
(3,053)	(3,223)	<b>Current Liabilities</b>	(4,246)	
-	-	Long Term Creditors	-	16
-	-	Provisions	-	23
-	-	Long Term Borrowing	-	16
(18,833)	(22,785)	Liability Related to Defined Pension Scheme	(26,768)	40
(473)	(295)	Other Long Term Liabilities	(131)	16
-	-	Donated Assets Account	-	34
-	-	Capital Grants Received in Advance	-	34
(19,306)	(23,080)	<b>Long Term Liabilities</b>	(26,899)	
5,837	(548)	<b>Net Assets / (Liabilities)</b>	(5,929)	
7,904	4,377	Usable Reserves	3,111	24
(2,067)	(4,925)	Unusable Reserves	(9,040)	25
5,837	(548)	<b>Total Reserves</b>	(5,929)	

### CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2013

Signed:



P D Cresswell

CORPORATE DIRECTOR (S151)

28 JUNE 2013

## CASH FLOW STATEMENT

### For the Year Ended 31 March 2013

2011/12 £'000		2012/13 £'000
2,709	Net (surplus) or deficit on the provision of services	1,837
(1,210)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 26)	(2,147)
449	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	547
1,948	Net cash flows from Operating Activities	237
(2,430)	Investing Activities (Note 28)	649
139	Financing Activities (Note 29)	(977)
(343)	Net (increase) or decrease in cash and cash equivalents	(91)
(70)	Cash and cash equivalents at the beginning of the reporting period	(273)
<b>273</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 20)</b>	<b>364</b>



# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

### i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2012/13 financial year and its position at the year-end of 31 March 2013. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2011. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 and the Service Reporting Code of Practice 2012/13, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### ii Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# NOTES TO THE ACCOUNTS

In the cash flow statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

## iv. Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

## v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains on the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

# NOTES TO THE ACCOUNTS

## vii. Employee Benefits

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post Employment Benefits**

Employees of the Authority participate in the Local Government Pension Scheme, administered by North Yorkshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) related to pay and service.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

## NOTES TO THE ACCOUNTS

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price; and
  - property – market value.
- The change in the net pensions liability is analysed into seven components:
  - current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
  - interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment line in the Comprehensive Income and Expenditure Account
  - expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment line in the Comprehensive Income and Expenditure Statement
  - gains/losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Account as a part of Non Distributed Costs
  - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve
  - contributions paid to the North Yorkshire pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to

# NOTES TO THE ACCOUNTS

account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

## **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **viii. Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **ix. Financial Instruments**

### **Financial Liabilities**

The Code requires the fair value of each class of financial liability to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. However, the Code also states that fair value disclosures are not required for short-term trade payables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter any borrowing arrangements during the financial year and had no loan debt on the Balance Sheet, therefore no fair value adjustment was required and no transfer to or from the Financial Instruments Adjustment Account was made.

### **Financial Assets**

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- Available-for-sale assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

# NOTES TO THE ACCOUNTS

The Code requires the fair value of each class of financial asset to be disclosed in the Notes to the Statement of Accounts, where this is different from the carrying amount stated in the Balance Sheet. Any changes in fair value are balanced by an entry in the Available-for-Sale Reserve. The Code also states that fair value disclosures are not required for short-term trade receivables since the carrying amount is a reasonable approximation of fair value.

The Authority did not enter into any available-for-sale asset arrangements during the financial year.

## **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Soft loans to voluntary organisations have been fully repaid in year. Two new interest free housing loan schemes, Property and Landlord Improvement Loans, have been initiated in year. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. These loans have not been treated as soft loans on the grounds of materiality.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **Available-for Sale Assets**

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

# NOTES TO THE ACCOUNTS

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis; and
- Equity shares with no quoted market prices – independent appraisal of company valuations.

During the financial year 2012/13 the Authority did not enter any financial instrument transactions.

## x. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement.

## xi. Government Grants and Contributions

Whether paid on account, by instalment or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Income (non-ringfenced revenue grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

# NOTES TO THE ACCOUNTS

## **xii. Heritage Assets**

Heritage assets are recognised and held at valuation rather than at fair value and under certain conditions at historical cost. The treatment of revaluation gains and losses are in accordance with the Authority's accounting policies on property, plant and equipment.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment – see note xviii in this summary of significant accounting policies.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

## **xiii. Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority, e.g. software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **xiv. Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.



# NOTES TO THE ACCOUNTS

## xv. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain to the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Authority as Lessee**

#### Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

# NOTES TO THE ACCOUNTS

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments, e.g. there is a rent-free period at the commencement of the lease.

## The Authority as Lessor

### Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal i.e. netted off against the carrying value of the asset at the time of disposal, matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the

# NOTES TO THE ACCOUNTS

Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payment, e.g. there is a premium paid at the commencement of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **xvii. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/13 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on non-current Assets Held for Sale and Assets under Construction.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

## **xviii. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

# NOTES TO THE ACCOUNTS

## Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance, i.e. it will not lead to a variation in the cash flows of the Authority. In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account and in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value i.e. vehicles, plant, furniture and equipment.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Any increase in valuations is matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

# NOTES TO THE ACCOUNTS

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life, i.e. freehold land and certain community assets, and assets that are not yet available for use, i.e. assets under construction.

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer; and
- Vehicles, plant furniture and equipment – straight line allocation over the useful life of the asset.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

# NOTES TO THE ACCOUNTS

## Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Account Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **xix. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

# NOTES TO THE ACCOUNTS

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party e.g. from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

For the financial year 2012/13 the Authority has one such provision, other than for bad and doubtful debts. Further information can be found at note 23 to the accounts.

## **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **xx. Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision for Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in the relevant policies.

# NOTES TO THE ACCOUNTS

## **xxi. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax.

## **xxii. VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET BEEN ADOPTED**

The Code requires the council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. The following standards apply:

IAS 19 - Employee Benefits - This standard was amended in 2011 and the changes which relate to the creation of some new classes of components of defined benefit costs and the re-measurement of the net defined benefit liability are likely to have a material impact on the accounts. The actuary has provided estimates of the likely impact of the revised standard, as at the 31<sup>st</sup> March 2013, as follows:

	Current IAS 19 Disclosure £000's	Revised IAS 19 Disclosure £000's	Difference  £000's
<b>Components of pension cost for period</b>			
Current Service Cost	924	947	(23)
Interest on pension liabilities	2,699	-	2,699
Expected return on assets	(1,806)	-	(1,806)
Effect of Curtailments	251	251	-
Net Interest Cost	-	1,083	(1,083)
Administration expenses	-	19	(19)
<b>Total pension cost recognised in I&amp;E</b>	<b>2,068</b>	<b>2,300</b>	<b>(232)</b>
<b>Statement of other comprehensive income</b>			
Actuarial (gains)/losses	3,251		3,251
Remeasurements (liabilities and assets)		3,019	(3,019)
<b>Total included in SOCI</b>	<b>3,251</b>	<b>3,019</b>	<b>232</b>

IAS 1 - Presentation of Financial Statements - This standard was amended in 2011 and the changes which relate to the presentation of gains and losses on revaluations currently shown within Other Comprehensive Income and Expenditure. As these changes are presentational there is no impact on the reported amounts.

Changes to other standards including IFRS 7 - Financial Instruments.



# NOTES TO THE ACCOUNTS

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

That there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the County Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

The Authority will assess the degree of componentisation within its net-current asset portfolio, as part of the five year rolling programme of non-current asset valuations. A review of Authority's current properties concluded that no components could be identified which were of a material value when compared to the entire value of the individual non-current asset or which would materially impact on the useful remaining life of the asset. On an annual basis the Authority will review Capital Expenditure to assess if any new material components have been added to the Authority's non-current asset portfolio.

## 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

# NOTES TO THE ACCOUNTS

The items in the Authority Balance Sheet at 31 March 2013 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.059m.
Arrears	At 31 March 2013, the Authority had a balance for short term debtors of £1.460m. A review of significant balances suggested that an impairment of doubtful debts of 28.8% (£421,000) was appropriate. However, in the current economic climate it is not certain that this allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £421,000 to be set aside as an allowance.

## 5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2012/13 that warrant separate disclosure.

## 6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Paul Cresswell Corporate Director (s151) on 29 June 2013.

All events between the balance sheet date and the issue date have been considered and there is one Adjusting Post Balance Sheet event to disclose.

The accounts have been adjusted to recognise the final settlement of an award of costs relating to a planning appeal with the Fitzwilliam Estate, settlement was agreed on 13<sup>th</sup> May 2013. A payment on account (£80k) had been made prior to the end of the accounting period, an additional accrual of £68k has been made to reflect the final settlement of £148k.

# NOTES TO THE ACCOUNTS

## 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for those purposes at the year end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

# NOTES TO THE ACCOUNTS

## 2012/13 Adjustments

2012/13	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	676	-	-	(676)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(72)	-	-	72
Amortisation of intangible assets	252	-	-	(252)
Capital grants and contributions applied	(532)	-	-	532
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	1,185	-	-	(1,185)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3	-	-	(3)
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(178)	-	-	178
Capital expenditure charged against the General Fund	(1,436)	-	-	1,436
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-

## NOTES TO THE ACCOUNTS

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(14)	14	-	-
Repayment of principal on loans	-	1	-	(1)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,068	-	-	(2,068)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,336)	-	-	1,336
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(64)	-	-	64
<b>Adjustment primarily involving the Accumulated Absences Account</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	-	-	(4)
<b>Total Adjustments</b>	<b>556</b>	<b>15</b>	<b>-</b>	<b>(571)</b>

# NOTES TO THE ACCOUNTS

## 2011/12 Comparative Figures

2011/12 Comparative Figures	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	608	-	-	(608)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	31	-	-	(31)
Amortisation of intangible assets	208	-	-	(208)
Capital grants and contributions applied	(413)	-	-	413
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	2,465	-	-	(2,465)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(166)	-	-	166
Capital expenditure charged against the General Fund	(1,447)	-	-	1,447
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(57)	57
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(2,561)	-	2,561
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-

## NOTES TO THE ACCOUNTS

Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	-
Capital receipts unattached to non-current assets	(30)	30	-	-
Repayment of principal on loans	-	6	-	(6)
<b>Adjustments primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<b>Adjustment primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	1,721	-	-	(1,721)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,183)	-	-	1,183
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(19)	-	-	19
<b>Adjustment primarily involving the Accumulated Absences Account</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(11)	-	-	11
<b>Total Adjustments</b>	<b>1,764</b>	<b>(2,525)</b>	<b>(57)</b>	<b>818</b>

# NOTES TO THE ACCOUNTS

## 8. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2012/13.

	Balance At 01/04/11 £000	Transfers Out 2011/12 £000	Transfers In 2011/12 £000	Balance At 31/03/12 £000	Transfers Out 2012/13 £000	Transfers In 2012/13 £000	Balance At 31/03/13 £000
General Reserve	648	-	-	648	(52)	-	596
Capital Fund	3,368	(1,448)	213	2,133	(1,436)	186	883
Ryedale Developm't Fund	-	-	-	-	-	370	370
Election Reserve	65	(52)	-	13	-	15	28
Grants Reserve	91	-	232	323	(98)	69	294
IT Fund	130	(15)	10	125	(16)	10	119
ICE Fund	198	(3)	-	195	(48)	-	147
Local Developm't Framework Reserve	50	-	-	50	-	-	50
Operational Reserve	459	(57)	170	572	(205)	13	380
Restructure Reserve	186	(128)	133	191	(89)	-	102
<b>Total</b>	<b>5,195</b>	<b>(1,703)</b>	<b>758</b>	<b>4,250</b>	<b>(1944)</b>	<b>663</b>	<b>2,969</b>

The main purpose of the reserves is as follows:

- (a) The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.
- (b) The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.
- (c) The Improvement, Contingency & Emergency (ICE) Fund 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.
- (d) The Authority 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 initiatives. If funds made available are not fully utilised during a particular year, the remaining budget provision is transferred into this reserve to help off-set expenditure in future years.
- (e) An Election Reserve is used to equalise the effect of the four yearly District Election costs.
- (f) An Information Technology Fund is used to finance the purchase and renewal of items of computer equipment such as personal computers, printers and associated software.



## NOTES TO THE ACCOUNTS

- (g) The Operational Reserve allows Service Units to set aside a proportion of savings in their budgets earmarked to be used in later years. It also includes revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Statement and are identified for specific services but not yet applied.
- (h) The Restructure Reserve was established to cover the set-up costs associated with the restructure of the Council.
- (i) A reserve was established to cover the additional cost associated with accelerating the completion of the Local Development Framework.
- (j) The Ryedale Development Fund has been established from the balance of the 2012/13 New Homes Bonus. The fund will offer financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area.

### 9. OTHER OPERATING EXPENDITURE

2011/12 £000		2012/13 £000
640	Parish council precepts	660
-	Payments to the Government Housing Capital Receipts Pool	-
-	Losses on the disposal of non-current assets	3
(30)	Capital receipts unattached to non-current assets	(13)
610	Total	650

### 10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2011/12 £000		2012/13 £000
43	Interest payable and similar charges	32
725	Pensions interest cost and expected return on pensions assets	893
(137)	Interest receivable and similar income	(112)
11	Income and expenditure in relation to investment properties and changes in their fair value	(103)
642	Total	710

### 11. TAXATION AND NON SPECIFIC GRANT INCOME

2011/12 £000		2012/13 £000
(4,426)	Council tax income	(4,490)
(2,749)	Non domestic rates	(3,146)
(1,246)	Non-ringfenced government grants	(669)
-	Capital grants and contributions	-
(8,421)	Total	(8,305)

# NOTES TO THE ACCOUNTS

## 12. PROPERTY, PLANT AND EQUIPMENT

### Movements on Balance Sheet

Movements in 2012/13

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
<b>Cost or Valuation</b>							
At 1 April 2012	13,144	4,967	-	376	518	869	19,874
Additions	360	19	-	42	-	277	698
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(292)	-	-	-	-	-	(292)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(27)	-	-	-	-	-	(27)
Derecognition – disposals	-	(221)	-	-	-	-	(221)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>13,185</b>	<b>4,765</b>	<b>-</b>	<b>418</b>	<b>518</b>	<b>1,146</b>	<b>20,032</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2012	859	3,737	-	-	4	-	4,600
Depreciation charge	289	360	-	-	1	-	650
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(218)	-	-	-	-	(218)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>1,148</b>	<b>3,879</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5,032</b>
<b>Net Book Value</b>							
<b>At 31 March 2013</b>	<b>12,037</b>	<b>886</b>	<b>-</b>	<b>418</b>	<b>513</b>	<b>1,146</b>	<b>15,000</b>
<b>At 31 March 2012</b>	<b>12,285</b>	<b>1,230</b>	<b>-</b>	<b>376</b>	<b>514</b>	<b>869</b>	<b>15,274</b>
Owned asset as at 31 March 2013	12,037	607	-	418	513	1,146	14,721
Asset acquired under finance lease as at 31 March 2013	-	279	-	-	-	-	279
<b>Total</b>	<b>12,037</b>	<b>886</b>	<b>-</b>	<b>418</b>	<b>513</b>	<b>1,146</b>	<b>15,000</b>

# NOTES TO THE ACCOUNTS

## Comparative Movements in 2011/12

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
<b>Cost or Valuation</b>							
At 1 April 2011	13,089	4,571	-	234	513	-	18,407
Additions	317	536	-	142	5	869	1,869
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(262)	-	-	-	-	-	(262)
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(140)	-	-	-	-	(140)
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
<b>At 31 March 2012</b>	<b>13,144</b>	<b>4,967</b>	<b>-</b>	<b>376</b>	<b>518</b>	<b>869</b>	<b>19,874</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2011	574	3,556	-	-	2	-	4,132
Depreciation charge	285	321	-	-	2	-	608
Depreciation written out to the Revaluation Reserve	-	-	-	-	-	-	-
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	(140)	-	-	-	-	(140)
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
<b>At 31 March 2012</b>	<b>859</b>	<b>3,737</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>4,600</b>
<b>Net Book Value</b>							
<b>At 31 March 2012</b>	<b>12,285</b>	<b>1,230</b>	<b>-</b>	<b>376</b>	<b>514</b>	<b>869</b>	<b>15,274</b>
<b>At 31 March 2011</b>	<b>12,515</b>	<b>1,015</b>	<b>-</b>	<b>234</b>	<b>511</b>	<b>-</b>	<b>14,275</b>
Owned asset as at 31 March 2012	12,285	773	-	376	514	869	14,817
Asset acquired under finance lease as at 31 March 2012	-	457	-	-	-	-	457
<b>Total</b>	<b>12,285</b>	<b>1,230</b>	<b>-</b>	<b>376</b>	<b>514</b>	<b>869</b>	<b>15,274</b>

# NOTES TO THE ACCOUNTS

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – 10-60 years
- Vehicles, Plant, Furniture & Equipment - 5-10 years

## Capital Commitments

At 31 March 2013 the Authority had entered into contracts for the construction or enhancement of Property Plant and Equipment in 2013/14 and future years at an estimated cost of £1.125m (£27k in 2011/12).

## Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations are carried out internally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on historic cost.

Valuation of properties was carried out internally and was completed in accordance with the methodologies and bases for estimation set out in the standards of the Royal Institution of Chartered Surveyors.

During 2012/13 there were no significant revaluations of Property, Plant and Equipment as there was a full revaluation of assets in 2009/10. An adjustment to the revaluation in that year was recorded in 2010/11.

## 13. HERITAGE ASSETS

In compliance with the 2012/13 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts.

## 14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2012/13 £000	2011/12 £000
Rental Income from Investment Property	170	157
Net gain / (loss) from fair value adjustment	72	(32)
	242	125
Direct operating expenses arising from investment property	(139)	(136)
<b>Net gain / (loss)</b>	<b>103</b>	<b>(11)</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

# NOTES TO THE ACCOUNTS

The following table summarises the movement in the fair value of investment properties over the year.

	2012/13 £000	2011/12 £000
<b>Balance at start of the year</b>	<b>2,417</b>	<b>2,435</b>
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	-	13
Disposals	-	-
Net gains / (losses) from fair value adjustments	72	(31)
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
<b>Balance at end of the year</b>	<b>2,489</b>	<b>2,417</b>

## 15. INTANGIBLE ASSETS

The Authority accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Authority are:

	Internally Generated Assets	Other Assets
5 Years	None	Revenues and benefits system Electronic document management system Cash receipting system Financial management system

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £252k charged to revenue in 2012/13 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

# NOTES TO THE ACCOUNTS

The movement on Intangible Asset balances during the year is as follows:

	2012/13			2011/12		
	Internally Generated Assets £'000	Other Asset Costs £'000	Total £'000	Internally Generated Assets £'000	Other Asset Costs £'000	Total £'000
Balance at start of year:						
Gross carrying amounts	-	1,573	1,573	-	1,472	1,472
Accumulated amortisation	-	(878)	(878)	-	(699)	(699)
Net carrying amount at start of year	-	695	695	-	773	773
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	25	25	-	131	131
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	(19)	(19)	-	-	-
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	19	19	-	-	-
Amortisation for the period	-	(252)	(252)	-	(209)	(209)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	468	468	-	695	695
Compromising:						
Gross carrying amounts	-	1,579	1,579	-	1,573	1,573
Accumulated amortisation	-	(1,111)	(1,111)	-	(878)	(878)
	-	468	468	-	695	695

There is one item of capitalised software that is individually material to the financial statements:

	Carrying Amount		Remaining Amortised period
	31 March 2013 £000	31 March 2012 £000	
Revenues and benefits system	241	323	3 years

The Authority has no capital commitments outstanding for the acquisition of intangible assets.

# NOTES TO THE ACCOUNTS

## 16. FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried in the Balance Sheet:

	Long-term			Current		
	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000
<b>Investments</b>						
Loans and receivables	-	-	-	5,707	5,533	9,527
Available-for-sale financial assets	-	-	-	-	-	-
Unquoted equity investment at cost	-	-	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-	-	-
<b>Total Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,707</b>	<b>5,533</b>	<b>9,527</b>
<b>Debtors</b>						
Loans and receivables	60	1	7	-	-	-
Financial assets carried at contract amounts	-	-	-	1,038	1,468	1,104
<b>Total Debtors</b>	<b>60</b>	<b>1</b>	<b>7</b>	<b>1,038</b>	<b>1,468</b>	<b>1,104</b>
<b>Borrowings</b>						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities at fair value through profit and loss	-	-	-	-	-	-
<b>Total Borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Liabilities</b>						
Finance lease liabilities	(131)	(295)	(473)	(164)	(178)	(166)
<b>Total Other Liabilities</b>	<b>(131)</b>	<b>(295)</b>	<b>(473)</b>	<b>(164)</b>	<b>(178)</b>	<b>(166)</b>
<b>Creditors</b>						
Financial liabilities at amortised cost	-	-	-	-	-	-
Financial liabilities carried at contract amount	-	-	-	4,071	2,907	2,817
<b>Total Creditors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,071</b>	<b>2,907</b>	<b>2,817</b>

Fair value of Assets and Liabilities

	Fair value			Historic cost		
	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £'000
Loans and receivables	5,710	5,543	9,529	5,707	5,533	9,527

There is no difference between the carrying value and fair value of the Authority's debtors and creditors. Minimum future lease payments are disclosed in note 37.

# NOTES TO THE ACCOUNTS

## 17. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
<b>Balance outstanding at start of year</b>	<b>94</b>	<b>75</b>	-	-	-	-	<b>94</b>	<b>75</b>
Purchases	439	426	-	-	-	-	439	426
Recognised as an expense in the year	(443)	(407)	-	-	-	-	(443)	(407)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
<b>Balance outstanding at year-end</b>	<b>90</b>	<b>94</b>	-	-	-	-	<b>90</b>	<b>94</b>

## 18. CONSTRUCTION CONTRACTS

As at the 31 March 2013 the Authority had no significant contracts in progress.

## 19. DEBTORS

	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Central government bodies	108	727	205
Other local authorities	177	98	156
NHS Bodies	-	-	-
Public corporations and trading funds	-	-	-
Other entities and individuals	753	643	743
<b>Total</b>	<b>1,038</b>	<b>1,468</b>	<b>1,104</b>

## 20. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements

	31 March 2013 £000	31 March 2012 £'000	1 April 2011 £'000
Cash held by the Council	182	88	153
Bank current account	132	115	(263)
Special Interest Bearing Account	50	70	40
<b>Total Cash and Cash Equivalents</b>	<b>364</b>	<b>273</b>	<b>(70)</b>



# NOTES TO THE ACCOUNTS

## 21. ASSETS HELD FOR SALE

	Current		Non Current	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
<b>Balance outstanding at start of year</b>	-	-	-	-
Assets newly classified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	-	-	-	-
Transfers from non-current to current	-	-	-	-
<b>Balance outstanding at year end</b>	-	-	-	-

## 22. CREDITORS

	31 March 2013 £000	31 March 2012 £000	1 April 2011 £'000
Central government bodies	728	201	677
Other local authorities	928	625	335
Public corporations and trading funds	-	-	-
Other entities and individuals	2,415	2,081	1,805
<b>Total</b>	<b>4,071</b>	<b>2,907</b>	<b>2,817</b>

## 23. PROVISIONS

Municipal Mutual Insurance Limited (MMI) was the Council's insurer and ceased accepting new business in September 1992. A contingent 'Scheme of Arrangement', established under section 425 of the Companies Act 1985 and of which the Council is a member, was put in place to ensure an orderly run-off of MMI. The scheme enables MMI to 'claw-back', by way of a levy, part of all settlements paid on behalf of members of the scheme since 1993 should MMI's investment income net of operating expenses be insufficient to meet further claims in full. The directors of MMI have triggered the Scheme of Arrangement following a judgement handed down by the Supreme Court, which increases MMI's exposure to asbestos related insurance claims. Ernst & Young LLP have modelled a number of projected outcomes to achieve a solvent run-off of MMI resulting in a requirement to levy ranging between 9.5% and 28%. The initial levy has been set at 15%, which Ernst & Young believe is the most appropriate scenario, this equates to a levy of £11k and this figure has been provided for within these accounts.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2013 (31 March 2012 £nil).

# NOTES TO THE ACCOUNTS

## 24. USABLE RESERVES

1 April 2011 £'000	31 March 2012 £000		31 March 2013 £000
5,195	4,250	Earmarked General Fund Reserves	2,969
2,652	127	Capital Receipts Reserve	142
57	-	Capital Grants Unapplied	-
<b>7,904</b>	<b>4,377</b>	<b>Total Usable Reserves</b>	<b>3,111</b>

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement.

### Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 8, together with an explanation of the purpose of each reserve.

### Capital Receipts Reserve

2011/12 £000		2012/13 £000
2,652	Balance at 1 April	127
-	Receipts from disposal of non-current assets	-
36	Other receipts	15
2,688		142
(2,561)	Receipts used to finance capital expenditure	-
<b>127</b>	<b>Balance at 31 March</b>	<b>142</b>

The Capital Receipts Reserve holds cash received from the disposal of non-current assets, or other money received that can be applied towards financing capital expenditure or repay loan debt.

### Capital Grants Unapplied

2011/12 £000		2012/13 £000
57	Balance at 1 April	-
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
57		-
(57)	Grants used to finance capital expenditure	-
-	<b>Balance at 31 March</b>	-

This reserve retains the receipts of grants and contributions from central government and other funding organisations available to finance capital expenditure and will be applied to fund relevant projects in future years.

# NOTES TO THE ACCOUNTS

## 25. UNUSABLE RESERVES

1 April 2011 £'000	31 March 2012 £000		31 March 2013 £000
3,953	3,610	Revaluation Reserve	3,241
-	-	Available for Sale Financial Instruments Reserve	-
12,897	14,304	Capital Adjustment Account	14,481
-	-	Financial Instruments Adjustm't Account	-
-	-	Deferred Capital Receipts Reserve	-
(18,833)	(22,785)	Pensions Reserve	(26,768)
38	57	Collection Fund Adjustment Account	121
(122)	(111)	Accumulated Absences Account	(115)
<b>(2,067)</b>	<b>(4,925)</b>	<b>Total Unusable Reserves</b>	<b>(9,040)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property Plant and Equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2011/12 £000		£000	2012/13 £000
3,953	<b>Balance at 1 April</b>		3,610
-	Upward revaluation of assets	-	
(262)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(293)	
(262)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(293)
(81)	Difference between fair value depreciation and historical cost depreciation	(76)	
-	Accumulated gains on assets sold or scrapped	-	
(81)	Amount written off to the Capital Adjustment Account		(76)
3,610	<b>Balance at 31 March</b>		3,241

### Available for Sale Financial Instruments Reserve

The Authority has not entered into any available-for-sale asset arrangements during the financial year.

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the

## NOTES TO THE ACCOUNTS

different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2011/12 £000		£'000	2012/13 £000
12,897	<b>Balance at 1 April</b>		14,304
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(608)	• Charges for depreciation and impairment of non-current assets	(676)	
-	• Revaluation losses on Property, Plant and Equipment	-	
(208)	• Amortisation of Intangible Assets	(252)	
-	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3)	
(2,465)	• Revenue Expenditure Funded by Capital Under Statute	(1,185)	
(3,281)			(2,116)
81	Adjusting amounts written out of the Revaluation Reserve		76
9,697	Net written out amount of the cost of non-current assets consumed in the year		12,264
	Capital financing applied in the year:		
2,561	• Use of the capital receipts reserve to finance new capital expenditure	-	
413	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	532	
57	• Application of grants to capital financing from the Capital Grants Unapplied Account	-	
166	• Statutory provision for the financing of capital investment charged against the General fund	178	
1,447	• Capital expenditure charged against the General Fund	1,436	
4,644			2,146
(31)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		72
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(6)	Movements in Long-term Debtors		(1)
14,304	<b>Balance at 31 March</b>		14,481

# NOTES TO THE ACCOUNTS

## Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The account balance that relates to a soft loan arrangement with the Milton Rooms Management Committee has now been written down to nil.

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority's accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2011/12 £000		2012/13 £000
(18,833)	Balance at 1 April	(22,785)
(3,414)	Actuarial gains or losses on pensions assets and liabilities	(3,251)
(1,721)	Reversal of items relating to retirement benefits Debited or Credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,068)
1,183	Employer's pensions contributions and direct payments to pensioners payable in the year	1,336
(22,785)	Balance at 31 March	(26,768)

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority would not treat these gains as usable for the financing of new capital expenditure until they are by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

There were no gains during the 2012/13 financial year.

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure

## NOTES TO THE ACCOUNTS

Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2011/12 £000		2011/12 £000
38	Balance at 1 April	57
19	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	64
57	Balance at 31 March	121

### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2011/12 £000		£000	2012/13 £000
(122)	Balance at 1 April		(111)
122	Settlement or cancellation of accrual made at the end of the preceding year	111	
(111)	Amount accrued at the end of the current year	(115)	
11	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(4)
(111)	Balance at 31 March		(115)

### **26. CASH FLOW STATEMENT – ADJUST NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS**

2011/12 £000		2012/13 £000
(608)	Depreciation	(649)
-	Impairment and downward valuations	(27)
(209)	Amortisation	(252)
(16)	Increase / decrease in impairment for bad debts	-
76	Increase / decrease in Creditors	(350)
294	Increase / decrease in Debtors	(192)
19	Increase / decrease in Stock	(4)
(538)	Increase / decrease in pension liability	(731)
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3)
(228)	Other non-cash items charged to the net surplus or deficit on the provision of services	61
(1,210)		(2147)

# NOTES TO THE ACCOUNTS

## 27. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

2011/12 £000		2012/13 £000
(137)	Interest received	(112)
43	Interest paid	32
-	Dividends received	-

## 28. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2011/12 £000		2012/13 £000
2,013	Purchase of property, plant and equipment, investment property and intangible assets	799
26,000	Purchase of short-term and long-term investments	22,200
0	Other payments for investing activities	60
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(29,994)	Proceeds from short-term and long-term investments	(22,000)
(449)	Other receipts from investing activities	(410)
(2,430)	Net cash flows from investing activities	649

## 29. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2011/12 £000		2012/13 £000
0	Cash receipts of short and long term borrowing	0
(421)	Other receipts from financing activities	(1,155)
166	Cash payments for the reduction of the outstanding liabilities relating to finance leases	178
-	Repayments of short and long-term borrowing	
394	Other payments for financing activities	
139	Net cash flows from financing activities	(977)

## 30. AMOUNTS REPORTED FOR RESOURCE ALLOCATIONS DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, decisions about resource allocation are taken by the Authority's committees on the basis of budget reports. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement).
- The cost of retirement benefits is based on cash flows (payment of employers pensions contributions) rather than current service cost of benefits accrued in the year.

# NOTES TO THE ACCOUNTS

2012/13

Committee Income and Expenditure	Commissioning Board £000	Policy & Resources £000	Total £000
Fees, charges & other service income	3,122	843	3,965
Government grants	528	15,598	16,126
<b>Total Income</b>	<b>3,650</b>	<b>16,441</b>	<b>20,091</b>
Employee expenses	2,834	2,071	4,905
Other service expenses	3,551	17,164	20,715
Support service recharges	920	1,127	2,047
<b>Total Expenditure</b>	<b>7,305</b>	<b>20,362</b>	<b>27,667</b>
<b>Net Expenditure</b>	<b>3,655</b>	<b>3,921</b>	<b>7,576</b>

## 2011/12 Comparative Figures

Committee Income and Expenditure	Commissioning Board £000	Policy & Resources £000	Total £000
Fees, charges & other service income	2,870	796	3,666
Government grants	502	15,167	15,669
<b>Total Income</b>	<b>3,372</b>	<b>15,963</b>	<b>19,335</b>
Employee expenses	3,188	2,232	5,420
Other service expenses	3,400	17,701	21,101
Support service recharges	1,004	1,237	2,241
<b>Total Expenditure</b>	<b>7,592</b>	<b>21,170</b>	<b>28,762</b>
<b>Net Expenditure</b>	<b>4,220</b>	<b>5,207</b>	<b>9,427</b>

## Reconciliation of Income and Expenditure to the Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012/13 £000	2011/12 £000
Net expenditure in the Committee Analysis	7,576	9,427
Net expenditure of service and support services not included in the Analysis	-	-
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	1,206	451
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
<b>Cost of Services in Comprehensive Income and Expenditure Statement</b>	<b>8,782</b>	<b>9,878</b>



# NOTES TO THE ACCOUNTS

## Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of committee income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2012/13

	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges & other service income	3,965	-	3,965	-	3,965
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	215	215
Income from council tax	-	-	-	7,636	7,636
Government grants and contributions	16,126	-	16,126	669	16,795
<b>Total Income</b>	<b>20,091</b>	<b>-</b>	<b>20,091</b>	<b>8,520</b>	<b>28,611</b>
Employee expenses	4,905	550	5,455	-	5,455
Other service expenses	20,715	-	20,715	-	20,715
Support service recharges	2,047	-	2,047	-	2,047
Depreciation, amortisation and impairment	-	656	656	-	656
Interest payments	-	-	-	925	925
Precepts & levies	-	-	-	660	660
Gain or loss on disposal of non-current assets	-	-	-	3	3
Capital receipts unattached to non-current assets	-	-	-	(13)	(13)
<b>Total Expenditure</b>	<b>27,667</b>	<b>1,206</b>	<b>28,873</b>	<b>1,575</b>	<b>30,448</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>7,576</b>	<b>1,206</b>	<b>8,782</b>	<b>(6,945)</b>	<b>1,837</b>

# NOTES TO THE ACCOUNTS

## 2011/12 Comparative Figures

	Committee Analysis	Amounts not Reported to Management for Decision Making	Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000
Fees, charges & other service income	3,666	-	3,666	-	3,666
Surplus or deficit on associates and joint ventures	-	-	-	-	-
Interest and investment income	-	-	-	126	126
Income from council tax	-	-	-	7,175	7,175
Government grants and contributions	15,669	-	15,669	1,246	16,915
<b>Total Income</b>	<b>19,335</b>	<b>-</b>	<b>19,335</b>	<b>8,547</b>	<b>27,882</b>
Employee expenses	5,420	(141)	5,279	-	5,279
Other service expenses	21,101	-	21,101	-	21,101
Support service recharges	2,241	-	2,241	-	2,241
Depreciation, amortisation and impairment	-	592	592	-	592
Interest payments	-	-	-	768	768
Precepts & levies	-	-	-	640	640
Gain or loss on disposal of non-current assets	-	-	-	-	-
Capital receipts unattached to non-current assets	-	-	-	(30)	(30)
<b>Total Expenditure</b>	<b>28,762</b>	<b>451</b>	<b>29,213</b>	<b>1,378</b>	<b>30,591</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>9,427</b>	<b>451</b>	<b>9,878</b>	<b>(7,169)</b>	<b>2,709</b>

# NOTES TO THE ACCOUNTS

## 31. MEMBERS ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

	2012/13 £000	2011/12 £000
Allowances	121	123
Expenses	8	11
<b>Total</b>	<b>129</b>	<b>134</b>

A summary of payments made to each member is publicised through the Authority's website and is also available for viewing at the reception of the administrative offices.

## 32. OFFICERS REMUNERATION

The remuneration paid to the Authority's senior employees is as follows:

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compensation for loss of office £	Pension contribution £	Total £
Chief Executive	2012/13	104,460	-	5,505	-	13,684	123,649
	2011/12	104,460	-	5,505	-	22,459	132,424
Corporate Director (s151)	2012/13	70,000	-	963	-	9,170	80,133
	2011/12	70,000	-	1,239	-	15,050	86,289
Head of Health & Environment	2012/13	54,558	-	1,667	-	7,147	63,372
	2011/12	54,356	-	1,370	-	11,685	67,411
Head of Corporate Services	2012/13	54,558	-	963	-	7,147	62,668
	2011/12	53,332	-	1,447	-	11,466	66,245
Head of Economy & Infrastructure	2012/13	54,558	-	963	-	7,147	62,668
	2011/12	53,332	-	1,239	-	11,297	65,868
Head of Planning & Housing	2012/13	54,558	-	2,822	-	7,147	64,527
	2011/12	53,332	-	2,822	-	11,422	67,576
Council Solicitor	2012/13	53,332	-	963	-	6,987	61,282
	2011/12	52,132	-	1,239	-	11,165	64,536

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2012/13 Number of employees	2011/12 Number of employees
£50,000 - £54,999	1	3
£55,000 - £59,999	4	3
£60,000 - £64,999	-	-
£65,000 - £69,999	-	-
£70,000 - £74,999	2	1
£75,000 - £79,999	-	1
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	-	-
£105,000 - £109,999	1	1

# NOTES TO THE ACCOUNTS

## 33. EXTERNAL AUDIT COSTS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

	2012/13 £'000	2011/12 £'000
* Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	50	84
* Fees payable to Deloitte LLP in respect of statutory inspections	-	-
* Fees payable to Deloitte LLP for the certification of grant claims and returns for the year	35	33
* Fees payable in respect of other services provided by Deloitte LLP during the year	-	-
	<b>85</b>	<b>117</b>

## 34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2012/13:

	2012/13 £000	2011/12 £000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
Revenue Support Grant	61	850
New Homes Bonus	404	250
Council Tax Freeze Grant	94	94
Council Tax Reform Grant	84	-
Other Grants	26	52
<b>Total</b>	<b>669</b>	<b>1,246</b>
<b>Credited to Services:</b>		
<b>Government Grants:</b>		
Disabled Facilities Grant	239	224
Regional Housing Board Pot	-	-
Housing Benefit Subsidy	11,718	11,231
Council Tax Benefit Subsidy	3,350	3,374
Housing Benefit & Council Tax Benefit Administration	303	310
Homelessness	85	85
Concessionary Fares	-	-
Safer Stronger Communities	15	30
Personal Search Fee s31	-	-
Other government grants	18	58
<b>Non Government Grants:</b>		
Flood Defence Grant	138	67
Recycling	51	54
Other grants	-	43
<b>Total</b>	<b>15,917</b>	<b>15,476</b>
<b>Contributions</b>	<b>159</b>	<b>129</b>

As at the 31<sup>st</sup> March 2013 the Authority has no grants, contributions or donations that have yet to be recognised as income as they have conditions attached to them (31 March 2012 £138k).

# NOTES TO THE ACCOUNTS

## 35. RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties, e.g. council tax bills, housing benefits. Grants received from government departments are set out in Note 34.

### Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2012/13 is shown in Note 31.

### Officers

The Corporate Director (Section 151), P D Cresswell, of Ryedale District Council is a related party of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership by virtue of being a client officer.

### Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £'000	Payments £'000
Rye Internal Drainage Board	- <i>levy</i>	-	62
Thornton Internal Drainage Board	- <i>levy</i>	-	15
Foss Internal Drainage Board	- <i>levy</i>	-	3
Muston & Yedingham Internal Drainage Board	- <i>levy</i>	-	2
Veritau North Yorkshire Ltd	<i>see note below</i>	-	51
North Yorkshire Building Control Partnership	<i>see note below</i>	(29)	68

At the end of the financial year the total amount due to and from these related parties was £nil.

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Scarborough BC, Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £2,000 as at 31 March 2013. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

## NOTES TO THE ACCOUNTS

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £2,000 as at 31 March 2013.

### Entities Controlled or Significantly Influenced by the Council

Community Leisure Ltd is an Industrial Provident Society initially set up to run the Authority's leisure centre and swimming pools. Payment of grant of £322,000 was made to Community Leisure Ltd to support the operation of the leisure facilities in 2012/13.

### 36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2012/13 £000	2011/12 £000
<i>Opening Capital Financing Requirement</i>	473	639
Capital investment		
Property plant and equipment	698	1,869
Investment properties	-	13
Intangible assets	24	131
Revenue expenditure funded from capital under statute	1,185	2,465
Loans	61	-
<i>Sources of finance</i>		
Capital receipts	-	(2,561)
Government grants and other contributions	(532)	(470)
Sums set aside from revenue		
Direct revenue contributions	(1,436)	(1,447)
Minimum Revenue Provision	(178)	(166)
<i>Closing Capital Financing Requirement</i>	295	473
<i>Explanation of movements in year</i>		
Decrease in underlying need to borrowing (unsupported by government financial assistance)	(178)	(166)
Assets acquired under finance leases	-	-
<i>Increase / (decrease) in Capital Financing Requirement</i>	(178)	(166)

# NOTES TO THE ACCOUNTS

## 37. LEASES

### Authority as Lessee – Finance Leases

The Authority has acquired a number of vehicles under finance leases.

This Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the vehicles acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2013 £000	31 March 2012 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	164	178
Non-current	131	295
Finance costs payable in future years	30	61
Minimum lease payments	325	534

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Not later than one year	184	210	164	178
Later than one year and not later than five years	141	324	131	295
Later than five years	-	-	-	-
	325	534	295	473

### Authority as Lessee - Operating Leases

The Authority normally acquires vehicles, plant and equipment using operating leases. The Authority also provides certain employees with lease vehicles under three year contract hire agreements.

The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2013 £000	31 March 2012 £000
Not later than one year	135	165
Later than one year and not later than five years	170	139
Later than five years	-	-
	305	304

# NOTES TO THE ACCOUNTS

The expenditure charged to the Cost of Services line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	2012/13 £000	2011/12 £000
Minimum lease payments	178	197
Contingent rents	-	-
Sublease payments receivable	-	-
	178	197

## Authority as Lessor

The Authority has not leased out property, vehicles or equipment under either finance lease or operating lease arrangements.

## 38. IMPAIRMENT LOSSES

During 2012/13 the Authority has recognised an impairment loss of £27k in relation to its administrative headquarters, Ryedale House. The cost of refurbishing the reception area has not added a like for like increase to the valuation of the property.

## 39. TERMINATION BENEFITS

The Authority has agreed to terminate the contracts of one employee in 2012/13, incurring liabilities of £14,125.

The number of exit packages that have been agreed, accrued for and charged to the Authority's Comprehensive Income and Expenditure Statement with total cost per band are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
£0 - £20,000	-	-	1	11	1	11	£14,125	£94,555
£20,000 - £60,000	-	-	-	2	-	2	-	£82,926
Total	-	-	1	13	1	13	£14,125	£177,481

## 40. DEFINED BENEFIT PENSION SCHEMES

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.



# NOTES TO THE ACCOUNTS

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

## Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
• Current service cost	924	956	-	-
• Past service costs / (gains)	-	-	-	-
• Settlements and curtailments	251	40	-	-
<i>Financing and Investment Income and Expenditure</i>				
• Interest cost	2,668	2,785	31	33
• Expected return on scheme assets	(1,806)	(2,093)	-	-
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	2,037	1,688	31	33
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• Actuarial gains and losses	3,198	3,399	53	15
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	5,235	5,087	84	48
<i>Movement in Reserves Statement</i>				
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(5,235)	(5,087)	(84)	(48)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers contributions payable to scheme	1,320	1,167		
• Retirement benefits payable to pensioners			16	16

# NOTES TO THE ACCOUNTS

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2013 is a loss of £3.251m (2011/12: £3.414m loss).

## Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligations).

	Funded liabilities: Government Pension Scheme		Unfunded liabilities: Discretionary Benefits	
	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'000
Opening balance at 1 April	54,770	51,110	649	616
Current service cost	924	956	-	-
Interest cost	2,668	2,785	31	33
Contribution by scheme participants	306	342	-	-
Actuarial gains and losses	6,683	1,795	53	15
Benefits paid	(1,890)	(2,258)	(16)	(15)
Past service costs	-	-	-	-
Entity combinations	-	-	-	-
Curtailments	251	40	-	-
Settlements	-	-	-	-
Closing balance at 31 March	63,712	54,770	717	649

Reconciliation of fair value of the scheme assets:

	2012/13 £'000	2011/12 £'000
Opening balance at 1 April	32,634	32,893
Expected rate of return	1,806	2,093
Actuarial gains and losses	3,485	(1,604)
Employer contributions	1,336	1,183
Contributions by scheme participants	306	342
Benefits paid	(1,906)	(2,273)
Entity combinations	-	-
Settlements	-	-
Closing balance at 31 March	37,661	32,634

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

# NOTES TO THE ACCOUNTS

## Scheme history

	31.03.13 £'000	31.03.12 £'000	31.03.11 £'000	31.03.10 £'000	31.03.09 £'000
<b>Present value of liabilities:</b>					
Local Government Pension Scheme	(63,712)	(54,770)	(51,112)	(49,483)	(35,756)
Discretionary Benefits	(717)	(649)	(616)	(265)	(221)
<b>Fair value of assets in the Local Government Scheme</b>	37,661	32,634	32,895	25,934	16,370
<b>Surplus / (deficit) in the scheme:</b>					
Local Government Pension Scheme	(26,051)	(22,136)	(18,217)	(23,549)	(19,386)
Discretionary Benefits	(717)	(649)	(616)	(265)	(221)
<b>Total</b>	<b>(26,768)</b>	<b>(22,785)</b>	<b>(18,833)</b>	<b>(23,814)</b>	<b>(19,607)</b>

The liabilities show the underlying commitments that the authority has in the long term to pay post employment (retirement) benefits. The total liability of £64.4m has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a negative overall balance of £26.8m. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy:

- The deficit on the scheme will be made good by increased contributions over the remaining working life of employees, i.e. before payments fall due, as assessed by the scheme actuary; and
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2014 is £1.210m. Expected contributions for the Discretionary Benefits scheme in the year to 31 March 2013 are £0.016m.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Mercer Limited an independent firm of actuaries, estimates for the fund being based on the full valuation of the scheme as at 31 March 2010.

# NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

	31.03.13	31.03.12
Long-term expected rate return on assets in the scheme:		
Equity investments	7.0%	7.0%
Government bonds	2.8%	3.1%
Other bonds	3.9%	4.1%
Property	5.7%	6.0%
Cash/liquidity	0.5%	0.5%
Other	7.0%	n/a
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.6 yrs	22.2 yrs
Women	25.3 yrs	24.8 yrs
Longevity at 65 for future pensioners:		
Men	24.4 yrs	23.6 yrs
Women	27.2 yrs	26.4 yrs
Rate of Inflation (CPI)	2.4%	2.5%
Rate of increase in salaries	4.15%	4.25%
Rate of increase in pensions	2.4%	2.5%
Rate for discounting scheme liabilities	4.2%	4.9%
Take-up of option to convert annual pension to retirement grant	50%	50%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31.03.13 %	31.03.12 %
Equity Investments	64.0	70.8
Debt Instruments	27.3	28.4
Other Assets	8.7	0.8
	100.0	100.0

## History of experience gains and losses

The actuarial loss identified as movements on the Pension Reserve in 2012/13 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2013:

	2012/13 %	2011/12 %	2010/11 %	2009/10	2008/09
Differences between the expected and actual return on assets	9.3	4.9	16.3	31.8	64.9
Experience gains and losses on liabilities	0.0	0.0	5.6	0.0	0.0

Further information can be found in the North Yorkshire Pension Fund's Annual Report that is available upon request from Financial Services, County Hall, Northallerton, DL7 8AL.

The Authority also makes payments to the West Yorkshire Superannuation Fund in respect of pension increases for former authorities that amalgamated to form Ryedale. This amounted to £25,283 in 2012/13 (2011/12: £22,459).

# NOTES TO THE ACCOUNTS

## 41. CONTINGENT LIABILITIES

At 31 March 2013, the Authority had two material contingent liabilities:

The authority has provided for a sum of £11k within these accounts (see note 23) following the triggering of the scheme of arrangement by Municipal Mutual Insurance Limited (MMI). This figure is an initial levy calculated by the scheme administrators at 15% of settlements paid since 1993. A levy rate of 28% (the top of the range) would require an additional payment of £10k. The total amount of claims payments which would be liable to claw-back, at a levy rate of 100%, is currently £75k.

A group of property search companies are seeking to claim refunds of fees paid to the Council to access land charges data. The Council has been informed that the value of these claims at present is £42,546 plus interest and costs. Proceedings have not yet been issued.

## 42. CONTINGENT ASSETS

At 31 March 2013 the Authority had no material contingent assets to report.

## 43. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority;
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates movements.

The Authority's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Authority to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the Authority to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The councils overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates; and
  - Its maximum and minimum exposures to the maturity structure of its debt; and
  - Its maximum and annual exposures to investments maturing beyond a year; and

# NOTES TO THE ACCOUNTS

- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Authority's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Authority's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

## **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings services. The Annual Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

This Authority uses the creditworthiness service provided by its treasury advisers. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2013 that this was likely to crystallise.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

# NOTES TO THE ACCOUNTS

The following analysis summarises the Authority's potential maximum exposure to credit risk, based on experience of default and uncollectability in previous financial years, adjusted to reflect current market conditions.

	Amount at 31 March 2013	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2013	Estimated maximum exposure to default and uncollectabi lity at 31 March 2013	Estimated maximum exposure to default and uncollectab ility at 31 March 2012
	£'000	%	%	£000	£000
Deposits with Banks and Financial Institutions	5,707	0%	0%	0	0

## Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The authority currently has no borrowings and all trade and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise;
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall;
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Changes in interest payable and receivable on variable rate borrowings and investments and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has set an upper limit of 20% variable rate exposure to its investments. However, all investments are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

# NOTES TO THE ACCOUNTS

## Price Risk

The Authority does not generally invest in equity shares and is therefore not subject to any price risk, that is, the risk that the authority will suffer loss as a result of adverse movements in the price of financial instruments.

## Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies, therefore it has no exposure to loss arising as a result of adverse movements in exchange rates.



# COLLECTION FUND STATEMENT

## For the Year Ended 31 March 2013

2011/12 £'000		£'000	2012/13 £'000	NOTE
	<b>INCOME</b>			
(29,378)	Council Tax		(29,815)	
(3,335)	Transfers from General Fund - Council Tax Benefits		(3,309)	
(14,474)	Income collectable from business ratepayers		(15,527)	
(47,187)	Total Income		(48,651)	
	<b>EXPENDITURE</b>			
	Precepts and Demands:			
22,495	North Yorkshire County Council	22,486		
4,351	North Yorkshire Police Authority	4,350		
1,321	North Yorkshire Fire & Rescue	1,320		
4,407	Ryedale District Council	4,426		
48	Street Lighting Expenses	47	32,629	(3)
	Business Rates:			
14,317	Payment to National Pool	15,506		(4)
112	Costs of Collection Allowance	111		
45	Allowance for Losses	(90)	15,527	(5)
(50)	Provision for non-payment of Council Tax		30	(5)
47,046	Total Expenditure		48,186	
(141)	(Surplus) / deficit for the year		(465)	
(278)	Surplus at 1 April		(419)	
(419)	Surplus at 31 March		(884)	

# NOTES ON THE COLLECTION FUND

## 1. General

This statement represents the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The Collection Fund accounts are consolidated with the other accounts of the Council. Transactions are prescribed by legislation and are prepared on the accruals basis. The costs of administering collection are accounted for in the General Fund.

The surplus or deficit on the Collection Fund at the end of the year is required to be distributed to or made good by contributions from the Council, North Yorkshire County Council, North Yorkshire Police Authority and North Yorkshire Fire and Rescue Authority in a subsequent financial year.

## 2. Council Tax

The Council Tax is a tax levied on all domestic properties, in a proportion, which is determined by the valuation band allocated to a property. The Council Tax base, i.e. the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	No of Properties	Ratio	Band D Equivalent Dwellings
A	1,819	6/9	1,213
B	5,134	7/9	3,993
C	4,907	8/9	4,361
D	3,669	1	3,669
E	2,928	11/9	3,579
F	1,812	13/9	2,617
G	1,043	15/9	1,738
H	92	18/9	184
<b>TOTAL</b>	21,404		21,354
Less adjustment for Collection Rate			(320)
Council Tax Base			21,034

## 3. Precepts

Precepts and demands for 2012/13 are analysed as follows:

	Ryedale DC £'000	NYCC £'000	NYPA £'000	NYFRA £'000
2012/13 Precept/Demand	4,378	22,243	4,303	1306
Payment in respect of 2011/12 surplus	48	243	47	14
	4,426	22,486	4,350	1,320

# NOTES ON THE COLLECTION FUND

The balance on the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£'000
Ryedale District Council	121
North Yorkshire County Council	609
North Yorkshire Police Authority	118
North Yorkshire Fire & Rescue Authority	36

## 4. Income from Business Rates

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by central government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. Under these arrangements the amounts included in these accounts can be analysed as follows:

	£'000
Non-Domestic Rateable Value multiplied by the uniform business rate (net of rateable value adjustments)	18,916
Less net adjust. for Transitional Relief, Part Occupancy, Write-offs and Transitional Premium	(2,390)
	16,526
Less Charitable Relief	(905)
	15,621
Other adjustments including making provision for bad debts and interest payments made	(115)
	15,506

Redistribution from the NNDR Pool is credited to the General Fund Summary.

## 5. Bad and Doubtful Debts

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £540,000 (2011/12: £510,000) and Business Ratepayers of £100,000 (2011/12: £190,000) and is included within Debtors in the Authority's Balance Sheet.

## 6. Statistics

Additional information is as follows:

Total National Non Domestic Rateable Value in £'s at 31.03.13	42,916,845
NDR Rate in £ for 2012/13	45.8p
Small Business Rate in £ for 2012/13	45.0p
Number of Business Premises (Hereditament) at 31.03.13	2,824
Number of Council Tax Benefit claimants at 31.03.13	3,560

# ANNUAL GOVERNANCE STATEMENT 2012/13

## 1. Scope of Responsibility

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

## 2. The Purpose of the Governance Framework

Corporate Governance is the system by which local authorities direct and control their functions and relate to their communities. The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) identifies three underlying principles of good governance, namely:

- Openness and Inclusivity
- Integrity
- Accountability

The principles of corporate governance should be embedded into the culture of each local authority. Furthermore each local authority has to be able to demonstrate that it is complying with these principles. To achieve this, the framework document recommends that all local authorities should develop a local code of corporate governance, comprising the following elements:

- Community Focus
- Service Delivery Arrangements
- Structures and Processes
- Risk Management and Internal Control
- Standards of Conduct

The Authority has formally adopted a local code of corporate governance, consequently the principles and standards contained in the framework document are recognised as good working practice, and hence are supported and followed. To this end both Officers and Members have had externally provided training to ensure governance arrangements are understood and embedded. This Statement forms part of the overall process within the Authority for monitoring and reporting on the adequacy and effectiveness of the corporate governance arrangements, particularly those in respect of risk management and internal control.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of

# ANNUAL GOVERNANCE STATEMENT 2012/13

effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This has been in place within the Authority for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

The requirement to have a governance framework, incorporating a sound system of internal control covers all of the Authority's activities. The internal control environment within the Authority consists of a number of different key elements, which taken together contribute to the overall corporate governance framework. The key elements of internal control within the Authority consist of

#### ***Policies and Guidance:***

Specific policies and written guidance exist to support the corporate governance arrangements and include:

- The Council's Constitution, including Financial Regulations, Procurement Regulations and Contract Standing Orders
- Codes of Conduct for Members and Officers
- The Corporate Plan
- Medium Term Financial Plan
- Member and Officer Schemes of delegation
- Registers of interests, gifts and hospitality
- Corporate policies, for example those relating to Whistleblowing and Counter Fraud and Corruption
- Asset Management Plan/Capital Strategy Statement
- Strategic Risk Register
- Council Procurement Strategy

#### ***Political and Managerial Structures and Processes***

The Authority is responsible for agreeing overall policies and setting the budget. The Policy and Resources Committee and Commissioning Board are responsible for decision making within the policy and budget framework set by the Council. The Authority's Corporate Management Team has responsibility for implementing Authority's policies and decisions, providing advice to Members and for co-ordinating the use of resources. The Corporate Management Team meet regularly and the Committees usually every two months. Both the Committees and the Corporate Management Team monitor and review Authority activity to ensure corporate compliance with governance, legal and financial requirements. In addition, the Authority has scrutiny arrangements, through the Overview and Scrutiny Committee that include the review of policies, budgets and service delivery to ensure that they remain appropriate. This Committee is

# ANNUAL GOVERNANCE STATEMENT 2012/13

also formally designated as the Authority's Audit Committee. A forward plan detailing the main work of Committees over the next year has been devised to ensure decisions are taken in a timely manner. Urgent items will be debated as appropriate.

The Authority has developed a process that is intended to reflect political and community objectives as expressed in the Community Strategy ("Imagine Ryedale") and acts as a basis for corporate prioritisation. The process has identified the Authority's corporate aims together with a number of associated objectives. These will be reviewed at appropriate intervals to ensure that they continue to meet the needs of the community. The Authority has linked the performance management process across all service areas to provide an integrated performance management system. Each service has developed a performance improvement plan as part of their Service Delivery Plan showing how that service will work to achieve the Authority's objectives.

## ***Financial Management***

The Corporate Director (s.151 Officer) has the overall statutory responsibility for the proper administration of the Authority's financial affairs, including making arrangements for appropriate systems of financial control. The Authority operates within a system of financial regulations, comprehensive budgetary control, regular management information, administrative procedures (including the segregation of duties) and management supervision.

The Corporate Director (s151 Officer) is a member of the Authority's Corporate Management Team, and is directly responsible to the Chief Executive. The Authority is therefore fully compliant with the requirements of the 2010 CIPFA/SOLACE Application Note to Delivering Good Governance.

## ***Compliance Arrangements***

Monitoring and review of the Authority's activities is undertaken by a number of Officers and external regulators to ensure compliance with relevant policies, procedures, laws and regulations. They include:

- The Chief Executive Officer
- The Corporate Director (s151) who is the s.151 Officer of the Authority and the Chief Finance Officer (CFO)
- The Monitoring Officer
- The Heads of Service
- The External Auditor and various other external inspection agencies
- Internal Audit (provided by Veritau North Yorkshire Limited from 1 April 2012)
- Finance Officers and other relevant service managers

## ***Value For Money***

Through reviews by external auditors, external agencies, internal audit and the Financial Services Manager the Authority constantly seeks ways of ensuring the economic, effective and efficient use of resources, and securing continuous

# ANNUAL GOVERNANCE STATEMENT 2012/13

improvement in the way in which its functions are exercised.

## ***Risk Management***

The Authority has adopted a formal system of Risk Management. This is effectively delivered through widespread use of Covalent, the Authority's Performance and Risk Management software. Although responsibility for the identification and management of risks rests with service managers, corporate arrangements are co-ordinated by the Heads of Service Group. The process serves to ensure that:

- The Authority identifies, prioritises and takes appropriate mitigation for those risks it identifies as potentially preventing achievement of the Corporate and Community Plan
- The Authority's assets are adequately protected
- Losses resulting from hazards and claims against the Authority are mitigated through the effective use of risk control measures
- Service managers are adequately supported in the discharge of their responsibilities in respect of Risk Management

The system of Risk Management requires the inclusion of risk evaluation assessments in all Committee reports and the maintenance of a corporate risk register. Relevant staff within the Authority have received training and guidance in Risk Management principles.

## ***Internal Audit & Fraud***

The Authority operates internal audit and internal (non Housing Benefit) fraud investigation functions. From 1 April 2012 internal audit and counter fraud services have been provided by Veritau North Yorkshire Limited – a company partly owned by the Authority. Internal audit services are provided in accordance with the Accounts and Audit Regulations 2011 and the CIPFA Code of Practice for Internal Audit in Local Government. An annual programme of reviews covering financial and operational systems is undertaken, to give assurance to Members and managers on the effectiveness of the control environment operating within the Council. The work of internal audit compliments and supports the work of the external auditors (Deloitte LLP for 2012/13). In addition, internal audit provides assurance to the Corporate Director (s151) as the Authority's s.151 Officer in discharging his statutory review and reporting responsibilities. The Authority also undertakes an annual review of the effectiveness of its internal audit arrangements as required by the Accounts and Audit Regulations. The results of the review are reported to the Overview & Scrutiny (Audit) Committee.

Internal audit also has an advisory role that provides:

- Advice and assistance to managers in the design, implementation and operation of controls
- Support to managers in the prevention and detection of fraud, corruption and other irregularities

# ANNUAL GOVERNANCE STATEMENT 2012/13

Housing Benefit Counter Fraud work is undertaken within the Benefits Office through contractual arrangements with Veritau. A pro-active approach is taken to supplement referrals, both internal and external, with any leads arising from participation in the National Fraud Initiative, the Housing Benefits Matching Service, and internal data matching.

## *Performance Management*

The Authority has established effective performance management arrangements. The Chief Executive has overall responsibility for the function and the Corporate Management Team undertakes an ongoing monitoring role. Heads of Service and their Service Unit Managers are expected to deliver improvements or maintain performance standards where appropriate. The Covalent performance management system is used to record and monitor performance.

#### 4. Review of Effectiveness

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of its systems of internal control. In preparing this Statement a review of corporate governance arrangements and the effectiveness of the Authority's systems of internal control has been undertaken, by the Corporate Management Team. This review has included consideration of:

- Reports received from the Authority's external auditors and other inspection agencies
- The results of internal audit and fraud investigation work
- The views of senior managers, including Chief Executive, the s151 Officer and the Monitoring Officer
- The work of the Heads of Service Group in compiling the Authority's Strategic Risk Register.
- Outcomes of service improvement reviews and performance management processes
- Compliance with the CIPFA Statement on the role of the CFO

In addition, the Authority through its Committees especially the Overview and Scrutiny (Audit) Committee considers corporate governance issues as they arise throughout the year and agree recommendations for improvement as necessary.

A comprehensive review has been undertaken to support the preparation of this AGS document as required by the Accounts and Audit Regulations 2011. The Authority has produced a detailed statement along with a targeted action plan to ensure that full compliance is achieved. This has followed the best practice framework suggested by CIPFA and adopted by the Authority. An action plan schedule has been produced to ensure compliance and a list of those Officers having responsibility is available.

An Action Plan is appended which identifies and notes progress with previous year's matters of concern, and includes those arising from this year's review. The Annual Governance Statement for 2012/13 will provide details of the work completed against this Plan.

We have been advised on the implications of the results of the review of the



# ANNUAL GOVERNANCE STATEMENT 2012/13

effectiveness of the system of internal control by the Overview & Scrutiny (Audit) Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 5. SIGNIFICANT INTERNAL CONTROL ISSUES

A review of the internal control arrangements in place within the Authority has identified areas where improvements could be made. Specific actions are proposed to address the issues identified. Attached is the action plan for 2012/2013 incorporating those issues brought forward from the previous plan, which are still outstanding.

The Authority will continue to seek to improve performance and take action on agreed recommendations by both internal and external agencies.

Signed: ..... Dated: XX  
Janet Waggott  
Chief Executive

Signed: ..... Dated: XX  
Cllr Linda Cowling  
Leader of the Council.

# ANNUAL GOVERNANCE STATEMENT APPENDIX

## AGS Action Plan 2012/2013

STATUS	CONTROL ISSUE	ACTION PROPOSED	RESPONSIBILITY	TARGET DATE	CURRENT POSITION & COMMENTS
Brought Forward	Risk of compromise and weaknesses in operational systems as a consequence of continuing reductions in staffing as Government funding cuts made.	Where changes in staffing occur, that changes in operating arrangements are reviewed prior to reducing the controls.  Internal audit will be included in working groups reviewing operating systems and arrangements, including commissioning, partnership arrangements etc.	Corporate Director (s151)	Continuing	This will be a continuing issue in 2013/2014
2012/2013	Procurement Risk as the Council undertakes two significant OJEU procurements, Insurance (2013) and Leisure Management (2014)	The Authority is part of the North Yorkshire Procurement Partnership and will ensure advice is taken supplemented by service specific advice for both procurements.	Corporate Director (s151)	September 2014	Planning work is underway on both projects with budgets for external support identified to assist in the process.

# INDEPENDENT AUDITOR'S REPORT

## Independent Auditor's Report to Members of Ryedale District Council

### **Opinion on the Authority accounting statements**

We have audited the accounting statements and related notes of Ryedale District Council for the year ended 31 March 2013 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund, Notes to the Collection Fund Accounting Statement and the related notes 1 to 43. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13

This report is made solely to the members of Ryedale District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Corporate Director (s151) and auditor**

As explained more fully in the Statement of the Corporate Director (s151) Responsibilities, the Corporate Director (s151) is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. Our responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice's Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the accounting statements sufficient to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. We read all the information in the explanatory foreword and the annual report to identify material inconsistencies with the audited accounting statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# INDEPENDENT AUDITOR'S REPORT

## Opinion on accounting statements

In our opinion the accounting statements:

- give a true and fair view of the state of Ryedale District Council's affairs as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

## **Opinion on other matters**

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the accounting statements are prepared is consistent with the accounting statements.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

## **Conclusion on Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**

### *Respective responsibilities of the Authority and the auditor*

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the

# INDEPENDENT AUDITOR'S REPORT

Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## ***Conclusion***

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Ryedale District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

## **Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Paul Thomson ACA (Engagement Lead)  
for and on behalf of Deloitte LLP  
Appointed Auditor  
Leeds, United Kingdom

This analysis provides supplementary information to the audited accounting statements. It provides details of the expenditure and income for each individual service for the Cost of Services line in the Comprehensive Income and Expenditure Statement:

# ANALYSIS OF THE COST OF SERVICES (Comprehensive Income & Expenditure Statement)

2011/12 Net Exp. £'000	Service	2012/13 Expenditure £'000	2012/13 Income £'000	2012/13 Net Exp. £'000
	<b>Central Services to the Public</b>			
88	Grants, Bequests & Donations	100	-	100
47	Emergency Planning	45	-	45
565	Local Tax Collection	4,382	3,766	616
247	Elections	182	1	181
-	Local Land Charges	83	95	(12)
<b>947</b>	<b>Net Expenditure Central Services to the Public</b>	<b>4,792</b>	<b>3,862</b>	<b>930</b>
	<b>Cultural &amp; Related Services</b>			
436	Culture & Heritage	184	2	182
102	Open Spaces	114	6	108
828	Recreation & Sport	815	2	813
299	Tourism	317	29	288
<b>1,665</b>	<b>Net Expenditure Cultural &amp; Related Services</b>	<b>1,430</b>	<b>39</b>	<b>1,391</b>
	<b>Environmental &amp; Regulatory Services</b>			
32	Community Safety (CCTV)	23	15	8
22	Community Safety (Crime Reduction)	71	20	51
117	Flood Defence & Land Drainage	284	138	146
686	Recycling	1,440	669	771
851	Regulatory Services	1,050	222	828
348	Street Cleansing	421	92	329
(49)	Trade Waste	614	668	(54)
560	Waste Collection	605	10	595
<b>2,567</b>	<b>Net Expenditure Environmental &amp; Regulatory Services</b>	<b>4,508</b>	<b>1,834</b>	<b>2,674</b>
	<b>Planning Services</b>			
45	Building Control	246	269	(23)
185	Business Support	178	8	170
148	Community Development	151	12	139
457	Development Control	875	369	506
(51)	Economic Development	17	64	(47)
158	Environmental Initiatives	210	41	169
1,935	Planning Policy	847	-	847
<b>2,877</b>	<b>Net Expenditure Planning Services</b>	<b>2,524</b>	<b>763</b>	<b>1,761</b>

## ANALYSIS OF THE COST OF SERVICES (Comprehensive Income & Expenditure Statement)

2011/12 Net Exp. £'000	Service	2012/13 Expenditure £'000	2012/13 Income £'000	2012/13 Net Exp. £'000
	<b>Highways &amp; Transport Services</b>			
(462)	Parking Services	301	723	(422)
92	Transport Support	68	-	68
<b>(370)</b>	<b>Net Expenditure Highways &amp; Transport Services</b>	<b>369</b>	<b>723</b>	<b>(354)</b>
	<b>Housing Services</b>			
25	Enabling	25	-	25
87	Homelessness	386	315	71
55	Housing Advice	52	-	52
345	Housing Benefits Administration	498	199	299
(6)	Housing Benefits Payments	11,715	11,719	(4)
70	Housing Strategy	116	9	107
20	Other Council Property	23	63	(40)
(22)	Other Welfare Services	267	277	(10)
227	Private Sector Housing Renewal	592	274	318
<b>801</b>	<b>Net Expenditure Housing Services</b>	<b>13,674</b>	<b>12,856</b>	<b>818</b>
	<b>Corporate &amp; Democratic Core</b>			
608	Corporate Management	580	12	568
696	Democratic Representation & Management	680	-	680
<b>1,304</b>	<b>Net Expenditure Corporate &amp; Democratic Core</b>	<b>1,260</b>	<b>12</b>	<b>1,248</b>
	<b>Other Corporate &amp; Non Distributed Costs</b>			
13	Other Services	29	2	27
74	Non Distributed Costs	287	-	287
<b>87</b>	<b>Net Expenditure Other Corporate &amp; Non Distributed Costs</b>	<b>316</b>	<b>2</b>	<b>314</b>
<b>9,878</b>	<b>COST OF SERVICES</b>	<b>28,873</b>	<b>20,091</b>	<b>8,782</b>

# GLOSSARY

## **Accounting Concepts**

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

## **Accounting Period**

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

## **Accounting Policies**

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

## **Accruals**

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

## **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

## **Amortisation**

The gradual elimination of a debt by periodic payments over a specified number of years.

## **Asset**

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

## **Assets Under Construction**

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

## **Balance Sheet**

A statement of the recorded assets, liabilities and other balances of the Authority at the end of the accounting period.

## **Capital Adjustment Account**

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

## **Capital Charge**

A charge to service revenue accounts to reflect the cost of utilising non-current assets in the provision of services.

## **Capital Expenditure**

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

## **Capital Expenditure charged to Revenue Account (CERA)**

A method of financing capital expenditure in the accounting period rather than over a number of years.



# GLOSSARY

## **Capital Financing**

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

## **Capital Programme**

The capital schemes the Authority intends to carry out over a specified time period.

## **Capital Receipts**

Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

## **Cash Flow Statement**

A statement summarising the inflows and outflows of cash, arising from transactions between the Authority and third parties, for revenue and capital purposes.

## **Charging Authority**

The Authority responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

## **Collection Fund**

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Authority, and the NNDR collected is paid to the Government.

## **Community Assets**

Assets that the Authority intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks and historic buildings.

## **Consistency**

The concept that the accounting treatment of like items, within an accounting period, and from one period to the next, is the same.

## **Contingent Asset**

A possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

## **Contingent Liability**

A possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control or a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities that the Authority engages in specifically because it is an elected, multi-purpose authority. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

# GLOSSARY

**Council Tax**

A charge on residential property within the Authority's area to finance a proportion of the Authority's expenditure.

**Creditors**

Amounts owed by the Authority for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

**Current Assets**

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

**Current Liabilities**

Amounts that will become due or could be called upon during the next accounting period.

**Current Service Cost (Pensions)**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

**Curtailement**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

**Debtors**

Amounts due to the Authority for goods or services provided within the accounting period but not received at the balance sheet date.

**Deferred Debtors**

Amounts due to the Authority that are not expected to be repaid in full within the next accounting period.

**Deferred Liabilities**

These are liabilities which, by arrangement, are payable beyond the next year, either at some point in the future or by an annual sum over a period of time.

**Defined Contribution Pension Scheme**

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Depreciation**

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

# GLOSSARY

## **Emoluments**

These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.

## **Expected Rate of Return on Pension Assets**

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

## **Financial Reporting Standards (FRSs)**

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

## **Financial Year**

Period of time to which a Statement of Accounts relates. The financial year of the Authority runs from 1 April to 31 March.

## **Fixed Assets**

Tangible and intangible assets that can be expected to be of use or benefit to the Authority in providing its services for more than one accounting period.

## **General Fund**

The main account of the Authority that records the costs of service provision.

## **Going Concern**

The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## **Government Grants**

Payments by central government towards the cost of Local Authority services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

## **Impairment**

A reduction in the value of a fixed asset below its carrying amount on the Authority's balance sheet.

## **Income and Expenditure Account**

The Income and Expenditure Account combines the income and expenditure relating to all the Authority's functions.

## **Infrastructure Assets**

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

## **Intangible Fixed Asset**

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

# GLOSSARY

**Interest Cost**

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

**International Financial Reporting Standards (IFRS)**

Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

**Investment**

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

**Investment Properties**

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

**Leasing**

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

**Liability**

An account due to an individual or organisation that will be paid at some future date.

**Liquid Resources**

Current investments that are readily disposable by the Authority without disrupting its business and are readily convertible to cash.

**Long-Term Contracts**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

**Minimum Revenue Provision**

The minimum amount which must be charged to the Authority's revenue accounts each year and set aside as a provision to meet the Authority's credit liabilities.

**Monitoring Officer**

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Authority decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Executive).

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

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities.

# GLOSSARY

**Net Book Value**

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Non- Current Assets**

These are assets with a physical substance that yield benefits to the Authority and the services it provides for a period of more than one year.

**Non Distributed Costs**

These are overheads from which no user benefits, and therefore they cannot be allocated to a service area.

**Non-Operational Assets**

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Authority services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

**Operational Assets**

These are fixed assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Past Service Cost**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Post Balance Sheet Events**

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

**Precept**

The amount that a Precepting Authority requires from a Charging Authority to meet its expenditure requirements.

**Precepting Authority**

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities.

**Prior Year Adjustments (or Prior Period Adjustments)**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

**Provisions**

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

**Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

**Prudential Indicators**

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which local authorities must set as part of their budget process. They are designed to show the affordability of the capital programme and that the local authority borrowing is prudent and sustainable.

# GLOSSARY

**Realisable Value**

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

**Related Party**

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

**Reserves**

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

**Residual Value**

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

**Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

**Revaluation Reserve**

This account contains surpluses and losses arising from the periodic valuation of non-current assets.

**Revenue Account**

An account which records the Authority's day to day expenditure and income on such items as salaries and wages, running costs of service provision and the financing of capital expenditure.

**Revenue Expenditure Funded from Capital Under Statute**

Expenditure which may be properly capitalised but which does not result in or remain matched with assets controlled by the Authority.

**Revenue Support Grant (RSG)**

A general central government grant paid to the Income and Expenditure Account in support of the Charging Authority's revenue expenditure.

**Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Section 151 Officer (s151)**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Authority's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves.

# GLOSSARY

**Statement of Recommended Practice (SORP)**

This is the guidance issued by CIPFA to enable Authority's to ensure that the Accounts published comply with IFRS as it applies to local authority financial matters.

**Stocks (inventories)**

Items of raw materials and stores purchased by the Authority to use on a continuing basis which have not been used. The value of those items not used at the balance sheet date are included as assets of the Council.

**Support Services**

The costs of departments that provide professional and administrative assistance to services e.g. Financial Services, Human Resources.

**Temporary Borrowing/Investment**

Money borrowed or invested for an initial period of less than one year.

**Useful Life**

The period over which the Authority will derive benefits from the use of an asset.

**Work in Progress**

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

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Ryedale District Council

Report to the Overview and Scrutiny Committee  
on the 2013 Audit

Final Report

Overview and Scrutiny Committee  
Ryedale District Council  
Ryedale House  
Malton  
North Yorkshire  
YO17 7HH

Dear Sirs

We have pleasure in setting out in this document our report to the Overview and Scrutiny Committee of Ryedale District Council ("the Council") for the year ended 31 March 2013, for discussion at the meeting scheduled for 25 September 2013. This report covers the principal matters that have arisen from our audit for the year ended 31 March 2013.

In summary:

- The matters arising during our audit, which are summarised in the Executive Summary, have now been largely addressed and our conclusions are set out in our report.
- In the absence of unforeseen difficulties, management and we expect to meet the agreed audit and financial reporting timetable and issue an unmodified audit report.

We would like to take this opportunity to thank the management team for their assistance and co-operation during the course of our audit work.



Paul Thomson

Engagement Lead

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# Executive Summary

We have pleasure in setting out in this document our report to the Overview and Scrutiny Committee of Ryedale District Council (“the Council”) for the year ended 31 March 2013 for discussion at the meeting scheduled for 25 September 2013. This report summarises the principal matters that have arisen from our audit for the year ended 31 March 2013. The main audit visit took place during July and we are happy with the way that the audit has progressed. Audit working papers were of a good standard. We would like to thank those officers involved in the audit.

This summary is not intended to be exhaustive but highlights the most significant matters to which we would like to bring your attention. It should, therefore, be read in conjunction with the report and the appendices thereto.

## Completion of the audit

The status of the audit is as expected at this stage of the timetable agreed in our audit plan.

At the time of writing this report, certain procedures are still outstanding and need to be finalised before we can finalise our audit:

- Receipt of Letter of Representation;
- Receipt of report from Pension Scheme auditors to support the valuation of Pension Scheme Assets;
- Final review and close down procedures; and
- Completion of VFM review

We will report to you orally in respect of any modifications to the findings or opinions contained in this report that arise on completion of these matters.

On satisfactory completion of the outstanding matters, we anticipate issuing an unmodified audit opinion on the truth and fairness of the financial statements and value for money conclusion.

The matters that we have taken into account in forming our overall view are described in the following sections.

## Significant audit risks

Status

We discuss within Section 1 the results of our work in relation to audit risks which have been identified as significant to the financial statements. In summary these are:

- |  |   |
|--|---|
| • Valuation of non-current assets;   | Y |
| • Collection of debt and the adequacy of bad and doubtful debt provisioning; | Y |
| • Pension scheme assumptions;  | Y |
| • Presumed risk of revenue fraud; and  | Y |
| • Presumed risk of management override of controls                           | Y |

**Y** Risk appropriately addressed    **O** Risk satisfactorily addressed but with unadjusted errors identified    **N** Material unresolved matter

# Executive Summary (continued)

## Risk management and internal control systems

Our audit findings did not identify any significant deficiencies in the financial reporting systems. Section 2 sets out the minor risk management and control observations arising from our audit procedures.

## Value for money audit – Financial resilience and prioritisation of resources

Under the Audit Commission Code of Audit practice, as appointed auditors, we are required to draw a positive conclusion regarding the organisation's arrangements to secure economy, efficiency and effectiveness of its use of resources (the value for money (VFM) conclusion). We have considered the financial standing of the Council for 2012/13 in respect of our VFM conclusion. We have reviewed the current and on-going expenditure demands, expected grant income and the current cash position of the Council. We have also reviewed the risk assessments for the savings proposals in the 2013/14 budget and arrangements for the on-going management of those risks.

Whilst the Council has coped well with previous government funding cuts, the anticipated future reductions in funding from 2015/16 onwards will be a significant challenge involving difficult decisions around resource prioritisation.

Based on our work we expect to issue an unqualified VFM conclusion.

More details are given in Section 4.

## Identified misstatements and disclosure misstatements

Audit materiality was £381,119 (2012: £385,612).

No audit adjustments have been made to the financial statements.

A small number of minor misstatements were identified through our audit testing which were below our clearly trivial threshold and are not reported to the Committee. One identified uncorrected misstatement is reported in Appendix 1 which, if adjusted, would have no impact on the deficit on provision of services or the net asset position. Management has concluded that the total impact of the uncorrected misstatements, both individually and in aggregate, is not material in the context of the financial statements taken as a whole.

Details of the audit adjustments and uncorrected misstatements are included in Appendix 1.

## Scope of work and audit approach

We perform an assessment of risk which includes considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address the risk of material misstatement.

In respect of income of £295,000, expenditure of £463,000, assets of £236,000 and liabilities of £271,000 we determined that these classes of transactions did not require further audit procedures because our risk assessment taking into account qualitative factors, resulted in us assessing the risk of material misstatement as remote

## Significant representations

A copy of the representation letter to be signed on behalf of the Council has been included in Appendix 3.

# 1. Significant audit risks

The results of our audit work on significant audit risks are set out below:

**Y** Risk appropriately addressed   **O** Risk satisfactorily addressed but with unadjusted errors identified   **N** Material unresolved matter

## Valuation of non-current assets

**Y**

### Background

In the current climate the property market is still volatile and there is the potential for valuations of property and other assets to have fallen.

### Deloitte response

We have obtained a copy of the latest in-house valuation report and considered whether there is indication of any impairment from the valuations and whether any noted impairment should be applied more widely to other assets that have not been valued in the current year.

The valuation resulted in a small increase to investment properties of £72,000 and a reduction in operational assets of £319,000 to the extent that enhancements in the year added no value to the assets. We reviewed the assumptions and basis of valuation used by the valuer and have no comments to make. We reviewed the accounting policies in respect of componentisation and heritage assets and consider that these continue to be appropriate.

The results of our testing were satisfactory.

## Collection of debt and the adequacy of bad and doubtful debt provisioning

**Y**

### Background

In the current climate there is likely to be more pressure on the Council's rate-payers' financial resources. It therefore follows that there is likely to be a higher level of unpaid debts at the balance sheet date and potentially more bad and/or doubtful debts occurring.

### Deloitte response

We have documented the processes the Council has in place for reviewing and providing against bad and doubtful debts owed to the Council at the balance sheet date.

The following provisions are included in the financial statements:

Sundry debtors	£160,000	46% of balance (2012 43%)
Housing benefit	£195,000	56% of balance (2012 53%)
Council tax/NNDR arrears	<u>£ 65,000</u>	
Total	£421,000	29% of total short-term debtors

We have reviewed the calculation of the year end provision and considered the adequacy of the provision in the light of available evidence including the aging profile of debtors at the year end and at the time of the audit, the history of bad debt exposure, recent changes in payment profile and post year-end cash receipts against year-end debtor balances.

The adequacy of provisioning appeared reasonable.

# 1. Significant audit risks (Continued)

## Pension Scheme Assumptions

Y

### Background

The choice of pension inflation, discount and yield assumptions are both difficult and judgemental. Small and apparently insignificant changes to these key assumptions can have material consequences for the actuarial assessment of the liability included within the financial statements of the Council.

### Deloitte response

The liability, as calculated under IAS19, is £26.7m compared to £22.8m in the prior year. The main assumptions changes driving the increase in liability are the increase in life expectancy, reduction in discount rate and reduction in expected return on assets.

We have documented the processes the Council has put in place to determine the assumptions and used our in-house pension and actuarial department to review these assumptions for reasonableness based upon prevailing market factors. The assumptions were found to fall within an acceptable range, and were generally prudent except for the use of a more optimistic discount rate.

The results of our testing were satisfactory.

## Presumed risk of revenue recognition fraud

Y

### Background

International Standards on Auditing (UK and Ireland) 240 – “The auditor’s responsibility to consider fraud in an audit of financial statements” requires the auditors to perform certain audit procedures related specifically to fraud risk, and requires a presumption that revenue recognition is a key audit risk.

For the Council we consider that the specific revenue recognition risk relates to the non-recognition of cash receipts as income, or their recognition in the wrong accounting period

### Deloitte response

We have performed testing by selecting a sample of cash receipts, both before and after the balance sheet date, and confirming that all income received was correctly recognised as income in the financial statements in the appropriate period. In addition, testing of grant income has been performed to ensure that the provisions of the Code of Practice on Local Authority Accounting based on IFRS has been consistently applied.

The results of our testing were satisfactory.

# 1. Significant audit risks (Continued)

## Presumed risk of management override of controls

Y

### Background

International Standards on Auditing (UK and Ireland) requires the auditors to perform certain audit procedures to respond to the risk of management's override of controls.

### Deloitte response

We have performed the following:

- understood and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements, and tested the appropriateness of a sample of such entries and adjustments;
- reviewed accounting estimates for biases that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management;
- retrospectively reviewed management's judgements and assumptions relating to significant estimates reflected in last year's financial statements; and
- obtained an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the organisation and its environment.

We have raised an observation regarding the authorisation of journals. The remaining results of our testing were satisfactory.

---



## 2. Risk management and internal control systems

### Key controls over significant risks

Y No issues noted    
 O Satisfactory – minor observations only    
 M Requires improvement    
 N Significant improvement required

In Section 1 we discussed the identified significant audit risks. For each of these significant audit risks we have assessed the design and implementation of internal controls in each of those areas, summarised below.

Valuation of non-current assets, including heritage assets		2013	2012
The Council performs regular checks on the existence and condition of assets to ensure that the valuation of assets is accurate.	We reviewed the implementation of this control by reviewing the valuation procedures. We also performed unrecorded disposal testing to test existence of assets.	<span style="color: green;">Y</span>	<span style="color: green;">Y</span>
Collection of debt and the adequacy of bad and doubtful debt provisioning		2013	2012
The Council calculates the bad debt provision based on levels of historical debt and bad debt write offs.	We tested the implementation of this control by reviewing the bad debt calculation to ensure that the policy had been correctly implemented and assessed the recoverability of debtors to consider the sufficiency of the policy.	<span style="color: green;">Y</span>	<span style="color: green;">Y</span>
Pension Scheme Assumptions		2013	2012
Disclosures and key assumptions are prepared by the actuary employed by North Yorkshire Pension Fund and are reviewed by management.	We tested the implementation of this control by obtaining the IAS 19 report and having our internal actuarial experts review the report to assess whether they are professionally competent and assumptions used are reasonable.	<span style="color: green;">Y</span>	<span style="color: green;">Y</span>
Presumed risk of revenue recognition fraud		2013	2012
For each payment received, the Council records details of the product/service that the payment relates to and uses this information to determine the period in which the payment should be recorded.	We reviewed the implementation of this control by performing cut-off testing at the year end and tracing payments from the bank statement to the accounts system to confirm that they have been recorded in the correct period.	<span style="color: green;">Y</span>	<span style="color: green;">Y</span>
Presumed risk of management override of controls		2013	2012
All journals with up to 6 lines are now entered directly to the system. Journals with more than 6 lines are recorded on a spreadsheet template first and then uploaded. Online authorisation is required before the journal is processed.	We reviewed a sample of journals posted in the year to confirm that they were commercially reasonable and had adequate supporting documentation. An observation has been raised below with respect to journal authorisation for reallocation journals.	<span style="color: green;">Y</span>	<span style="color: green;">Y</span>

## 2. Risk management and internal control systems (continued)

### Risk management and control observations

In addition to the recommendations provided in relation to significant audit risks, we also identified one minor risk management and control observations which is detailed below.

### Update on prior year observations

#### Authorisation of journals

##### 2012 Description

Journals posted by senior members of the finance team were not authorised or reviewed by anyone other than the preparer.

The lack of review meant it was less likely that journals posted in error or fraudulently would be identified, which could have a potentially material impact on the financial statements.

##### 2012 Recommendation

All journals should be reviewed and signed by another member of the finance team to authorise the validity of the journal and promote transparency.

##### 2013 Update

All journals are now authorised except for reallocation journals posted by senior finance team members. Best practice would be for reallocation journals to be authorised in the same way as other journals, however efficient use of resources is also a consideration.

##### Management response

Reallocation journals are undertaken at transaction level and, as a result, individual authorisation of these journals is not practical and would seriously impair the efficiency of the Finance section. The Finance Manager will carry out a 6 monthly review of these transactions to ensure their validity, on the basis that these journals are all undertaken by senior finance team members.

### Current year observations

There are no observations that we wish to bring to the Committee's attention this year.

### 3. Other matters for communication

As part of our obligations under International Standards on Auditing (UK & Ireland), we are required to report to you on the matters listed below.

#### Independence

We confirm that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and the objectivity of the audit engagement partner and audit staff is not compromised.

If the Overview and Scrutiny Committee wishes to discuss matters relating to our independence, we would be happy to arrange this.

#### Non-audit services

We are not aware of any inconsistencies between APB Ethical Standards and the Council's policy for the supply of non-audit services or of any apparent breach of that policy. There were no non-audit services performed in the year.

#### Audit fees

The external audit fees in relation to audit services provided on behalf of the Audit Commission in the period from 1 April 2012 to 31 March 2013 are as follows:

	2013	2012
Fees payable for the audit of the annual accounts (excluding VAT)	£54,868	£91,447

The audit fee has been calculated in accordance with Audit Commission fee scale.

The fees for certification of claims and returns are set at £18,850 and will be monitored closely as the work progresses.

#### Liaison with Internal Audit

The audit team, following an assessment of the independence and competence of the Internal Audit department, reviewed the findings of Internal Audit to inform the risk assessment and consider the impact on our audit approach as deemed appropriate.

#### Written representations

A copy of the representation letter to be signed on behalf of the Overview and Scrutiny Committee is included at Appendix 3.

## 4. Value for money (VFM) conclusion

From 2010/11 the Audit Commission introduced new requirements for local value for money (“VFM”) audit work at councils. This year, auditors are again required to give their statutory VFM conclusion based on the following two criteria:

- proper arrangements for securing financial resilience: work to focus on whether the Council has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- proper arrangements for challenging how economy, efficiency and effectiveness are secured: work to focus on whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have planned our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission.

The key audit risk which we identified as part of our overall audit strategy is the delivery of financial targets and the management of the reduction in financial resources.

### Delivery of financial targets and the management of reduction in financial resources

#### Risk & Response

Following the Government’s Comprehensive Spending Review in 2010 and subsequent local government finance settlements each year, the Council is facing financial pressures over the next few years. In addition, the changes encompassed in the suite of new Acts – the Localism Act 2011, the Welfare Reform Act 2012 and the Local Government Finance Act 2012 - will put further strains on the planning and budgeting processes.

We have reviewed the risk assessments for the savings proposals in the 2013/14 budget and arrangements for the on-going management of those risks.

Progress in developing plans for 2014/15 is on-going and we understand a number of meetings have already been held with members. Officers will be launching the strategy for 2014/15 to staff by the end September 2013. We are currently reviewing the minutes of the meeting held in respect of the 2014/15 budget and will consider any issues arising from those minutes that are relevant to our VFM conclusion.

Having achieved the savings required to balance the budget for 2012/13 through the successful delivery of the ‘Going for Gold’ programme, the Council is now in the process of delivering the savings required for balancing the 2013/14 budget through a programme called ‘Round 3’. Whilst the Council has coped well with previous government funding cuts, the anticipated future reductions in funding from 2015/16 onwards will be a significant challenge involving difficult decisions around resource prioritisation.

During the course of this work, we have considered the effectiveness of arrangements to assess the implications of savings measures and to manage their impact on the delivery of strategic priorities. We have reviewed a sample of initiatives to assess the reasonableness of the quantification of savings to be achieved, and the processes for identifying and addressing any costs of implementation.

## 4. Value for money (VFM) conclusion (continued)

### **The VFM conclusion**

Under the Code, auditors are required to include a positive conclusion in their statutory audit report as to whether they are satisfied that, in all significant respects, the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The conclusion has regard to the criteria specified by the Commission and we do not consider all aspects of the Council's arrangements. This conclusion is given within our audit report on the Council's accounts.

We are required to report if, in our judgement, matters come to our attention which are significant enough to prevent us from concluding that proper arrangements are in place in the areas considered. In such a circumstance, we qualify our conclusion in relation to particular criteria, either on an 'except for' basis (i.e. the Council has put in place proper arrangements except for...) or in the form of an 'adverse' conclusion (i.e. the Council has not put in place arrangements in that...).

For 2012/13, as at the time of writing this report, we have assessed the Council for both the financial resilience and the economy, efficiency and effectiveness criteria as having proper arrangements in place. We will update on this verbally at our meeting on 25 September and confirm whether we will be issuing an unqualified conclusion, as is currently anticipated.

## 5. Annual Governance Statement (AGS)

In June 2007, CIPFA in conjunction with the Society of Local Authority Chief Executives (“SOLACE”) published ‘Delivering Good Governance in Local Government: A Framework’. This framework replaced the previous CIPFA/SOLACE framework ‘Corporate Governance in Local Government – A Keystone for Community Governance: A Framework’ which was published in 2001.

The framework introduced, from 2007/08, an integrated Annual Governance Statement (“AGS”). The AGS covers all significant corporate systems, processes and controls, spanning the whole range of a Council’s activities, including in particular those designed to ensure that:

- the Council’s policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the Council’s values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published performance information are accurate and reliable; and
- human, financial, environmental and other resources are managed efficiently and effectively.

Our review is directed at:

- considering the completeness of the disclosures in the governance statement and whether it complies with proper practice as specified by CIPFA; and
- identifying any inconsistencies between the disclosure and the information that we are aware of from our work on the financial statements and other work relating to the Code of Audit Practice.

We have reviewed the Council’s AGS in line with the requirements above. We have concluded that the AGS includes all appropriate disclosures and is consistent with our understanding of the Council’s governance arrangements and internal controls derived from our audit work.

## 6. Responsibility statement

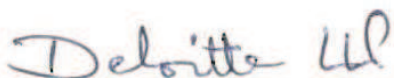
The Audit Commission published a 'Statement of responsibilities of auditors and of audited bodies' alongside the Code of Audit Practice. The purpose of this statement is to assist auditors and audit bodies by summarising, in the context of the usual conduct of the audit, the different responsibilities of auditors and of the audited body in certain areas. The statement also highlights the limits on what the auditor can reasonably be expected to do. Responsibility for the adequacy and appropriateness of these methodologies and data rests with the Audit Commission.

Our report has been prepared on the basis of, and our work carried out in accordance with, the Code and the Statement of Responsibilities.

While our report includes suggestions for improving accounting procedures, internal controls and other aspects of your business arising out of our audit, we emphasise that our consideration of Ryedale District Council's system of internal control was conducted solely for the purpose of our audit having regard to our responsibilities under Auditing Standards and the Code of Audit Practice. We make these suggestions in the context of our audit but they do not in any way modify our audit opinion, which relates to the financial statements as a whole. Equally, we would need to perform a more extensive study if you wanted us to make a comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.

We view this report as part of our service to you for use, as Members, for corporate governance purposes and it is to you alone that we owe a responsibility for its contents. We accept no duty, responsibility or liability to any other parties as the report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

If you intend to publish or distribute financial information electronically or in other documents, you are responsible for ensuring that any such publication properly presents the financial information and any report by us thereon, and for the controls over and security of the website. You are also responsible for establishing and controlling the process for electronically distributing accounts and other information.



**Deloitte LLP**

Chartered Accountants

Leeds

11 September 2013

*For your convenience, this document has been made available to you in electronic format. Multiple copies and versions of this document may therefore exist in different media. In the case of any discrepancy, the final signed hard copy should be regarded as definitive. Earlier versions are drafts for discussion and review purposes only.*

# Appendix 1: Audit adjustments and uncorrected misstatements

## Recorded audit adjustments – corrected misstatements

There were no audit adjustments arising from our audit work.

## Uncorrected misstatements

The following uncorrected misstatements were identified during the course of our audit. We will obtain written representations from the Overview and Scrutiny Committee confirming that after considering all these uncorrected items, both individually and in aggregate, in the context of the Statement of Accounts taken as a whole, no adjustments are required.

	Comprehensive income and expenditure statement		Balance sheet
	(Credit)/ charge to deficit on provision of services £	(Credit)/ charge to other comprehensive income £	Increase/ (decrease) in net assets £
<b>Factual misstatements</b>			
Accrual of refuse vehicle fixed asset - £151,744 increase fixed assets (PPE); decrease prepayments:			
Increase PPE			151,744
Decrease prepayments			(151,744)
<b>Total misstatements relating to current year items</b>			<b>-</b>



# Appendix 2: Briefing on audit matters

## Published for those charged with governance



This document is intended to assist the members and officers of the Council to understand the major aspects of our audit approach, including explaining the key concepts behind the Deloitte Audit methodology including audit objectives and materiality.

Further, it describes the safeguards developed by Deloitte to counter threats to our independence and objectivity.

This document will only be reissued if significant changes to any of those matters highlighted above occur.

We will usually communicate our audit planning information and the findings from the audit separately. Where we issue separate reports these should be read in conjunction with this "Briefing on audit matters".

## Approach and scope of the audit

### Primary audit objectives

We conduct our audit in accordance with International Standards on Auditing (UK & Ireland) as adopted by the UK Auditing Practices Board ("APB"). Our statutory audit objectives are:

- to express an opinion in true and fair view terms to the members on the financial statements;
- to express an opinion as to whether the accounts have been properly prepared in accordance with the relevant financial reporting framework;
- to express an opinion as to whether the accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on International Financial Reporting Standards;
- to form an opinion on whether adequate accounting records have been kept by the Council; and
- to express an opinion as to whether the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### Other reporting objectives

Our reporting objectives are to:

- present significant reporting findings to the members. This will highlight key judgements, important accounting policies and estimates and the application of new reporting requirements, as well as significant control observations; and
- provide timely and constructive letters of recommendation to management. This will include key business process improvements and significant controls weaknesses identified during our audit.

# Appendix 2: Briefing on audit matters (continued)

## Materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

"Materiality" is defined in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements" in the following terms:

"Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful."

We determine materiality based on professional judgment in the context of our knowledge of the audited entity, including consideration of factors such as shareholder expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality to:

- determine the nature, timing and extent of audit procedures; and
- evaluate the effect of misstatements.

The extent of our procedures is not based on materiality alone but also local considerations of the Council, the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

For local statutory reporting purposes, individual materiality levels will be set for each of the subsidiary companies.

## Uncorrected misstatements

In accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)") we will communicate to you all uncorrected misstatements (including disclosure deficiencies) identified during our audit, other than those which we believe are clearly trivial.

ISAs (UK and Ireland) do not place numeric limits on the meaning of 'clearly trivial'. The Audit Engagement Partner, management and the members of the audit committee will agree an appropriate limit for 'clearly trivial'. In our report we will report all individual identified uncorrected misstatements in excess of this limit and other identified errors in aggregate.

We will consider identified misstatements in qualitative as well as quantitative terms.

# Appendix 2: Briefing on audit matters (continued)

## Audit methodology

Our audit methodology takes into account the changing requirements of auditing standards and adopts a risk based approach. We utilise technology in an efficient way to provide maximum value to the Council and create value for management and the Council whilst minimising a “box ticking” approach.

Our audit methodology is designed to give officers and members the confidence that they deserve.

For controls considered to be ‘relevant to the audit’ we evaluate the design of the controls and determine whether they have been implemented (“D & I”). The controls that are determined to be relevant to the audit will include those:

- where we plan to obtain assurance through the testing of operating effectiveness;
- relating to identified risks (including the risk of fraud in revenue recognition, unless rebutted and the risk of management override of controls);
- where we consider we are unable to obtain sufficient audit assurance through substantive procedures alone; and
- to enable us to identify and assess the risks of material misstatement of the financial statements and design and perform further audit procedures.

## Other requirements of International Standards on Auditing (UK and Ireland)

ISAs (UK and Ireland) require we communicate the following additional matters:

ISA (UK & Ireland)	Matter
ISQC 1	Quality control for firms that perform audits and review of financial statements, and other assurance and related services engagements
240	The auditor’s responsibilities relating to fraud in an audit of financial statements
250	Consideration of laws and regulations in an audit of financial statements
265	Communicating deficiencies in internal control to those charged with governance and management
450	Evaluation of misstatements identified during the audit
505	External confirmations
510	Initial audit engagements – opening balances
550	Related parties
560	Subsequent events
570	Going concern
600	Special considerations – audits of group financial statements (including the work of component auditors)
705	Modifications to the opinion in the independent auditor’s report
706	Emphasis of matter paragraphs and other matter paragraphs in the independent auditor’s report
710	Comparative information – corresponding figures and comparative financial statements
720	Section A: The auditor’s responsibilities relating to other information in documents containing audited financial statements

# Appendix 2: Briefing on audit matters (continued)

## Independence policies and procedures

Important safeguards and procedures have been developed by Deloitte to counter threats or perceived threats to our objectivity, which include the items set out below.

### Safeguards and procedures

- Every opinion (not just statutory audit opinions) issued by Deloitte is subject to technical review by a member of our independent Professional Standards Review unit.
- Where appropriate, review and challenge takes place of key decisions by the Second Partner and by the Independent Review Partner, which goes beyond ISAs (UK and Ireland), and ensures the objectivity of our judgement is maintained.
- We report annually to the members our assessment of objectivity and independence. This report includes a summary of non-audit services provided together with fees receivable.
- There is formal consideration and review of the appropriateness of continuing the audit engagement before accepting reappointment.
- Periodic rotation takes place of the audit engagement partner, the independent review partner and key partners involved in the audit in accordance with our policies and professional and regulatory requirements.
- In accordance with the Revised Ethical Standards issued by the APB, there is an assessment of the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, over-familiarity and intimidation. Any non-audit work which exceeds a de minimis amount set by the Audit Commission must be approved by the Commission prior to agreeing to carry out the work.
- In the UK, statutory oversight and regulation of auditors is carried out by the Professional Oversight Board (POB) which is an operating body of the Financial Reporting Council. The Firm's policies and procedures are subject to external monitoring by both the Audit Inspection Unit (AIU), which is a division of POB, and the ICAEW's Quality Assurance Directorate (QAD). The AIU is charged with monitoring the quality of audits of economically significant entities and the QAD with monitoring statutory compliance of audits for all other entities. Both report to the ICAEW's Audit Registration Committee. The AIU also reports to POB and can inform the Financial Reporting Review Panel of concerns it has with the accounts of individual companies.
- Our work is carried out in line with the Audit Commission standing guidance for local government auditors. Compliance with that guidance and the quality of our work is subject to the Audit Commission's annual Quality Review Process.

# Appendix 2: Briefing on audit matters (continued)

## **Independence policies**

Our detailed ethical policies' standards and independence policies are issued to all partners and employees who are required to confirm their compliance annually. We are also required to comply with the policies of other relevant professional and regulatory bodies.

Amongst other things, these policies:

- state that no Deloitte partner (or any immediate family member) is allowed to hold a financial interest in any of our UK audited entities;
- require that professional staff may not work on assignments if they (or any immediate family member) have a financial interest in the audited entity or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the audited entity;
- state that no person in a position to influence the conduct and outcome of the audit (or any immediate family member) should enter into business relationships with UK audited entities or their affiliates;
- prohibit any professional employee from obtaining gifts from audited entities unless the value is clearly insignificant; and
- provide safeguards against potential conflicts of interest.

## **Remuneration and evaluation policies**

Partners are evaluated on roles and responsibilities they take within the firm including their technical ability and their ability to manage risk.

## **APB Revised Ethical Standards**

The Auditing Practices Board (APB) has issued five ethical standards for auditors that apply a 'threats' and 'safeguards' approach.

The five standards cover:

- maintaining integrity, objectivity and independence;
- financial, business, employment and personal relationships between auditors and their audited entities;
- long association of audit partners and other audit team members with audit engagements;
- audit fees, remuneration and evaluation of the audit team, litigation between auditors and their audited entities, and gifts and hospitality received from audited entities; and
- non-audit services provided to audited entities.

Our policies and procedures comply with these standards.

# Appendix 3: Draft Management Representation letter

We ask that the Committee notes the format of the letter below, and recommends that the Corporate Director can sign the letter on behalf of the Council.

## **Ryedale District Council – Audit of the annual accounts for the year ended 31 March 2013**

This representation letter is provided in connection with your audit of the financial statements of Ryedale District Council (“the Council”) for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Council as of 31 March 2013 and the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework.

We acknowledge our responsibilities for preparing financial statements for the Council which present a true and fair view and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

### *Financial statements*

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework which give a true and fair view.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 “Related party disclosures”.
4. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in Appendix 1 to the Report to the Overview and Scrutiny Committee on the 2013 Audit.
5. We confirm that the financial statements have been prepared on the going concern basis. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Council’s ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
6. The financial statements are free from material misstatement.
7. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
8. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

# Appendix 3: Draft Management Representation letter (continued)

9. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
10. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
  - (i). management;
  - (ii). Members of the Council
  - (iii). employees who have significant roles in internal control; or
  - (iv). others where the fraud could have a material effect on the financial statements.
13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
14. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations and contractual agreements whose effects should be considered when preparing financial statements
15. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
16. No claims in connection with litigation have been or are expected to be received that have not been reflected in the financial statements.
17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
18. Where required, the value at which assets and liabilities are recorded in the balance sheet is, in the opinion of the Members, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Council. Any significant changes in those values since the balance sheet date have been disclosed to you.
19. There have been no irregularities involving members or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.
20. There have been no events since the balance sheet date which require adjustment of or a disclosure in the financial statements or notes thereto. Should further material events occur, which may necessitate revision of the figures included in the annual accounts or inclusion of a note thereto, we will advise you accordingly.
21. The Council has satisfactory title to all assets and there are no liens or encumbrances on the Council's assets.
22. We recognise that we are responsible for ensuring that the statement of accounts as published on the website properly presents the financial information and your auditor's report and for the controls over, and security of, the website. We also recognise that we are responsible for establishing and controlling the process for electronically distributing annual reports and other information.

# Appendix 3: Draft Management Representation letter (continued)

23. We confirm that:

- all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
- all settlements and curtailments have been identified and properly accounted for;
- all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
- the actuarial assumptions underlying the valuation of the scheme liabilities accord with the Members' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
- the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
- the amounts included in the financial statements derived from the work of the actuary are appropriate.

24. All known material liabilities have been properly included in the annual accounts and all material contingent liabilities have been disclosed.

25. Our annual report will be consistent with and include the financial statements as audited.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

---

Corporate Director (S151), signed on behalf of Ryedale District Council

Date \_\_\_\_\_




# Council Plan 2013–17 Key Indicators

Policy and Resources Committee – 26 September 2013

<b>1. Housing Need</b>											
	RB 181	FP 7	FP 8	HS 1	HS 2	HS 5	HS 8	HS 11	HS 14	HS 17	HS 10
<b>1. Economic Success</b>											
	EC10	EC12c	EC12d	EC40	EC12a	EC12b	EC13a	EC13b			
<b>3. Environment</b>											
	DM2	HE13	SS16	SS16	SS35	SS36	SS192	SS15	DM 157a	DM 157b	DM 157c
<b>4. Active Safe Communities</b>											
	EC76	HE10									
<b>5. Transforming the Council</b>											
	BSAS3	DS2d	BSRB 11	BSRB 12	HRA0 1R	BSAS 1R	BSMD 1				

## 2. Housing Need

	BS RB 181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change events	History			
Current Value	29.3 days	Last Updated	August 2013 (Monthly)	Current Target	29.6 days	Target is reviewed quarterly following analysis of benchmarking data and performance Trends

Latest Note: Changes to the design of the benefits service are being implemented and have resulted in an improvement of 20 days in July and August in the speed of processing of new claims received. It is hoped that as further changes are made to the service that improved performance levels can be maintained. The team are currently assessing new claims received in the last week of June and changes of circumstances received in May.

	FP 7	Net additional homes provided				History	
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Current Value	208	Last Updated	2012/13 (Annual)	Current Target	200	Target set according to <a href="#">The Ryedale Plan Background Paper on Population and Housing</a> page 6, para 2.2.3	
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Latest Note: Annual return to be calculated at the end of March 2014. Officers are considering the reporting of FP7 and FP\* on a quarterly basis in order to maintain up to date figures for additional homes provided throughout the year together with a rolling figure for the Council's five year housing supply.

	FP 8	Supply of deliverable housing sites				History	
--	------	-------------------------------------	--	--	--	---------	--

Current Value	96.9%	Last Updated	2012/13 (Annual)	Current Target	100.0%	See Annual Monitoring Statement and Strategic Housing Land Availability Assessments. Target five year housing supply= 100%	
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Latest Note: Annual return to be calculated at the end of March 2014

	HS 1	Homeless applications on which RDC makes decision and issues notification to the applicant within 33 working days (was LPI 70)				History	
--	------	--	--	--	--	---------	--

Current Value	100.0%	Last Updated	Q1 2013/14	Current Target	100.0%	Target is to decide on all applications within 33 days	
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Latest Note: All applications were decided within 33 days.

	HS 2	Length of stay in temporary accommodation (B&B, weeks) Snapshot				History	
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Current Value	0.00 weeks	Last Updated	Q1 2013/14	Current Target	4.00 weeks	Target: National maximum allowable is 6 weeks. Local target of 4 weeks	
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Latest Note: Currently there are no households placed in this type of temporary accommodation



	HS 5	Number of Homeless Applications				History	
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Current Value	9	Last Updated	Q1 2013/14	Current Target	13	Total number of applications for 2011/12 = 52	
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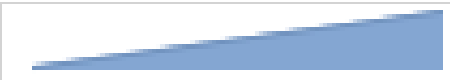
Latest Note: This figure compares to 10 applications received in Q1 2012/13

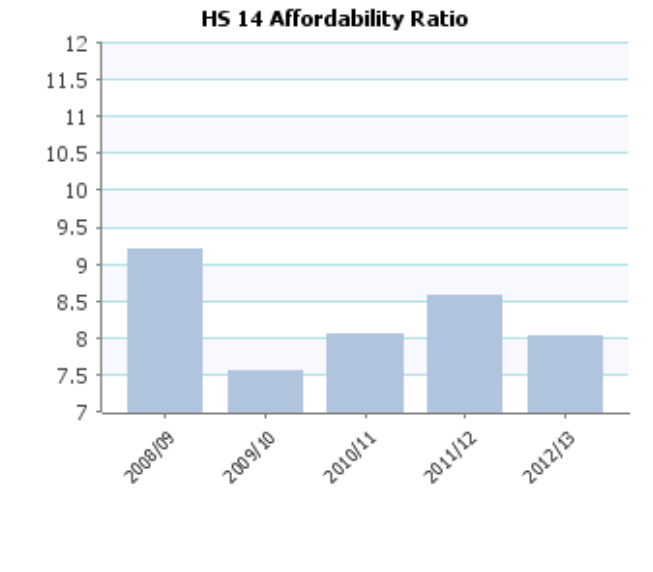
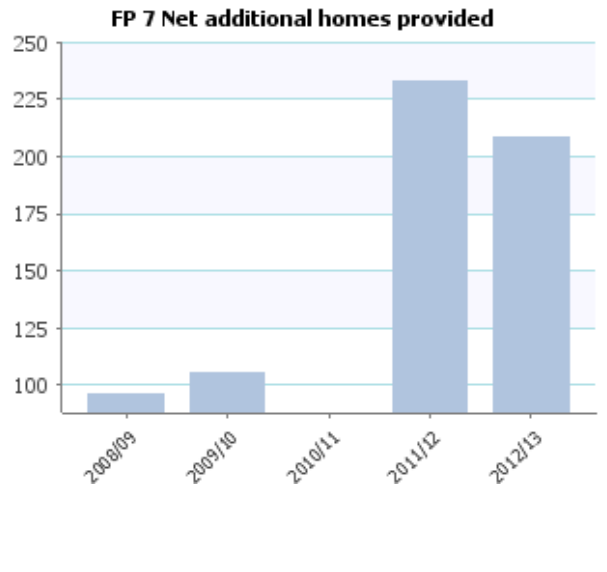
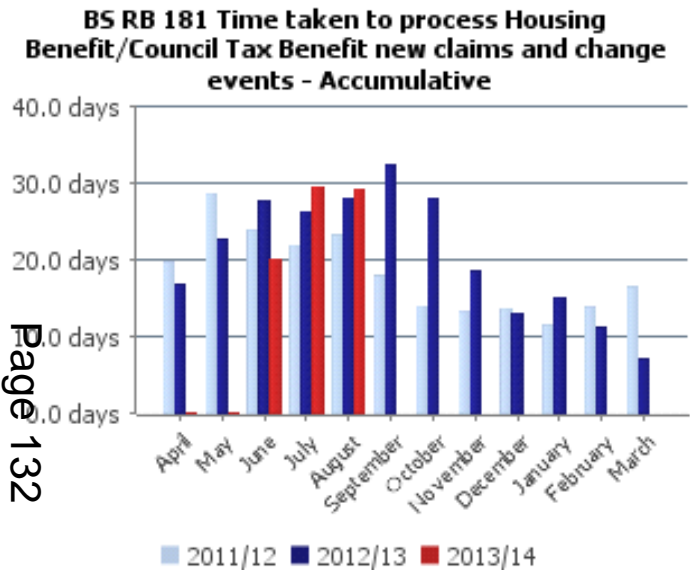
	HS 8	Prevention of Homelessness through Advice and Proactive Intervention				History	
Current Value	301	Last Updated	2012/13 (Annual)	Current Target	154	Target is to achieve 10% improvement in numbers of preventions year on year	
Latest Note: From 1st April to 30th June 2013 there were 82 homeless preventions. (This includes 14 partner preventions).							

	HS 11	Empty Domestic Properties				History	
Current Value	671 (2012/13)	Last Updated	2012/13 (Annual)	Current Target	837 (2011/12)	Target is to improve on previous years performance	
Latest Note: Annual figure of 671 as at 31st March 2013, with 360 being empty for more than 6 months.							

	HS 14	Affordability Ratio				History	
Current Value	8.03 (2012/13)	Last Updated	2012/13 (Annual)	Current Target	8.59 or less (2011/12)	Target is to improve on previous years performance	
Latest Note: This annual indicator is the ratio of lower quartile house prices to lower quartile earnings.							


	HS 17	Number of affordable homes delivered (gross)				History	
Current Value	94	Last Updated	2012/13 (Annual)	Current Target	75	35% of market housing target would result in 70 affordable homes (arising from 200 net additional homes see FP 7).	
Latest Note:							



	HS 10	% Households in Ryedale in Fuel Poverty				History	
Current Value	26%	Last Updated	2011/12	Current Target	25.4%	Target is to improve on previous years performance	
Latest Note: Ryedale has the third highest fuel poverty nationally.							





## 2. Economic Success



	EC 10	Total Job Seeker Allowance Claimants Aged 16 - 64				History	
Current Value	1.5%	Last Updated	July 2013	Current Target	4.9%	Target is Yorkshire and Humber average	
Latest Note: The current value for North Yorkshire is 1.9%							



	EC 12c	% Ryedale population qualified - NVQ3 or equivalent				History	
Current Value	51.7%	Last Updated	2012/13	Current Target	50.88%	Target is North Yorkshire Average	
Latest Note: Ryedale performance is above the North Yorkshire average for this level of qualification.							



	EC 12d	% Ryedale population qualified – NVQ4 or equivalent				History	
Current Value	35.6%	Last Updated	2012/13	Current Target	30.96%	Target is North Yorkshire Average	
Latest Note: Ryedale performance is well above the North Yorkshire average for this level of qualification.							

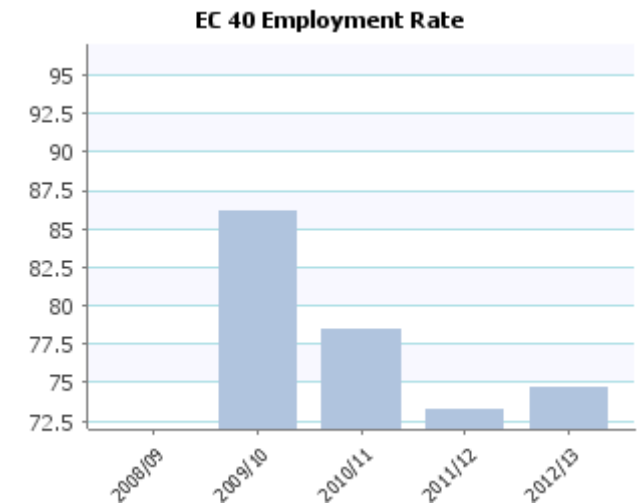
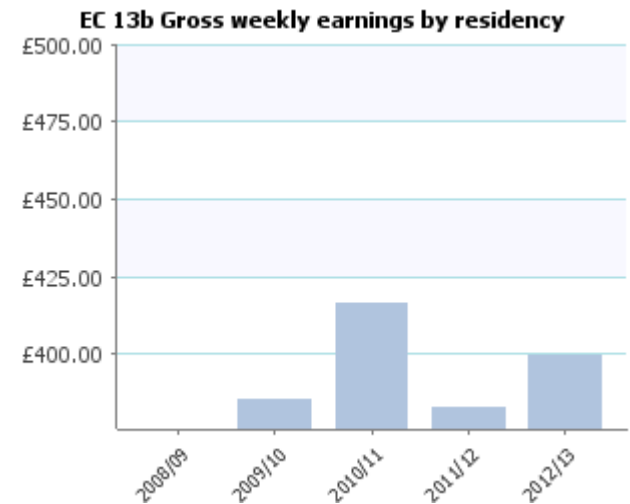
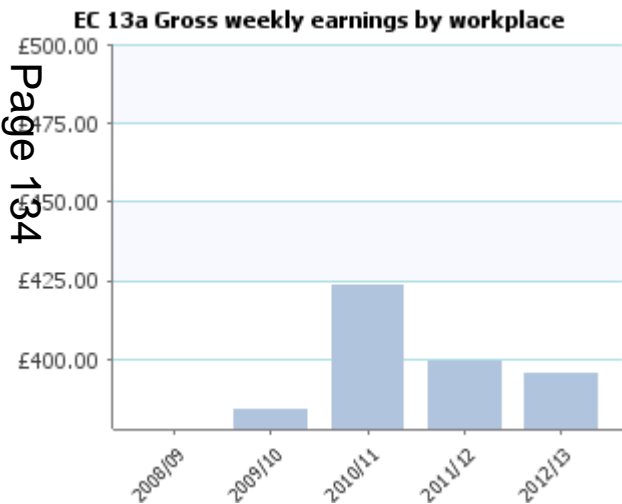
	EC 40	Employment Rate				History	
Current Value	74.7	Last Updated	2012/13	Current Target	73.2	Target is to improve on previous years performance	
Latest Note: The employment rate is being maintained at a level above that achieved in 2012/13.							

	EC 12a	% Ryedale population qualified – NVQ1 or equivalent				History	
Current Value	78.1%	Last Updated	2012/13	Current Target	81.9%	Target is North Yorkshire Average	
Latest Note: Ryedale has the lowest population qualified to NVQ level 1 or above in North Yorkshire and is the third lowest in Yorkshire and the Humber. Young people achieve level 1 and 2 NVQ's in order to improve their career prospects. The council has targeted resources through various apprenticeships. This level is a stepping stone to future learning opportunities.							



	EC 12b	% Ryedale population qualified – NVQ2 or equivalent				History	
Current Value	68.2%	Last Updated	2012/13	Current Target	68.72%	Target is North Yorkshire Average	
Latest Note: Ryedale has the lowest of population qualified to NVQ level 1 or above in North Yorkshire. Young people achieve level 1 and 2 NVQ's in order to improve their career prospects. The council has targeted resources through various apprenticeships. This level is a stepping stone to future learning opportunities.							

	EC 13a	Gross weekly earnings by workplace					History	
<b>Current Value</b>	£395.70	<b>Last Updated</b>	2012/13	<b>Current Target</b>	£430.00	Target is North Yorkshire Average		
<p>Latest Note: Ryedale has the lowest level of earnings by workplace in Yorkshire and the Humber</p>								



	EC 13b	Gross weekly earnings by residency					History	
<b>Current Value</b>	£399.70	<b>Last Updated</b>	2012/13	<b>Current Target</b>	£430.00	Target is North Yorkshire Average		
<p>Latest Note: Ryedale has the lowest level of earnings by residency in Yorkshire and the Humber</p>								





### 3. High Quality Environment

	DM 2	Planning appeals allowed				History	
Current Value	20.0%	Last Updated	Q1 2013/14	Current Target	33.0%	Target based on national averages and benchmarking	



Latest Note: The national performance level is consistently in line with the target figure of 33%, performance for Ryedale has varied because of the relatively low number of appeals received. However the current level of appeals allowed at 20% well below the target.

	HE 13	% of Food establishments in the area broadly compliant with food hygiene law				History	
Current Value	75% (92%)	Last Updated	2012/13	Current Target	72% (89%)	Target is to improve on previous year. Assessments of premises undertaken using risk based scoring and national guidance.	



Latest Note: 17% of premises are low risk and not assessed and by default not compliant under the national definition for this indicator. The figures in brackets above take into account this number



	SS 16	% of Household Waste Composted				History	
Current Value	33.30%	Last Updated	2012/13	Current Target	30.00%	Target set following analysis of previous performance levels	



Latest Note: Performance continues to be above target.



	SS 17	Household Waste Collection – % change in kilograms per head				History	
Current Value	-5.19%	Last Updated	2012/13	Current Target	0.25%	Target is to improve on previous years change	

Latest Note: Residual waste going to landfill continues to reduce, year on year.







	SS 35	% CO2 reduction from LA operations.				History	
Current Value	-6.0%	Last Updated	2011/12	Current Target	-3.0%	Target set for three years, based on national guidance. To be reviewed following analysis of performance to date	
Latest Note: Investment made in energy efficiency measures continues to result in improvements in levels of CO2.							

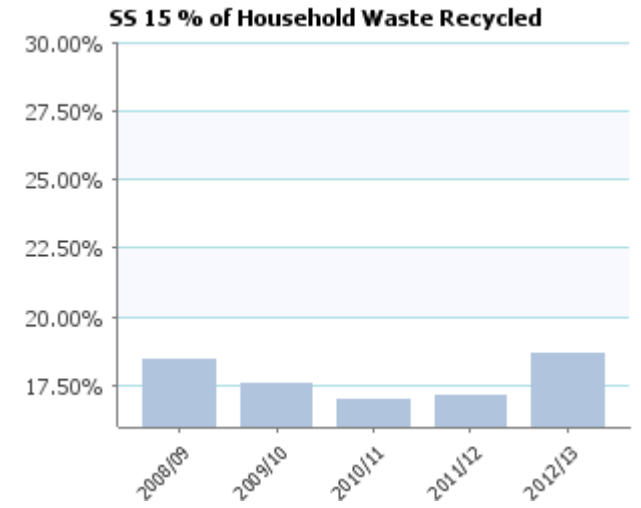
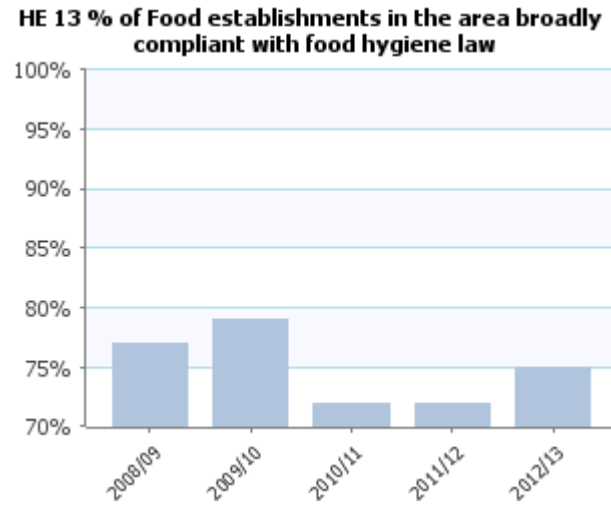
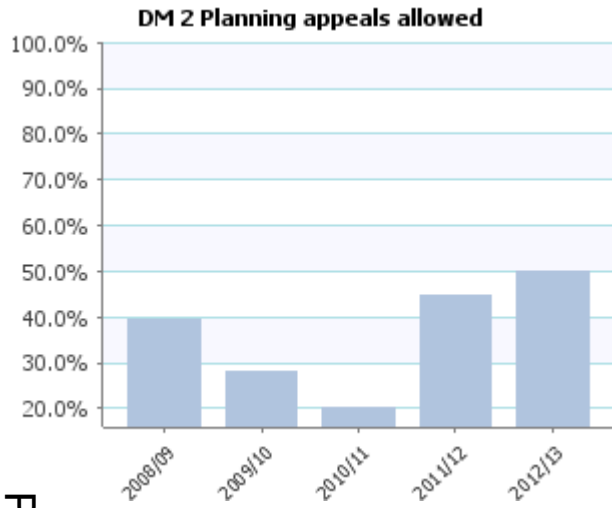
	SS 36	Tonnes of CO2 from LA operations				History	
Current Value	1,697	Last Updated	2011/12	Current Target	1,750	Target set for three years, based on national guidance. To be reviewed following analysis of performance to date	
Latest Note: See above							

	SS 192	% of household waste sent for reuse, recycling and composting				History	
Current Value	51.97%	Last Updated	2012/13	Current Target	49.70%	National target to achieve 50% by 2020	
Latest Note: Performance continues to be above target and national average							

	SS 15	% of Household Waste Recycled				History	
Current Value	18.67%	Last Updated	2012/13	Current Target	20.00%	Target set following analysis of previous performance levels	
Latest Note: Performance continues to improve slightly but priority is now to maintain this level of performance							

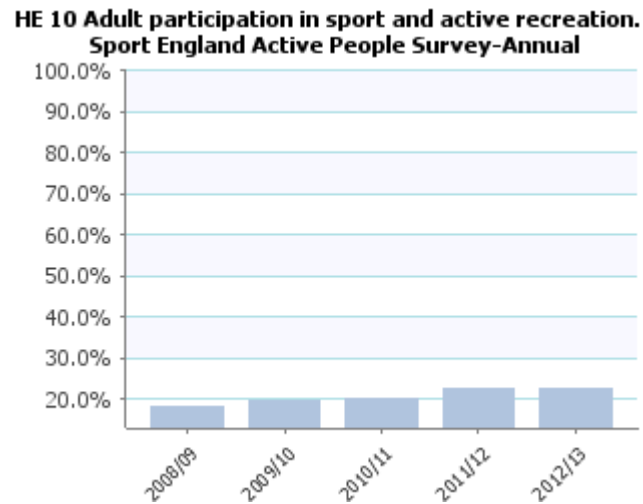
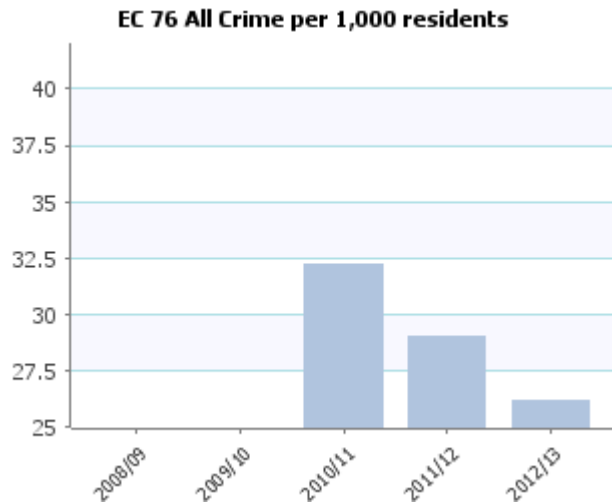


	DM 157a	Processing of planning applications: Major applications (13 weeks)	History			
Current Value	46.15%	Last Updated	August 2013	Current Target	70.00%	Targets originally set under Planning Delivery Grant regime
<p>Latest Note: By definition these applications are complex, often requiring for example legal agreements such as Section 106. These applications represent 4% of the total number received. Whilst well below target, performance is improving.</p>						
	DM 157b	Processing of planning applications: Minor applications (8 weeks)	History			
Current Value	71.28%	Last Updated	August 2013	Current Target	80.00%	Target originally set under Planning Delivery Grant regime
<p>Latest Note: Performance has been improving for some months and this Trend is continuing. Customer satisfaction has increased on previous years</p>						
	DM 157c	Processing of planning applications: Other applications (8 weeks)	History			
Current Value	78.26%	Last Updated	August 2013	Current Target	93.00%	Target originally set under Planning Delivery Grant regime
<p>Latest Note: Performance has been improving for some months and this Trend is continuing. Customer satisfaction has increased on previous years Delegated decisions are currently made on 88% of decisions against a target of 90%.</p>						



## Active Safe Communities









	EC 76	All Crime per 1,000 residents			History		
	Current Value	26.23	Last Updated	2012/13	Current Target	29.06	Target is to improve on previous years performance
Latest Note: Year on year performance continues to show improvement.							
	HE 10	Adult participation in sport and active recreation. Sport England Active People Survey–Annual			History		
	Current Value	22.3%	Last Updated	2012/13	Current Target	22.6%	Target is to improve on previous years performance
Latest Note: Performance has been maintained.							





## 5. To Transform the Council

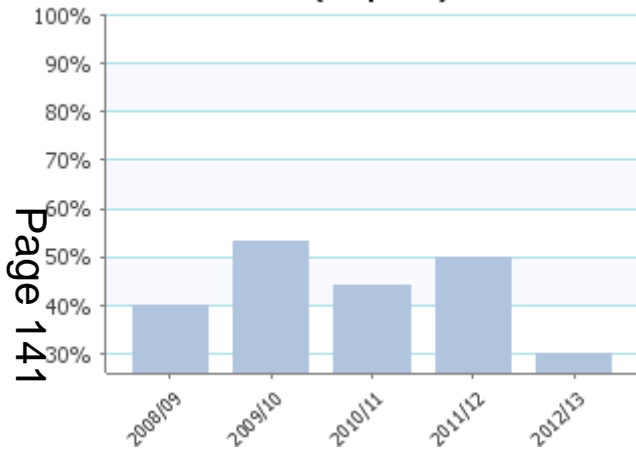
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✓	BS AS 3	Payments made using electronic channels				History	
	Current Value	91%	Last Updated	August 2013	Current Target	85%	Target is set to maintain performance
Latest Note: Electronic channels include web, telephone and Direct Debit.							
✓	DS 2d	Percentage turnout for elections - District				History	
	Current Value	46.54%	Last Updated	2011/12	Current Target	43.06%	Target is to improve on previous election turnout
Latest Note: 02.05.13 Ryedale South West By-election: 38.39% Pickering East By-election: 36.34% <a href="http://www.ryedale.gov.uk/news_and_press_releases/local_elections.aspx">http://www.ryedale.gov.uk/news_and_press_releases/local_elections.aspx</a>							

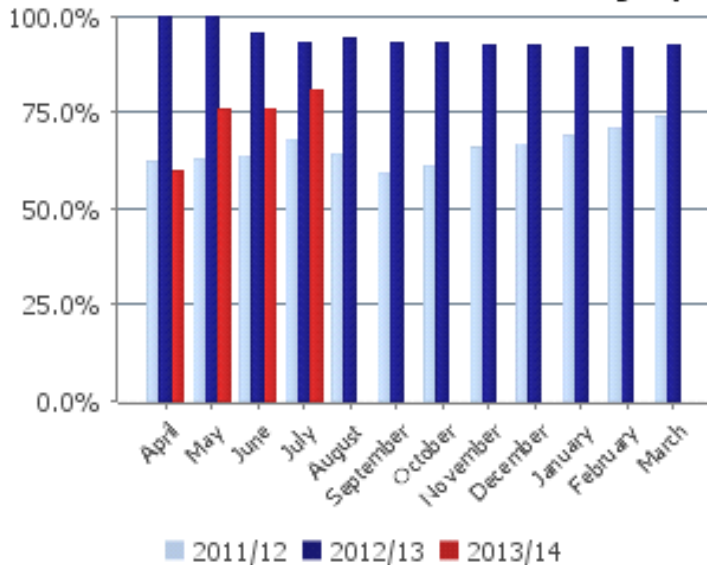
	BS RB 11	% of Council Tax collected					History	
Current Value	48.85%	Last Updated	August 2013	Current Target	49.33%	Target is set to maintain performance as at this point in the previous year		
Latest Note: Collection rates are in line with the previous years performance								
	BS RB 12	% of Non-domestic Rates Collected					History	
Current Value	54.07%	Last Updated	August 2013	Current Target	54.09%	Target is set to maintain performance as at this point in the previous year		
Latest Note: Collection rates are in line with the previous years performance								
	HR A 01 R	Number of Working Days Lost Due to Sickness Absence (result is projected until Year End actual) Average based on FTE, no partnerships					History	
Current Value	8.19 days	Last Updated	March 2013	Current Target	7.50 days	Target is North Yorkshire average for 2009		
Latest Note:								
	BS AS 1 RDC	Service enquiries resolved at first point of contact (telephone)					History	
Current Value	30%	Last Updated	2012/13	Current Target	40%	Target is for year on year improvement		
Latest Note: These are service enquiries resolved by telephone, excluding direct dial.								

	BS MD 1	Standard searches done in 5 working days				History	
Current Value	80.9%	Last Updated	July 2013	Current Target	90.0%	Target is set to maintain performance	
Latest Note: Dip in performance is due to delay by partner organisations implementing new systems. Issues and delays now resolved.							

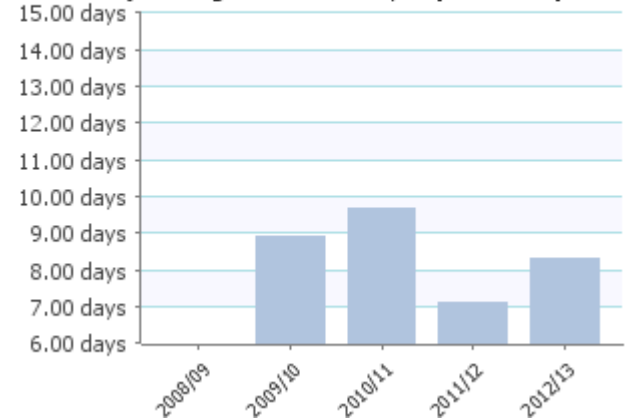
**BS AS 1 RDC Service enquiries resolved at first point of contact (telephone)**



**BS MD 1 Standard searches done in 5 working days**



**HR A 01 R Number of Working Days Lost Due to Sickness Absence (result is projected until Year End actual) Average based on FTE, no partnerships**



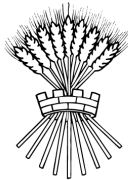
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A new browser version of Covalent has been launched, whereby members can access the above information at any time using the following link:

<https://ryedale.covalentcpm.com/login>

The user name and password are the same as for the existing version of Covalent. Please contact Jane Robinson, Business Improvement Team, Ext 297 [jane.robinson@ryedale.gov.uk](mailto:jane.robinson@ryedale.gov.uk) if you require assistance.

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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>HEAD OF ENVIRONMENT,STREETSCENE,FACILITIES,ICT PHIL LONG</b>
<b>TITLE OF REPORT:</b>	<b>IT STRATEGY</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 To outline plans for the IT strategy and investment of the Council over the next 5 years and provide a summary of estimated costs.

### **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that Members:
- (i) note the report and its contents; and
  - (ii) endorse a report to the next meeting of this committee with details of the capital spend requirements for IT for recommendation to Council.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 (i) To plan IT budget provision inline with operational requirements.
- (ii) To outline the strategy for the maintenance and development of the current IT environment.
- (iii) To enable the delivery of future operational requirements of the Council.

### **4.0 SIGNIFICANT RISKS**

- 4.1 Operational issues may result as the risk of system failure increases should hardware and applications not be replaced within recommended timescales.
- 4.2 Failure to develop the IT infrastructure may result in the Council being unable to meet increasingly strict data and network security requirements leaving the Council vulnerable to future legislative changes and potential prosecution
- 4.3 The progress achieved from past infrastructure investments will be undermined

should consideration not be given to long term IT budget provision.

## **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The report follows the Council resolution on Members IT from Council on 7 March 2013.

*“a report will presented to the policy and resources committee on the 26 September 2013 detailing the future IT strategy and investment of the Council”*

- 5.2 The financial, operational and environmental benefits of continuing to invest in modern and efficient IT infrastructure supports corporate aim 5 (to transform Ryedale District Council).

## **REPORT**

### **6.0 REPORT DETAILS**

#### **Current Position**

- 6.1 The Council IT environment is typical to that of many local authority networks, with the use of core infrastructure, applications and systems common to the majority of Councils within the North Yorkshire region and beyond. This commonality provides the Council with the assurance of investing in secure, reliable systems whilst enabling the opportunity for knowledge and resource sharing between Councils. Annex A to this report details the key IT Systems and Infrastructure of the Council.
- 6.2 The current position has been achieved as a result of proactive investment in technologies to enable the efficient use and streamlining of systems, ensuring that the Council is well placed for delivering services to internal and external customers. Annex B provides a summary of the recent capital investment in IT at the Council. The relatively modern core infrastructure and recent upgrades to core systems provides a secure, reliable platform to meet the current challenges faced by the Council.
- 6.3 The IT team work closely with third party suppliers and system administrators across the organisation to support and develop key corporate systems. Regular upgrades to systems deliver new functionality and maintain performance to support efficient use of systems. The integration of systems and the sharing of data between service areas play a key role in streamlining and automating processes. Developing the Electronic Document Management (EDM), Environmental Health and Legal systems have delivered platforms to meet the current and future operational requirements of system users whilst substantially reducing printing requirements in these service areas.
- 6.4 More recent technology upgrades now provide the functionality to develop applications, providing convenient access to a wider range of data whilst meeting increasingly complex security and compliancy challenges, as the Council looks to rationalise further the number of systems, applications and suppliers used across the organisation. EDM, GIS (map based technologies) and recent advances in hardware support the increasing requirements for mobile working and the ability to access data 24 hours a day.
- 6.5 Developments in partnership working are proving to be increasingly beneficial for the Council. The commonality of systems provides access to specialist resources across an increasing number of service areas. Partnership working enables the development



of in-house skills through subsequent knowledge transfer processes and provides support and resilience to service areas during key operational periods and events. This potentially enables the opportunity for the Council to provide support to other public bodies in areas where in-house skills and knowledge have been sufficiently developed, providing potential income streams for the Council.

### **Comparing the IT service across the North Yorkshire Region**

- 6.6 In August 2012 North Yorkshire County Council and Hambleton District Council commissioned Castlerigg Consulting to explore current IT strategies, infrastructure and service provision of the County Council, selected district councils and a number of other public sector organisations operating in North Yorkshire as part of a wider consultation process.
- 6.7 Using the data received from each of the 9 organisations during the consultation process, Castlerigg were able to establish a snapshot of the current position of IT service provision for each organisation and in turn a comparison within the North Yorkshire region. Though each organisation had its own priorities and specific challenges, the feedback from the study was able to demonstrate that, at the time the consultation was undertaken, IT service provision at Ryedale District Council was in a significantly stronger position than at the majority of other organisations. This is despite the budgetary challenges facing the Council and the comparatively small IT team within the organisation.
- 6.8 Although only a snapshot, the study provided valuable feedback to the Council both as a comparison to other organisations in the North Yorkshire region and as an indication of IT service provision locally. The outcome of which provided added assurance that:
- The current strategy for the investment in IT infrastructure and related systems will continue to provide a secure and reliable platform for delivering services.
  - The current IT service levels within the Council meet the requirements of all users.
  - IT as a service is well placed to meet the current operational challenges of the Council.

### **The Vision for the IT Service**

- 6.9 The Vision for IT is for the service to:

*Act as an enabler for the authority, providing unified, cost effective, technical and sustainable solutions supporting the Councils strategic direction*

- ICT is a facilitator and will continue to:
- support cost savings through self service, integrated systems and a customer first focused approach.
- support the strategic direction of the Council and key objectives of the Corporate strategy.
- enable a reduced footprint (actual and environmental) across the organisation.
- assist the Council in responding to challenges presented by central government and other public bodies.
- identify and manage risk.

### **The Aims for IT at the Council**

- 6.10 The IT service aims to:

- Enable front line services through having the IT tools and systems to enable quality service delivery and achievement of Corporate objectives.
- Enable staff to maximise the use of systems in order to minimise the cost of services and be efficient.
- Support service staff in collecting information once and managing it effectively through the channel shift agenda, whilst ensuring a variety of communication methods meets with customer's expectation.
- Provide advice and assistance to services during the implementation of new systems and maintenance/upgrade of their applications.
- Provide a response to all user support requests on relevant IT systems and applications between 8am and 6pm within 3 hrs.
- Provide staff and members with the ability to access back office functions remotely, whether at home or other place of work through secure network connections.
- Support Members as they direct local democracy and service delivery. As a minimum, technology will be used to enhance communication and to provide supporting information through electronic channels.
- To maintain a core platform using standardised software through our thin client environment for all users to communicate easily and share their expertise.
- Promote shared and effective use of technology and information to encourage cost savings, enhanced information sharing and reliable services to the public.

#### **Future Strategy 2013/14 - 2015/16**

- 6.11 The use of IT underpins every aspect of service delivery in a modern Council to some extent and the dependency on IT has increased substantially over recent years as a result. IT systems have transformed the operational landscape of the Council and consequently highlighted the necessity for future planning alongside the management and development of the current operational environment.
- 6.12 However there is significant uncertainty regarding the organisational changes the authority will need to make regarding future service provision. The Council has been provided with an indicative RSG for 2014/15 and 2015/16. The figures show major cuts in RSG, with particular uncertainty regarding further reductions to the 2015/16 year's figures and future finance in the following years. As a result the Council is under significant financial pressure and the future shape of the Council is unclear
- 6.13 The future IT strategy reflects a pragmatic approach to this uncertainty. Core IT infrastructure is reasonably modern, secure and reliable in the short term and as such strategic investment over the next two years seeks to consolidate and maintain current applications and infrastructure.
- The current strategy for developing better use of IT will continue over the next 2 years, as we approach a major refresh of the infrastructure in 2015.
  - Previous investments in 2005 and 2010 delivered new technologies to support the streamlining of the organisation and new ways of working through more efficient use of IT. This process will continue whilst maintaining the core infrastructure needed to support the operational requirements of the business.
- 6.14 The most recent investment in IT in 2010 provided the platform to support much of the organisational change undertaken during the last 2-3 years. The projects undertaken during this period demonstrated the potential impact of making better use of IT and the efficiency savings that can be achieved as a result. The benefits of which are still being realised across the organisation, though the technology that underpins the service delivery is already subject to the forward planning process for hardware and application renewals, such is the life cycle of the IT infrastructure and

the rapid advances in technology. As a result it would be prudent for the council to plan ahead, to ensure resources are allocated for meeting the next phase of infrastructure renewals in order to support future service delivery requirements and maintain a robust, secure and reliable IT environment.

- 6.15 A re-developed corporate web site and intranet, due to go online later in 2013/14, will open up further avenues for development as the Council moves to a self-managed platform, providing the opportunity to develop new functionality for both internal and external customers. The outcome of which should deliver significant savings to the Council as a result of reduced support and maintenance costs. This is one of many initiatives being undertaken using internal resources to address a specific operational requirement. The reliance on third parties from both the private and public sector will continue to play a major role in IT service provision but increasingly the Council is looking at new ways of providing specific technical solutions using very low cost or free technologies, in keeping with similar projects across the wider public sector.
- 6.16 Ryedale has a long history of collaborative working with a broad cross-section of third parties in both the public and private sector. Most recently this potential has been successfully demonstrated with Scarborough Council, with a series of projects being undertaken utilising joint resources, working across a number of systems and service areas. Collaborative working is likely to be at the forefront of future IT decision making, in order to meet the escalating budget pressures across the public sector and the increasing demands on corporate systems.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
Estimated costs are summarised for each future area of investment (Annex C) but at this time there is no budgetary provision in place.
- b) Legal  
It is essential for the Council to fully comply with current and future security and compliance obligations. A breach of these duties exposes the Council to significant risk.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
There are no equalities implications associated with this strategy.

### **Phil Long – Head of Environment**

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E-Mail Address: [tim.sedman@ryedale.gov.uk](mailto:tim.sedman@ryedale.gov.uk)

### **Background Papers:**

None

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### **Systems and Infrastructure**

The number of systems and applications has decreased over the last 3 years through a process of consolidation enabled by developments in new technologies. The standardised hardware infrastructure underpins a robust operational platform and in turn delivers considerable operational savings, both financial and environmental, to the council. Managing fewer hardware devices enables the relatively small IT team to manage the IT environment more efficiently, delivering a focussed and proactive support service to both internal and external users.

A smaller number of key systems now deliver the majority of services across the council. The systems that remain have been developed to maximise functionality and system users up-skilled to take advantage of the enhanced functionality available, providing the opportunity for service units to streamline processes. System users are increasingly trained to use multiple systems, in order to develop a wider knowledge and understanding of systems and provide resilience within the organisation.

The current infrastructure has been sourced from a smaller number of hardware and application vendors, enabling the local IT team to develop key technical skills in specific areas to support the IT infrastructure. The increased use of local knowledge and skills to address individual technical solutions reduces the dependency on third party support requirements in a number of key areas, reducing support costs for these applications.

### **Current Key Systems and Applications**

Civica Comino – Document Management System  
Northgate Revenues & Benefits  
Idox Uniform – Planning & Environmental Health  
Civica Financials  
Capita Cash Receipting  
Halarose Elections  
Modern.gov Committee Management  
Idox Land Charges  
Real Asset Management (RAM)  
Iken Legal Case Management  
Microsoft Exchange 2007  
Microsoft Office 2007

### **Current Infrastructure**

#### **1. Server Environment**

HP P2000 30TB SAN – Corporate data storage  
HP DL380 G7 Server x 3 – Virtualisation hosts for 50 corporate servers.  
HP DL380 G5 Server x 1 – Business continuity server (located at Street Scene)  
HP Proliant DL360 G6 – GCSX Email relay server  
HP Proliant DL360e G8 x 3 – Oracle database virtualisation host / backup servers  
HP StorageWorks MSL2024 Tape Library – Centralised tape backup  
HP DL120 G5 – Government Connect server  
Dell PowerEdge 2950 x 1 – Ryecare system  
Dell PowerEdge 2900 x 1 – Ryecare system

## 2. Network Management Devices

Cisco 1841 Router x 1  
HP Procurve 1700-24 Switch x 1  
HP Procurve 2610-24 Switch x 1  
HP Procurve 2610-48 Switch x 1  
HP Procurve 5308 Switch x 2  
HP Procurve 2626 Switch x 1  
HP Procurve 2650 Switch x 6  
Juniper SA 2500 VPN x 1  
Juniper SSG140 Firewall x 2 (Corporate & GCSX)

## 3. Telephony

Alcatel OmniPCX  
IBM xSeries 306 x 3  
HP Proliant ML350

## ANNEX B

### Summary of ICT Programme Investment

During 2010/11, the council made a significant investment in IT as part of the One-11 efficiency programme, providing a platform to deliver modern and reliable core IT systems to both internal and external customers. The investment in infrastructure was undertaken at a particularly critical time, with the Council facing a significant number of internal and external challenges that would shape the future IT investment strategy of the Council.

Consisting of 30 projects divided into 3 defined work streams, the ICT Programme focussed on the development of infrastructure and systems to meet the current and future security, connectivity and service delivery challenges facing the Council.

Key areas of IT infrastructure were upgraded to support the provision of a reliable and secure platform for delivering services during the subsequent 5 year period. The consolidated environment delivered significant operational benefits, not-least the opportunity to reduce the number of physical server hardware items from 35 to 8 and in turn reduce support and maintenance costs considerably in this area. A 30% reduction in electricity usage within the server room as a result of fewer servers and reduced cooling requirements provided an additional benefit from the consolidation process.

Additionally, an extensive programme to redesign and develop key IT processes was undertaken across the organisation as part of a wider programme of system consolidation and upgrade. This provided the opportunity to review the use of many of the older systems and evaluate the long term benefit of these to the Council. The results of which supported the more recent restructuring of service units, enabling the Council to move forward as a slimmer and more efficient organisation.

### ICT Programme Capital Investment

Project	Total (£)
Revenues & Benefits	419,214
Financial Application	40,125
Cash Receipting	99,886
Server Virtualisation	116,463
Document Management System	150,380
Government Connect	40,274
Planning Public View	32,340
Microsoft Desktop & Server Licensing	83,833
Broadband Upgrade	15,019
Centralised Data Backup	17,317
Elections System Replacement	16,135
Modernising Democratic Services (Modern.gov)	14,627
Telephone System Upgrade	13,495
Telephony Disaster Recovery	5,630
<b>Total</b>	<b>1,064,738</b>

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### Future IT Budget Requirements

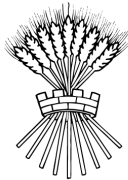
The summary below outlines future budget requirements for IT renewals. These are estimated costs based on previous renewals but provide an indication of the investment required to maintain current applications and infrastructure requirements in areas where budget provision is not already in place.

The renewal dates reflect the recommended replacement point based on the age of current hardware and applications.

Area For Renewal	Estimated Cost (£)	Renewal Date	Priority
Domain Controllers Software Upgrade	5,000	2014/15	Medium
GIS Application Upgrade	30,000	2014/15	Medium
Server & Backup Refresh	120,000	2015/16	High
Network Security Device Refresh	15,000	2015/16	Medium
UPS (Battery Backup)	15,000	2015/16	Medium
Microsoft Desktop Licensing	24,000 (PA)*	2015/16-17/18	Medium
Core Network Infrastructure	50,000	2015/16	High
Telephony Upgrade	25,000	2016/17	High
Corporate Wireless	5,000	2016/17	Medium
Public Wireless	3,000	2016/17	Medium

\*Microsoft Desktop Licensing costs based on minimum 3 year agreement @ £24,000 per annum

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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>TREASURY MANAGEMENT MONITORING REPORT</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 To report on treasury management activities to date for 2013/14 and to update Members on current investments in accordance with the Chartered Institute of Public Finance (CIPFA) Code of Practice on Treasury Management (the Code).

### **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that:

- (i) Members receive this report; and
- (ii) the current investments and performance in 2013/14 be noted.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The Council has adopted the Code. A provision of the Code is that the Policy and Resources Committee will receive and review regular monitoring reports relating to the treasury management activities of the current year.

### **4.0 SIGNIFICANT RISKS**

- 4.1 There are no significant risks in considering this report. There are significant risks when investing public funds especially with unknown institutions. However, by the adoption of the CIPFA Code and a prudent investment policy these are minimised. The employment of Treasury Advisors also helps reduce the risk.

### **5.0 POLICY CONTEXT AND CONSULTATION**

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

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

## REPORT

### 6.0 REPORT DETAILS

- 6.1 The CIPFA Code states that Members will receive reports on the Council's Treasury Management policies, practices, and activities at regular intervals including an annual strategy, a mid-year review of the strategy and performance, an annual outturn report and monitoring reports.
- 6.2 In compliance with the Treasury Management scheme of delegation a mid-year review report will be submitted to the December meeting of the Overview and Scrutiny Committee for scrutiny, prior to the submission to Full Council.
- 6.3 The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short-term (under 12 months) and only invest with highly credit rated financial institutions.
- 6.4 As at 31 August 2013 internally managed investments totalled £8,400,000 which were lent out as follows:

Period of Maturity	£
<b>Cash Equivalents:</b>	
Call Monies (SIBA)	2,400,000
Repayable within 1 month	0
<b>Fixed Term Deposits:</b>	
Repayable 1 month to 3 months	2,500,000
Repayable 3 months to 6 months	2,000,000
Repayable 6 months to 12 months	1,500,000
Repayable 12 months to 24 months	0
<b>Total</b>	<b>8,400,000</b>

- 6.5 The above investments were held with the following types of institutions:

Type of Institution	£
UK Clearing Banks	7,400,000
Foreign Banks	0
Building Societies	1,000,000
Local Authorities	0
<b>Total</b>	<b>8,400,000</b>

- 6.6 This Council uses the creditworthiness service provided by Sector Treasury Services as specified in the Council's Investment Strategy approved by Full Council on the 26 February 2013. The service uses a sophisticated modelling approach with credit

ratings from all three agencies – Fitch, Moodys and Standard & Poors, forming the core element. The modelling approach combines credit ratings, credit watches, credit outlooks and credit default swap spreads in a weighted scoring system, which indicates the relative creditworthiness of counterparties.

6.7 All the above borrowers met the required credit rating at the time of investment.

6.8 The following table shows the relative performance of cash equivalents (deposits restricted to a duration of under 30 days) and fixed term deposits, with the 7-day benchmark for the period ended 31 August 2013:

	<b>Average Investment £</b>	<b>Gross Rate of Return</b>	<b>Net Rate of Return</b>	<b>Benchmark Return</b>
Cash Equivalents	5,156,536	0.58%		
Fixed Term Deposits	839,225	0.84%		0.36%

6.9 As illustrated above the Authority has to date outperformed the benchmark. However the Council's budgeted investment return for 2013/14 is £90k and the actual interest received from investments and loans for the five-month period to 31 August 2013 totals £33k. The return on investments therefore is below the profiled budget, this shortfall is likely to increase over the remainder of the year as the full impact of the Governments Funding for Lending Scheme takes hold. Based on the current level of return it is anticipated that the likely shortfall on budget will be in the region of £20k.

6.10 In August the policymakers at the Bank of England held interest rates at 0.5% for the 52<sup>nd</sup> month in a row. Sector's latest economic forecast predicts that the first Bank Rate increase will be in the 3<sup>rd</sup> quarter of 2016 to 0.75%.

6.11 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period 1 April 2013 to 31 August 2013.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
The results of the investment strategy affect the funding of the Capital Programme.
- b) Legal  
There are no legal implications regarding this report.
- c) Other  
None to report.

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**Corporate Director (s151)**

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**Background Papers:**  
None.

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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET STRATEGY 2014/2015</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 This report forms the basis of preparation and planning for the 2014/2015 Council budget.

### **2.0 RECOMMENDATIONS**

2.1 That Council is recommended to approve the following strategy for the preparation of the 2014/2015 budget:

- (i) Proposals be brought forward for a 1.99% increase in Council tax;
- (ii) Increases in fees and charges to be 3.5% - 4.5% on a cost centre heading basis excluding VAT and only those charges officers recommend above or below this figure to be considered by the relevant policy committee;
- (iii) Efficiencies to be maximised; and
- (iv) Options for service cuts to be provided. These proposals to be considered by the Resources Working Party and brought to the Policy and Resources Committee and Council.

### **3.0 REASON FOR RECOMMENDATIONS**

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

### **4.0 SIGNIFICANT RISKS**

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

savings identification and investment proposals leading to savings through budget review, shared services and service reviews. Notwithstanding this work it is almost certain that service cuts will be required to balance the budget (see risk matrix).

## **5.0 POLICY CONTEXT AND CONSULTATION**

- 5.1 The budget strategy is a key process affecting all service delivery and linking to the Council Plan and all of the strategic plans as well as providing the means for attaining the Council's objectives and priorities.
- 5.2 Major public consultation was undertaken to inform both the 2013/2014 and 2014/15 budgets. The outcome of that is attached at Annex A. Further public consultation will be required as work on the budget and requirements are undertaken. Early consideration of options for cuts by members will facilitate timely and meaningful consultation.

## **REPORT**

### **6.0 REPORT DETAILS**

- 6.1 The annual budget setting process for the Council will necessitate the identification of savings to deliver a balanced budget. The Medium Term Financial Plan (MTFP) as approved by members with the Council's Financial Strategy in February 2013 set out the projected financial position. At that time the Council set a 0% increase in its part of the Council Tax bill for 2012/2013. This was supported by additional Government grant equivalent to a 2.5% increase in Council tax.
- 6.2 Within the MTFP projection was the need to identify nearly £300k of efficiency and cuts for the 2013/2014 budget. This position was based on the following assumptions:
- Further Cuts to Government Revenue Support Grant (RSG) of 23% 2014/2015
  - No significant Changes to the Business Rate Retention base
  - Using £495k of New Homes Bonus to Support Revenue
  - A Council Tax increase of 2% in 2014/15
  - Pay Inflation of 1%
  - Price inflation of 3%
- 6.3 There are a number of key influences on the finances of the Council for 2014/2015 which then impact on the budgetary position. These include:
- Government grant
  - The Business Rate Retention Scheme
  - Council Tax increase
  - Income from Fees and Charges
  - Issues arising from the current year
  - Pay and price inflation
  - Revenue effects of the Capital Programme
  - Efficiencies
  - Use of New Homes Bonus and Cuts to Services/Additional income

#### **Government Grant**

- 6.4 The Council has provided an indicative RSG for both 2014/15 and more recently 2015/16. This early announcement is welcomed, although more certain figures for each year are unlikely to be available until the preceding December to the relevant



financial year.

- 6.5 The actual figures are less welcome and show further significant cuts in RSG. With a number of further opportunities before the next General Election for the Chancellor to further revise these figures there are significant uncertainties whether further reductions will be made, in particular to the 2015/16 year's figures.
- 6.6 In drafting the projections for 2014/2015 in February 2013 the assumption was of a further cut in RSG of 23% in 2014/15 and then 17.5% 2015/16. This was considered a prudent estimate and was a greater cut than most North Yorkshire authorities had included in their medium term financial plans. The current projections are for cuts of 24.5% and 29.7%.

#### **The Business Rate Retention Scheme**

- 6.7 The basic operation of the Government Support for RDC in 2013/2014 is as follows:
- The Council continues to collect Business Rates.
  - 50% is paid over to the Government.
  - Of the remaining 50%, 9% is paid to the County Council and 1% to the Fire and Rescue Service.
  - The Council will be provided with a set amount of the remainder it must pay (the Tariff) over to the Government (whatever the business rate income is, with a safety net for falls of over 10%). RDC keeps the rest.
  - Growth in business rates above the average could lead to an increase in RDC resources, however the amount retained is only a percentage of the growth.
  - There is a safety net of 7.5% below the target. In the event a Council is below the safety net additional government grant will be paid to keep the Authority at least at the safety net.
- 6.8 For the 2013/14 budget the following table sets out the relevant figures.

	<b>Government Target £m</b>	<b>2013/14 Budget £m</b>
Business Rates Income Ryedale	15.925	16.278
RDC Share (40%)	6.370	6.511
Tariff payable to Government	4.938	4.938
Sub total	1,432	1.573
Funding Target	1.431	1.431
Levy payment (50%)		0.071
Business Rate Income retained by RDC	1.432	1.502

- 6.9 For the 2014/15 there are a number of factors which will change the income from the Business Rates Retention Scheme:
- Changes to the Business Rate base
  - The Government Decision on Small Business Rate Relief for 2014/15 (the cost of which is included above, but the Government contribution is met from yet to be announced revenue grant).
  - Collection Rates for Business Rates
  - The inflation factors to be applied to the Business Rate Multiplier and tariff
  - The potential for the Council entering a business rates pool and ability to therefore avoid some of the 50% levy on overachievement of business rates (see report to Council 5 September 2013).

- 6.10 Members were made aware at Council on the 5 September of the significant backdated successful business rates appeal lodged by RAF Fylingdales. This could have an impact on the 14/15 budget and indeed the decisions around the Council joining a business rates pool. The accounting treatment cannot be confirmed until further promised Government guidance and regulations are received.
- 6.11 The retained business rates calculation for 2013/14 and 2014/15 are clearly an ongoing issue.

#### **Council Tax Increases**

- 6.12 The Council's MTFP is predicated on a 2% increase in Council Tax for 2014/2015. The 2012/2013 charge was £176.72 per band D property. The Council has had 4 years of no increase in Council Tax.
- 6.13 The Government has confirmed that the referendum limit for increases in Council Tax is 2% for both 2013/14 and 2014/15. Councils wanting to increase above this level must undertake a referendum of residents. As the cost of this would be c£70k, the Council would need to be considering a 4%+ increase in Council tax to make it worthwhile. Therefore the Council can effectively increase to 1.99% without referendum.
- 6.14 A rise of 2% would equate to £3.53 per year (under 7p per week) or less for the majority of Ryedale residents. Members should note that the full Band D charge is £1,500.85 taking into the account the charges from the County Council, Fire and Police services. RDC therefore makes up less than 12% of the final bill. A 1% increase in the Council's charge raises approximately £34k.
- 6.15 The Government has again made an offer to Councils that freeze their Council Tax in the next 2 years:
- Those freezing their Council Tax in 2014/15 will receive a grant equivalent to 1% of Council Tax in 2014/15 and the same in 2015/2016
  - Those freezing their Council Tax in 2015/16 will receive a grant equivalent to 1% of Council Tax in 2015/16 only
- 6.16 Whilst Council has accepted the various Council tax freeze offers from the Government so far, with the overall financial projections for the Council over the next 6 years, accepting the grant is a short term benefit but not a long term benefit, which may lead to greater service cuts. The following table set out the overall effect on Ryedale finances from accepting the offer next year, accepting the two years offer or not accepting them (assumes no Council Tax Base Growth and 1.99% increase in all years where freeze not accepted):

	<b>Reject both Offers (£000)</b>	<b>Accept 14/15 Offer Only (£000)</b>	<b>Accept 14/15 &amp; 15/16 Offers (£000)</b>
2014/15	3,479	3,411	3,411
2015/16	3,548	3,479	3,411
2016/17	3,619	3,548	3,479
2017/18	3,691	3,619	3,548
2018/19	3,764	3,691	3,619
2019/20	3,839	3,764	3,691
Freeze Grant		76	114
Total RDC Income	21,940	21,588	21,273
<b>Difference</b>		<b>352</b>	<b>667</b>
Ongoing		73	145

6.17 Therefore to Summarise:

- Over the next six years if the Council accepts the 2014/15 Freeze grant offer only it will have £352k less Council Tax income. This money will need to come from existing service delivery in cuts/additional income. Plus every year thereafter the Council is £73k worse off than rejecting the offer.
- Over the next six years if the Council accepts the 2014/15 and 2015/16 Freeze grant offer it will have £667k less Council Tax income. This money will need to come from existing service delivery in cuts/additional income. Plus every year thereafter the Council is £145k worse off than rejecting the offer.

6.18 Against this projection and the profile of the Council's finances up to 2020 (Annex B), which is prepared on the basis of a 2% increase in Council Tax, use of New Homes Bonus to support revenue and service cuts of £538k being required over the next two years. The officer recommendation is that the Council does not accept the Council Tax Freeze grant offer.

6.19 There are other issues which will impact on the Council Tax income next year:

- Growth in the Council Tax Base through new properties. An estimate for growth has been included in Annex B based on previous history
- Increased collection rates. A review of the rate and performance indicates their may be scope for making a higher assumed collection rate
- The Local Council Tax Support Scheme (LCST). The Council Tax base is suppressed by the cost of LCST. Further work is ongoing in this area, the cost of which is affected by the decision of the four precepting Authorities on next years council tax rises.

### **Income**

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

### **Current Year issues (2013/2014)**

6.21 The first issue relates to the Recycling contract with Palm Recycling. There are two strands to this issue, reduced volumes of recyclate which are recession related and reduced prices in the recycling market. Discussions are ongoing and further procurement work may be required for 2014/15, however Members should be aware

that this could be a cost pressure in the order of £60k in 2014/15, with underachievement of the budget in the current year.

6.22 2013/14 is the final year of the recycling incentive payment from NYCC therefore this leaves a growth area of £51,000 in the 14/15 budget. Payment relates to the exceeding of minimum recycling performance standards enshrined within the 2008 North Yorkshire Waste Partnership Service Level Agreement.

6.23 The tender of the Leisure contract, with the new provider coming in part way through 2014/15 adds uncertainty to cost for this service.

#### **Pay and Price inflation**

6.24 The 2013/2014 budget included provision for a 1% pay rise for all employees and employees have received this following the national negotiations.

#### **Revenue effects of the Capital Programme**

6.25 The MTFP incorporate predictions around revenue impact of Capital Decisions, in particular the borrowing to finance the Brambling Fields junction upgrade.

#### **Efficiencies**

6.26 The Council has successfully reviewed all services in the preceding three years. This has seen many services reorganised and restructured as well as jobs and roles changing through investment in IT. This process over the 3 years highlighted £2.4m of savings, the majority being efficiency savings.

6.27 The scope for further significant efficiencies in services is limited. The forecast at Annex B assumes £150k of efficiencies in the current year and officers are working to achieve this through budget reviews and changes to services. Officers will seek to maximise efficiencies, however given the level of efficiencies identified over the past three years, significant savings will not be achieved without reducing services or the standard to which they are delivered.

#### **New Homes Bonus and Cuts to Services/Additional Income**

6.28 The issues highlighted in this report show that there will be a budget shortfall which cannot be met by efficiencies. This shortfall can be met by using one or a combination of the following:

- Using New Homes Bonus (NHB) to support revenue
- Use of Reserves
- Cuts to services/Additional Income

6.29 The Council has performed well in earning NHB. The projection is that the Council will receive around £1m in NHB in 2014/15. The £1.363m earned in total in the previous 3 years has not been used to support the revenue budgets, a position not shared by many Local Authorities. Members will be aware that the Government has announced top slicing of New Homes Bonus to provide funding for the Local Enterprise Partnerships from 2015/16. Notwithstanding this, Annex B providing an estimate of the impact, there will still be sizeable sums available for revenue support.

6.30 The Council's 2013/2014 budget did not plan to draw on the Council's General Reserve. Previous years had seen a planned draw of £100,000. The Council's reserves are adequate however the use of reserves to bridge revenue budgets only provides a short term solution to financing difficulties.

6.31 Ryedale has successfully avoided significant service cuts, however that position will be difficult to maintain. Charging for services previously provided free is the other

alternative. Other agenda items consider such proposals in cutting the Parish Grant and the introduction of charging for green waste. Whilst neither may not be members' preference, if initiatives such as this are not chosen other service cuts will need to be identified.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
The financial impacts are detailed within the report.
- b) Legal  
There are no new legal issues around the budget strategy.
- c) Other  
All savings proposals will be evaluated to identify direct other implications where possible.

## **8.0 NEXT STEPS**

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

Officers prepare options for discussion at Resources Working Party	Dates tbc
Member briefing on budget	15 January 2014
Policy and Resources Committee consider 2013/2014 Budget	6 February 2014
Full Council formally set budget and Council Tax	27 February 2014

### **Paul Cresswell Corporate Director (s151)**

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**Background Papers:**  
None.

## RISK MATRIX

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Efficiency savings unable to meet the shortfall therefore service cuts will be required.	Cuts to front line services, reputational damage to Council, possible poor external inspection.	<b>5</b>	<b>D</b>	Co-ordinated approach to savings identification, looking at budget as a whole. IT investment to change working patterns and make efficiencies. Ongoing service reviews and budget review of revenue budgets. Any cuts will be fully worked up and considered by members at an early stage	<b>5</b>	<b>C</b>

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

## Budget Consultation for 2013-15

## ANNEX B

### Methodology

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

First phase – Mid November to Mid December 2012

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

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

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

The theme for the focus groups was as follows:

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

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

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

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

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

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

## Summary of Outcomes

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

### Question 1

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

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

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

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

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

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

Too many Councillors

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

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

### Question 2

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

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

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

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

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

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

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

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

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

#### **Reduce Members allowances**

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

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

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



### **Question 3**

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

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

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

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

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

### **Question 4**

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

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

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

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

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

Introduce charging for public conveniences.

### **Question 5**

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

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

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

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

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

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

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

## Question 6

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

Share services where possible to save money.

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

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

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

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

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

Council Tax should be doubled on second homes

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

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

Can't expect staff to keep having pay freezes.

## Medium Term Revenue Forecast 2014/15 - 2019/20

	2014/15 Projection £'000	2015/16 Projection £'000	2016/17 Projection £'000	2017/18 Projection £'000	2018/19 Projection £'000	2019/20 Projection £'000	
Base Budget and Inflation							
Base Budget	7,174	6,974	6,601	6,526	6,391	6,313	
Pay Increase & General Inflation	166	165	165	165	165	165	
	7,340	7,139	6,766	6,691	6,556	6,478	
Add Future Cost Increases							
Budget Pressures	250	100	250	250	100	100	
Capital Programme Borrowing	48	0	0	0	0	0	
Deduct Future Savings							
Efficiency Savings	-150	-100	-100	-100	-100	-100	
Service Cuts	-210	-328	-232	-297	-196	-182	-1,444
Other Grants							
Council Tax Support New Burdens	-27	59	0	0	0	0	
Community Right to Bid	0	8	0	0	0	0	
Community Right to Challenge	0	9	0	0	0	0	
Local Council Tax Support Transition	11	0	0	0	0	0	
Efficiency Support (Sparsity)	62	0	0	0	0	0	
NHB Applied to Revenue	-350	-286	-196	-153	-48	-19	-1,052
Council Tax Freeze Grant 13/14	0	0	38	0	0	0	
Net Revenue Budget	6,974	6,601	6,526	6,391	6,313	6,277	
Financing							
RSG	1,624	1,141	945	656	426	236	5,028
Business Rates	1,754	1,801	1,857	1,920	1,978	2,037	11,347
Collection Fund Surplus	100	75	50	50	50	50	
Council Taxpayers	3,479	3,566	3,656	3,747	3,841	3,936	
CT Base Growth	17	18	18	18	18	18	
Budget Requirement	6,974	6,601	6,526	6,391	6,313	6,277	
<b>NHB Note</b>							
2011/12 Earned	215	215	215				
2012/13 Earned	225	225	225	225			
2013/14 Earned	267	267	267	267	267		
2014/15 Estimate	270	270	270	270	270	270	
2015/16 Estimate		270	270	270	270	270	
2016/17 Estimate			270	270	270	270	
2017/18 Estimate				270	270	270	
2018/19 Estimate					270	270	
2019/20 Estimate						270	
Earned	977	1,247	1,517	1,572	1,617	1,620	8,550
Top Slice percentage	0.00%	35.00%	29.00%	28.00%	27.00%	26.00%	
Top Slice	0	436	440	440	437	421	2,174
Net NHB Available	977	811	1,077	1,132	1,180	1,199	6,376
Applied to Revenue	350	636	832	985	1,033	1,052	4,888
To be allocated	627	175	245	147	147	147	1,488

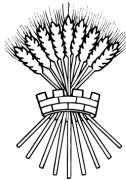
Assumes NHB will be top sliced equally across all Authorities.

Assumes Small Business Rate Relief not extended beyond 31 March 2014

Assumes Council does not enter a business rates pool

Assumes NHB performance continues at current levels

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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>HEAD OF ENVIRONMENT,STREETSCENE,FACILITIES, ICT PHIL LONG</b>
<b>TITLE OF REPORT:</b>	<b>IMPLEMENTATION OF GARDEN WASTE CHARGING</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek Member approval for the introduction of charging for garden waste from 1 June 2014.

### **2.0 RECOMMENDATIONS**

- 2.1 That Council is recommended to approve the implementation of charging for garden waste service from the 1 June 2014 on a voluntary subscription basis with:
- (i) detailed promotional literature to all households explaining the scheme and their options, including the option to purchase subsidised composting bins;
  - (ii) a charge of £27 per bin in 2014/15 be introduced;
  - (iii) a charge of £36 per bin in 2015/16 be introduced; and
  - (iv) the service available to all Ryedale Households.

### **3.0 REASON FOR RECOMMENDATIONS**

- 3.1 The Council has been provided with an indicative Revenue Support Grant (RSG) for 2014/15 and 2015/16. This Committee agenda includes a report on the budget strategy and overall predictions for Council finances. The figures show major cuts in RSG, with particular uncertainty regarding further reductions to the 2015/16 year's figures and future finance. As such the Council is under significant financial pressure regarding delivery of front line services. The Council will need to consider cuts to services and/or charging for services.
- 3.2 Garden waste collection is a non statutory service. To protect the service and ensure its continued provision, the recommendation proposes to introduce a subscription (opt-in) service to offset part of the cost of providing the service. Introducing a charge for this discretionary service means the Council will be more able to maintain the delivery of other services.

- 3.3 Over the last few years an increasing number of Waste Collection Authorities (WCAs) have implemented charges for garden waste collection. Almost one third currently charge. For Ryedale this provides an income generation opportunity to maintain a valued service, help balance the Council's revenue budget and protect front line services.
- 3.4 Implementation of collection charging on a subscription (opt-in) basis means that only those residents that choose to use garden waste collection service pay for it, arguably a fairer system, following the 'producer pays' principle and removing subsidy from non users.
- 3.5 The most environmentally sustainable way of dealing with garden waste is to deal with it at the point of production through home composting. Implementation of a charged scheme and subsidised composters, in tandem with an information and marketing campaign that advocates home composting has the potential to help reduce greenhouse gas emissions. Waste prevention sits at the top of the waste management hierarchy.
- 3.6 As part of the vehicle replacement programme, six refuse vehicles come up for renewal during 2014/15 and the procurement process is scheduled to start now. As such there is a finite procurement window of opportunity regarding a decision on charging for garden waste. Early introduction of a subscription based service in 2014/15 takes advantage of this opportunity enabling the service to move towards a cost neutral position for 2015/16 with savings of up to £279K. If the decision is to introduce charging this needs to be taken at Council on the 31 October 2013 to maximise the savings available and allow sufficient time to plan the implementation.

#### **4.0 SIGNIFICANT RISKS**

- 4.1 In the event that Council does not support the proposal, members may need to consider cessation of the service in total at some point in the near future and make cuts to other Council services.
- 4.2 Potential risk is that the introduction of a charged service will meet with negative publicity and customer perception resulting in low participation levels for the new scheme and correspondingly reduced recycling performance. This can be mitigated - in part, by a comprehensive marketing approach regarding the reasons behind its introduction, a realistic pricing structure and full members support.
- 4.3 Introduction of a subscription based scheme has the potential for staff redundancies depending on take up by residents. This has the potential of adverse reputational risk and lowering of staff moral. This can be mitigated as achieved previously through requests for voluntary redundancies/early retirement.
- 4.4 Any decision represents a potential risk to the current Vehicle Replacement Programme as mentioned in 3.6. Careful consideration would need to be made on; the number of vehicles to be replaced to avoid locking the Council into a 6 year lease commitment and how many leases to extend. This would give some flexibility for delivering future efficiency savings and facilitate understanding participation levels. There are risks with extending leases for too long as experience shows that with older vehicles repair and maintenance costs increase. Extending beyond one year would not be recommended.

## 5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 Council Aim 2: To create the right conditions for economic success in Ryedale:
- Opportunity for people; increasing wage and skill levels.

Council Aim 5: Transform Ryedale District Council

- Building our capacity to deliver through collaboration and working in Partnership.

- 5.2 Consultation has taken place as part of the budget setting process.

## 6.0 REPORT DETAILS

### Background

- 6.1 Under the existing Controlled Waste Regulations (CWR) 2012 (came into force on 1 April 2012), the Waste Collection Authority (WCA) can make a charge for the collection of garden waste, though this was also the case with the CWR 1992 regulations which they replaced.

- 6.2 Ryedale first introduced free garden waste collection services along with Alternate Weekly Collections (AWC) in 2003 with full roll out by 2006; this was to meet Government targets at the time of 33% for 2005/6. Since then compulsory waste targets have been removed, though in the Government's Review of Waste Policy in 2011, a recycling/composting target of 50% was set for local authorities (also adopted by the Joint York and North Yorkshire Waste Partnership) to reach by 2020. This is not however a statutory obligation and 78% of English Local Authorities have yet to reach a 50% recycling level (2011/12 league tables).

### Current Service Profile

- 6.3 Ryedale's overall recycling/composting rate is currently 52%, the bulk of which (35%) is made up of garden waste. This is the best capture rate in the Yorkshire and Humber region and significantly contributes to Ryedale's national standing regarding recycling and low residual waste levels by comparison to other North Yorkshire Districts.

- 6.4 Ryedale's Waste Management team runs an exemplar service:

- Ryedale has a comprehensive recycling collection service including collection of; garden waste, paper, glass and cans. This was enhanced in 2011 when the Council invested additional revenue funding into the household collection of card and plastic bottles, despite significant cuts to Council funding.
- Garden waste is currently collected by 7 crews (15 staff, 4 vehicles plus relief) on an alternate weekly basis. 2013/14 net budget costs are £285,730 per annum.
- The Council has been the top performer in the Yorkshire and Humber region for 6 years running, for both low levels of residual waste, and high levels of recycling.
- The Council has shown top quartile performance of English Councils for the last six years for recycling.
- SPARSE and Local Government information statistics place Ryedale high on recycling performance and low on cost. This follows the introduction of a 4 day working week, removal of task and finish, introduction of AWC, round optimisation etc.

### Why charge for Garden Waste Collection

- 6.5 Currently Ryedale DC provides this service to all households (at a net revenue cost of £285,730 per annum) as in the past did most Local Authorities. However over the last few years an increasing number of WCA's have started to implement charges for

garden waste collection and currently almost a third of councils across England now charge to collect garden waste.

- 6.6 Of the WCA's in York and North Yorkshire, Craven DC is the first to introduce a chargeable service (July 2013), with a number of others actively considering the issue (Annex A). This is a non statutory service. A logical conclusion to the significant and continuous cuts to funding councils continue to face is to; either stop the service entirely, cuts/cessation of other non statutory services or introduce a charge to help the service eventually become self funding/less costly, the latter being the least unpalatable option.
- 6.7 In considering the introduction of subscription based charged garden waste services the following should be acknowledged, in principle, regarding alternative ways of dealing with green waste:
- The most environmentally sustainable option is to ask residents to compost at home, however Ryedale already has a reasonable take up of home composting and any increase is likely to be challenging. To encourage greater take up, discounted composters would be considered if charging is introduced.
  - The scheme would run for 9 months of the year. As previously reported collection of limited tonnage during winter months is not cost effective or environmentally sustainable and makes collections unjustifiable. The Council resolved in setting the 2013/14 budget to cease winter garden waste collections in December, January and February which will save c£15k.
  - Advice should be given to encourage residents (not taking part in the scheme) to take their garden waste to the nearest Household Waste Recycling Centre (HWRC) run by North Yorkshire County Council. Garden waste can be taken free of charge to any HWRC in Ryedale and the material is then sent on for composting.
  - Residents should not put their garden waste into the residual waste bin, currently destined for landfill, though this would be difficult to effectively monitor and enforce.
  - Though full charge would be made, provision would remain to provide assisted collections for those requiring help, however a full impact assessment would need to be undertaken.

#### **What to charge**

- 6.8 Experience from other local authorities suggests that the annual charge for a fortnightly collection of green garden waste from a wheeled-bin ranges from £20 to £69; but is typically £24 to £45 per annum for comparator ('near neighbour') authorities (Table 1). As the charge increases, take up generally reduces, but much depends on the area, value placed on the service etc.
- 6.9 For this exercise potential cost/ benefits have been estimated on the basis of a range of charges (Annex B) of between £25 and £36 per bin per annum based on differing % levels of household participation. This range of costs sit at the lower end of the band of charges applied by local authorities in general and have good potential to obtain 30% - 40% participation levels.
- 6.10 Ultimately the aim should be for the service to become self funding, removing any need for Council subsidy/subsidy from non users. As such officers would recommend initially charging £27 for year one and £36 by year two after factoring in discounts for; registering on line, early sign up etc.



- The annual subscription charges would be for 9 months with no collections for 3 months during winter. In Year 1 the charges would be for 7 months as the subscription service would not start until 1 June 2013/4

**Table 1: Comparison prices and participation in near neighbours WCA's**

Authority	Annual Charge	Take up %	Type	Mix
North Dorset	£35	21%	Garden only	Other compostables
Babergh	£45	23%	Garden only	Garden
Cotswold	£30	50%	Garden plus food	Mixed garden & food
Forest of Dean	£26	from Apr 2012	Garden only	Garden
South Norfolk	£43	25%	Garden only	Garden
Craven (for ref NY)	£24	50% of target area	Garden only	Garden

6.11 Due to the geographical size and low density population, collection costs are already very high for Ryedale's more remote villages and properties. As an example collection costs from the North York Moors Round (4% of total area servicing 1000 properties) are 5 times as much per lift as one of the more urban rounds. Lower participation levels for the 'opt – in' scheme would exacerbate this. As such there are options for service delivery including:

- Offer the service to all Ryedale residents – increasing collection costs in comparison to the options below.
- Target the charged service to those areas which would maximise performance – this is the option chosen by Craven and many others.
- Segment the area, offering differential pricing, for the harder to reach and least cost effective areas. However there will always be an element of subsidy from the easier to reach properties.

#### **Recycling participation levels**

6.12 Reports (Table 1) indicate that participation in Councils that have charged can typically fall to between 21% to 50% dependant on price and demand. Obviously this will result in a reduction in tonnages, which in turn reduces the overall recycling/composting rate. Currently 52% for Ryedale the bulk of which (35%) is made up of garden waste.

6.13 The effect of reduced participation on recycling % and cost is difficult to model precisely as it will depend on a variety of factors including:

- Residents generally ensure they use these schemes more effectively if they are paying for it. Nationally studies indicate that on average subscribers to an opt-in service put out for collection between 300 and 400 kgs per household per year. Analysis of similar authorities to Ryedale indicates this can range between 400 - 500 kgs per household per year. (RDC average is currently 297kgs per hh). As such the models (Annex B) account for collection weight to increase in a best and more modest scenario (i.e. 450kgs and 350kgs per hh).
- Conversely - regarding non participants - the danger is that more garden waste will find its way into the residual (non-recyclable) waste-stream. Surprisingly studies carried out by White Young Green consultancy and YNYWP indicate that this does not happen. Obviously some will go to the County Council's HWRC's (potentially around 13%), some would be home composted and some (according to the reports) effectively disappears from the waste stream. No increased fly

tipping was reported. Again this has been factored into the models best and worst case scenarios.

- 6.14 As modelled in Annex B, it is estimated that total recycling % could range between 32% - 45% (based on 30-40% take up). Taking into account the evidence and trend information, judgement indicates a reasonable estimated guideline would be for **recycling levels for RDC to fall to between 38% and 40%** assuming around 35% (mid range) participation. Based on 2011/12 this would place the council at high 3<sup>rd</sup> quartile (English councils), however with more Councils charging this position has potential to improve

#### **Additional Expenditure**

- 6.15 If the Council decides to move to a chargeable green garden waste scheme there will be two additional elements of expenditure over and above collection costs and gate fees. An estimated **£117,000 'one-off' costs** year one associated with setting the scheme up (including contacting all residents, redistributing wheeled-bins, promotion etc) and **£67,000 ongoing annual revenue costs** year two onwards - related to running the scheme (mainly administrative resources):
- Effectively year one will cost an additional £50K by comparison to future years.
  - The level of expenditure required will depend on the take up of the new service.
  - On going annual administration costs are difficult to estimate as the potential difficulties of administering the scheme, ensuring payment for bins collected, residents moving house, on going marketing to increase participation rates etc should not be underestimated.
  - Costs include for an annual licensing of those subscribing into the scheme. A number of Councils outsource this function.
  - There is scope for annual costs to reduce once the scheme settles down.

#### **Cost benefit Implications – Annex B**

- 6.16 Four options have been modelled in Annex B; all are judgements and should be treated with caution.
- Options are based on a collection rate of 350kgs per household
  - All scenarios indicate that the net costs of the service should significantly fall should charging be introduced.
  - All scenarios have been calculated based on ongoing costs (i.e. year two onwards) to facilitate comparisons.
  - 35% has been used as the mid range scenario for costs and benefits as detailed in 6.17 and 6.18. This assumes around 8500 households would participate. This figure was achieved by Craven from a targeted area of 15,000 properties and has good potential to be achievable.
- 6.17 The net budget cost of the service is currently £285,730 per annum. Assuming 35% participation based on £27 subscription charge year one, (June 2014 start date) and £36 year two :
- Year One - costs equate to £117,034 plus additional £50K one off expenditure £167,034 per annum
  - Year Two - costs based on increasing the charge to £36 equate to £6482 per annum, i.e. the service virtually breaks even.
- 6.18 As such, with reference to the current budget costs, assuming 35% participation levels are reached there is strong potential for revenue budget efficiency savings (based on £27 year one and £36 year two).(Table 2)

**Table 2- Potential Efficiency Savings 2014/15 and 2015/16**

<b>Assumes 35% scenario - £27 year one and £36 year two</b>
Year One 2014/15 - <u>£118,696 per annum – June 2014 start date</u>
Year Two 2015/16 - <u>£279,248 per annum</u>

The following caveats apply:

- This assumes the decision is taken at 31 October 2013 Council to proceed and therefore the fleet reduction can be immediately realised. Major vehicle replacements take place 2014/15 and as such there is a window of opportunity regarding early decisions on the introduction of charging.
- Though studies indicate not, potentially additional cost could be incurred due to additional weight being picked up in residual tonnage. Existing refuse rounds have an element of capacity (regarding 2<sup>nd</sup> tips) however, should additional tips could be required, efficiency savings will effectively reduce.
- Redundancy costs have not been factored into savings; these can be met from the restructure reserve.
- Targeting collection areas would significantly increase efficiency and increase savings by an estimated £28-50K depending on scale.
- Should greater collection tonnage of garden waste be realised (i.e. nearer the 450Kg per hh) this could also increase savings up to an estimated £19.5k per annum.
- Cessation of the service entirely would save between £177K and £227K depending on the potential affect to residual collection rounds.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

a) Financial

Financial implications are outlined in the report and in annex B

b) Legal

There is no legal requirement to collect garden waste - under Schedule 2 of the Controlled Waste Regulations it is classified as a type of waste for which a charge can be made.

c) Other implications

7.2 The reduced recycling rate would considerably lower the Council's current high standing nationally and regionally to - at best - average performance. For the last 6 years the Council has invested in recycling and in this field have been the highest performing council in the Yorkshire and Humber, a fact justifiably esteemed by staff, members and the public. However with a third of councils starting to charge it could be the case that the playing field over the next few years will re-balance at a lower figure.

7.3 Environmentally the pros and cons are mixed. Lowering levels of recycling is a poor message for residents. Conversely RDC has always promoted home composting as the most environmentally sustainable option for dealing with household garden waste and this is in line with the waste hierarchy as set out in the Governments National Waste Strategy.

- 7.4 There is potential for resident dissatisfaction if a charge was introduced for this service which may result in negative publicity and customer perception, Northumberland suffered from significant and sustained adverse media coverage, though charges were introduced some years ago prior to the current economic downturn, conversely Craven DC and others have had little or no negative press. Clearly this is dependant on a good marketing and communication strategy with residents and full member support regarding press coverage etc.
- 7.5 Charging could benefit some. Currently, customers are only allowed one bin, however, requests for additional bins could now be granted if a charge per bin per annum for the collection of green waste were to be introduced. In reality these are likely to be few in number. Residents with smaller gardens would be encouraged to share bins.
- 7.6 In discussions with councils who had introduced charging none reported problems regarding increased fly tipping, large amounts of green waste being put in the residual refuse bins or increases in bonfires etc. However these areas would need to be monitored.
- 7.7 Reduced participation levels would have an impact on vehicle procurement, staffing and has redundancy implications which would need to be considered.

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**Background Papers:**  
None.

### Charging for Garden Waste- Current state of collection of garden waste across YNYWP (June 2013)

Authority	Current Regime	Future Plans
Craven	'Free' fortnightly collection to 14,332 properties using a 240 litre brown wheeled bin.	<p>Executive Member approval (Nov '12) to implement subscription garden waste collection services (£24/bin/year) from Apr '13. This decision was later overturned at a full council vote in December '12, largely due to a number of abstentions. However, with the Leaders support, Craven has revisited and will implement a new charged scheme from 01 July '13. The introductory charge will be £24/bin which will cover the remainder of 2013 and also 2014. Current subscriptions are as predicted (~50% of existing households on the 'free' scheme) equivalent to ~25% of all households in the Craven area. Subsidised home compost bin sales for the first three 1 day sales in Craven stand at 120 bins.</p> <p>Anticipated savings at expected levels of scheme participation are: £148K p.a. net collection costs.</p>
Hambleton	'Free' fortnightly collection to most households in authority area (39,650 properties) using a 240 litre brown wheeled bin.	Metrics of moving to charged collection assessed.
Harrogate	'Free' fortnightly collection to 47,000 properties using a 240 litre brown wheeled bin.	Metrics of moving to charged collection to be completed in 2013.
		Focus is currently engaged in splitting shared waste management services with HDC. Metrics of

Authority	Current Regime	Future Plans
Richmondshire	'Free' fortnightly collection to most properties (22,320) in authority area using a 140 litre green wheeled bin.	moving to charged collection to be considered.
Ryedale	'Free' fortnightly collection to most properties (24,560) in authority area using a 240 litre brown wheeled bin.	Metrics of moving to charged collection completed – See report
Scarborough	Fortnightly collection to collection scheme opt-in properties using a 240 litre brown bin or bio bags (£20 charge for brown bin and 10p for bio bags, on sale at various locations).	Status quo. Seemingly no interest at this current time.
Selby	'Free' fortnightly collection to 30,000 properties using a 240 litre green wheeled bin.	<p>Metrics of moving to charged collection completed. Senior Officers had initially indicated that SDC expected to implement a charged collection scheme during 2013-14. However, the current position, following consultation with members, is to introduce charged collection after the elections in 2015. When implemented, they have decided to use an approach of tagging the bins to enable easy recognition for residents that are participating (paying) in the scheme.</p> <p>Anticipated savings at expected levels of scheme participation are: £340K p.a. net collection costs and £215K p.a. recycling credits.</p>

Authority	Current Regime	Future Plans
City of York	'Free' fortnightly collection to 61,127 properties using a 180 litre green wheeled bin.	Budget Council approved a saving and efficiency programme of £250K in the annual waste services budget relating to the collection and disposal of garden waste (27.7% of the 11/12 garden waste collection services base budget). £200K of this budget reduction is scheduled for 2013-14. In order to achieve these savings a number of options have been identified as viable in York – this includes the introduction of a charge for garden waste collections. CYC intends to carry out a comprehensive consultation exercise with its residents as a significant change in service is proposed and to report back to Cabinet in spring 2013 before making a final decision on which viable option(s) to implement. The current decision is to suspend collection from November to March and to charge £35 for a second bin (first bin is 'free'). It is questionable whether these actions alone will deliver the required savings.

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## Charging for Garden waste

### Scenario 1

**350kgs per hh - Effect of reduced participation regarding overall recycling % reduction – Worst case.**

<i>Composting participation rate</i>	<i>No of HH</i>	<i>Recycling tonnes dry</i>	<i>Green waste Leaf fall Street Cleansing tonnes</i>	<i>Green waste HH Tonnes 350kg/hh</i>	<i>Estimated Overall % recycling Reduction green waste &amp; dry</i>
Current	24,330	3,937	771	7,229	52%
60%	14,598	3,937	771	5,109	43%
40%	9,732	3,937	771	3,406	<b>35%</b>
30%	7,299	3,937	771	2,554	<b>32%</b>
25%	6,083	3,937	771	2,129	30%
10%	2,433	3,937	771	852	24%

Notes – S1

- 'Current' weight of green waste per property based on RDC as is scenario = 297.13kgs per household. Recycling credits reflects budget not actual.
- All other scenarios % assumes rate will increase to 350 kgs per hh due to enhanced tonnage from those who participate. This seems relatively conservative for a rural authority.
- **Estimated scenario % recycling rates assumes all garden waste that is not recycled is being put into residual waste, which should be the very worst case scenario as this is not borne out by other Authorities.**
- Residual tonnage = 11,069.61
- Total overall tonnage = 23,006.99

### Scenario 2

**450kgs per hh Effect of reduced participation regarding overall recycling % reduction – Best case.**

<i>Composting participation rate</i>	<i>No of HH</i>	<i>Recycling tonnes dry</i>	<i>Green waste Leaf fall Street Cleansing tonnes</i>	<i>Green waste HH Tonnes 450kg/hh</i>	<i>Estimated Overall % recycling Reduction green waste &amp; dry</i>
Current	24,330	3,937	771	7,229	52%
60%	14,598	3,937	771	6,569	51%
40%	9,732	3,937	771	4,379	<b>45%</b>
30%	7,299	3,937	771	3,285	<b>42%</b>
25%	6,083	3,937	771	2,737	40%
10%	2,433	3,937	771	1,095	34%

Notes- S2

- 'Current' weight of green waste per property based on RDC as is scenario = 297.13kgs per household. Recycling credits reflects budget not actual.
- All other scenarios % assumes rate will increase to 450 kgs per hh due to enhanced tonnage from those who participate. This is optimistic but potentially achievable for a rural authority. A number of authorities are achieving 500Kgs per hh.
- **Estimated scenario % recycling rates assumes all garden waste not recycled is being put into NYCC sites or effectively does not appear in RDC residual waste stream. Surprisingly this seems**

to be the norm – Research indicates we can expect up to 13% potentially to go to HWRC's (responsibility of the County), and the rest either gets home composted or effectively disappears from the collection system as documented from a number of Authorities. There has been no increase in fly tipping.

- Residual tonnage = 11,069.61
- Total overall tonnage = 23,006.99

## **Financial Appraisal**

### **Estimated Additional Expenditure - Charged Garden Waste Collection**

<i><b>Description</b></i>	<i><b>Initial costs- first year</b></i>	<i><b>On-going annual cost</b></i>
Promotion	£7,000	£3,000
Printing/design of stickers	£4,000	£4,000
Licence/postage/envelopes	£30,000	£16,000
Processing payments	£6,000	£6,000
Staff/ops/vehicles	£50,000	£36,000
Bin collection/delivery	£15,000	£2,000
Discounted compost bins	£5,000	£0
<b>Total Costs</b>	<b>£117,000</b>	<b>£67,000</b>

**Summary Financials Appraisal – Estimated efficiency savings – £25 and £30 charging options**

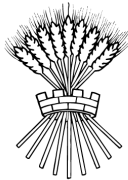
									<i>Best case – 450Kg per hh £44.44 (Credit) – £21.5 (gate fee) = 22.94 add income</i>
<i>No of HH</i>	<i>Composting participation rate</i>	<i>Rounds needed</i>	<i>Rounds saved</i>	<i>Net (Cost)/Inc @£30 £</i>	<i>Net Saving Revenue Budget @£30 £</i>	<i>Net (Cost)/Inc @£25 £</i>	<i>Net Saving Revenue Budget @£25 £</i>		<i>Additional saving on both Options1 and 2 if higher collection kgs per hh achieved £</i>
24,330	Current	7 rounds	NA	(285,730)	NA	(285,730)	NA		NA
14,598	60%	6 rounds	1	88,368	374,098	(15,378)	270,352		+ 33,488
9732	40%	5 rounds	2	(39,768)	245,962	(88,428)	197,302		+ 22,325
7299	30%	4 rounds	3	(75,381)	210,349	(111,876)	173,854		+ 16,743
6083	25%	3 rounds	4	(64,715)	221,015	(95,130)	190,060		+ 13,953
2433	10%	2 rounds	5	(146,610)	139,120	(158,775)	126,955		+ 5,581

**Summary Financials Appraisal – Estimated efficiency savings – RECOMMENDED £27 and £36 charging options**

				<i>Outcome 2014/15</i>	<i>Outcome 2014/15</i>	<i>Outcome 2015/16</i>	<i>Outcome 2015/16</i>		<i>Best case – 450Kg per hh £44.44 (Credit) – £21.5 (gate fee) = 22.94 add income</i>
<i>No of HH</i>	<i>Composting participation rate</i>	<i>Rounds needed</i>	<i>Rounds saved</i>	<i>Net (Cost)/Inc @£27 £</i>	<i>Net Saving Revenue Budget @£27 £</i>	<i>Net (Cost)/Inc @£36 £</i>	<i>Net Saving Revenue Budget @£36 £</i>		<i>Additional saving on both Options1 and 2 if higher collection kgs per hh achieved £</i>
24,330	Current	7 rounds	NA	(285,730)	NA	(285,730)	NA		NA
14,598	60%	6 rounds	1	44,574	330,304	175,956	461,686		+ 33,488
9732	40%	5 rounds	2	(68,964)	216,766	18,624	304,354		+ 22,325
7299	30%	4 rounds	3	(97,278)	188,452	(31,587)	254,143		+ 16,743
6083	25%	3 rounds	4	(82,964)	202,766	(28,217)	257,513		+ 13,953
2433	10%	2 rounds	5	(153,909)	131,821	(132,012)	153,718		+ 5,581

Notes:

- **Health Warning- These are estimates based on assessment .Local issues could negatively affect the assumptions made**
- Additional cost year 1 £117K per year as opposed to £67K – **i.e. Additional £50K cost year one**
- Savings do not account for redundancy costs
- Savings do not account for later start in the year ie June/July
- Assumes vehicle savings can be made immediately- vehicles fall out 2014 so early decisions need to be made.
- Assumes efficiency reductions ie rounds staff etc are made immediately – in reality will be element of phasing in
- Potential for increased cost if residual refuse increases beyond capacity we have for 2<sup>nd</sup> tips, however vehicle capacity has some tolerance.
- Estimates assume all Ryedale is included with no targeted areas or price differential
- NB- **Targeting areas** would increase efficiency and **potentially increase savings above by 50K** depending on scale.
- NB also ( above Right hand column) **potential of additional savings if average of 450kgs per hh achieved**
- Figures include for Gate fee £21.5 tonne and Recycling credit - £44 .44
- Figures assumes worst case ie lower 350Kg per hh which reduces gate fees and credit income
- Collection costs are estimates and would require time to bed in and re-profile and optimise rounds. This is why we need year one to implement to make savings for 2015/16



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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>LOCALISATION OF COUNCIL TAX SUPPORT PARISH GRANT</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 To consider the grant funding to parishes in 2014/2015. This grant arose from the Localisation of Council Tax Support. The Council's local scheme came into effect on the 1 April 2013.

### **2.0 RECOMMENDATION**

2.1 That Council is recommended to approve that the parish grant is halved for the 2014/2015 financial year and not paid in 2015/2016 and beyond.

### **3.0 REASON FOR RECOMMENDATION**

3.1 The recommendation if approved will generate a saving to the Council. Such a saving will help reduce the level of cuts to other services required to balance the 2014/2015 and 2015/2016 budgets.

### **4.0 SIGNIFICANT RISKS**

4.1 The significant risk is the impact on parishes and their services arising from the reduction in funding. They may choose to reduce their services, use reserves or alternatively increase their precept.

### **5.0 POLICY CONTEXT AND CONSULTATION**

5.1 These proposals are part of the budget strategy process.

5.2 Consultation on this proposal with the affected Parish Councils has taken place (letter at Annex A) and their comments are attached at Annex B.

## REPORT

### 6.0 REPORT DETAILS

- 6.1 Members will be aware of the proposals for the Localisation of Council Tax Support and the Council's scheme approved by Council on the 10 January 2013 which went live on the 1 April 2013. On that same agenda members considered a grant to parishes to reflect the reduction in tax base arising from the scheme localisation.
- 6.2 It is the changes to the Council tax base required to account for the Local scheme which produced this situation.
- 6.3 Each Parish has its own CTB, that is the number of band D property equivalents within that parish. The sum of all of the Parish CTBs equates to the RDC CTB. The parish charge per property (per band D) is the Parish precept divided by the parish CTB.
- 6.4 The Local Council Tax Support Scheme results in changes to the tax base for every parish:
- It increases for the removal of the second homes 10% discount
  - It increases for the reductions in Council Tax exemptions (totalling £196k across Ryedale in 2013/2014)
  - It reduces by the estimated cost of Council Tax Support spend in 2013/2014 by parish.
- 6.5 In addition to the above in forecasting the tax base expected additions during the forthcoming year are also factored into the calculation as well as Council Tax discounts (such as single person's discount) and expected collection rates. The calculation of the base is complicated and cannot take place until after the CTB1 (Council Tax Base return to Government) has been completed in September/October at the earliest. The calculation is governed by regulations and is the Council's responsibility to calculate. Any change to the Local Council Tax Support Scheme would also affect the base, with such a decision often in January. As a result the calculation can only take place once the Local Council Tax Support Scheme for the subsequent year is finalised and approved.
- 6.7 Annex C provides details of the parish council CTB for 2012/2013 and 2013/2014 and shows the reduction from the changes identified above. There are a small number of parishes where the base increased, as the changes to second homes discount, exemptions and additions are greater than the Council Tax Support expected to be paid in that parish. It is likely that overall the CTB will be slightly higher in 2014/2015 through new property addition in the District.
- 6.8 Annex C also provides the impact of the reduced CTB multiplied by the 2012/2013 band D charge in each parish. This could be argued to be the financial 'loss' each parish suffered as a result of the changes. These figures range from 54p to £15,897.49 in the largest parish, Pickering. The Council approved and paid the grant totalling £65,184.09 in 2013/14 and this is now in the Council's base budget.
- 6.9 £61k was provided to the Council separately as part of the 2013/14 Local Government Finance Settlement to reflect this although it was at the full discretion of the District Council to decide whether, how much and the basis for any distribution. It is not possible to confirm that the £61k funding (or more) is being received in future years as it is not separately identified in the provisional 2014/15 announced figures. It

now forms part of the Council's start-up funding model as part of the rates retention scheme and Revenue Support Grant.

- 6.10 The Parishes have asked for clarity and certainty over the figure for 2014/2015. If the same or similar methodology is used as 2013/2014 it is unlikely that the grant will be finalised until after 9 January 2014 Council when the 2014/15 Local Council Tax Support Scheme will be approved. Those affected would need to meet late in the budget Council to ensure that Council on the 27 February 2014 could formally set all the precepts.
- 6.11 If members approve the halving of the grant Parishes will need to consider cutting their services, using reserves or increasing their precept. Whilst the District Council is effectively restricted in raising its precept by the referendum announcements from the Department for Communities and Local Government, parish Councils have not to date been affected. Whilst applying the referendum limit to parishes has been discussed, at present the Government does not have the legal power to do so, nor are there live legislative plans. Members should be aware that if Parishes were to manage the cut by increasing the precept there are likely to be significant percentage increases for some parishes, although the cash amounts in the main are likely to be small.
- 6.12 Annex C column headed 'Increase Per Band D' provides an estimated figure based on the 2013/14 tax base and is probably a worst case scenario of the impact of this decision if a parish makes good the whole reduction through increasing the precept. The next column highlights the percentage increase in precept that would be required (again based on 13/14 base and precept). Therefore as examples:
- Acklam Parish Council would see the grant reduce by £60, which would equate to 89p per band D property (per year), and if they made up the shortfall by increasing the precept it would show as a 2.88% rise.
  - Pickering Town Council would see the grant reduce by £7,948.75 (the highest cash reduction), which would equate to £3.35 per band D property (per year), and if they made up the shortfall by increasing the precept it would show as a 6.21% rise.
- 6.13 This issue was discussed with the Resources Working Party on the 4 June 2013 as part of consideration of the Councils financial position and savings requirements. The Medium Term Financial Strategy as approved by Council as part of setting the Council Tax for 2013/14 on the 26 February 2013 identified that the estimated shortfall on the 2014/15 budget was likely to be £646k based on known growth, efficiencies/savings/additional income of £150k being achieved and a 2% Council Tax increase. Members' choices for managing this shortfall will include use of the New Homes Bonus, use of reserves and cuts to services.
- 6.14 Against this difficult financial background the Resources Working Party at its meeting on the 4 June 2013 considered various proposals for cuts to services and additional income generation. The Parish Grant was discussed and it was agreed that officers would prepare a draft report for decision by the Policy and Resources Committee on the 26 September and considered at the Resources Working Party on the 10 September 2013 which consider halving the grant in 2014/15 and removing it completely in 2015/16.
- 6.15 A decision in line with the recommendation by Council on the 31 October based on a recommendation of the Policy and Resources Committee would enable the parishes to plan for the following year. If members choose a methodology based around the Council Tax Base, the Parishes would not have certainty over the grant until January

for the reasons outlined earlier.

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

a) Financial

This issue is being considered as part of the Council's overall financial position and the budget strategy. If implemented the saving would be c£32k in 2014/15 and 2015/16.

b) Legal

There are no significant new legal issues arising from this report.

c) Other

There are no significant other implications arising from this report.

**Paul Cresswell**  
**Corporate Director (s151)**

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**Background Papers:**

None.





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18 June 2013

Dear Sir/Madam

## Parish Grant 2014/15

I am writing to your parish as a previous recipient of grant as part of the precept setting exercise for 2013/2014. You will recall that the Localisation of Council Tax Support introduced by the Government for 2013/14, resulted in reductions to the Council Tax base and Ryedale District Council paid a grant to each precept levying parish in Ryedale to fully reflect this reduction in 2013/2014. Many Parishes chose to amend their precept to reflect the grant.

Members have discussed this grant and its future as part of the deliberations over the budget for 2014/2015 when further cuts to Government Financial support in excess of £0.5m are expected (equivalent to 7% of the Council's net budget).

I attach a draft report for consideration by the Policy and Resources Committee in September 2013 which would then be referred to Council for final decision on the 31 October, and reflects Members current thoughts on the grant for future years.

The purpose of this letter is to seek your Parish Council's views on this matter, these will then be summarised and included in the final report. I request your response to the following questions:

1. If the Council halved the grant made to parishes in 2014/2015 and then removed it in 2015/2016 how would your Parish Council manage the reduction in funding:
  - a. by increasing your parishes precept
  - b. by using reserves to cover the shortfall
  - c. by reducing services – please indicate which services if possible
  - d. a combination of the above – please specify
2. Please propose any alternate methodology that reflects the members desire to generate a saving in the grant payable.

The deadline for responses is 2 September 2013. Your response can be submitted by email to

[faye.snowden@ryedale.gov.uk](mailto:faye.snowden@ryedale.gov.uk)

Or by post to:

Faye Snowden  
Ryedale District Council  
Ryedale House  
Malton  
YO17 7HH

Yours faithfully,

Paul Cresswell  
Corporate Director (s151)

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### Parish Consultation Responses

#### **Sinnington**

If the Council halved the grant to parishes in 14/15 and then removed it in 15/16 then we would have no option but to increase our precept to manage the reduction in funding. We are a fairly small parish and so by consequence have not got reserves that would cover this amount from next year on. We have no services to reduce and the majority of our funding goes towards maintenance of the village green, footpaths and bridleways and continuing work by the Parish to alleviate flooding as well as the parish clerk fees.

I would imagine that a 5% increase in the Parish precept would cause a few raised eyebrows even though the actual monetary value is very small but an additional Parish meeting could be held to explain to the residents the reasons behind this.

#### **Sherburn**

We do not aim to raise our precept unless forced to. Our Council have no reserves to cover any shortfall. In 1967 the parish purchased 51 streetlights from YEB at a cost of £1 each. Now they need replacement and cost £1000 each! We have entered into a rolling programme for maintenance and replacement with NYCC to deal with this huge problem and our reserves are allocated and spoken for. So the only option open to us is to cut services.

This means we would cut our donations (Currently £3,000 pa) to the groups in the village such as the PCC for the grasscutting at St Hildas Church, to the School, the Youth Club where we pay their rent and the Cricket Club whose insurance we pay. Naturally this will hit all these organisations very hard. We also pay £4000 a year to employ a Caretaker who works one day a week and in conjunction with Streetscene.

We would welcome any advice/help Mr Cresswell can give us and re-iterate our desire to work in partnership with RDC to sustain the quality of the services we currently afford and we fully appreciate the Government cuts lead to our mutual problems.

#### **Gate & Upper Helmsley**

It was resolved at a meeting of the Parish Council that it would select option B - by using reserves to cover the shortfall.

#### **Allerston and Wilton**

The Parish Council would choose option a. They would increase the parish precept.

#### **Thorpe Bassett**

If the grant was halved in the 2014/2015 we could make up the difference from reserves.. for 2015/2016 we would increase the parish precept.

We have no services to reduce

#### **Amotherby**

Amotherby Parish Council's answers to the questions are:

1. a. Yes      b. Already doing this      c. None to reduce      d. Both a and b
2. No response to this question.

#### **Malton**

The Town Council considers that the proposed action is wholly against the spirit and intended purpose of the funding support scheme, and recommends that the District Council continues to channel this support to its intended recipients. It might also consider lending its weight to the National Association for Local Councils' campaign for a permanent resolution of this matter.

For its part this Council has advised the National Association of Local Councils of the District Council's view on the matter, and will take advice from it.

### **Nunnington**

The Parish would choose d) a combination of a) and b).

### **Gilling East**

Councillors received information regarding the Parish Grant and precept payment from RDC 2014/15 and decided that the Clerk should analyse the information provided and comment to RDC by the required date including our concern that the comment would be based on the knowledge that no other outside decrease in income would occur and that we assume the Band D value was calculated in the same manner as in the previous year for comparison. The Council agreed that reserves would be used in the first instance but if electricity and insurance costs increase cuts in street lighting and parish services would occur.

### **Birdsall**

Due to being such a small Council it would have very little effect either way.

### **Kirby Misperton**

Request to RDC to confirm that the basis on which Band D base calculation was made is the same as in previous years and has not been amended as in the year past.

Request RDC to notify the Council how much increase would be required by the Council in the same formula to maintain the current level of service

To note that the response provided within the consultation is only valid should other grant awarding bodies remain able to provide funding.

### **Hutton le Hole**

In the short term Council will accept the "fine" in continuing stewardship and will use reserves to cover the drop in income hoping no other budgetary cuts are experienced but should other areas of income be reduced or greater increases in maintenance costs be experienced the Council will have no choice but to increase the precept or make redundancies.

### **Bulmer**

Thank you for seeking the Parish Council's views re the above. Unfortunately we have not formally discussed your letter nor the draft P&R report. However I will be presenting them at our next Parish meeting.

Bulmer is a very small Parish Council and the impact of the cut will be minimal. I am going to suggest, to my fellow Councillors, that we keep the precept at £1,500 and, if necessary, use our reserves.

### **Broughton**

In response to your letter of 4th July 2013 I would imagine that (we only have 2 meetings/year) we would leave our precept as last year and "dip" into reserves, if necessary.

### **Wintringham**

Wintringham Parish Council would manage the reduction in funding by using reserves to cover the shortfall.

### **Scampston**

The loss of this grant to Scampston Parish Council would amount to £92.60 in 2014/15 and £185.20 onwards from 2016. Although the Parish does have some reserves, as the loss of grant would be year on year, the Council are of the opinion that they could not sustain such

use of their limited reserves. They also feel they would be unable to make any significant reduction in services to make up the shortfall. The Council therefore feel they would be obliged to make up any reduction in funding by increasing the Parish Precept accordingly.

The Parish Council would in these circumstances be very concerned about the level of increase in their Precept, 5.9% next year and more the following year. In view of such above inflation increases, which would be brought about by cuts in Government funding, the Council considers it would be appropriate to briefly explain the reasoning for any increases to the Parish Council Precept within the Council Tax Demand.

### **Pickering**

The council has decided to do no more than to ask that the district council communicate with the minor authority when it has taken a decision about the amount of grant to be given in 2014/2015 and the following year. The council trusts that the timing of the communication will be early enough so that the ramifications can be thoroughly thought through before a decision about the level of precept is finalised.

### **Sheriff Hutton**

Increase the parish precept to manage the reduction in funding.

### **Luttons**

The grant to the parish last year was £30.21. The Council decided to conduct its' usual budgetary cycle and to set a precept without taking account of this sum, which consequently appeared as additional income. The Council considers the future smaller sums to be of little consequence to the parish and will continue with its current practice in assessing and meeting the needs of the parish. This Council suggests that grants of under, say, £50 be stopped and the administration saved, in addition to the grant funds.

### **Acklam**

At the meeting held in the village hall on Wed 21st all those present were in favour of dealing with the reduction and removal of the grant in two ways.

A. An increase in the parish precept providing the amount was an acceptable level for all members of the parish.

B. Keep the parish precept at its present level and make up any short fall by fund raising etc.

### **Burythorpe**

The Parish Council would manage the reduction in funding by increasing the parish's precept.

### **Ebberston**

If financial support from Ryedale and County continues to reduce at a time when costs rise, with limited reserves an additional question should be 'How long can the Parish Council continue to function financially'.

### **Swinton**

If the grant was halved the shortfall would be made up by increasing the parish precept and by using reserves, Members agreed unanimously not to cut services and would only do so if they had no further option in the future.

### **Rievaulx**

We have a small budget and small outgoings, principally used for verge-cutting, essential for safe driving in and beyond the village on very small roads. We should, with the reserves we have in the bank, be able to manage this without increasing our precept at least for the two or three years ahead, even if the grant element in the precept is further reduced.

### **Thornton Le Dale**

The request by RDC relating to a future shortfall in the precept was debated and it was decided by all Councillors that the Precept must be increased to cover this loss.

The Clerk is to contact RDC informing them of the Council's decision. The Council do not have enough reserves to cover the shortfall therefore we will opt for 1 - A Increase the Parish Precept

### **Whitwell with Crambe**

Need full amount so will increase precept.

### **Slingsby, South Holme & Fryton**

The council considered the suggestion, to half the Parish Grant for 2014/15 and withdrawn for 2015/16, and how they would cover the shortfall. It was agreed that there was too little time to look at the figures in depth and that they would have to probably do a combination of all three alternatives, (put up the precept, cut services and use reserves). This would be difficult as reserves were earmarked for replacement of streetlights.

### **Kirkbymoorside Town Council**

Further to Mr Cresswell's letter dated 4 July with regards to the proposed reduction of the parish grant for 2014/15 it is my understanding that the only option available to the Town Council would be to increase the precept.

It is not a viable option to use reserves to cover any shortfall as these are not available to us and further more it would be detrimental to the community to reduce services which are already stretched thinly on account of previous budgetary cuts.

### **Byland with Wass and Oldstead**

The members of Byland with Wass and Oldstead Parish Council have read the letter from Paul Cresswell and in response to the question (1) the councillors have chosen option (b), i.e. by using reserves to cover the shortfall.

### **Helmsley Town Council**

Helmsley Town Council are unable to look at the budget for the next two years in detail until November at the earliest and so will put up the precept to cover any shortfall if necessary.

### **Oswaldkirk**

At Oswaldkirk Parish Meeting on Thursday 18 July I reported the terms of your letter of 4 July regarding the Parish Grant 2014/15. In response I would ask our elected RDC Councillors to take the following comments on board in their deliberations.

In common with all other communities, is already struggling to keep services that they already maintain from the Precept levy e.g.:

- we have a Village Hall which is suffering from loss of rental over the last few years of recession yet fuel costs and maintenance costs have risen. (Maintenance and cleaning is funded our Precept levy).
- we have an area of community ground which we have maintained by an annual grant of £149 from NYCC but in September 2013 this was cut leaving the Parish to cover the cost of vegetation cutting and clearing. (now totally funded from our Precept levy)
- we have a playground which has been built up by voluntary fund raising over the years. (grass/hedge cutting and maintenance is covered by our Precept levy)
- we have instigated a pavement and walkways snow clearance volunteer scheme since November 2012 with 17 active members started with a grant of £250 from Rural Action Yorkshire towards equipment and salt ( from Nov 2013 salt purchases will have to be funded from our Precept levy)
- we have visions to further community participation in maintaining the village appearance and activities - most of these will need to be at some point supported by Precept levy funding.

It has been difficult for Oswaldkirk residents to grasp the inflexible terms of the RDC proposals when we do so much on so little - all of which is provided by those who pay full Council Tax at their appropriate level. We do appreciate the RDC coverage of the shortfall for 2013-14 and we do understand that the Localisation of Council Tax Support is a Government construct. We will do an exercise on where we can reduce expenditure to ensure the Parish does not have to cut the services we consider essential to sustain. In the event of our exercise not being able to satisfy the saving requirements the meeting indicated that it would consider adopting 1a.

### **Aislaby Middleton & Wrelton**

The Parish Council resolved that to manage a reduction in funding it would increase the Parish's precept.

### **Heslerton**

Just to advise you that Heslerton Parish Council discussed the letter from Paul Cresswell concerning the Parish Grant for 2014/15. They have decided to take the grant offered, but will be increasing the precept as they have not made any increase for the last three years and costs are rising resulting in them having to use their reserves to make ends meet for the current year. The extent of the increase will be advised to RDC in due course.

### **Warthill**

The schedule of grants paid in 2013/2014 shows that Warthill Parish received a grant of £3.42. This sum is small in relation to the precept for the year of £720.00 and hence the proposed reduction and removal of the grant would not have a material effect on our parish's income. The shortfall could be covered by reserves.

### **Willerby**

Just to advise you, at last night's meeting of Willerby Parish Council, they agreed to take the grant offered for 2014/15, and anticipated that they would hold the precept at the existing level, although this will be reviewed at the meeting in November, when a final decision will be made.

### **Foxholes with Butterwick**

The Parish Council discussed at length the letter from Paul Cresswell, Corporate Director regarding the parish grant for 2014/15. As grant sum awarded to Foxholes is small the parish council consider it highly likely that they could manage the reduction in funding from their existing resources. However they did wish to point out that they may have to consider increasing the precept in the future should a lack of funds make that necessary.

### **Nawton**

Considered The Council Tax Support Parish Grant report and would probably -increase the parish precept and reduce services by looking for a cheaper venue for the monthly meetings and reducing the work the caretaker does around the village.

### **Rillington**

In regard to the level of precept, this will be discussed at the meeting in November at which a decision will be made on the level of funding required. We reserve the right to increase the precept as necessary to meet our financial requirements. Our reserves are insufficient to cover any further reduction in funding due to the precept already being held down for the last few years.

### **Weaverthorpe**

Question 1. If RDC halved the grant in 2015/15 and removed it in 2015/16, the Parish would manage the reduction by an increase in the precept as we do not have any services to cut.  
Question 2. We do not have any suggestions for the methodology of distributing the grant.

**Habton**

Our only response possible would be to increase our Parish's Precept as we have neither reserves to fall back on or Services to cut.

**Cropton**

I am pleased to inform you that as the grant offered Cropton Parish Council is so small we can manage without it in both 2013/4 and 2014/15.



# Agenda Item 13

ANNEX C

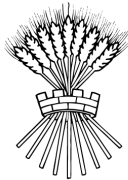
## Parish Council Tax Grant

Parish / Town	12/13 CT Base Band Ds	13/14 CT Base Band Ds	Change	12/13 precept per band D	13/14 Precept	13/14 Precept per band D	Grant Paid 2013/14	Half Grant 2014/15	Increase Per Band D *	14/15 % Increase*
ACKLAM	71.31	67.42	- 3.89	30.85	2,079.99	30.85	120.01	60.00	0.89	2.88%
AISLABY MIDDLETON & WRELTON	311.16	294.15	- 17.01	7.46	2,320.00	7.89	126.89	63.45	0.22	2.79%
ALLERSTON & WILTON	199.07	187.17	- 11.90	7.54	1,410.27	7.53	89.73	44.86	0.24	3.19%
AMOTHERBY	148.64	141.17	- 7.47	18.16	3,000.00	21.25	135.66	67.83	0.48	2.26%
AMPLEFORTH	366.42	336.83	- 29.59	45.03	15,470.91	45.93	1,332.44	666.22	1.98	4.31%
APPLETON-LE-MOORS	95.45	91.84	- 3.61	62.86	4,000.00	43.55	226.92	113.46	1.24	2.85%
APPLETON-LE-STREET	52.99	51.99	- 1.00	-	0.00	0.00	-	0.00	0.00	0.00%
BARTON-LE-STREET	81.85	72.34	- 9.51	8.55	618.69	8.55	81.31	40.66	0.56	6.55%
BARTON-LE-WILLOWS	88.16	83.76	- 4.40	11.34	850.10	10.15	49.90	24.95	0.30	2.96%
BARUGHS AMBO	89.04	87.44	- 1.60	2.25	0.00	0.00	3.60	1.80	0.00	0.00%
BEADLAM	98.89	93.11	- 5.78	17.19	1,600.64	17.19	99.36	49.68	0.53	3.08%
BIRDSALL	84.71	71.23	- 13.48	1.77	100.00	1.40	23.86	11.93	0.17	12.14%
BRANSDALE	29.75	28.15	- 1.60	-	0.00	0.00	-	0.00	0.00	0.00%
BRAWBY	65.80	59.76	- 6.04	-	0.00	0.00	-	0.00	0.00	0.00%
BROUGHTON	83.43	78.21	- 5.22	29.97	1,500.00	19.18	156.44	78.22	1.00	5.21%
BULMER	96.43	93.06	- 3.37	15.56	1,500.00	16.12	52.44	26.22	0.28	1.74%
BURYTHORPE	115.15	105.59	- 9.56	16.50	1,742.26	16.50	157.74	78.87	0.75	4.55%
BUTTERCRAMBE	43.14	41.81	- 1.33	-	0.00	0.00	-	0.00	0.00	0.00%
BYLAND WITH WASS & OLDSTEAD	119.09	118.70	- 0.39	7.56	900.00	7.58	2.95	1.47	0.01	0.13%
CAWTON COULTON & GRIMSTONE	93.08	96.97	- 3.89	6.64	618.00	6.37	-	0.00	0.00	0.00%
CLAXTON & SAND HUTTON	212.56	204.82	- 7.74	20.70	4,400.00	21.48	160.22	80.11	0.39	1.82%
COLD KIRBY	52.21	50.06	- 2.15	-	0.00	0.00	-	0.00	0.00	0.00%
CONEYTHORPE	42.16	43.29	- 1.13	-	0.00	0.00	-	0.00	0.00	0.00%
CROPTON	111.60	111.46	- 0.14	7.42	826.96	7.42	1.04	0.52	0.00	0.00%
EBBERSTON & YEDINGHAM	253.64	244.83	- 8.81	14.19	3,870.00	15.81	125.01	62.51	0.26	1.64%
EDSTONE	59.59	55.19	- 4.40	-	0.00	0.00	-	0.00	0.00	0.00%
FADMOOR	54.47	55.97	- 1.50	-	0.00	0.00	-	0.00	0.00	0.00%
FARNDALE EAST	48.07	47.12	- 0.95	7.28	343.08	7.28	6.92	3.46	0.07	0.96%
FARNDALE WEST	49.05	45.23	- 3.82	-	0.00	0.00	-	0.00	0.00	0.00%
FLAXTON	149.52	141.76	- 7.76	16.72	2,575.00	18.16	129.75	64.87	0.46	2.53%
FOSTON & THORNTON-LE-CLAY	127.26	119.91	- 7.35	11.79	2,413.34	20.13	86.66	43.33	0.36	1.79%
FOXHOLES with BUTTERWICK	90.33	86.11	- 4.22	31.00	2,669.18	31.00	130.82	65.41	0.76	2.45%
GANTON with POTTER BROMPTON	92.59	85.07	- 7.52	16.20	2,378.18	27.96	121.82	60.91	0.72	2.58%
GATE HELMSLEY & UPPER HELMSLEY	143.52	136.87	- 6.65	13.24	1,811.95	13.24	88.05	44.02	0.32	2.42%
GILLAMOOR	68.75	67.29	- 1.46	7.27	489.39	7.27	10.61	5.31	0.08	1.10%
GILLING EAST	107.27	99.73	- 7.54	11.95	1,191.90	11.95	90.10	45.05	0.45	3.77%
HABTON	129.53	124.33	- 5.20	3.86	479.93	3.86	20.07	10.04	0.08	2.07%
HAROME	119.68	119.46	- 0.22	33.42	4,000.00	33.48	7.35	3.68	0.03	0.09%
HARTOFT	32.11	32.74	- 0.63	-	0.00	0.00	-	0.00	0.00	0.00%
HARTON	37.63	37.10	- 0.53	-	0.00	0.00	-	0.00	0.00	0.00%
HAWNBY	91.70	84.16	- 7.54	6.54	750.69	8.92	49.31	24.66	0.29	3.25%
HELMSLEY	730.57	664.36	- 66.21	70.49	51,500.00	77.52	4,667.14	2,333.57	3.51	4.53%
HENDERSKELFE	25.41	23.38	- 2.03	-	0.00	0.00	-	0.00	0.00	0.00%
HESLERTON	156.81	136.03	- 20.78	19.51	2,654.58	19.51	405.42	202.71	1.49	7.64%
HOVINGHAM & SCACKLETON	223.00	223.31	- 0.31	14.26	3,338.00	14.95	-	0.00	0.00	0.00%
HOWSHAM	62.25	58.57	- 3.68	-	0.00	0.00	-	0.00	0.00	0.00%
HUTTON-LE-HOLE	93.87	89.94	- 3.93	47.94	4,811.60	53.50	188.40	94.20	1.05	1.96%
HUTTONS AMBO	124.70	122.41	- 2.29	16.04	2,713.27	22.17	36.73	18.37	0.15	0.68%
KIRBY MISPERTON	131.01	126.42	- 4.59	9.16	1,157.96	9.16	42.04	21.02	0.17	1.86%
KIRBYGRINDALYTHE	119.38	110.12	- 9.26	8.38	922.40	8.38	77.60	38.80	0.35	4.18%
KIRKBYMOORSIDE	1,214.90	1,088.77	- 126.13	63.38	68,505.88	62.92	7,994.12	3,997.06	3.67	5.83%
LANGTON	42.65	33.78	- 8.87	-	0.00	0.00	-	0.00	0.00	0.00%
LASTINGHAM	63.53	63.93	- 0.40	6.99	444.00	6.95	-	0.00	0.00	0.00%
LEAVENING	138.10	127.26	- 10.84	8.69	1,105.80	8.69	94.20	47.10	0.37	4.26%
LEVISHAM	49.74	46.97	- 2.77	-	0.00	0.00	-	0.00	0.00	0.00%
LILLINGS AMBO	75.45	73.12	- 2.33	2.65	193.83	2.65	6.17	3.09	0.04	1.51%
LOCKTON	117.12	118.83	- 1.71	17.50	2,250.00	18.93	-	0.00	0.00	0.00%
LUTTONS	157.90	153.75	- 4.15	7.28	1,150.00	7.48	30.21	15.11	0.10	1.34%
MALTON	1,874.75	1,654.14	- 220.61	46.41	84,761.49	51.24	10,238.51	5,119.26	3.09	6.03%
MARISHES	56.34	54.29	- 2.05	-	0.00	0.00	-	0.00	0.00	0.00%
MARTON	97.02	89.74	- 7.28	4.33	388.48	4.33	31.52	15.76	0.18	4.16%
NAWTON	250.19	237.33	- 12.86	19.98	5,000.00	21.07	256.94	128.47	0.54	2.56%
NEWTON-ON-RAWCLIFFE & STAPE	123.62	120.82	- 2.80	16.99	2,052.43	16.99	47.57	23.79	0.20	1.18%
NORMANBY	66.78	66.69	- 0.09	5.99	400.00	6.00	0.54	0.27	0.00	0.00%
NORTON	2,497.96	2,199.53	- 298.43	39.43	90,232.91	41.02	11,767.09	5,883.55	2.67	6.51%
NUNNINGTON	122.93	115.84	- 7.09	7.73	895.19	7.73	54.81	27.40	0.24	3.10%
OLD BYLAND & SCAWTON	71.12	67.86	- 3.26	-	0.00	0.00	-	0.00	0.00	0.00%
OSWALDKIRK	122.63	118.06	- 4.57	9.15	1,080.18	9.15	41.82	20.91	0.18	1.97%
PICKERING	2,688.66	2,372.04	- 316.62	50.21	128,000.00	53.96	15,897.49	7,948.75	3.35	6.21%
POCKLEY	44.72	43.11	- 1.61	-	0.00	0.00	-	0.00	0.00	0.00%
RIEVAULX	40.68	39.76	- 0.92	7.37	293.22	7.37	6.78	3.39	0.09	1.22%
RILLINGTON	412.42	355.51	- 56.91	31.52	11,206.20	31.52	1,793.80	896.90	2.52	7.99%
ROSEDALE EAST & WEST	170.01	169.81	- 0.20	23.94	4,500.00	26.50	4.79	2.39	0.01	0.04%
SALTON	34.77	34.14	- 0.63	-	0.00	0.00	-	0.00	0.00	0.00%
SCAGGLETHORPE	102.14	88.71	- 13.43	14.71	1,342.44	15.13	197.56	98.78	1.11	7.34%
SCAMPSTON with E & W KNAPTON	132.48	118.46	- 14.02	13.21	1,564.80	13.21	185.20	92.60	0.78	5.90%

Parish / Town	12/13 CT Base Band Ds	13/14 CT Base Band Ds	Change	12/13 precept per band D	13/14 Precept	13/14 Precept per band D	Grant Paid 2013/14	Half Grant 2014/15	Increase Per Band D *	14/15 % Increase*
SCRAYINGHAM with LEPPINGTON	78.80	73.77	- 5.03	-	1,228.00	16.65	-	0.00	0.00	0.00%
SETTRINGTON	144.80	129.64	- 15.16	22.44	3,309.81	25.53	340.19	170.10	1.31	5.13%
SHERBURN	289.49	245.17	- 44.32	52.20	16,000.00	65.26	2,313.50	1,156.75	4.72	7.23%
SHERIFF HUTTON with CORNBOROUGH	449.65	431.98	- 17.67	33.16	14,323.06	33.16	585.94	292.97	0.68	2.05%
SINNINGTON	145.68	132.18	- 13.50	8.24	1,088.76	8.24	111.24	55.62	0.42	5.10%
SLINGSBY	255.02	226.36	- 28.66	21.37	5,449.00	24.07	612.46	306.23	1.35	5.61%
SOUTHOLME & FRYTON	35.56	35.57	0.01	15.49	600.00	16.87	-	0.00	0.00	0.00%
SPAUNTON	35.76	34.37	- 1.39	-	0.00	0.00	-	0.00	0.00	0.00%
SPROXTON	58.31	54.93	- 3.38	3.05	167.69	3.05	10.31	5.15	0.09	2.95%
STONEGRAVE	45.70	48.59	2.89	-	0.00	0.00	-	0.00	0.00	0.00%
SWINTON	213.75	197.79	- 15.96	13.10	2,856.00	14.44	209.08	104.54	0.53	3.67%
TERRINGTON	239.16	236.77	- 2.39	12.27	2,905.67	12.27	29.33	14.66	0.06	0.49%
THIXENDALE	78.21	73.75	- 4.46	8.95	660.08	8.95	39.92	19.96	0.27	3.02%
THORNTON-LE-DALE	820.90	768.10	- 52.80	27.09	20,806.65	27.09	1,430.35	715.18	0.93	3.43%
THORPE BASSETT	48.56	45.53	- 3.03	4.12	187.52	4.12	12.48	6.24	0.14	3.40%
WARTHILL	112.09	111.45	- 0.64	5.35	720.00	6.46	3.42	1.71	0.02	0.31%
WEAVERTHORPE	123.03	107.26	- 15.77	28.45	3,500.00	32.63	448.66	224.33	2.09	6.41%
WELBURN (KIRKBYMOORSIDE)	33.19	33.14	- 0.05	-	0.00	0.00	-	0.00	0.00	0.00%
WELBURN (MALTON)	213.84	204.79	- 9.05	16.37	3,851.85	18.81	148.15	74.07	0.36	1.91%
WESTOW	148.83	134.04	- 14.79	14.45	1,986.28	14.82	213.72	106.86	0.80	5.40%
WHARRAM	45.31	40.43	- 4.88	-	0.00	0.00	-	0.00	0.00	0.00%
WHITWELL-ON-THE-HILL & CRAMBE	104.61	94.02	- 10.59	4.78	449.38	4.78	50.62	25.31	0.27	5.65%
WILLERBY & STAXTON	241.92	214.99	- 26.93	28.94	6,220.65	28.93	779.35	389.68	1.81	6.26%
WINTRINGHAM	79.39	76.48	- 2.91	18.89	1,500.00	19.61	54.97	27.48	0.36	1.84%
WOMBLETON	150.02	148.30	- 1.72	24.37	3,766.00	25.39	41.92	20.96	0.14	0.55%
				Total			<b>65,189.04</b>	<b>32,594.55</b>		
				Saving				<b>32,594.49</b>		

\* assumes no change to CT base for 13/14

\* assumes Parish does not adjust their 13/14 precept for other reasons.



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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>26 SEPTEMBER 2013</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>COUNCIL TAX DISCOUNTS</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

1.1 This report propose changes to the discounts to Council tax in respect of properties undergoing structural repairs and empty and unfurnished properties. The changes will result in additional income to the Council in future years.

### **2.0 RECOMMENDATIONS**

2.1 That Council is recommended to approve that from the 1 April 2014:

- (i) that the PCLD Council Tax discount be removed; and
- (ii) that the PCLC Council Tax discount be reduced to 100% for 28 days.

### **3.0 REASON FOR RECOMMENDATIONS**

3.1 These changes are being considered as additional income for the 2014/15 budget.

### **4.0 SIGNIFICANT RISKS**

4.1 The significant risk is around the collection of any additional monies levied through changes to the discounts. The changes last year have been implemented and the Council has proven to be successful in recovering the monies and keeping the collection rate above expectations.

### **5.0 POLICY CONTEXT AND CONSULTATION**

5.1 The issues in this report are part of the Council's budget preparations for 2014/15.

5.2 Consultation has not taken place on the proposals.

## REPORT

### 6.0 REPORT DETAILS

- 6.1 To assist Local Authorities managing the introduction of the Local Support for Council tax on the 1 April this year and manage the cut in funding the government gave flexibilities and freedoms on the levels of Council Tax Discounts and Exemptions to be determined by billing authorities. The following were the financially material options available to the Council which were considered:
- Reduction/Removal of the 10% second homes discount
  - Reduction/Removal of the Class A (Structural Repairs) exemption (now called a PCLD discount). This was previously 100% for 12 months
  - Reduction/Removal of the Class C (Empty and Unfurnished) exemption (now called a PCLC discount). This was previously 100% for 6 months
  - Increasing the Charge to Long term Empty properties (those empty over 2 years) to up to 150%.
- 6.2 As part of the budget strategy Council made the following changes for the 2013/14 budget:
- Removal of the 10% second homes discount
  - Reduction of the PCLC discount to 100% for 2 months
  - Increasing the Charge to Long term Empty properties (those empty over 2 years) to up to 150%.
- 6.3 In year monitoring has taken place to show that the collection rates are ahead of expectations for 2014/15.
- 6.4 There are only two material changes which the Council can consider, the discount for PCLD discount and the period and percentage for PCLC discount. Any reductions to these discounts results in an increase in the Council Tax Base which then results in additional Council Tax income. Each of the precepting Authorities benefits from increases in the Council Tax Base with the County Council being the biggest beneficiary as it has the highest precept.
- 6.5 The flexibilities given to local authorities has resulted in a number of different approaches. A recent survey by the Society of District Council Treasurers showed the following

Prescribed Class D (PCLD) Council Tax discount, only the discount can be altered, not the period (86 responses)

Discount	No.
10%	3
25%	12
30%	1
38%	1
50%	34
75%	3
100%	32

Prescribed Class C (PCLC) Council Tax discount, both the period and discount can be altered (106 responses)

Discount	No.
0%	13
7 Days 100%	1
10% for 1 month	1
100% for 1 month	25
100% for 1 month then 50% months 2-6	2
25% for 2 months	1
100% for 2 months	5
25% for 3 months	3
50% for 3 months	1
50% for 3 months, then 10%	1
100% for 3 months	20
10% for 6 months	2
25% for 6 months	3
50% for 6 months	14
100% for 6 months	13
25% for 12 months	1

- 6.6 The current estimated annual cost of the discounts given are shown below:
- PCLD = £60k
  - PCLC = £220k
- 6.7 Officers are recommending that the PCLD discount is removed completely and that the PCLC discount is reduced to 100% for one month. For information this will not affect Yorkshire Housing who qualify for a different exemption as a charity for taxation purposes.
- 6.8 The total saving from these proposals is estimated at £100k, with the benefit to RDC of approximately £12k in 2014/15. Using the full data for 2012/13 400 residents would have been affected by the reduction from 2 months to 28 days and 50 residents would have been affected by the removal of the structural repairs discount.
- 6.9 Members in discussing this issue through the Council's Resources Working Party were concerned around properties affected by flooding which would not then receive any discount during subsequent repairs if vacated.
- 6.10 Hambleton District Council have considered this issue and have established Local Council Tax Discount Policy which is attached at Annex A and procedure at Annex B.
- 6.11 Unfortunately under Council Tax Legislation the costs of any local scheme have to be met in full by the billing authority, therefore any cost would fall in full on RDC rather than each of the preceptors taking a share in proportion to the relevant percentages of the Council Tax bill. Therefore if a band D property was exempted from Council tax under such a policy, RDC would stand c£1,500 in full.
- 6.12 Should members wish to pursue this option a policy similar to the Hambleton one could be drafted for members' consideration.

## 7.0 IMPLICATIONS

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

The proposals generate a budgetary saving to the Council.

- b) Legal  
There are no significant new legal issues.
- c) Other  
There are no significant other implications.

**Paul Cresswell**  
**Corporate Director (s151)**

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**Background Papers:**  
None.

## Local Council Tax Discount Policy

### **Introduction**

The purpose of this document is to introduce a policy and criteria by which applications for Local Council Tax Discount under s13A of the Local Government Finance Act 1992 (inserted by Local Government Act 2003) will be considered.

Whilst the Council is not required by the provisions of the Act to have a policy, it is considered important to have a framework for considering applications to ensure consistency and that the Council's power to reduce the amount of Council Tax payable is exercised reasonably and fairly.

### **Effective Date**

This policy will commence on 1 April 2013 and will last for 1 year only finishing on 31 March 2014. Consideration will be given during 2013/14 as to whether this policy will be extended beyond 31 March 2014.

### **Application for Local Council Tax Discount**

In circumstances where properties have suffered from flooding as a result of the weather individual applications will be required.

All applications must be made in writing (including email) direct to Revenue & Benefits Manager clearly setting out the reasons why the application should be considered. Applications should ideally be supported with evidence i.e. Photographic etc. The written application may be completed by a third party on behalf of the applicant provided it is signed by the applicant.

All applications must be received within 2 months from the property being flooded. Applications received after the 2 months will only be considered if 'good cause' can be shown why the application was not submitted earlier.

### **Consideration of Applications**

All applications for discount will be initially considered by the Revenue & Benefits Manager.

Each application will be looked at on an individual basis taking into consideration the full facts leading to the property being flooded by a weather related event.

If a number of applications are received from the same area the Revenue & Benefits Manager will discuss these with the Leader of the Council (or delegated Councillor) prior to reaching a decision.

Should the Revenue & Benefits Manager refuse the application, the taxpayer will have a right of appeal to the Council's Appeals Committee.

### **Duration of Relief**

Any discount awarded will be for a fixed period of time which may be less, but not more than 12 months. (The 12 months being the maximum period previously awarded under a Class A (uninhabitable exemption).

Applications received after 2 months will be considered provided that the taxpayer can support the application with sufficient evidence e.g. Photographic, Information from Builders on work undertaken/being undertaken to make the property habitable etc.

Any application cannot be considered earlier than 01 April 2013 (prior to this a Class A or C exemption may have applied)

### **Financial Implications**

The total cost of any discount awarded must be borne by Richmondshire District Council and its Council Tax payers. There is no provision to pass on or share the burden with other precepting authorities. The Revenue & Benefits Manager will inform the Councils Section 151 Officer of any awards paid out in respect of a Section 13a application.

Brian Bottle  
Revenue & Benefits Manager  
February 2013



## Local Council Tax Discount Procedure

This procedure relates to applications received in respect of a discount under Section 13a of the Local Government Finance Act 1992 (inserted by Local Government Act 2003).

1. A written application is made to the Revenue & Benefits Manager by the taxpayer (or an agreed 3<sup>rd</sup> party) in respect of any property that has suffered from flooding by a **weather related event\***, ideally supported with evidence i.e. Photographic. The application must be made within 2 months of the property being flooded.
2. For any application to be considered the property must be substantially unfurnished.
3. On receipt of the application the Revenue & Benefits Manager will acknowledge receipt and has 28 days to consider and reach a decision. The Revenue & Benefits Manager may need to request further information from the taxpayer in which case the 28 days will commence from when sufficient information has been received for a decision to be reached.
4. Applications received later than 2 months from the property being flooded will be considered provided they explain fully why an earlier application was not made. All such applications **MUST** be supported with sufficient evidence to allow the application to be considered. The earliest date any relief can be awarded is 01 April 2013.
5. Following receipt of the application the Revenue & Benefits Manager will arrange for an inspector to visit the property concerned. No visit will be made unless prior notification to the owner has been agreed.
6. The Revenue & Benefits Manager will inform the taxpayer in writing of the decision. If a discount is to be awarded a revised Council Tax bill will be issued. If a discount is not to be awarded the letter will contain information regarding the taxpayer's right of appeal to the Council's Appeals Committee.
7. The amount of discount will be 100% of the Council Tax liability for an agreed period of time.
8. On receipt of any appeal from the taxpayer the Revenue & Benefits Manager will request that the Council's Appeals Committee is convened to discuss the appeal
9. This appeal will then form part of the Council's Appeals procedure and will be governed by that procedure.
10. The Taxpayer will be informed that Council Tax must continue to be paid in accordance with the previous bill issued whilst any appeal is pending.
11. The Revenue & Benefits Manager will inform the Council's Section 151 Officer of any discounts awarded in respect of Section 13a.
12. The policy for awarding Section 13a discounts covers the period 1 April 2013 to 31 March 2014.

- **Definition of Weather Related** – Flooding of the property caused by ingress of water as a result of heavy rainfall.
- It does not include properties flooded as a result of burst pipes etc.

Brian Bottle  
Revenue & Benefits Manager  
February 2013