



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

Thursday 6 February 2014 at 6.30 pm

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

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

### **Agenda**

**1 Emergency Evacuation Procedure**

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

**2 Apologies for absence**

**3 Urgent Business**

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

**4 Declarations of Interest**

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

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

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

**5 Financial Strategy 2014/2015**

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

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<b>PART B:</b>	<b>RECOMMENDATIONS TO COUNCIL</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>6 FEBRUARY 2014</b>
<b>REPORT OF THE:</b>	<b>CORPORATE DIRECTOR (s151) PAUL CRESSWELL</b>
<b>TITLE OF REPORT:</b>	<b>FINANCIAL STRATEGY 2014/2015</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The report sets out the budget for 2014/15, a proposed Council Tax level, the Financial Strategy, details of balances and reserves, the indicators under the Prudential Code for capital finance as required by the Local Government Act 2003 and the Pay Policy for 2014/2015.
- 1.2 Members should note that this report is prepared on the basis of the provisional Local Government Finance Settlement with incomplete information and a number of announcements outstanding. Further updates will be provided to the meeting.

### **2.0 RECOMMENDATIONS**

- 2.1 That Council is recommended:
- (i) To approve the Council's Financial Strategy (Annex A) which includes:
    - a. Savings/additional income totalling £401k (Financial Strategy Appendix A)
    - b. Growth Pressures totalling £417k (Financial Strategy Appendix A)
    - c. The Prudential Indicators (Financial Strategy Appendix B)
    - d. The revised capital programme (Financial Strategy Appendix D)
    - e. The Pay Policy 2014/2015 (Financial Strategy Appendix E)
  - (ii) a Revenue Budget for 2014/2015 of £7,175,230 which represents no increase in the Ryedale District Council Tax of £176.72 for a Band D property (note that total Council Tax, Including the County Council, Fire and Police is covered within the separate Council Tax setting report to Full Council);
  - (iii) to approve the special expenses amounting to £35,180;
  - (iv) to note the financial projection for 2015/16 – 2019/20 (Annex B).

### **3.0 REASON FOR RECOMMENDATIONS**

3.1 To agree a balanced revenue budget for submission to Council for the financial year 2014/2015 and prepare the Council to deliver the same in future years.

### **4.0 SIGNIFICANT RISKS**

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

### **5.0 POLICY CONTEXT CONSULTATION**

5.1 The Financial Strategy is a key strategy document that affects all service delivery. It links to the Corporate Plan and all other strategic plans as well as providing the means for attaining the Council's objectives and priorities.

5.2 The Policy and Resources Committee is the Committee designated to make recommendations to the Council relating to the budget and levels of Council Tax. Consequently, recommendations from this Committee will inform the Council and subsequently the Council Tax resolution.

5.3 Budget consultation with the public took place last year through focus groups drawn from the Council's Citizen's Panel. This work was to inform the 2013/14 and 2014/15 budgets.

5.4 Member consultation has been through the Resources Working Party and Member Briefing.

## **REPORT**

### **6.0 BACKGROUND AND INTRODUCTION**

6.1 The Financial Strategy sets out the Council's financial position in the medium term in detail, including issues around the Local Government Finance Settlement and efficiencies as well as the principles and procedures adopted by the Council to manage its finances to a high standard.

6.2 Monitoring of the 2013/2014 budget has taken place through the Group Leaders, Resources Working Party and this Committee who receive Revenue Budget Monitoring reports. There are no material issues arising from the current year's revenue budget other than a potential deficit on business rates arising mainly from the significant successful appeal by RAF Fylingdales which was backdated to 2005.

#### **KEY ASSUMPTIONS**

6.3 In preparing the draft budget for consideration a number of pieces of key information are not yet known and government announcements are awaited. Key assumptions therefore are:

- The Council will be receiving grant to reflect the extension of small business rate relief (SBRR) in 2014/15 and that this grant will form part of the rate retention scheme and part of the business rates pool.
- The announcement on referenda limits for Council tax will not be made before the budget is set by Council on the 25 February and even if an announcement is made the limit will be 1.5% or less for District Councils.
- The final settlement will not vary significantly from the draft announcement.

- The Council will choose to provide for outstanding appeals on an accruals basis in 2013/14 and not spread payments over 5 years.
- The figures in this report are based on the draft NNDR1 plus pooling agreement, the deadline for the NNDR1 is the 31 January and further guidance around the form is expected.
- Capital receipts assumed in the capital programme for the sale of properties in Kirkbymoorside and Norton will be received.

#### **Budget and Council Tax for 2014/15**

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

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

6.5 Council resolved on the 31 October 2013 that the budget be prepared on the assumption of a 1.99% rise in Council Tax. Part of this decision was consideration of the referenda limit for Council tax for 2013/14 which was 2%.

6.6 Unexpectedly the referenda limit for 2014/15 has not yet been announced and it may not be announced prior to the budget setting process. With a referenda costing c£70k to undertake and with 2% on Council Tax equating to c£70k it is clear that the Council should not approve a position which requires a referenda.

6.7 Leaked documents show that there is debate within Government about the limit with many senior politicians, including the Secretary of State for Communities and Local Government Eric Pickles, pushing for a limit of 1.5%.

6.8 If a Council chooses to freeze Council Tax it receives a grant equivalent to just over 1% of Council Tax, in RDC's case £38k. It is slightly over 1% as it is based on the Council Tax Base excluding the impact of Localised Council Tax Support.

6.9 Should the Council set Council Tax at 1.49% against a referenda limit of 1.5% the financial benefit, after taking into account the reduction in LCTS payments as Council Tax would be lower, would be c£10k to Ryedale in 2014/15 and each year thereafter.

6.10 Eric Pickles has also stated that Authorities 'dodging democracy' would be penalised in future years, and this has been seen with retrospective changes to previous years Council Tax freeze grants affecting those that did not accept the grants offered.

6.11 The budget as presented with this report therefore assumes no increase in the RDC part of the Council Tax (for the 5<sup>th</sup> consecutive year). Should members wish to revert to an increase, the adjustment to the figures is relatively straightforward, with the benefit being seen through a £32k reduction in the New Homes Bonus required to support the revenue budget.

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

6.12 The Draft Local Government Finance Settlement was announced on the 18 December 2013, with the information arriving sporadically over the subsequent days.

As already stated at the time of writing this report some information and the final announcement had not been received.

- 6.13 The Council already had an indicative announcement of Revenue Support Grant (RSG) for 2014/15 provided last year. The draft announcement on the 18 December was better than expected mainly through the inclusion of a grant for rural and sparse authorities of £67k. In 2013/14 the Council received a similar grant of £62k but were told at the time that it would be a one off grant. The new grant is welcomed and included in the baseline funding, although is still far from compensating for lost grant for rural areas through the formula damping system.
- 6.14 There were a number of announcements and changes to business rates announced in the autumn statement. Councils have been assured that they will not lose financially from the announcements, but the details of the s31 grant to compensate have not yet been received.
- 6.15 In addition to the above there are the following specific grant movements for RDC:

Grant	£k
Loss of one-off 2013/14 efficiency grant	(62)
Loss of Localised Council Tax Support Transition Grant	(11)
Loss of Benefits Administration Subsidy	(34)
Loss of NHB Surplus Grant	(11)
Add New Burdens Funding LCTS	26

#### **Retained Business Rates**

- 6.16 Members will be aware that from 2013/14 the Council retains a percentage of business rates. The Council retains 40% of the rate income it collects; it then pays a fixed tariff to the Government (£5.035m in 14/15). If it then has income above a pre determined target the Council keeps 50% of this sum with the remainder paid as a levy to the Government.
- 6.17 Members are also aware that the Council applied to form a business rates pool with North Yorkshire County Council (NYCC), Richmondshire District Council, Scarborough Borough Council, Hambleton District Council and Craven District Council. The application was approved and the pool will commence on the 1 April 2014. The benefit of forming the pool is that the levy rate on growth above target is reduced to zero. This benefit is shared between the pool members in accordance with the agreement.
- 6.18 The total estimated business rate income for the pool is included in the budget with the benefit of being in a pool enhanced by the assumed inclusion of SBRR within the calculations. Clearly though the receipt of this income is dependent not only Ryedale's business rate income but that of the other pool members (excluding NYCC).

#### **Council Tax Income**

- 6.19 Council Tax income, including the projected surplus on the collection fund is estimated at £3.691m. Due to a lower than expected cost of the Localised Council Tax Support Scheme, improved collection rates, further reductions in discounts approved by Council and new property development, the Council Tax Base has increased by 4% for 2014/15. This is significantly above trend and provides additional income to assist the Council's financial position.

### **Base Budget Adjustments**

6.20 These are as follows:

<b>Issue</b>	<b>£k</b>	<b>Comments</b>
Pay and Price Inflation	141	3% Price and 1% Pay
Cost of Borrowing	20	Brambling Fields Junction Improvements
Total	161	

### **Growth Items**

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

### **Savings/Cuts/Additional Income**

6.22 Over the three budget years 2011/12, 2012/13 and 2013/14 the Council undertook a fundamental review of all services resulting in significant efficiency savings. Whilst the scope for large efficiencies is limited through budget review efficiencies of £170k have been identified, as well as offsetting small growth items with savings elsewhere.

6.23 At Council in October members approved the following cuts/additional income. Work is underway and costs being incurred in implementing these proposals:

- Charging for Garden Waste Collection. Estimated savings of £119k in 2014/15 and a further £160k in 2015/16.
- Rationalisation of the TIC service. This saves £54k in 2014/15.
- Reduction in the parish grant (relating to the implementation of LCTS), saving £32k in 2014/15 and a further £32k in 2015/16.

### **New Homes Bonus**

6.24 As reported to members the Council has earned £1.127m New Homes Bonus for 2014/15. To date the Council has not used this to support the revenue budget but the plans approved last year identified the gradual use of this revenue funding to protect services. The autumn statement confirmed that there would be no top slicing of NHB to finance LEP activities from 15/16 as proposed in the consultation. It is therefore predicted that NHB will rise to a total of around £1.7m by 2016/17 before it plateaus (this being the maximum six years on which the payments are based).

6.25 The budget as proposed uses £175k of the 2014/15 NHB and there is therefore £952k NHB unallocated in the budget and this will be put into reserves. Members can allocate this funding as they see fit at any time in the future. In producing the MTFS last year it was estimated that £495k of New Homes Bonus would be required this year.

6.26 Members need to be aware of risks around the capital programme later in this report which may need to be financed from this remaining sum.

### **Summary Revenue Budget Position**

6.27 Taking all of the above into account the summary position is as follows:

<b>Issue</b>	<b>£k</b>
Base Budget Brought forward	7,173
Add:	
Base Budget Adjustments	161
Growth items	417
Total 'Cost'	7,751
Less:	
Retained Business Rates	1,739
Council Tax Income	3,691
Revenue Support Grant	1,745
Efficiencies/Savings/Additional Income	401
Use of New Homes Bonus	175
Balance	0

- 6.28 Given the significant efficiencies already within the proposed budget and Financial Strategy it will be difficult to identify additional robust deliverable efficiency savings for the 2014/2015 budget. Therefore any Member proposals for additional expenditure will necessitate allocation of more of the 2014/2015 New Homes Bonus or cuts to existing services.

#### **MTFS projections to 2019/20**

- 6.29 Members will note the financial projections to 2019/20 (Annex B). This shows the NHB being drip fed into the budget to enable the Council to survive the austerity years with the vast majority of its services maintained. Notwithstanding the decisions already taken and being implemented the forecasts show the continued choice between use of NHB to support revenue and service cuts being required. The forecast identifies £500k of cuts being required in the four year period 2016/17 to 2019/2020. This would provide an estimated cumulative £2.8m of New Homes Bonus available over the 6 years for members to consider.

- 6.30 Annually when updating the capital programme a further year is added which equates to around £500k. At present there is around £300k shortfall in funding this and the MTFS therefore taken an allocation from 2015/16 New Homes Bonus to meet this shortfall. Without this action and in the absence of significant capital receipts Members would either have to remove existing schemes from the programme or considering borrowing with the associate revenue cost and affordability test under the prudential code.

#### **Capital Programme**

- 6.31 The Financial Strategy provides a detailed breakdown of the Council's Capital Programme (appendix D) up to 2017/2018 totalling £8.958m. External funding of £3.405m is included, leaving a balance of £5.553m to be financed by the Council's funds and reserves as follows:

Funding Source	£
Capital Fund	2,363K
Capital Receipts	1,120K
Borrowing	2,070K
	5,553K

- 6.32 The principle of the capital plan is that only those schemes which are fully worked up, evaluated and approved by Members and as such would not require further Member approval to proceed (other than in meeting constitutional requirements) are within the



Capital Programme. The Capital Programme, as profiled above, necessitates borrowing to be undertaken in 2014/2015.

- 6.33 Members should note that there are £58k unallocated capital resources available for investment in new schemes based on existing assumptions of capital receipts. The capital programme reserve list has also been updated to reflect expectations over future years. Schemes on the reserve list are for information and the inclusion of any of the schemes will be a Council decision based on evaluation of the detailed proposals.
- 6.34 There are two areas of concern in the capital programme which may necessitate additional funding being identified:
- Sale of Property at Dove Way at Kirkbymoorside. Members approved this sale and the capital programme currently assumes a capital receipt of £320k. There are ongoing discussions around the treatment of VAT on this sale and external advice is being sought. The outcome of these discussions may result in the purchaser not proceeding.
  - Sale of Norton Bowls Club. This is assumed within the capital programme with a value of £400k.
- 6.35 The capital programme as proposed also includes the predicted final cost of the Brambling Fields junction improvements. The final cost is estimated to be £350k over the budget provided and the unprecedented weather was the major factor in creating this cost. Assumptions about developer contributions have been increased to cover this cost. The position on the receipt of these will need consideration over time and may necessitate other funding to be identified if they are not received.

#### **Pay Policy 2014/2015**

- 6.36 The Pay Policy for RDC for 2014/2015, as required under the Localism Act is attached at appendix E to the Financial Strategy (Annex A). Members will note that there are few changes to the policy as presented to Council in February 2013.

#### **Special Expenses**

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

<b><u>Town/Parish</u></b>	<b>£</b>
Malton	4,880
Norton	9,800
Pickering Rural	20,500
<b>TOTAL SPECIAL EXPENSES</b>	<b>35,180</b>

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

- 6.38 For 2013/14 the NNDR multipliers are: a small business non-domestic rate multiplier of 46.2p and a non-domestic rate multiplier of 47.1p. For 2014/15 the draft multipliers are 47.1p and 48.2p respectively.

#### **Prudential Code**

- 6.39 Under the Local Government Act 2003 it is necessary for the Council to agree a series of prudential indicators mainly related to capital but taking account of

affordability of the revenue consequences. Appendix B of the Financial Strategy lists the various indicators.

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

### **Funds & Reserves**

- 6.41 As part of the budget setting process, it is necessary to give Members an indication of the levels of reserves and balances and comment thereon. Appendix C in the Financial Strategy sets out the projected major Funds and Reserve balances. The Council's revenue budget for 2014/2015 assumes no draw on the General Reserve to support the budget.

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

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

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

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

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

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

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

**In setting the Revenue budget for 2014/15 I consider that the proposed budget is robust, and reflects a realistic and prudent view of all anticipated expenditure and income.**

The total savings and additional income proposals are £401k. This level is significant in relation to the Authority's overall budget and therefore inherently carries a risk. The achievement of these savings will be crucial in managing within the budget. The risk of this has been mitigated in part by thoroughly reviewing all savings proposals for their robustness and effective budget monitoring procedures are in place. There inevitably remains a risk in delivering on this level of savings and there is always potential for delay in achieving savings or failure to achieve income targets. Where

this occurs, compensating savings will need to be identified. Assumptions are within the 2014/2015 budget that the 3 month moratorium £21k will be delivered.

The overall level of reserves is considered in detail within the Financial Strategy. I consider that the overall level of reserves is adequate.

The Capital Plan and Capital Programme have been regularly reviewed during the year. The unapplied capital resources will need to be considered in knowledge of the ongoing expectations of low interest rates and limited capital receipts generated by the Authority. It is important that proper project management disciplines are followed for schemes within the programme together with regular monitoring to minimise the potential for unexpected overspends.

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

## **7.0 IMPLICATIONS**

7.1 The following implications have been identified:

- a) Financial  
Significant financial implications on the Council are detailed in the report and the Financial Strategy.
- b) Legal  
There are no additional legal issues on the Council from the recommendations.
- c) Other  
The proposals within the Financial Strategy do impact on the staffing resources of the Authority. Appropriate procedures and plans are in place to manage these issues.

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

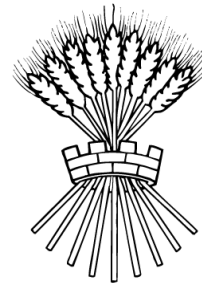
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**Background Papers:**  
None

**Background Papers are available for inspection at:**  
N/a

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RYEDALE  
DISTRICT  
COUNCIL



# FINANCIAL STRATEGY

2014 - 2018

# FINANCIAL STRATEGY

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### **Main Report**

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2. Objectives of the Financial Strategy
3. The Current Financial Position
4. The Financial Strategy Objectives
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6. Development of the Financial Strategy
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8. Balances and Reserves
9. Impact/Risk Assessment
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**Appendix A:** 2014/2015 Revenue Budget Pressures and Savings

**Appendix B:** Prudential Indicators

**Appendix C:** Reserves and Balances

**Appendix D:** Capital Programme 2014 – 2018

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

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

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

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

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

In particular it:

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

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

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

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

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



### 3. THE CURRENT FINANCIAL POSITION

The Council's net budget for 2013/14 totals £7.173m and is allocated to services as shown:

Service	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central Services	6,107	6,281	(174)
Cultural & Related Services	1,593	56	1,537
Environmental & Regulatory Services	5,095	1,722	3,373
Highways & Transport Services	350	795	(445)
Housing Services	13,737	12,626	1,111
Planning Services	2,206	752	1,454
General Fund Reserve			-
Other Financial Adjustments			317
<b>Net Revenue Budget</b>			<b>7,173</b>
Financed By:			
Government Grant and Retained Business Rates			3,654
Collection Fund Surplus			109
Ryedale District Council Precept			3,410
<b>Total</b>			<b>7,173</b>

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

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

Appendix A details the budget pressures and savings/additional income proposals for the 2014/2015 budget.

Council Tax currently pays for 49% of the Council's revenue spending. With 51% of the Council's resources come from central government, the financial strategy is to some extent shaped by factors outside the Council's immediate control. However, there are many facets to an effective financial strategy, and the Council must ensure it proactively manages its resources with a view to ensuring robust financial planning that delivers Council priorities.

#### **External Factors:**

**Revenue Support Grant and Retained Business Rates** - In late December 2012 Government announced the draft 2 year financial settlement for Local Government covering 2013/2014 and 2014/2015. The two year announcement was welcomed. The Council will support lobbying for early announcements of future years. However, there will remain significant

uncertainties in long term planning, as the level of grant is only one part of a complicated set of assumptions in long term financial planning.

The Government has also held a spending round in 2013 and announced indicative grant figures for 2015/16, again welcomed.

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

In order to reduce levies payable the Council has formed a business rates pool with North Yorkshire County Council (NYCC), Hambleton District Council, Craven District Council, Richmondshire District Council and Scarborough Borough Council. This should generate additional retained business rates, however this will dependent not only on Ryedale's business rate income but that of the other partners (excluding NYCC).

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

### **Efficiencies**

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

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

### **Additional Cost Pressures**

There has been a trend in local government in recent years for additional cost pressures (for example pay increases, impact of meeting national targets, new duties/legislation) to significantly outweigh increases in Government funding. In addition to this some of the pressures carry significant growth year on year, which is not reflected in Revenue Grant Settlements.

The significant issue for the 2013/2014 budget was the Localisation of Council Tax Support. This legislative change passes the discretion and risk of council tax support with local authorities. The Council successfully implemented this in 2013/14 and has approved the same scheme for 2014/15. This very much reduces the risks in the budget and an evaluation of the scheme can take place once a full years data is in place.

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

### **New Homes Bonus**

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

RDC has not used this funding to supplement its revenue budget in 2011/2012, 2012/2013 and 2013/2014 budget. The 2014/15 will require some support for the Revenue budget with the proposal to drip feed the money into the budget over a number of years to protect existing services. The following table set out the received and predicted income from New Homes Bonus for RDC:

<b>Year</b>	<b>£000</b>
2011/2012 (received)	215
2012/2013 (received)	440
2013/2014 (received)	708
2014/2015 (due)	1,127
2015/2016 (estimated)	1,427
2016/2017 (estimated)	1,727

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

### **External Funding**

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

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

### ***Pensions***

The Council's contribution rate for the North Yorkshire Pension Fund (NYPF) is set based upon the returns to the fund and the recovery period for the fund. These are affected by economic fluctuations and with the economic downturn increases in contribution rates may ensue. The contribution rates are established in consultation with the Council based on a triennial review by the actuary. Changes to the scheme benefits have been made which should reduce overall costs. Notwithstanding this the NYPF continues to see reduced returns and a difficult overall funding position. A review has taken place in 2013/14 and reflecting good performance of the fund particularly in 2013/14 the contribution rates have increased, however by less than expected and based on the interim valuations. The next review will be in 2016/2017 and some estimation of the impact is included in the Financial Strategy.

### ***Significant Partnerships***

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

- The Local Enterprise Partnership
- North Yorkshire Building Control Partnership
- White Rose Home Improvement Agency

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

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

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

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

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

This seeks to ensure that budgets recognise real cost pressures.

This will be achieved by ensuring:-

- Adequate provision is made for inflation pressures, pay awards, and new legislation
- The revenue budget is not supported by significant one off savings, or any significant use of reserves
- Effective budget monitoring to ensure early identification of issues and action planning

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

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

This will be achieved by ensuring:-

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

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

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

This will be achieved by:-

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

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

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

This will be achieved by ensuring: -

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

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

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

This will be achieved by ensuring:-

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

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

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

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

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

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

This will be achieved by ensuring:-

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

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

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

This is being achieved through an ongoing review of costs and service standards, challenge, and benchmarking with others.

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

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

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

This will be achieved by

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

### **5. THE REVENUE PLAN 2014-2018**

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

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

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

To strengthen financial stability and promote medium term financial planning this external funding has been announced for 2014/15 and indicative figures for 2015/16.

Proposals beyond this are not known, and are subject to a number of uncertainties including the next general election. Announcements indicate that further cuts to funding should be expected in the next parliament. Predictions are that funding support will continue to be cut and the medium term predictions incorporate the best estimates based on Government announcements.

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

As previously stated the Council retains a proportion of business rates out of which it must pay a fixed tariff (subject to RPI uplift). The revenue plan takes the estimated business rates income for 2014/2015 as part of the business rates pool and assumes no growth in business rates base over the plan period.

## **Council Tax**

In accordance with Objective 6 of this Financial Strategy, the plan makes a clear assumption that future Council Tax increases will be restricted to below Government upper limits. The Government has not yet announced the limit above which increases in Council Tax must be subject to referendum for 2014/2015. With a District wide referendum likely to cost in excess of £70k, the authority must look to manage increases below the threshold and future forecasts assume the referendum limit will be 2%.

The recommended Council Tax increase for 2014/15 is 0% and the Council will benefit by grant equivalent to 1% of 2012/2013 Council Tax in its baseline funding. Future years Council Tax rises are provisionally predicted at 1.99%.

## **Inflation rates and pay increases**

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

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

*Pay awards:* an estimated increase of 1% has been included for 2014/15. Future years are based on a 1% increase.

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

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

## **Spending Pressures Contingency**

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

2015/16 - £150,000

2016/17 - £150,000

2017/18 - £340,000

Provision is included for years 2015 onwards to recognise the likelihood of additional burdens/pressures upon the Council. 2017/18 includes provision for the next pension fund revaluation which also will need to consider national pension changes as well as additional replacement vehicles previously funded via grant.

## **Efficiency savings**

The Council no longer has efficiency targets set by Government. Following review of all services over the years 2011/12, 2012/13 and 2013/14, further efficiencies will be sought, however significant sums are not expected without a fundamental review of the management structure involving external partners.



The Budget for 2014/2015 includes estimated efficiency savings of £170k. These have been primarily delivered through the Budget Review Process.

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

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

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

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

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

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

### **The budget process**

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

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

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

### **Consultation and Communication**

There is a need for this Strategy to be effectively communicated to staff and key stakeholders. In addition, it is important that in the development of the

Strategy, allocations of resources, and the setting of Council Tax that there are effective consultation mechanism in place.

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

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

### **Budget Monitoring arrangements**

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

The monitoring process focuses on high risk budgets and involves:

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

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

## **7. THE CAPITAL PLANS 2014 - 2018**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Reviewing the capital programme annually.
- Reviewing the current and estimated future availability of external earmarked funding and other opportunities for obtaining or bidding for additional capital resources.
- Prioritising and appraising any new proposals against agreed corporate criteria.

- Preparing the Council's capital programme, strategy and consultation process.
- Monitoring progress in achieving the capital programme objectives.
- Ensuring that the outcomes of investment are reported to members.
- Ensuring there are effective arrangements for project planning and project evaluation.
- Issuing corporate guidance to ensure that there is a consistent approach across all service areas.
- Reviewing and monitoring the Council's capital resources and asset disposal programme.

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

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

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

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

## **8. BALANCES AND RESERVES**

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

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

In assessing the adequacy of the contingencies, balances and reserves, the Corporate Director (s151) takes account of the key financial assumptions underpinning the budget, together with an assessment of the Council's financial management arrangements. This assessment will include a review of past performance and external influences on the financial plan, and full consideration of the risks and uncertainties associated with the plan, their likelihood and potential impact.

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

Appendix C details the position on the Councils Reserves.

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

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

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

The key risks identified for 2014/15 and in the medium term are listed below, together with comments on how they will be managed:

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

Changes in demand/usage levels affecting income from fees and charges	Unplanned use of reserves with potential to impact on future Council Tax levels or requiring cuts to services or service levels	Very Likely	Major	Ensure regular monitoring Review trends Take appropriate action Ensure base income budgets are realistic.	Likely	Medium
Business Rate Pool does not generate savings through significant appeals success across the pool area.	NNDR deficit to be carried forward to future years, possibly leading to service reductions elsewhere being required/use of NHB.	Likely	Medium	Significant risk management work undertaken before pool formed reviewing pool membership and rates risk. All members ahead of targets, further improved by inclusion of SBRR in calculations. Prudent assumptions on business rates income taken into revenue forecasts.	Not Likely	Medium
Budget does not reflect corporate priorities	Council fails to achieve Corporate plan with consequent impact on Community Plan. Adverse external inspection.	Not Likely	Major	Ensure corporate involvement in the process. Early consideration of budget pressures and legislation changes. Regular reporting to members. Up to date Service Delivery plans in place linked to corporate plan.	Not Likely	Minor
The capital programme is not affordable	Council may need to remove existing planned schemes from the programme or use reserves earmarked for other purposes. Adverse External inspection.	Likely	Major	Schemes are monitored and reported on a regular basis. Financing profile based on realistic assumptions. Ensure only fully evaluated schemes are included within the programme with sufficient contingency sums.	Not Likely	Medium

Poor budget planning with decisions being made without proper consideration/consultation	Council fails to meet community needs, adverse impact on Corporate and Community Plan. Adverse external inspection	Likely	Major	Develop a long-term financial strategy. Set out a clear budget timetable. Regular updates to Members. Effective ongoing consultation processes.	Not Likely	Minor
Council Tax Support scheme –above expected demand or collection rates not achieved	Collection fund into deficit which may require savings/cuts in future years. Impact on other major preceptors	Likely	Major	Proper assessment of likely take up based on historic trends, comparison with other authorities, in year monitoring of spend and collection. Regular reporting to members and CD(151). Annual approval of the scheme.	Not Likely	Major
Decision on Pension fund contribution rates create future significant cost pressure	Additional savings/cuts to services required in future years	Likely	Major	Market interest rates and investment returns are expected to improve. Monitor interim valuations and make provision in financial forecasts.	Likely	Medium



## **10. PAY POLICY 2014/2015**

The Localism Act 2011 requires that the authority produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. The Pay Policy for 2014/2015 is incorporated within this Financial Strategy at Annex E.

## **11. CONCLUSION**

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

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

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

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

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

## APPENDIX A

### 2014/2015 Budget Pressures

		£'000
<b>Additional Costs</b>		
- Pension Fund revaluation	Triennial review	64
- Recycling Contract	Reduced Income	60
- Recycling Credits	NYCC Credits ended	51
- Benefits Support	Additional capacity matched by New Burdens Funding	26
- Planning Support	Additional Service Capacity	51
- Community Grants	Commissioning Board recommendation	26
- Rental Income	Budget realignment	21
<b>Specific Grants</b>		
- Efficiency Grant	One off in 2013/14	62
- Transition Grant (LCTS)	One off in 2013/14	11
- NHB Surplus Grant	One off in 2013/14	11
- Benefits Admin Subsidy	Cut to grant	34
<b>Total</b>		<b>417</b>

### 2014/2015 Efficiencies/Savings/Additional Income Proposals

Proposal	Savings £'000	Risk L/M/H
- Budget Review Efficiencies	170	L
- Additional New Burdens Funding (LCTS)	26	L
- Green Waste Charging	119	M
- TIC Rationalisation	54	L
- Parish Grant	32	L
<b>Total of Savings</b>	<b>401</b>	

## Prudential Indicators

### Capital Expenditure

The actual capital expenditure that was incurred in 2012/13 and the estimates of capital expenditure to be incurred for the current and future years that are recommended for approval are:

	2012-13 Actual £'000	2013-14 Forecast £'000	2014-15 Estimate £'000	2015-16 Estimate £'000	2016-17 Estimate £'000
Total Capital Programme	1,968	5,068	1,375	984	782

### Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2012/13 are:

	2012-13 Actual	2013-14 Forecast	2014-15 Estimate	2015-16 Estimate	2016-17 Estimate
Estimate of ratio of financing costs to net revenue stream	1.29%	1.78%	2.79%	2.74%	2.13%

### Capital Financing Requirement

Estimates of the Capital Financing Requirement for the Authority for the current and future years and the actual Capital Financing Requirement at 31 March 2013 are:

2012-13 Actual £'000	2013-14 Forecast £'000	2014-15 Estimate £'000	2015-16 Estimate £'000	2016-17 Estimate £'000
295	1,092	2,616	2,570	2,410

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

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

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

The Corporate Director (s151) reports that the authority had no difficulty meeting this requirement in 2012/13, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report.

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

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

	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Borrowing	20,000	20,000	20,000	20,000
Other Long Term Liabilities	500	1,000	1,000	1,000
Authorised Limit	20,500	21,000	21,000	21,000

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

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

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

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

	2013-14 £'000	2014-15 £'000	2015-16 £'000	2016-17 £'000
Borrowing	5,000	5,000	5,000	5,000
Other Long Term Liabilities	300	700	900	800
Operational Boundary	5,300	5,700	5,900	5,800

The Council's actual external debt at 31 March 2013 was nil. It should be noted that actual external debt is not directly comparable to the authorised limit and operational boundary, since the actual external debt reflects the position at one point in time.

In taking its decisions on this budget report, the Council is asked to note that the Authorised Limit determined for 2014/15 (see above) will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

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

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

For the Band D Council Tax	2014/15	2015/16	2016/17
	£1.18	£1.17	£1.88

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

### Consideration of options for the capital programme

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

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

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

**APPENDIX C**

**Key Reserves and Balances**

	General Reserve	Capital Fund	Capital Receipts	Capital Grants & Conts	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 April 2013</b>	<b>596</b>	<b>883</b>	<b>142</b>	<b>-</b>	<b>1,621</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	783	-	-	783
Interest on Investment of Balances	-	70	-	-	70
Capital Receipts	-	-	340	-	340
Capital Grants & Contributions	-	-	-	2,155	2,155
	596	1,736	482	2,155	4,969
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-50	-	-	-	-50
Capital Expenditure	-	-1,735	-340	-2,155	-4,230
<b>Estimated Balance 31 March 2014</b>	<b>546</b>	<b>1</b>	<b>142</b>	<b>-</b>	<b>689</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	58	-	-	58
Capital Receipts	-	-	690	-	690
Capital Grants & Contributions	-	-	-	650	650
	546	134	832	650	2,162
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-	-	-	-	-
Capital Expenditure	-	-133	-10	-	-143
<b>Estimated Balance 31 March 2015</b>	<b>546</b>	<b>1</b>	<b>822</b>	<b>650</b>	<b>2,019*</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	84	-	-	84
Capital Receipts	-	-	30	-	30
Capital Grants & Contributions	-	-	-	200	200
	546	160	852	850	2,408
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-	-	-	-	-
Capital Expenditure	-	-159	-395	-430	-984
<b>Estimated Balance 31 March 2016</b>	<b>546</b>	<b>1</b>	<b>457</b>	<b>420</b>	<b>1,424</b>
<b>Add</b>					
Estimated Income During Year:					
Contribution from General Fund	-	75	-	-	75
Interest on Investment of Balances	-	100	-	-	100
Capital Receipts	-	-	30	-	30
Capital Grants & Contributions	-	-	-	200	200
	546	176	487	620	1,829
<b>Deduct</b>					
Estimated Expenditure During Year:					
Transfer to General Fund	-	-	-	-	-
Capital Expenditure	-	-156	-6	-620	-782
<b>Estimated Balance 31 March 2017</b>	<b>546</b>	<b>20</b>	<b>481</b>	<b>-</b>	<b>1,047</b>

RYEDALE DISTRICT COUNCIL - PROPOSED CAPITAL PROGRAMME 2013/14 TO 2017/18

Cttee	Category / Scheme	2013/14 Rev Est £'000	2013/14	2014/15	2015/16	2016/17	2017/18	Total	External	Net RDC	Net	Comments	External Funding Assumptions	Revenue Implications					
			Forecast £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000	Cost £'000	Funding £'000	Cost £'000	Cumulative £'000		£'000	Comments	13/14 £'000	14/15 £'000	15/16 £'000	16/17 £'000	17/18 £'000
<b>ASSET MANAGEMENT</b>																			
CB	Car Parks Major Repairs	51	51	0	0	0	0	51	0	51	51	In accordance with Asset Mgt Plan, Hth & Safety risk	0		0	0	0	0	0
CB	Vehicle Replacement Programme	17	17	27	60	50	50	204	0	204	255	Replacement for recycling, street cleansing and grass cutting services	0		0	0	0	0	0
CB	Public Conveniences Refurbishment	30	30	0	0	0	0	30	0	30	285	Refurbishment of sites	0		0	0	0	0	0
CB	Wall Repairs Land Castlegate Malton	42	42	0	0	0	0	42	0	42	327	Repairs to boundary walls	0		0	0	0	0	0
CB	Derwent Pool Major Repairs	205	205	100	25	0	0	330	0	330	657	Necessary works over the life of this capital programme	0		0	0	0	0	0
CB	Ryedale Pool Major Repairs	0	0	35	0	0	0	35	0	35	692	Necessary works over the life of this capital programme	0		0	0	0	0	0
CB	Equipment for Plastics and Cardboard Recycling	29	29	0	0	0	0	29	0	29	721	Rollout of fortnightly plastics and cardboard kerbside collection	0		0	0	0	0	0
CB	Trade Waste Equipment	15	15	0	0	0	0	15	0	15	736	Replacement of trade waste bulk bins	0		0	0	0	0	0
P&R	Property Condition Survey	294	294	125	125	125	125	794	0	794	1,530	Programme of minor capital works to property portfolio	0		0	0	0	0	0
P&R	IT Infrastructure Strategy	0	0	15	224	57	24	320	0	320	1,850	Programme of minor capital works to property portfolio	0		0	0	0	0	0
		<b>683</b>	<b>683</b>	<b>302</b>	<b>434</b>	<b>232</b>	<b>199</b>	<b>1,850</b>	<b>0</b>	<b>1,850</b>			<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>PRIORITY AIMS - HOUSING</b>																			
CB	Aff Hsg Init - Home Repair Loans	5	5	0	0	0	0	5	0	5	1,855	Equity loans to applicants	0		0	0	0	0	0
CB	Aff Hsg Init - Exception Sites Land Purchase	100	100	0	0	0	0	100	0	100	1,955	Contribution to RSL land acquisitions	0		0	0	0	0	0
CB	Aff Hsg Init - Property Improvement Loans	102	102	95	95	95	95	482	0	482	2,437	Recoverable Loans to ensure properties are to the decent home standard	0		0	0	0	0	0
CB	Aff Hsg Init - Landlord Improvement Loans/Grants	125	125	80	80	80	80	445	0	445	2,882	Recoverable Loans or Grants to Landlords	0		0	0	0	0	0
CB	Aff Hsg Init - New Supported Accommodation Facility	658	658	0	0	0	0	658	658	0	2,882	Derwent Court	658	HCA/Developer Contrib	0	0	0	0	0
CB	Property Purchase - Support for Local Housing Needs	0	430	0	0	0	0	430	280	150	3,032	Buckrose Court	280	HCA/Developer Contrib	0	0	0	0	0
CB	Private Sector Energy Efficiency Grants	46	46	50	50	50	50	246	0	246	3,278	Provide insulation improvements	0		0	0	0	0	0
CB	Private Sector Renewal - Disabled Facilities Grants	465	465	325	325	325	325	1,765	1,005	760	4,038	Improve access to and within properties for people	1,005	DCLG	0	0	0	0	0
CB	Mortgage Rescue Scheme	21	21	0	0	0	0	21	0	21	4,059	Scheme in partnership with Registered Social Landlord	0		0	0	0	0	0
CB	Malton Travellers Site	889	889	0	0	0	0	889	889	0	4,059	Scheme to create 7 new pitches and upgrade the current pitches at Tara Park	889	HCA/Developer Contrib	0	-10	-10	-10	-10
		<b>2,411</b>	<b>2,841</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>5,041</b>	<b>2,832</b>	<b>2,209</b>			<b>2,832</b>		<b>0</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>
<b>PRIORITY AIMS - JOBS</b>																			
P&R	Provision for Managed Workspace Facilities	550	0	0	0	0	0	0	0	0	4,059	Provision for contribution to external scheme	0		0	0	0	0	0
		<b>550</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>MAJOR SCHEMES</b>																			
P&R	A64 Brambling Fields Junction Upgrade	105	455	0	0	0	0	455	573	-118	3,941	Contribute to upgrade for improvement to traffic management in Malton	573	Developer Contributions	0	20	48	48	48
P&R	Refurbishment of Stanley Harrison House	309	309	0	0	0	0	309	0	309	4,250	Accommodation for RCVA and CAB plus additional letting space	0		0	0	0	0	0
		<b>414</b>	<b>764</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>764</b>	<b>573</b>	<b>191</b>			<b>573</b>		<b>0</b>	<b>20</b>	<b>48</b>	<b>48</b>	<b>48</b>
<b>OTHER SCHEMES</b>																			
CB	Helmsley Sports	130	130	0	0	0	0	130	0	130	4,380	Grant for the redevelopment of existing sports facilities in Helmsley	0		0	0	0	0	0
CB	Pickering Flood Defence	950	650	300	0	0	0	950	0	950	5,330	Major grant contribution to Environment Agency Scheme	0		0	0	0	0	0
P&R	Assembly and Milton Rooms - Preservation Works	223	0	223	0	0	0	223	0	223	5,553	Work required under terms of lease to prevent further deterioration of building	0		0	0	0	0	0
		<b>1,303</b>	<b>780</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,303</b>	<b>0</b>	<b>1,303</b>			<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OF PROPOSED CAPITAL PROGRAMME</b>			<b>5,361</b>	<b>5,068</b>	<b>1,375</b>	<b>984</b>	<b>782</b>	<b>749</b>	<b>8,958</b>	<b>3,405</b>	<b>5,553</b>	<b>TOTAL</b>	<b>3,405</b>	<b>TOTAL</b>	<b>0</b>	<b>10</b>	<b>38</b>	<b>38</b>	<b>38</b>

CAPITAL RESOURCES AVAILABLE FOR NEW SCHEMES

£58K

**CAPITAL PROGRAMME 2013/14 TO 2017/18 - SUMMARY OF FUNDING**

Source of Funding	2013/14 Rev Est Funding £'000	2013/14	2014/15	2015/16	2016/17	2017/18	Total	Scheme
		Forecast Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	Estimate Funding £'000	
<b>External Grants and Contributions</b>								
Department Communities & Local Government (DCLG)	205	205	200	200	200	200	1,005	Private Sector Renewal - Disabled Facilities Grant
Developers Contributions	283	283	450	0	0	0	733	Malton Travellers Site, A64 Brambling Fields and Supported Accomodation Facility
Homes and Communities Agency	1487	1,667	0	0	0	0	1,667	Malton Travellers Site and Supported Accomodation Facility
<b>Total External Grants and Contributions</b>	<b>1,975</b>	<b>2,155</b>	<b>650</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>3,405</b>	
<b>Ryedale DC Funding of Schemes</b>	<b>3,386</b>	<b>2,913</b>	<b>725</b>	<b>784</b>	<b>582</b>	<b>549</b>	<b>5,553</b>	
<b>TOTAL FUNDING OF CAPITAL PROGRAMME</b>	<b>5,361</b>	<b>5,068</b>	<b>1,375</b>	<b>984</b>	<b>782</b>	<b>749</b>	<b>8,958</b>	

**CAPITAL INVESTMENT PLAN - RESERVE LIST**

	Estimated Year	Max Cost £'000	Net RDC £'000	
Targetted A64 Improvements	2018-2021	50,000	2,500	
Livestock Market Relocation	2015/16	3,500	1,000	
Employment Land, Pickering	2016-2018	1,500	500	
Access imp's to enable expansion of high-tech engineering Kirkbymoorside	2015/16	1,000	0	
Malton & Norton Transport Improvements Package	2016-2019	1,900	650	Possible funding from Community Infrastructure Levy
Milton Rooms Redevelopment	2017	4,500	1,000	
Redevelopment of Malton Public Transport Interchange	2017-2019	1,000	200	Possible funding from Community Infrastructure Levy
High speed broadband to Ryedale Business Parks	2015/16	200	n/k	
Expansion of Derwent Training	2015/16	160	50	
Replacement of Derwent Pool	2018+	4,000	2,000	



PAY POLICY STATEMENT 2014 - 2015

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## **1 INTRODUCTION**

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

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

This policy statement covers the following posts:

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

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

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

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

The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this authority is spinal column point five of Grade one, this relates to an annual salary of £12,435 (2013/14 £12,145) which expressed as an hourly rate of pay is £6.4454 (2013/14 £6.2951). This pay point and salary was determined by the authority as part of a pay scale for employees employed on Local Government Services Terms and Conditions in April 2004 and has been applied since that date. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

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

The highest paid salary in this authority is £104,460 (2013/2014 £104,460) which is paid to the Chief Executive. The average median salary in this authority is £19,317 (2013/20104 £19,126). The ratio between the two salaries, the 'pay multiple' is 5.41:1 (2013/2014 5.46:1). This authority does not have a policy on maintaining or reaching a specific 'pay multiple', however the authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority as expressed in this policy statement. The authority's approach to the payment of other staff is to pay that which the authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the authority meets any contractual requirements for staff including the application of any local or national collective agreements, or authority decisions regarding pay.

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

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

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

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

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

In the vast majority of circumstances the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented except for the appointment of the Chief Executive or Corporate Director (S151).

## **9 AMENDMENTS TO THE POLICY**

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

## **10 POLICY FOR FUTURE YEARS**

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

## 11 ANNEX A

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

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

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

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

For the above remuneration is to include:

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

For the above pension contributions to include:

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

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

13 ANNEX C

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£104,460	Paid through normal authority procedures	None	None	None	None	None	Election duty fees are paid in accordance with normal authority and national procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year and none are anticipated for 2014/15.
Corporate Director (Section 151 Officer)	£70,000	Paid through normal authority procedures	None	None	None	None	None	Election duty fees are paid in accordance with normal authority procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments were made in the last year and none are anticipated for 2014/15.

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Head of Planning and Housing	£55,104	Paid through normal authority procedures	None	None	None	Paid through normal authority procedures, none planned.	Paid through normal authority procedures, none planned.	Election duty fees paid in accordance with normal authority and national procedures	None	The authority's normal policies regarding redundancy and early retirement apply to the post holder. No payments are anticipated for 2014/15
Head of Corporate Services	£55,104									
Head of Economy & Infrastructure	£55,104									
Head of Health & Environment	£55,104									
Council Solicitor/Monitoring Officer	£55,104									



## Medium Term Revenue Forecast 2014/15 - 2019/20

	2014/15 Actual £'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	7,173	7,175	6,765	6,556	6,463	6,477	
Pay Increase & General Inflation	141	165	165	165	165	165	
	7,314	7,340	6,930	6,721	6,628	6,642	
Add Future Cost Increases							
Budget Pressures	417	150	150	340	150	150	
Capital Programme Borrowing	20	0	0	0	0	0	
Deduct Future Savings							
Efficiency Savings	-170	-100	-100	-100	-100	-100	
Service Cuts	-205	-193	-150	-150	-100	-100	
NHB Applied to Revenue	-175	-432	-274	-348	-101	-39	
New Burdens Funding	-26						
Net Revenue Budget	7,175	6,765	6,556	6,463	6,477	6,553	
Financing							
RSG	1,745	1,225	860	604	424	298	
Business Rates	1,739	1,774	1,809	1,845	1,882	1,920	
Collection Fund Surplus	142	75	50	25	25	25	
Council Taxpayers	3,549	3,620	3,765	3,914	4,068	4,229	
CT Base Growth		71	72	75	78	81	
Budget Requirement	7,175	6,765	6,556	6,463	6,477	6,553	
<b>NHB Note</b>							
2011/12 Earned	215	215	215				
2012/13 Earned	225	225	225	225			
2013/14 Earned	268	268	268	268	268		
2014/15 Earned	419	419	419	419	419	419	
2015/16 Estimate		300	300	300	300	300	
2016/17 Estimate			300	300	300	300	
2017/18 Estimate				300	300	300	
2018/19 Estimate					300	300	
2019/20 Estimate						300	
NHB Earned	1,127	1,427	1,727	1,812	1,887	1,919	
Applied to Revenue cumulative	175	607	881	1,229	1,330	1,369	
Applied to Capital		300	300	300	300	300	
To be allocated	952	520	546	283	257	250	2,808

Budget Pressure in 2017/18 includes additional provision for Pension Fund Revaluation and additional vehicle requirements.

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