



POLICY AND RESOURCES COMMITTEE

Thursday 12 November 2020 at 6.30 pm

Virtual meeting

IMPORTANT: The Council fully recognises and respects the role and importance of democratic meetings and is committed to protecting the health and safety of Elected Members and Officers who participate.

This meeting will be held virtually. The meeting will take place via Microsoft Teams and details of how to join the meeting have been provided to Members of the Committee. A telephone dial-in facility will also be available.

For the purpose of public transparency and accountability, the meeting will be live streamed online. Details of how to access the live stream are available on the Council's website.

The media will be able to report on proceedings from the live stream.

Agenda

1 Emergency Evacuation Procedure

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

2 Apologies for absence

3 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.

4 Minutes of the meeting held on 24 September 2020

(Pages 5 - 10)

TO RECEIVE WORKING PARTY MINUTES

- 5 **Minutes from the Local Plan Working Party held on 21 October 2020** (Pages 11 - 12)
- 6 **Recommendations from Grants Working Party held on 3 November 2020**
(Pages 13 - 16)
- 7 **Recommendations from the Constitution Working Party held on 9 November 2020**
(To Follow)

**TO RECEIVE COMMITTEE LEVEL DECISIONS MADE UNDER URGENCY POWERS,
AS REQUIRED UNDER THE CONSTITUTION**

- 8 **Test and Trace Support Payments** (Pages 17 - 20)
- 9 **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.

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

- 10 **2019-20 Statement of Accounts** (Pages 21 - 180)
- 11 **HR Policy Revision - Capability and Disciplinary Policies** (Pages 181 - 200)
- 12 **Removal of Restriction on Sale of Property** (Pages 201 - 204)
- 13 **Appointment of Working Parties and Sub-Committees** (Pages 205 - 220)

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

- 14 **Timetable of Meetings 2020-21** (Pages 221 - 224)
- 15 **HR Policy Revision - Recruitment Policy** (Pages 225 - 256)
- 16 **HR Policy Revision - Pay Policy** (Pages 257 - 276)
- 17 **Localisation of Council Tax Support 2021/2022 Scheme** (Pages 277 - 280)
- 18 **Treasury Management Annual Report 2019-20** (Pages 281 - 292)
- 19 **Revenue and Capital Budget Monitoring - Q2 2020/21** (Pages 293 - 304)
- 20 **Ryedale's Financial Strategy 2021-25** (Pages 305 - 326)

- 21 **To Consider the Submission to Government of the York and North Yorkshire Devolution Asks** (Pages 327 - 330)

22 **Exempt information**

To consider a resolution to exclude the press and public from the meeting during consideration of the following item 23 (Financial Support for Continued Leisure Provision in Ryedale) as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972, as it contains information relating to the financial and business affairs of any particular person (including the authority holding that information).

The public interest test has been considered and, in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

- 23 **Financial Support for Continued Leisure Provision in Ryedale** (Pages 331 - 348)

- 24 **Any other business that the Chairman decides is urgent.**

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Policy and Resources Committee

Held at Council Chamber, Ryedale House, Malton
on Thursday 24 September 2020

Present

Councillors Joy Andrews, Paul Andrews (Substitute), Arnold (Vice-Chairman), Burr MBE, Delaney, Docwra, Duncan (Chairman), Frank, King and Wass

Overview & Scrutiny Committee Observers: Councillors Clark, Bailey and Brackstone

In Attendance

Rachael Balmer, Stacey Bulet, Simon Copley, Anton Hodge, Emma Lawer, Kim Robertshaw, Phillip Spurr, Jill Thompson, Ellen Walker, Margaret Wallace, Howard Wallis and Louise Wood

Minutes

132 Apologies for absence

Apologies for absence were received from Councillor Thackray, Councillor P Andrews substituted.

133 Declarations of Interest

The Chair advised that the declarations of all members of North Yorkshire County Council would be taken as given.

No further interests were declared.

134 Minutes of the Meeting held on 19 March 2020

Decision

That the minutes of the Policy and Resources Committee held on 19 March 2020 be approved and signed by the Chair as a correct record.

Voting record

6 For

4 Abstentions

135 Urgent Business

There were no items of urgent business.

136 Minutes of the Constitution Working Party held on 12 March 2020

The minutes of the Constitution Working Party held on 12 March 2020 were received.

Following a request from Councillor Burr, it was noted that three members of the Constitution Working Party who were present at the meeting on 12 March 2020 were not supportive of the motion considered at that meeting.

137 Minutes of the Local Plan Working Party held on 18 June 2020

The minutes of the Local Plan Working Party held on 18 June 2020 were received.

138 Minutes of the Local Plan Working Party held on 15 September 2020

The minutes of the Local Plan Working Party held on 15 September 2020 were received.

Councillor P Andrews raised a concern that nothing had been done to move the Local Plan on and that the Government White Paper should not be used as a delay with regard to this work.

139 Minutes of the Car Parking Working Party held on 24 August 2020

The minutes of the Car Parking Working Party held on 24 August 2020 were received.

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

140 HR Policy Revision

Considered – report of the Head of Human Resources.

Decision

The revised policies are agreed for implementation.

Voting record

Unanimous

141 White Paper Consultation - Planning for the Future

Considered – report of the Head of Planning and Regulatory Services.

Councillor J Andrews proposed and Councillor Wass seconded the following motion:

That this item is referred to Full Council for consideration.

Resolved

Upon being put to the vote, the motion was lost.

Voting record

5 For
5 Against
Chair's casting vote – Against

Councillor Burr proposed and Councillor P Andrews seconded the following motion:

That this item is referred to the Planning Committee for their expert views.

Resolved

Upon being put to the vote the motion was lost.

Voting record

5 For
5 Against
Chair's casting vote – Against

Decision

- (i) The proposed responses to the White Paper at Appendix 1 of the report are agreed in principle
- (ii) Authority is delegated to the Head of Planning in consultation with the Chairman of Policy and Resources Committee to finalise any further detailed changes in line with member feedback

Voting record

6 For
4 Against

142 **Changes to the Current Planning System - MHCLG Consultation**

Considered – report of the Head of Planning and Regulatory Services

Decision

- (i) Members agree a response to the consultation as set out in the proposed response sections highlighted within the report
- (ii) Authority is delegated to the Head of Planning in consultation with the Chairman of the Policy and Resources Committee to finalise any further detailed changes in line with member feedback

Voting record

Unanimous

PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

143 **Update on Malton and Norton Infrastructure and Connectivity Workstream**

Considered – report of the Programme Director of Economic Development, Business and Partnerships

Recommendation

- (i) Members note the contents of the update report, including the indicative costs of the schemes in the table at 7.1 (a);
- (ii) Up to £100k be allocated within the revenue budget and up to £350k be allocated within the capital budget for contributions to development and delivery of the identified schemes;
- (iii) Approval of expenditure of the above budgets be delegated to the Policy and Resources Committee on a scheme-by-scheme basis.

Voting record

Unanimous

144 **Homelessness and Rough Sleeper Strategy Summary**

Considered – report of the Housing Services Manager

Recommendation

The Strategy is approved by Full Council.

Voting record

Unanimous

EXEMPT INFORMATION

145 **Exempt Information**

Resolved

To exclude the press and public from the meeting for discussion of the following items:

Item 16 (Housing Benefit Debtor Write Offs) as provided by paragraph 1 of Schedule 12A of Section 100A of the Local Government Act 1972, as it contains information relating to an individual.

Item 17 (Future Support for Leisure Service Provision) as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Item 18 (Shared Housing Initiative) as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972, as it contains

information relating to the financial or business affairs of any particular person (including the authority holding that information).

Item 19 (Development Opportunities and Housing Programme) as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest test has been considered and, in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

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

146 Housing Benefit Debtor Write-Offs

Considered – report of the Chief Finance Officer (s151)

Decision

Members approve to write-off the debt as detailed in the report.

Voting record

Unanimous

EXEMPT PART 'B' ITEMS - MATTERS REFERRED TO COUNCIL

147 Future Support for Leisure Service Provision

Considered – report of the Programme Director – Economic Development, Business and Partnerships

The item was deferred until the next meeting of the Policy and Resources Committee to enable Officers to gather further information.

148 Shared Housing Initiative

Considered – report of the Programme Director for Economic Development, Business and Partnerships

Recommendation

That Council approve the recommendations detailed in the report.

Voting record

Unanimous

149 Development Opportunities and Housing Programme

Considered – report of the Programme Director for Economic Development, Business and Partnerships

Recommendation

That Council approve the recommendations detailed in the report.

Voting record

6 For

2 Abstentions

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

There being no other business, the meeting closed at 9:45pm.

Local Plan Working Party

Held on Wednesday 21 October 2020

Present

Councillors Andrews, Docwra, Duncan, Goodrick and Windress

In Attendance

Rachael Balmer, Gary Housden, Phillip Spurr and Jill Thompson

Minutes

12 **Minutes**

Decision

That the minutes of the meeting of the LPWP held on 15.09.2020 be approved and signed by the Chairman as a correct record.

13 **Workshop session to discuss the future Development Strategy**

A workshop session was held to discuss the relationship between the new Council Plan and the Local Plan review. It was agreed that a report be taken to the next meeting of the Working Party to be held on the 18 November 2020, to consider the implications of Local Government reorganisation on the scope and timing of the Local Plan Review.

14 **Review process - Update**

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Grants Working Party

Virtual Meeting
on Tuesday 3 November 2020

Present

Councillors Joy Andrews (Substitute), Arnold, King and Thackray

In Attendance

Alan Bardet, Bridget Skaife and Margaret Wallace

Minutes

1 Apologies for Absence

Apologies were received from Councillors Clark and Garbutt Moore.

2 Minutes

The minutes from the meeting held on 6 July 2020 were agreed.

3 Urgent Business

There was no urgent business.

4 Declarations of Interest

There were no declarations of interest.

5 Exempt Information

It was agreed to exclude the press and public from the meeting during consideration of applications under the following items as provided by paragraph 3 of Schedule 12A of Section 100A of the Local Government Act 1972.

The public interest test has been considered and, in all circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

6 Community Grant Applications

Recommendation

That the recommendations contained in the minute annex (Community Grant Applications) be presented to Policy and Resources Committee for approval.

Minute Annex

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

There was no other business.

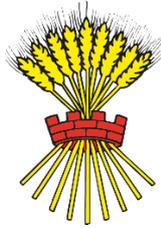
Recipient	Grant Reference	Total Project Cost	Grant Requested	Grant requested % intervention	Recommendation	% Intervention
Wrelton Village Playground, Replacement Climbing Frame	CG 109	£ 6,200	£ 1,550	25%	£ 1,550	25%
Welham Bowls Club, Wall Mounted Heaters	CG 110	£ 793	£ 793	100%	£ -	0%
Musical Memories, 'we Can All Join In'	CG 111	£ 1,000	£ 1,000	100%	£ 1,000	100%
Next Steps, Evening Well Being Warrior	CG 113	£ 5,200	£ 5,000	96%	£ 2,500	48%*
Community Smart CIC, Community Smart Cafe	CG 114	£ 10,300	£ 2,575	25%	£ -	0%**
Ryedale Community Transport	CG 116	£ 1,000	£ 1,000	100%	£ 1,000	100%
Barughs Community Group, Defibrillator x 2 (Great & Little)	CG 117	£ 1,600	£ 1,200	75%	£ 1,000	63%***
Ryedale Food Bank, Provision Of It Hardware	CG 118	£ 812	£ 812	100%	£ 812	100%
Sinnington Community Action Group, Interpretation Board	CG 119	£ 2,606	£ 650	25%	£ 650	25%

*Remaining \$2500 requested is pending further investigation as to whether project has match funding.

**Deferred pending more detailed information.

***Two combined applications.

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TITLE OF CONSULTATION: TEST AND TRACE SUPPORT PAYMENTS

OFFICER REQUESTING: HEAD OF SERVICE CUSTOMER & COMMUNITIES
MARGARET WALLACE

1.0 PURPOSE

- 1.1 To outline the process and gain agreement for the distribution of funds under the Test and Trace Support Payment Scheme so that payments can be made to Ryedale Residents from 12 October 2020. Ryedale District Council (the Council) will administer two separate schemes, one mandatory scheme to run until 31 January 2021 fully funded by Government. The Council will be given an initial £21,500 to make payments.
- 1.2 The Council will also administer a second discretionary scheme; the fund for this scheme has been capped at £11,794.25 by Government. The Council can fund the discretionary scheme itself if claims are received and paid in excess of the £11,794.25 fund received from Government.
- 1.3 The Government will pay the Council £23,199.20 to administer the two schemes.

2.0 RECOMMENDATION(S)

2.1 It is recommended that:

- (i) The Council adopts the Governments mandatory scheme as detailed in the Department of Health and Social Care's Guide for Local Authorities. This scheme will be fully funded by Government.
- (ii) The Council restricts eligibility to the discretionary scheme using the additional criteria detailed at section 6.8 of this report.
- (iii) The Council includes additional criteria within the publicised discretionary scheme to confirm the scheme will come to an end as soon as the £11,794.25 fund provided by Government has been exhausted or on 31 January 2021 if the fund is not exhausted by that date. This criteria for this is detailed in paragraph 6.10 of this report.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 The mandatory scheme is fully funded and clear guidance is provided by Government
- 3.2 If the Council does not restrict and then end the discretionary scheme as outlined in paragraph 2.1 of this report the total cost of the scheme cannot be accurately predicted or controlled by the Council as the number of Covid-19 positive tests across the district

increases.

- 3.3 From 28 September 2020, individuals are entitled to a Test and Trace Support Payment or discretionary support payment of £500. This is to support people on low incomes who are unable to work from home if they are told to self-isolate by NHS Test and Trace and will lose income as a result. These payments are designed to help ensure people who have tested positive for COVID-19 and their close contacts self-isolate for the required period to stop the onward spread of the virus. They are also designed to encourage individuals who are eligible for this payment to get tested if they have symptoms. This is important to help stop the transmission of COVID-19 and avoid further economic and societal restrictions.
- 3.4 The scheme starts from 28 September 2020, and local authorities should have arrangements in place to administer payments by 12 October 2020. Someone told to self-isolate on or after 28 September (but before the scheme is operational in their local authority) will need to be able to make a backdated claim for payment. The scheme will last until 31 January 2021.
- 3.5 Eligibility for a £500 Test and Trace Support Payment is restricted to people who:
- I. have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;
 - II. are employed or self-employed;
 - III. are unable to work from home and will lose income as a result; and
 - IV. are currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit.
- 3.6 Local authorities can make a £500 discretionary payment to individuals who:
- I. have been told to stay at home and self-isolate by NHS Test and Trace, either because they have tested positive for coronavirus or have recently been in close contact with someone who has tested positive;
 - II. are employed or self-employed; and
 - III. are unable to work from home and will lose income as a result.

In addition, the discretionary payment is for people:

- I. who are not currently receiving Universal Credit, Working Tax Credit, income-based Employment and Support Allowance, income-based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit; and
 - II. who are on low incomes and will face financial hardship as a result of not being able to work while they are self-isolating.
- 3.7 Local authorities can introduce additional criteria to determine eligibility for discretionary payments in their area, as long as these operate in addition to, rather than instead of, the criteria set out above.
- 3.8 For both the Test and Trace Support Payment and discretionary payments, eligible individuals will receive their £500 payment on top of any benefits and Statutory Sick Pay (SSP) that they currently receive.
- 3.9 Additional criteria for Ryedale District Councils Discretionary scheme:

- I. All Ryedale District residents are eligible with the exception of full time students and those who are not normally resident in the United Kingdom
- II. A maximum capital limit of £6,000 is included in the discretionary scheme - in line with other benefits

Income bands are included in the discretionary scheme as follows:

- I. Lower threshold - must have (normally) gross wage of at least £80 per week immediately prior to isolation and this has reduced due to self-isolating and they cannot work from home
- II. Upper threshold maximum earnings of £290 per week (gross) immediately prior to isolation and cannot work from home

3.10 The rationale behind the above is the lower band is the minimum level for personal allowance for all benefits (albeit that benefits are net income e.g. Housing Benefits single person is £74 this would allow for tax). The upper is £15,000 per year or £290 gross per week and this is deemed by government to be low pay (60% of median income). The low earnings limit would stop a person with say a small job of £10 per week from claiming.

3.11 Additionally within the draft discretionary scheme Ryedale District Council will include clauses stating the Council can amend the scheme at any time and also the scheme will come to an end as soon as the £11,794.25 fund provided by Government has been exhausted or on 31 January 2021 if the fund is not exhausted by that date.

4.0 SIGNIFICANT RISKS

4.1 By limiting the scheme the Council could be criticised or be seen as not encouraging residents to self-isolate when tested or contacted by NHS Test and Trace.

5.0 IMPLICATIONS

5.1 The following implications have been identified:

- a) Financial – Ryedale District Council will administer two separate schemes, one mandatory scheme to run until 31 January 2021 fully funded by Government of £21,500, and a discretionary payment with funding of £11,794.25. It is recommended that the Council restricts and then ends the discretionary scheme as outlined in paragraph 2.1 and 6.8 of this report the total cost of the scheme cannot be accurately predicted or controlled as the number of Covid-19 positive tests across the district increases. The government has also provided an administration payment of £23,199.20. Software has been purchased at the cost of £1,000.
- a) Legal
None
- b) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)
None

6.0 MONITORING OFFICER ADVICE

Consultation is required with the Leader / Chair of P&R as the decision whether to implement the discretionary element and how that element would work is a policy matter. The mandatory element in itself would not require consultation and external funding is provided.

7.0 CONSULTATION RECORD

According to the Constitution, under urgency powers, decisions usually taken by the Council and its committees are taken by the CEO following consultation with the appropriate elected members.

The appropriate elected members are:

- The Leader of the Council
- The Chair of the appropriate committee, for matters relating to that specific committee¹
- Relevant Ward member(s), if any, for matters of particular relevance to that ward²

Name of consultee	Cllr Duncan – Leader of Council
Councillor Duncan was consulted on 9 October 2020 and reported that he was satisfied that this matter required an urgent decision.	
Date consultation completed	09-10-20

8.0 DECISION

Decision of the CEO based on consultation	The recommendations are approved.
Stacey Burlet Chief Executive	
Date	09-10-20

¹ “Chairman of the appropriate Committee” refers to committee specific matters and does not mean that all Committee Chairs will be consulted on everything

² “Relevant Ward Member(s), if any” refers to ward specific matters and does not mean that all Members will be consulted on everything



PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	2019-20 STATEMENT OF ACCOUNTS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the Council's Statement of Accounts for the year ended 31 March 2020 and to request this committee's approval of the Statement of Accounts.
- 1.2 The draft final accounts (Appendix A) have already been made public and are on the Council's website (<https://news.ryedale.gov.uk/news/ryedale-district-councils-statement-of-accounts-201920-public-inspection-notice>)

2.0 RECOMMENDATION (AUDIT COMMITTEE)

- 2.1 It is recommended that members
- approve the 2019-20 Statement of Accounts (Appendix A), including the Annual Governance Statement
 - authorise the Chief Finance Officer (s151) and the Chairman of the Policy & Resources Committee to sign the letter of representation (Appendix B)
 - note the External Auditors' Audit Findings ISA 260 Document (Appendix C)

3.0 REASON FOR RECOMMENDATION

- 3.1 The Accounts and Audit Regulations require the Statement of Accounts to be approved by members by the 30 November.
- 3.2 The Council's external auditors, Grant Thornton, have concluded the audit of accounts for 2019-20 and have issued their final report to the Overview and Scrutiny Committee

on the 22 October 2020. That report is attached at Appendix C.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in considering this report.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 and, more specifically, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

5.2 The 2020 Amendment changed to date of approval from 31 July to 30 November.

REPORT

6.0 REPORT DETAILS

6.1 The Statement of Accounts are attached to this report at Appendix A, members will find a review of the Council's financial position on page 5 of the Statement.

6.2 At the time of writing, the External Auditors are continuing to work through a number of remaining issues but are expected to sign off the accounts by 30 November 2020.

6.3 Following discussion at Overview and Scrutiny on 1 October, the Statement of Accounts includes the revised Annual Governance Statement.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

There are no financial implications regarding this report.

b) Legal

There are no legal implications regarding this report.

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

None arise from the contents of this report. Such implications are taken into account as part of the budget process and any variance will be reported as part of this report.

Anton Hodge
Chief Finance Officer (s151)

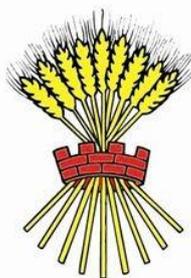
Author: Anton Hodge
Telephone No: 01653 600666 ext: 43385
E-Mail Address: anton.hodge@ryedale.gov.uk

Background Papers:

Council – 10 Sept 2020: Revenue and Capital Budget Monitoring – Outturn 2019/20

Overview and Scrutiny – 1 October 2020: Annual Governance Statement

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Photograph by rjbphotographic.co.uk

Statement of Accounts 2019/20

Ryedale District Council

Continuing to do what matters for Ryedale

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1. Introduction

The Narrative Report provides an explanation of the purpose of the primary and supplementary statements, along with key financial information, creating a link between internal financial reporting and the statutory accounts. It also provides information on the Authority, its main objectives and strategies and the principal risks that it faces. This includes commentary on how the Authority has used its resources to achieve its desired outcomes in line with its objectives and strategies.

2. Explanation of the Financial Statements

The Council's accounts for the year ended 31 March 2020 are set out on pages 12 to 77. They have been compiled using the *Code of Practice on Local Authority Accounting in the UK 2019/20* (the Code). A summary of the statements in the accounts and an explanation of their purpose is highlighted below:

- the **Statement of Responsibilities for the Accounts** - sets out the respective responsibilities of the Authority and the Chief Financial Officer.
- the **Movement in Reserves Statement** - this statement shows the movement from the start of the year to the end on the different reserves held by the Authority analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. This statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.
- the **Comprehensive Income and Expenditure Statement** - this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The Cost of Services on the face of the Comprehensive Income and Expenditure Statement is analysed on the basis of the organisational structure under which the Authority operates and manages its services.
- the **Balance Sheet** - the Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those that the Authority may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- the **Cash Flow Statement** - which shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating,

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

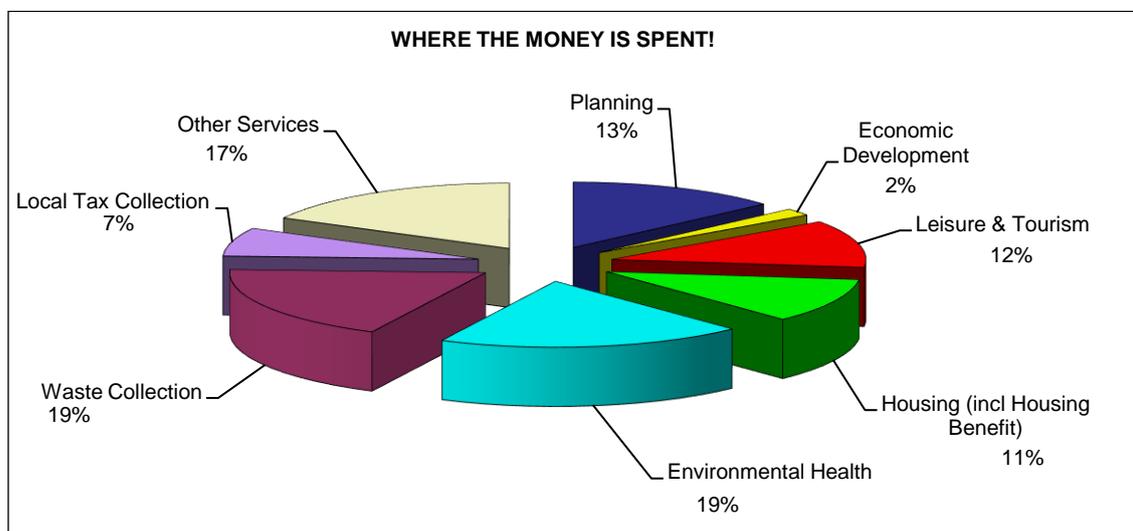
- the **Expenditure & Funding Analysis** - the objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.
- The **Notes to the Core Financial Statements** – these provide further details and explanation of the figures included in the core financial statements.

Supplementary Statements:

- the **Collection Fund Statement** - is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.
- the **Annual Governance Statement** - which sets out the internal control framework operated by the Authority and explains how an effective system of internal financial control is maintained.

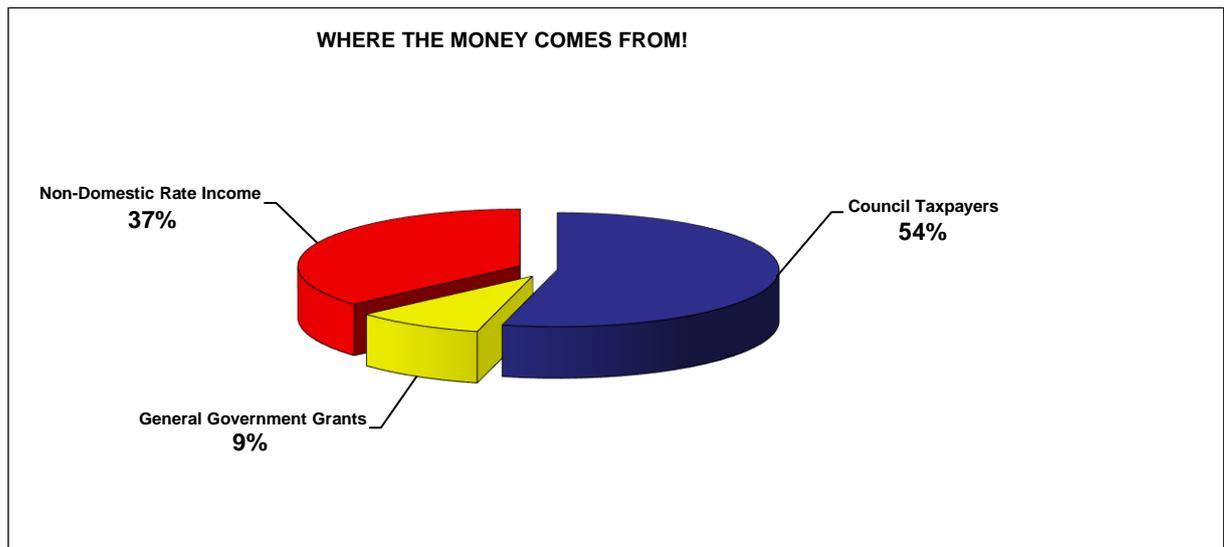
3. General Fund Revenue Expenditure in 2019/20

The net cost of the Authority's revenue activities was £8.305m, this being spent on services as summarised in the chart below:



A more detailed analysis of the Net Cost of Services is shown on pages 104 and 105 of this document.

After adjusting for the payment of parish precepts of £1.058m, the receipt of investment income (£0.262m) and the net debit from appropriations £0.773m the amount met from Taxation and Non-Specific Grant Income was £9.874m, which is funded as follows:



The above chart shows that, of the funding to meet the Authority's net revenue expenditure, around 54% (£5.330m) was provided by the Council Taxpayers, an additional 37% (£3.617m) from the Authority's share of Non-Domestic Rates from the Business Rates Retention Scheme, some 9% (£0.927m) from non-ringfenced general government grants such as the Revenue Support Grant.

4. Revenue Budget Compared to Actual Income and Expenditure

The main components of the revenue budget for 2019/20 and how these compared with the actual expenditure are set out below:

	Original Budget £000	Actual £000	Difference £000
Net Cost of Services	8,214	8,305	91
Other Operating Expenditure:			
Precepts paid to Parish Councils	1,058	1,058	-
Capital Receipts unattached to non-current assets	-	(22)	(22)
(Gains) / Losses on disposal of non-current assets	-	-	-
	1,058	1,036	(22)
Financing and Investment Income & Expenditure			
Interest Payable	73	65	(8)
Pensions interest cost & expected return on pension assets	490	392	(98)
Income from Investments	(198)	(262)	(64)
Impairment Losses on Financial Instruments	-	59	59
Income and expenditure in relation to investment properties	(35)	2	37
	330	256	(74)
Taxation & Non Specific Grant Income			
Council Precept	(5,330)	(5,330)	-
Collection Fund Surplus	-	-	-
Retained Business Rates	(3,702)	(3,617)	85
Revenue Support Grant	-	-	-
Other General Government Grants	(927)	(927)	-
	(9,959)	(9,874)	85
(Surplus) / Deficit on Provision of Services	(367)	(277)	80
(Surplus) / Deficit on revaluation of property, plant & equipment assets	-	(892)	(892)
(Surplus) / Deficit on revaluation of available for sale financial assets	-	-	-
Actuarial (gains) / losses on Pensions assets / liabilities	-	(3,683)	(3,683)
Total Comprehensive Income and Expenditure	(357)	(4,852)	(4,662)
Adjustments between accounting basis and funding basis under regulations - transfers to (+) or from (-) unusable reserves	4,056	3,998	(58)
Contributions to (+) or from (-) earmarked reserves	(3,699)	854	4,553
Increase/Decrease in General Fund Balance for Year	-	-	-

In overall terms, after taking account of carry forward budgets, the Council achieved a surplus of £31k for the financial year when comparing budgeted (planned) expenditure with actual expenditure. The surplus for the year has been allocated to Strategic Reserve.

Supplementary information regarding the actual Net Cost of Services is shown at the end of this document on pages 104 and 105.

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

5. Reserves

The balance of General Fund Earmarked Reserves during 2019/20 has increased by £0.855m from £14.934m to £15.788m at 31 March 2020.

During the year, the following major transfers between reserves included:

- A number of smaller reserves with a total value of £2.323 were consolidated to form a single Strategic Reserve, approved a part of the 2019/20 budget. The creation of the Strategic Reserve was to support future budget priorities and remove historical legacy reserves.
- Major drawings were limited to a sum of £0.265m from the Capital Fund to finance the Capital Programme, £0.638m from Collection Fund Equalisation Reserve in relation to distribution of collection fund deficits between financial years and £0.107m to fund District Election costs.
- Major contributions to reserves and balances included the transfer of £0.288m into the Capital Fund to finance the capital programme, the transfer of £0.673m into the New Homes Bonus Reserve. The budgeted surplus of £0.671m was transferred to the Collection Fund Equalisation Reserve to mitigate against future funding risk, with the remaining general fund surplus of £0.031m being transferred to Strategic reserve.

For further details regarding the purpose and balances of the Authority's reserves see Note 10 to the Accounts.

6. Pension Liability

The Authority participates in the Local Government Pension Scheme, administered by North Yorkshire County Council. The Pension Liability shown in the Balance Sheet decreased from £15.725m as at 31 March 2019 to £13.291m as at 31 March 2020. This decrease of £2.434m is matched by a decrease in the level of the Pension Reserve and does not represent a decrease in the Authority's cash reserves or impact on the council tax.

7. Capital Expenditure

The original capital budget for the financial year 2019/20 totalled £3.051m. The initial plans were revised to incorporate expenditure re-profiled from the previous year of £0.487m, along with an additional supplementary estimate of £0.291m. This resulted in a revised total revised budget of £3.829m.

The total final outturn position against the capital programme was £1.163m, of which the major items relate to £647k invested in Housing Grants and Loans, primarily funded by capital grants, along with the purchase of property for re-development as affordable housing £0.185m, and waste and recycling vehicles and equipment £0.139m.

A number of projects have been re-profiled to progress in the next financial year, including Property Condition Survey (£0.590m), Waste & Recycling projects (£0.237m), IT Infrastructure Strategy (£0.061m), Vehicle replacement programme (£0.186m), Community led housing fund (£0.289m) and purchase of affordable housing exception sites (£0.100m). Funds have been de-committed for Helmsley CPO (£1.011m) and Assembly & Milton Rooms works (£0.340m).

Of the £1.163m capital expenditure incurred some £0.059m was funded through capital receipts, £0.265m from Earmarked Reserves with a further £0.776m being financed by external grants and contributions, and £0.063m from revenue.

The table below summarises the approved resources available for the 2020/21 Capital Programme and the indicative programme to 2022/23. This level of resources ensure that overall planned spending and funding are in balance.	2020/21 £000	2021/22 £000	2022/23 £000
<i>No revenue consequences</i>			
Capital receipts	40	40	40
Grants and Contributions	496	496	496
Council Resources	2,785	475	110
Total	3,321	1,011	646
<i>With revenue consequences</i>			
Prudential Borrowing	0	0	0
Total	0	0	0
Total	3,321	1,011	646

8. Changes in Accounting Policy

There have been no significant changes in Accounting Policy for the 2019/20 Accounts.

9. Sustainability

Sustainable Procurement is a process where organisations procure their need for goods and services in a way that not only achieves value for money based on whole life costs but that also creates benefits, not only to the organisation, but also which takes into account the wider outcomes whether these are social, economic or environmental impacts that these purchases have on people and communities. This generally means improving the efficiency of public procurement, by optimising public market power to bring about major environmental and social benefits locally and globally

Ryedale District Council is addressing this through:

- Embedding effective sustainability procurement practice within our procurement process, ensuring our procurement activity is outcome focussed with well-defined deliverables that cover environmental, social and economic issues.
- Raising awareness within the authority
- Embedding of the considerations contained within the Public Services (Social Value) Act 2012

“The Public Services (Social Value) Act 2012 places a statutory duty on authorities to consider in their procurement and commissioning processes:

a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and

b) how, in conducting the process of procurement, it might act with a view to securing that improvement”

Ryedale District Council is committed to ensuring any secured improvement is sustained.

Therefore our procurement processes seek not only to maximise Value for Money in terms of taxpayer spending and outcomes for customers, but where possible, also seek to:

- Benefit local people and organisations, including developing the third sector and SMEs in our district
- Encourage innovative approaches to social, environmental and economic issues in our district
- Deliver sustainable solutions, benefiting our communities beyond the length of a contract

Ryedale District Council declared a Climate Emergency on 10 October 2019 and made a commitment to actions to help achieve net zero emissions across Ryedale by 2050. We are doing this by delivering the Climate Change Action Plan. There are four key streams of work:

1. Leadership and influence
2. Reducing greenhouse gas emissions from our assets
3. Reducing greenhouse gas emissions during delivery of services
4. Monitoring progress towards achieving net zero carbon emissions.

Recycling performance has increased year on year achieving an estimated 48.6% in 2019/2020 compared to 46.1% in 2018/19 together with increased participation in the garden waste collection service with 11,705 licences sold in 2019/20 compared with 11,590 licences sold in 2018/19 (out of a total 25,000 households). The Council is committed to recycling even more and a series of actions have been agreed with plans to start implementation during 2020/21 including the purchase of an additional recycling vehicle, rolling out a residents' awareness campaign and refurbishing the mini recycling centres across the district (subject to revision due to covid-19).

10. **Medium Term Financial Plan for 2019/20 to 2023/24**

In preparing the Medium Term Financial Plan (MTFP) for 2019/20 to 2023/24, the aim was to align to the objectives set out in the Council Plan. The MTFP was approved at Council on 20 February 2020 and it set the framework to enable the Council to determine an appropriate course of action to address the significant financial challenges.

The revenue budget forecasts included in the MTFP highlighted that the Council would have to continue to significantly reconfigure its future business and organisational arrangements in order to provide value for money public services, whilst facing funding reductions in the coming years. This step included re-building capacity within the council to create a structure capable of delivering sustainable transformational savings for the long term.

The major influences on the budget going forward into 2020/21 and beyond are the anticipated reductions in Government support, including the outcome of the Fair Funding Review, which has been linked to a likely Business Rates baseline reset and the continued financial impact of the changes announced to the New Homes Bonus, coupled with expenditure pressures.

The most recent developments in future financial risks related to the Covid-19 pandemic are explained in paragraph 11 below.

11. The Impact of Covid-19 Pandemic on the Council

The Covid-19 pandemic had a huge impact on the way in which we worked and lived during the final few weeks of the financial year, although the timing of the national lockdown announcement resulted in there being little impact on the council's finances during 2019/20.

During 2019/20 and in early 2020/21 the District Council undertook the following actions as a result of its response to the Covid-19 pandemic:

- quickly implemented systems and processes to support timely delivery of Business Support Grants instructed by Central Government;
- developed local policy to distribute further Discretionary Grant funding to businesses;
- applied expanded Business Rates relief schemes to ensure businesses were re-billed promptly;
- applied Council Tax hardship relief funding to support households with the lowest income;
- ceased charges for a number of services, most significantly being car parking;
- identified requirements for and provided support to those in need e.g. housing, and those who are the most vulnerable in the community, especially those in isolation e.g. shielding calls;
- issued information to businesses, residents, visitors and partners to promote COVID secure behaviours and practices and raise awareness of the support and advice available for those in need;
- worked with businesses and partners to support town and village centres to operate successfully post lockdown;
- conducted spot checks and investigated potential public and environmental health breaches;
- supported voluntary and community sector activities, which included staffing and facilities e.g. a community kitchen, and provided emergency grants;
- working with other agencies and bodies including town and parish councils, the NHS, the County Council, North Yorkshire Police to respond to the needs of citizens and businesses;
- supported the local economy advising local businesses on how to access financial support and operate effectively in COVID secure ways post lockdown;
- monitored service demands across the council and recruited temporary support to protect delivery of front line services;
- ensured that all staff who were able to do so worked from home and IT support was provided to enable remote working;
- supported staff through a range of advice, guidance and access to mental health resources;

- introduced new ways of working to pay suppliers quickly and to ensure payments could be processed by staff working from home;
- temporarily suspended the chasing of outstanding debt;
- held funds in short-term investments to improve liquidity to fund Covid-19 measures;
- collected significantly increased levels of household waste and recycling.

The Council has received only £0.664m in extra government funding to date and allocated £0.270m of internal reserve funding to support costs. However it is likely that the eventual cost will be much higher than this in 2020/21 and future years - at the time of writing this could be £2.7m, although that is still very much an indicative figure. Although at this stage we do not expect this to affect the financial sustainability of the Council, future plans for investment will need to be re-visited due to the impact of this gap in funding and potential impact beyond 2020/21.

Covid-19 Pandemic Risks

The District Council has identified a number of risks associated with the Covid-19 pandemic, including:

- the full costs of providing local support measures to deal with the Covid-19 pandemic are not fully funded by Central Government, which could have a knock-on effect on the District Council's budget in future years and reserve levels;
- supply chain difficulties, price pressures from contractors e.g. increased costs of PPE (personal protective equipment), staffing costs due to adhering to social distancing guidance, increased demands on services from customers and businesses;
- major failure of provider/key providers results in the Council being unable to meet service user needs;
- adverse impact upon the local economy leading to a decrease in income received from Council Tax, Business Rates and fees and charges;
- potential return to austerity and further reduction in funding from Central Government as a result of the impact on HM Treasury's financial position as a result of the financial support measures introduced to mitigate the effects of the impact of Covid-19 on the economy;
- the achievement of savings targets between 2019 and 2021/22 in services where demand sees an increase to support Covid-19 measures 2019 to 2021/22;
- valuations of commercial property, non-current assets, pension fund assets and liabilities may be affected by change in markets, supply and demand, fund performance and other factors. However the professional bodies of Valuers in all these areas have reflected the potential for material uncertainty in their valuation reports and made statements and caveats to that effect.

12. Further Information

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

The Authority's Responsibilities

The Authority is required to:

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

The Chief Finance Officer (s151)'s Responsibilities

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

In preparing this Statement of Accounts, the Chief Finance Officer (s151) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code;
- kept proper accounting records which were up-to-date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certification of the Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Ryedale District Council as at 31 March 2020 and its income and expenditure for the year ended 31 March 2020.

Signed: _____
Anton Hodge CPFA
Chief Finance Officer (s151)

Dated: 8 July 2020

Approval of the Accounts

This Statement of Accounts was approved by the Policy and Resources Committee on 12 November 2020.

Signed: _____
Cllr. K C Duncan
Chairman of Policy & Resources Committee

Dated: 12 November 2020

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'Usable Reserves' (Note 26) and other 'Unusable Reserves' (Note 27). The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. (Further analysed in Note 9). The net increase / decrease line shows the statutory General Fund balance movement in the year following those adjustments.

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 31 March 2018	12,808	408	90	13,306	(1,432)	11,874
<u>Movement in reserves during 2018/19</u>						
Total Comprehensive Income and Expenditure	1,142	-	-	1,142	3,335	4,477
Adjustments between accounting basis & funding basis under regulations (Note 9)	984	45	(9)	1,020	(1,020)	-
Increase / Decrease in 2018/19	2,126	45	(9)	2,162	2,315	4,477
Balance as at 31 March 2019	14,934	453	81	15,468	883	16,351
<u>Movement in reserves during 2019/20</u>						
Total Comprehensive Income and Expenditure	277	-	-	277	4,575	4,852
Adjustments between accounting basis & funding basis under regulations (Note 9)	577	3	(6)	574	(574)	-
Increase / Decrease in 2019/20	854	3	(6)	851	4,001	4,852
Balance as at 31 March 2020	15,788	456	75	16,319	4,884	21,203

2018/19				2019/20		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
			Policy and Resources Committee			
1,137	348	789	Central Services to the Public	1,431	341	1,090
968	32	936	Cultural and Related Services	981	8	973
4,499	2,129	2,370	Environmental and Regulatory Services	5,236	2,091	3,145
1,652	856	796	Planning Services	1,951	686	1,265
442	950	(508)	Highways and Transport Services	373	858	(485)
11,051	9,954	1,097	Housing Services	10,491	9,583	908
1,243	29	1,214	Corporate and Democratic Core	1,336	28	1,308
486	2	484	Other Corporate and Non Distributed Costs	101	-	101
21,478	14,300	7,178	COST OF SERVICES	21,900	13,595	8,305
966	2	964	Other Operating Expenditure (Note 11)	1,058	22	1,036
687	563	124	Financing and Investment Income and Expenditure (Note 12)	765	509	256
-	-	-	(Surplus) or Deficit of Discontinued Operations	-	-	-
5,997	15,405	(9,408)	Taxation and Non-Specific Grant Income (Note 13)	8,002	17,876	(9,874)
		(1,142)	(SURPLUS) OR DEFICIT ON PROVISION OF SERVICES			(277)
		(563)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(892)
		-	- Impairment Losses on Non Current Assets Charged to the Revaluation Reserve			-
		-	- (Surplus) or Deficit on Revaluation of Available for Sale Financial Assets			-
		(2,772)	Actuarial (Gains) / Losses on Pension Assets / Liabilities			(3,683)
		(3,335)	OTHER COMPREHENSIVE INCOME & EXPENDITURE			(4,575)
		(4,477)	TOTAL COMPREHENSIVE INCOME & EXPENDITURE			(4,852)

31 March 2019 £000		31 March 2020 £000	Notes Ref.
16,417	Property Plant & Equipment	16,950	<u>14</u>
-	Heritage Assets	-	<u>15</u>
2,193	Investment Property	2,156	<u>16</u>
115	Intangible Assets	114	<u>17</u>
-	Assets Held for Sale	-	<u>23</u>
-	Long Term Investments	-	<u>18</u>
401	Long Term Debtors	379	<u>18</u>
19,126	Long Term Assets	19,599	
21,964	Short Term Investments	21,597	<u>18</u>
-	Assets Held for Sale	-	<u>23</u>
91	Inventories	74	<u>19</u>
1,535	Short Term Debtors	1,868	<u>21</u>
201	Cash and Cash Equivalents	4,458	<u>22</u>
23,791	Current Assets	27,997	
-	Cash and Cash Equivalents	-	<u>22</u>
(21)	Short Term Borrowing	(20)	<u>18</u>
(4,970)	Short Term Creditors	(7,420)	<u>24</u>
(127)	Other Short Term Liabilities	(88)	<u>18</u>
(497)	Provisions	(857)	<u>25</u>
-	Liabilities in Disposal Groups	-	
(9)	Revenue Grants Receipts in Advance	(9)	<u>34</u>
(5,624)	Current Liabilities	(8,394)	
(3,512)	Long Term Creditors	(3,130)	<u>18</u>
-	Provisions	-	<u>25</u>
(1,592)	Long Term Borrowing	(1,553)	<u>18</u>
(15,725)	Liability Related to Defined Pension Scheme	(13,291)	<u>40</u>
(113)	Other Long Term Liabilities	(25)	<u>18</u>
-	Donated Assets Account	-	<u>34</u>
-	Capital Grants Received in Advance	-	<u>34</u>
(20,942)	Long Term Liabilities	(17,999)	
16,351	Net Assets / (Liabilities)	21,203	
15,468	Usable Reserves	16,319	<u>26</u>
883	Unusable Reserves	4,884	<u>27</u>
16,351	Total Reserves	21,203	

Chief Finance Officers Certificate:

I certify that the above Balance Sheet, fairly states the financial position of the Authority as at 31 March 2020

Signed:

Anton Hodge CPFA
Chief Finance Officer (s151)

Dated: 8 July 2020

2018/19 £000		2019/20 £000
1,142	Net surplus or (deficit) on the provision of services	277
1,635	Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 28a)	2,126
(608)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28b)	(606)
2,169	Net cash flows from Operating Activities	1,797
(4,263)	Net cash flows from Investing Activities (Note 29)	638
(458)	Net cash flows from Financing Activities (Note 30)	1,822
(2,552)	Net increase or (decrease) in cash and cash equivalents	4,257
2,753	Cash and cash equivalents at the beginning of the reporting period	201
201	Cash and cash equivalents at the end of the reporting period (Note 22)	4,458

0. EXPENDITURE AND FUNDING ANALYSIS

For the Year Ended 31 March 2020

2018/19				2019/20		
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
			Policy and Resources Committee			
717	72	789	Central Services to the Public	974	116	1,090
779	157	936	Cultural and Related Services	753	220	973
1,897	473	2,370	Environmental and Regulatory Services	2,488	657	3,145
674	122	796	Planning Services	1,055	210	1,265
(555)	47	(508)	Highways and Transport Services	(535)	50	(485)
786	311	1,097	Housing Services	628	280	908
1,140	74	1,214	Corporate and Democratic Core	1,192	116	1,308
389	95	484	Other Corporate and Non Distributed Costs	392	(291)	101
5,827	1,351	7,178	NET COST OF SERVICES	6,947	1,358	8,305
(7,953)	(367)	(8,320)	Other Income and Expenditure	(7,801)	(781)	(8,582)
(2,126)	984	(1,142)	(SURPLUS) OR DEFICIT	(854)	577	(277)
(12,808)			OPENING GENERAL FUND BALANCE	(14,934)		
(2,126)			(Surplus) or Deficit on General Fund Balance in Year	(854)		
(14,934)			CLOSING GENERAL FUND BALANCE	(15,788)		

1. ACCOUNTING POLICIES

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Authority is required to prepare an annual Statement of Accounts, in accordance with proper accounting practices, by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS).

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

ii Accruals of Income and Expenditure

The accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31 March 2020.

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

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

iii. Cash and Cash Equivalents

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

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

iv. Exceptional Items

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

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

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

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

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

vi. Charges to Revenue for Non-Current Assets

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

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

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

vii. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

viii. Employee Benefits

Benefits Payable during Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

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

- The liabilities of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.
- The assets of the North Yorkshire pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unlisted securities – current bid price;
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
- Service Cost Comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest cost on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising :
 - the return on plan assets – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the North Yorkshire pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

ix. Events After the Reporting Period

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

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

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

x. Financial Instruments

A Financial Instrument is defined as: “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another”. Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in the Code, the accounting standard on Financial Instruments, IFRS 9 covers the concepts of recognition, measurement, presentation and disclosure.

A financial asset or liability should be recognised on the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

Financial Liabilities

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

Financial Assets

Financial Assets Measured at Amortised Cost

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

The council operates 2 housing loan schemes, Property and Landlord Improvement Loans. Loans made under these schemes are repayable at any point within a period ranging between 5 and 10 years. Additionally the Council has granted 2 loans to local businesses. These loans have not been treated as soft loans on the grounds of materiality.

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

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The Council does not currently hold any investments in this category, however, the Council will assess any future investment that falls in to this category on an individual basis and assign an IFRS 9 category (amortised cost, FVPL or Fair Value through other comprehensive income). The assessment will be based on the underlying purpose for holding the financial instrument.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, where material.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses

xi. Foreign Currency Translation

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment line in the Comprehensive Income and Expenditure Statement. During 2019/20 the Council did not enter into any foreign currency transactions.

xii. Government Grants and Contributions

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

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

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

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

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

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Authority may be used to fund revenue expenditure.

xiii. Heritage Assets

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

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

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. During 2019/20, the Council did not hold any heritage assets.

xiv. Intangible Assets

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

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

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

xv. Inventories and Long Term Contracts

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

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

xvi. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

xvii. Leases

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

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

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

The Authority as Lessee**Finance Leases**

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

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

xviii. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2019/20 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

xix. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment in excess of £10,000 is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential i.e. repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

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

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

Disposals and Non-current Assets Held for Sale

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

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

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

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

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

xx. Provisions, Contingent Liabilities and Contingent Assets**Provisions**

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

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

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

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

Further information can be found at note 25 to the accounts.

Contingent Liabilities

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

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

Contingent Assets

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

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

xxi. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision for Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund

Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

xxii. Revenue Expenditure Funded from Capital under Statute

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

xxiii. VAT

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

xxiv. Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

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

CIPFA are considering the implications of adopting IFRS16 - Leases. This standard was originally expected to be adopted in the Statements of Accounts for 2020/2021 but this has been deferred as a result of measures to address the demands placed on local authorities supporting the nation's response to the Covid-19 pandemic. IFRS will not be adopted until 2021/22.

Other standards that have been issued but not yet adopted by the CIPFA Code of Practice include:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

Any impact on the Statement of Accounts will be assessed at the time of adoption by the CIPFA Code of Practice.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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

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

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

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

The items in the Authority Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease in the pension liability of £1.383m.</p>
Property, Plant and Equipment (land & buildings) and Investment Property Valuations	<p>Due to the global outbreak of Covid-19, the Council's Valuer issued the following statement within their report:</p> <p><i>"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case"</i></p>	<p>The effect on land and property valuations due to changes in assumptions around market conditions can be measured. For example, a 5% reduction in value could result in a decrease in values of</p> <p>PPE – Land & Buildings, Surplus Assets - £0.8m</p> <p>Investment Property - £0.109m</p>

5. MATERIAL ITEMS OF INCOME AND EXPENSES

There are no material items of income and expenditure in 2019/20 that warrant separate disclosure.

6. EVENTS AFTER THE REPORTING PERIOD

Under IAS 10 the Authority is required to disclose the date that the financial statements are authorised for issue. This confirms the date after which events will not have been recognised in the Statement of Accounts. The Statement of Accounts was issued by the responsible financial officer, Anton Hodge Chief Finance Officer (s151) on 8 July 2020.

All events between the balance sheet date and the issue date have been considered and there are no Adjusting Post Balance Sheet events to disclose unrelated to Covid-19.

Covid-19

Although as at 31 March 2020 some of the potential financial impacts of the Covid-19 pandemic were known and some actions to address the pandemic were in place by the 2019/20 reporting date, the larger part of the financial impact of Covid-19 will fall into the 2020/21 financial year (where significant levels of emergency Covid funding has been provided to Councils) and beyond. It is recognised that the pandemic is potentially an Adjusting Balance Sheet Event in the content of the 2019/20 Financial Statements, however there is still considerable uncertainty with respect to the progress of the pandemic and of the national recovery and final levels of national support available to mitigate any financial impact. The 2019/20 Financial Statements have been reviewed in light of the pandemic, however it is not possible for the Council to accurately estimate any significant financial implications to the accounts balances or transactions therefore establishing accurate/required material adjustments has not been possible. Detailed notes are included where appropriate within the statements identifying the impact of Covid-19 in 2019/20. For example note 4 to the financial statements.

7. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS**Adjustments between Funding and Accounting Basis**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2019/20			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Policy and Resources Committee				
Central Services to the Public	36	80	-	116
Cultural and Related Services	200	20	-	220
Environmental and Regulatory Services	270	387	-	657
Planning Services	57	153	-	210
Highways and Transport Services	44	6	-	50
Housing Services	122	158	-	280
Corporate and Democratic Core	47	69	-	116
Other Corporate and Non Distributed Costs	-	(342)	51	(291)
Net Cost of Services	776	531	51	1,358
Other Income and Expenditure from the Expenditure and Funding Analysis	(521)	392	(652)	(781)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	255	923	(601)	577

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	2018/19			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Policy and Resources Committee				
Central Services to the Public	17	54	1	72
Cultural and Related Services	140	17	-	157
Environmental and Regulatory Services	236	236	1	473
Planning Services	30	92	-	122
Highways and Transport Services	43	4	-	47
Housing Services	209	102	-	311
Corporate and Democratic Core	23	50	1	74
Other Corporate and Non Distributed Costs	-	95	-	95
Net Cost of Services	698	650	3	1,351
Other Income and Expenditure from the Expenditure and Funding Analysis	(525)	450	(292)	(367)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	173	1,100	(289)	984

8. EXPENDITURE AND INCOME ANALYSED BY NATURE

The authority's expenditure and income is analysed as follows:

Expenditure/Income	2019/20 £000	2018/19 £000
Expenditure		
Employee benefits expenses	5,668	5,076
Other service expenses	13,146	13,597
Support service recharges	2,612	2,260
Depreciation, amortisation and impairment	474	545
Interest payments	457	523
Precepts and levies	1,058	966
Gain or loss on disposal of non-current assets	-	-
Capital receipts unattached to non-current assets	(22)	(2)
Impairment losses on financial instruments	59	6
Total Expenditure	23,452	22,971
Income		
Fees, charges and other service income	4,726	4,688
Interest and investment income	260	405
Income from council tax and non-domestic rates	8,947	7,614
Government grants and contributions	9,796	11,406
Total Income	23,729	24,113
Surplus or Deficit on the Provision of Services	(277)	(1,142)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2019/20 Adjustments

2019/20	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	693	-	-	(693)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	71	-	-	(71)
Amortisation of intangible assets	49	-	-	(49)
Capital grants and contributions applied	(584)	-	-	584
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	627	-	-	(627)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(163)	-	-	163
Capital expenditure charged against the General Fund	(416)	-	-	416
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(6)	6
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(57)	-	57
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	13	-	(13)
Capital receipts unattached to non-current assets	(22)	22	-	-
Repayment of principal on loans	-	25	-	(25)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,186	-	-	(2,186)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,263)	-	-	1,263
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(652)	-	-	652
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	51	-	-	(51)
Total Adjustments	577	3	(6)	(574)

2018/19 Comparative Figures

2018/19	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non-current assets	643	-	-	(643)
Revaluation losses on Property Plant and Equipment	-	-	-	-
Movements in the fair value of investment properties	(178)	-	-	178
Amortisation of intangible assets	41	-	-	(41)
Capital grants and contributions applied	(607)	-	-	607
Income in relation to donated assets	-	-	-	-
Revenue expenditure funded from capital under statute	625	-	-	(625)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
<u>Insertion of Items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(183)	-	-	183
Capital expenditure charged against the General Fund	(167)	-	-	167
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	(9)	9
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(18)	-	18
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	13	-	(13)
Capital receipts unattached to non-current assets	(2)	2	-	-
Repayment of principal on loans	-	48	-	(48)
Adjustments primarily involving the Deferred Capital Receipts Reserve:				

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 40)	2,259	-	-	(2,259)
Employers pensions contributions and direct payments to pensioners payable in the year	(1,159)	-	-	1,159
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(292)	-	-	292
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	4	-	-	(4)
Total Adjustments	984	45	(9)	(1,020)

10. TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2019/20

	Balance At 31/03/18 £000	Transfers Out 2018/19 £000	Transfers In 2018/19 £000	Balance At 31/03/19 £000	Transfers Out 2019/20 £000	Transfers In 2019/20 £000	Balance At 31/03/20 £000
General Reserve	3,331	-	650	3,981	-	-	3,981
Capital Fund	2,929	(169)	2,763	5,524	(265)	288	5,547
Collection Fund Equalisation Reserve	506	(303)	760	964	(639)	671	996
New Homes Bonus Reserve	3,698	(2,500)	889	2,087	-	673	2,760
Strategic Reserve	-	-	-	-	(66)	2,425	2,359
Election Reserve	61	(26)	20	55	(108)	30	(23)
Carry Forward Reserve	-	-	-	-	-	168	168
Ryedale Developm't Fund	94	(47)	13	60	(60)	-	-
Council Tax Hardship Fund	24	-	6	30	(30)	-	-
Grants Reserve	163	-	11	173	(173)	-	-
IT Fund	95	(40)	2	56	(56)	-	-
ICE Fund	807	-	50	857	(857)	-	-
Local Developm't Framework Reserve	50	-	-	50	(50)	-	-
Operational Reserve	648	(4)	51	695	(695)	-	-
Restructure Reserve	402	-	-	402	(402)	-	-
Total	12,808	(3,089)	5,215	14,934	(3,401)	4,255	15,788

The main purpose of the reserves is as follows:

- The General Reserve receives or contributes to differences in the estimated to actual net expenditure on the Revenue Account. It provides a working balance for the day-to-day revenue costs and income and meets any unforeseen liabilities not provided elsewhere in the accounts.
- The Capital Fund is the reserve that holds the resources from the revenue stream of funding to be applied to the capital programme.
- The Collection Fund Equalisation Reserve evens out the financial impact of the new Business Rates Retention Regulations within the Comprehensive Income and Expenditure Account and holds additional funds to mitigate future financial risk.
- New Homes Bonus Reserve was established setting aside New Homes Bonus receipts, to be utilised in line with Member priorities.
- An Election Reserve is used to equalise the effect of the four yearly District Election costs.
- The Strategic Reserve has been established to support delivery of future Council priorities, by streamlining a number of legacy reserves.

- (g) The Carry Forward Reserve has been created to provide resources to fund commitments or schemes delayed from the prior year or which extend over the financial year end.
- (h) As mentioned above, the Ryedale Development Fund, Council Tax Hardship Fund, Grants Reserve, IT Fund, ICE Fund, Local Development Framework Reserve, Operational Reserve and Restructure Reserve have been consolidated to form a single Strategic Reserve, approved as part of the 2019/20 budget, to remove reserves that were no longer relevant and create funds to support future service priorities.

11. OTHER OPERATING EXPENDITURE

2018/19 £000		2019/20 £000
966	Parish council precepts	1,058
-	Payments to the Government Housing Capital Receipts Pool	-
-	(Gains)/losses on the disposal of non-current assets	-
(2)	Capital receipts unattached to non-current assets	(22)
964	Total	1,036

12. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2018/19 £000		2019/20 £000
73	Interest payable and similar charges	65
450	Pensions net interest on the net defined benefit liability/(asset)	392
(197)	Interest receivable and similar income	(262)
(208)	Income and expenditure in relation to investment properties and changes in their fair value	2
6	Impairment losses on financial instruments	59
124	Total	256

13. TAXATION AND NON SPECIFIC GRANT INCOME

2018/19 £000		2019/20 £000
(5,104)	Council tax income	(5,330)
(2,510)	Non domestic rates income and expenditure	(3,617)
(1,794)	Non-ringfenced government grants	(927)
-	Capital grants and contributions	-
(9,408)	Total	(9,874)

14. PROPERTY, PLANT AND EQUIPMENT**Movements on Balance Sheet**

Movements in 2019/20

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2019	15,733	4,069	-	511	676	-	20,989
Additions	-	148	-	-	-	185	333
Donations	-	-	-	-	-	-	-
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	453	-	-	-	32	-	485
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(115)	-	-	-	(1)	-	(116)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2020	16,071	4,217	-	511	707	185	21,691
Accumulated Depreciation and Impairment							
At 1 April 2019	791	3,754	-	-	27	-	4,572
Depreciation charge	369	202	-	-	5	-	576
Depreciation written out to the Revaluation Reserve	(375)	-	-	-	(32)	-	(407)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2020	785	3,956	-	-	-	-	4,741
Net Book Value							
At 31 March 2020	15,286	261	-	511	707	185	16,950
At 31 March 2019	14,942	315	-	511	649	-	16,417
Owned asset as at 31 March 2020	15,286	153	-	511	707	185	16,842
Asset acquired under finance lease as at 31 March 2020	-	108	-	-	-	-	108
Total	15,286	261	-	511	707	185	16,950

Comparative Movements in 2018/19

	Other Land & Buildings £000	Vehicles, plant, furniture & equipment £000	Infrastructure assets £000	Community Assets £000	Surplus assets £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation							
At 1 April 2018	15,721	4,042	-	511	676	-	20,950
Additions	78	27	-	-	-	-	105
Donations	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	108	-	-	-	-	-	108
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(174)	-	-	-	-	-	(174)
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-
At 31 March 2019	15,733	4,069	-	511	676	-	20,989
Accumulated Depreciation and Impairment							
At 1 April 2018	984	3,552	-	-	21	-	4,557
Depreciation charge	363	202	-	-	6	-	571
Depreciation written out to the Revaluation Reserve	(455)	-	-	-	-	-	(455)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(101)	-	-	-	-	-	(101)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Derecognition – disposals	-	-	-	-	-	-	-
Derecognition – other	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	-	-	-	-	-	-
At 31 March 2019	791	3,754	-	-	27	-	4,572
Net Book Value							
At 31 March 2019	14,942	315	-	511	649	-	16,417
At 31 March 2018	14,737	490	-	511	655	-	16,393
Owned asset as at 31 March 2019	14,942	83	-	511	649	-	16,185
Asset acquired under finance lease as at 31 March 2019	-	232	-	-	-	-	232
Total	14,942	315	-	511	649	-	16,417

Depreciation

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

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

Capital Commitments

At 31 March 2020 the Authority had not entered into any contracts for the construction or enhancement of Property Plant and Equipment. However the Authority has taken delivery of three recycling vehicles valued at £587k which are due to be financed through an operating lease, with the total commitment being transferred to a third party.

Revaluations

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

Due to uncertainties arising from the outbreak of Covid-19, the Council's Valuer has declared a "material valuation uncertainty" in their valuation report. Please refer to Note 4, page 32-33 for further details.

All properties have been reviewed in 2019/20 by N Collins a RICS registered Valuer of City of York Council.

15. HERITAGE ASSETS

In compliance with the 2019/20 Code, the Authority has reviewed its assets and concluded that there is no reclassification of assets to heritage assets to disclose in the accounts (2018/19 Nil).

16. INVESTMENT PROPERTIES

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

	2019/20 £000	2018/19 £000
Income from Investment Property	241	188
Net gain / (loss) from fair value adjustment	(71)	178
	170	366
Direct operating expenses arising from investment property	(172)	(158)
Net gain / (loss)	(2)	208

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

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

	2019/20 £000	2018/19 £000
Balance at start of the year	2,193	2,015
Additions	-	-
Purchases	-	-
Construction	-	-
Subsequent expenditure	34	-
Disposals	-	-
Net gains / (losses) from fair value adjustments	(71)	178
Transfers:	-	-
To/from inventories	-	-
To/from Property Plant and Equipment	-	-
Other changes	-	-
Balance at end of the year	2,156	2,193

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 Accounting Policy xxiv for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2020 by N Collins, a RICS registered Valuer of City of York Council in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Due to the outbreak of Covid-19, the valuer has declared a "material valuation uncertainty". Please refer to Note 4, page 32-33 for further details.

17. INTANGIBLE ASSETS

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

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

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

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £49.5k charged to revenue in 2019/20 was charged direct to services where appropriate, however, an element was charged to the IT Administration cost centre and then as overhead across the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

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

	2019/20			2018/19		
	Internally Generated Assets £000	Other Asset Costs £000	Total £000	Internally Generated Assets £000	Other Asset Costs £000	Total £000
Balance at start of year:						
Gross carrying amounts	-	1,336	1,336	-	1,274	1,274
Accumulated amortisation	-	(1,221)	(1,221)	-	(1,180)	(1,180)
Net carrying amount at start of year	-	115	115	-	94	94
Additions:						
Internal development	-	-	-	-	-	-
Purchases	-	48	48	-	62	62
Acquired through business combinations	-	-	-	-	-	-
Assets reclassified as held for sale	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-
Revaluation increases or decreases	-	-	-	-	-	-
Impairment losses recognised or reversed directly in the Revaluation Reserve	-	-	-	-	-	-
Impairment losses recognised in the surplus/deficit on the Provision of Services	-	-	-	-	-	-
Reversal of amortisation on disposal	-	-	-	-	-	-
Amortisation for the period	-	(49)	(49)	-	(41)	(41)
Other changes	-	-	-	-	-	-
Net carrying amount at year end	-	114	114	-	115	115
Compromising:						
Gross carrying amounts	-	1,384	1,384	-	1,336	1,336
Accumulated amortisation	-	(1,270)	(1,270)	-	(1,221)	(1,221)
	-	114	114	-	115	115

There are no items of capitalised software that are individually material to the financial statements.

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

18. FINANCIAL INSTRUMENTS**Changes as a result of the adoption of IFRS 9 - Financial Instruments**

Following the CIPFA Code's adoption of IFRS 9, the Council now recognises and measures financial assets at either amortised cost, at fair value through profit and loss or at fair value through other comprehensive income. Financial assets have therefore been reclassified into these new categories.

(a) Categories of Financial Instruments

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

Financial Assets

	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
Investments	-	-	-	-	21,597	21,964	-	-
Loans	-	-	379	401	-	-	-	-
Other	-	-	-	-	-	-	1,695	1,378
	-	-	379	401	21,597	21,964	1,695	1,378
Fair Value through Other Comprehensive Income - designated equity instruments	-	-	-	-	-	-	-	-
Fair Value through Other Comprehensive Income - other	-	-	-	-	-	-	-	-
Total Financial Assets	-	-	379	401	21,597	21,964	1,695	1,378
Non Financial Assets	-	-	-	-	-	-	-	-
Total	-	-	379	401	21,597	21,964	1,695	1,378

Under current financial assets, cash and cash equivalents of £4,458,000 are held in the Balance Sheet at amortised cost (2018/19 £201,000).

Financial Liabilities

	Non-Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Fair Value through Profit and Loss	-	-	-	-	-	-	-	-
Amortised Cost								
PWLB Loans	(1,553)	(1,592)	-	-	(20)	(21)	-	-
Finance Leases	(25)	(113)	-	-	(88)	(127)	-	-
Total Financial Liabilities	(1,578)	(1,705)	-	-	(108)	(148)	-	-
Non Financial Liabilities	-	-	(3,130)	(3,512)	-	-	(7,420)	(4,970)
Total	(1,578)	(1,705)	(3,130)	(3,512)	(108)	(148)	(7,420)	(4,970)

Fair value of Assets and Liabilities

	Fair value		Historic cost	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Borrowings	(1,952)	(2,081)	(1,573)	(1,613)
Loans and receivables	21,597	21,964	21,597	21,964

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

The fair value of borrowings is higher than the carrying amount because the authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £1.952m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB.

If a value is calculated on this basis, the carrying amount of £1.573m would be valued at £1.952m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £2.957m.

19. INVENTORIES

	Consumable Stores		Client Services Work in Progress		Property Acquired or Constructed for Sale		Total	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Balance outstanding at start of year	91	47	-	-	-	-	91	47
Purchases	294	333	-	-	-	-	294	333
Recognised as an expense in the year	(311)	(289)	-	-	-	-	(311)	(289)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance outstanding at year-end	74	91	-	-	-	-	74	91

20. CONSTRUCTION CONTRACTS

As at the 31 March 2020 the Authority had no significant contracts in progress.

21. DEBTORS

	31 March 2020 £000	31 March 2019 £000
Central government bodies	457	52
Other local authorities	350	346
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,061	1,137
Total	1,868	1,535

22. CASH AND CASH EQUIVALENTS

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

	31 March 2020 £000	31 March 2019 £000
Cash held by the Council	182	186
Bank current account	4,276	15
Special Interest Bearing Account	-	-
Total Cash and Cash Equivalents	4,458	201

23. ASSETS HELD FOR SALE

	Current		Non Current	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Balance outstanding at start of year	-	-	-	-
Assets newly classified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	-	-	-	-
Assets declassified as held for sale:				
Property, Plant and equipment	-	-	-	-
Intangible Assets	-	-	-	-
Assets sold	-	-	-	-
Transfers from non-current to current	-	-	-	-
Balance outstanding at year end	-	-	-	-

24. CREDITORS

	31 March 2020 £000	31 March 2019 £000
Central government bodies	2,486	1,400
Other local authorities	1,879	1,260
NHS Bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	3,055	2,310
Total	7,420	4,970

25. PROVISIONS

2019/20	Business Rate Retention Appeals £000
Balance at 1 April 2019	497
Additional Provisions made in 2019/20	360
Amounts used in 2019/20	-
Unused amounts reversed in 2019/20	-
Total	857

2018/19	Business Rate Retention Appeals £000
Balance at 1 April 2018	1,169
Additional Provisions made in 2018/19	-
Amounts used in 2018/19	-
Unused amounts reversed in 2018/19	(672)
Total	497

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013.

Ryedale District Council, as the business rates billing authority, acts as an agent on behalf Central Government, North Yorkshire County Council, North Yorkshire Fire & Rescue Service and themselves and are required to make a provision for any refunds that may become payable to ratepayers following successful appeals against the rateable value of their properties on the ratings list.

The Council retains a 52.5% (40% 2018/19) share of net business rates income under the new localised scheme. The amount shown in the Council's Balance Sheet reflects the Council's proportion of the appeals provision as at 31 March 2020.

There are no other significant events that have taken place that would give the Authority a legal or constructive obligation to provide any material provision for the financial year ending 31 March 2020.

26. USABLE RESERVES

31 March 2019 £000		31 March 2020 £000
14,934	Earmarked General Fund Reserves	15,788
453	Capital Receipts Reserve	456
81	Capital Grants Unapplied	75
15,468	Total Usable Reserves	16,319

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

Earmarked General Fund Reserves

Details of the movements within the individual earmarked reserves are shown in note 10, together with an explanation of the purpose of each reserve.

Capital Receipts Reserve

2018/19 £000		2019/20 £000
408	Balance at 1 April	453
-	Receipts from disposal of non-current assets and held for sale assets	-
13	Transfer from the Deferred Capital Receipts Reserve upon receipt of cash	13
50	Other receipts	47
471		513
(18)	Receipts used to finance capital expenditure	(57)
453	Balance at 31 March	456

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

Capital Grants Unapplied

2018/19 £000		2019/20 £000
90	Balance at 1 April	81
-	Reversal of grants credited to the Comprehensive Income and Expenditure Statement but expenditure has not been incurred	-
90		81
(9)	Grants used to finance capital expenditure	(6)
81	Balance at 31 March	75

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

27. UNUSABLE RESERVES

31 March 2019 £000		31 March 2020 £000
5,758	Revaluation Reserve	6,542
-	Financial Instruments Revaluation Reserve	-
11,327	Capital Adjustment Account	11,196
-	Financial Instruments Adjustment Account	-
113	Deferred Capital Receipts Reserve	100
(16,051)	Pensions Reserve	(13,291)
(183)	Collection Fund Adjustment Account	469
(81)	Accumulated Absences Account	(132)
883	Total Unusable Reserves	4,884

Revaluation Reserve

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

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

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

2018/19 £000		£000	2019/20 £000
5,283	Balance at 1 April		5,758
563	Upward revaluation of assets	892	
-	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	
563	Surplus or deficit on revaluation of non-current assets and held for sale assets not posted to the Surplus or Deficit on the Provision of Services		892
(88)	Difference between fair value depreciation and historical cost depreciation	(108)	
-	Accumulated gains on assets sold or scrapped	-	
(88)	Amount written off to the Capital Adjustment Account		(108)
5,758	Balance at 31 March		6,542

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance, which is nil, is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- disposed of and the gains are realised.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing

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

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

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

Note 9 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2018/19 £000		£000	2019/20 £000
11,434	Balance at 1 April		11,327
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(643)	• Charges for depreciation and impairment of non-current assets	(693)	
-	• Revaluation losses on Property, Plant and Equipment	-	
-	• Loss on revaluation of held for sale assets	-	
-	• Reduction in Revaluation Reserve on disposal of held for sale assets	-	
(41)	• Amortisation of Intangible Assets	(49)	
-	• Amounts of non-current assets and held for sale assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	
(625)	• Revenue Expenditure Funded by Capital Under Statute	(627)	
(1,309)			(1,369)
88	Adjusting amounts written out of the Revaluation Reserve		108
10,213	Net written out amount of the cost of non-current assets consumed in the year		10,066
	Capital financing applied in the year:		
18	• Use of the capital receipts reserve to finance new capital expenditure	57	
607	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	584	
9	• Application of grants to capital financing from the Capital Grants Unapplied Account	6	
183	• Statutory provision for the financing of capital investment charged against the General fund	163	
167	• Capital expenditure charged against the General Fund	416	
984			1,226
178	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(71)
-	Movements in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement		-
(48)	Movements in Long-term Debtors		(25)
11,327	Balance at 31 March		11,196

Financial Instruments Adjustment Accounts

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The account balance is nil.

Pensions Reserve

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

2018/19 £000		2019/20 £000
(17,723)	Balance at 1 April	(16,051)
2,772	Re-measurements of the net defined benefit liability/(asset)	3,683
(2,259)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(2,186)
1,159	Employer's pensions contributions and direct payments to pensioners payable in the year	1,263
(16,051)	Balance at 31 March	(13,291)

Deferred Capital Receipts Reserve

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

2018/19 £000		2019/20 £000
126	Balance at 1 April	113
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
(13)	Transfer to the Capital Receipts Reserve upon receipt of cash	(13)
113	Balance at 31 March	100

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/19 £000		2019/20 £000
(475)	Balance at 1 April	(183)
292	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	652
(183)	Balance at 31 March	469

Accumulated Absences Account

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

2018/19 £000		£000	2019/20 £000
(77)	Balance at 1 April		(81)
77	Settlement or cancellation of accrual made at the end of the preceding year	81	
(81)	Amount accrued at the end of the current year	(132)	
(4)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(51)
(81)	Balance at 31 March		(132)

28. CASH FLOW STATEMENT – OPERATING ACTIVITIES**a. Adjust net surplus or deficit on the provision of services for non-cash movements**

2018/19 £000		2019/20 £000
570	Depreciation	577
73	Impairment and downward valuations	116
41	Amortisation	49
-	Increase / decrease in impairment for bad debts	-
1,073	Increase / decrease in creditors	53
(654)	Increase / decrease in debtors	(366)
(44)	Increase / decrease in inventories	17
1,426	Movement in pension liability	1,249
-	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-
(850)	Other non-cash items charged to the net surplus or deficit on the provision of services	431
1,635		2,126

b. Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

2018/19 £000		2019/20 £000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	-
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
(2)	Capital receipts unattached to non-current assets	(22)
(606)	Any other items for which the cash effects are investing or financing cash flows	(584)
(608)		(606)

c. Interest received, interest paid and dividends received

2018/19 £000		2019/20 £000
148	Interest received	229
(73)	Interest paid	(66)
-	Dividends received	-

29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2018/19 £000		2019/20 £000
(128)	Purchase of property, plant and equipment, investment property and intangible assets	(390)
(34,900)	Purchase of short-term and long-term investments	(31,000)
(9)	Other payments for investing activities	(21)
13	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13
30,100	Proceeds from short-term and long-term investments	31,400
661	Other receipts from investing activities	636
(4,263)	Net cash flows from investing activities	638

30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2018/19 £000		2019/20 £000
-	Cash receipts of short and long term borrowing	-
-	Other receipts from financing activities	-
(148)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	(127)
(39)	Repayments of short and long-term borrowing	(40)
(271)	Other payments for financing activities	1,989
(458)	Net cash flows from financing activities	1,822

31. MEMBERS ALLOWANCES

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

	2019/20 £000	2018/19 £000
Allowances	131	128
Expenses	5	4
Total	136	132

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

32. OFFICERS REMUNERATION

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

Job Title	Year	Salary, fees and allowances £	Bonuses £	Expenses allowances £	Compensation for loss of office £	Pension contribution £	Total £	Note
Chief Executive	2019/20	105,158	-	-	-	19,665	124,823	A
	2018/19	63,172	-	-	-	11,813	74,985	B
Deputy Chief Executive	2019/20	60,371	-	-	-	11,238	71,609	C
	2018/19	11,152	-	-	-	2,085	13,237	D
	2018/19	66,555	-	562	30,000	9,074	106,191	E
Head of Waste & Environmental Services Delivery & Frontline Services Lead	2019/20	58,426	-	803	-	10,925	70,154	
	2018/19	55,991	-	963	-	10,470	67,424	
Programme Director of Economic Development, Business & Partnerships Economy & Partnerships Lead	2019/20	63,306	-	-	-	11,838	75,144	F
	2018/19	15,909	-	261	-	2,975	19,145	G
Head of Planning & Regulatory Services Head of Planning	2019/20	59,769	-	802	-	11,177	71,748	
	2018/19	58,597	-	963	-	10,958	70,518	
Council Solicitor & Monitoring Officer Council Solicitor & Monitoring Officer	2019/20	59,769	-	803	-	11,514	72,086	H
	2018/19	58,597	-	963	-	10,958	70,518	
Chief Finance Officer (s151)	2019/20	-	-	-	-	-	-	I
Chief Finance Officer (s151)	2018/19	-	-	-	-	-	-	J
Resources & Enabling Services Lead	2018/19	7,785	-	109	-	1,130	9,024	K
Head of Communications, Technologies & Business Transformation	2019/20	33,537	-	-	-	6,271	39,808	L
Head of Customer & Community Services Customer Services Lead Customer Services Lead	2019/20	47,255	-	-	-	8,836	56,091	M
	2019/20	27,001	-	481	10,000	4,078	41,560	N
	2018/19	51,123	-	963	-	9,560	61,646	

Senior Officers served for the whole of 2019/20 unless stated below.

Notes:

- A £28,000 was recharged for the Chief Executive to North Yorkshire County Council during 2019/20
- B The Chief Executive assumed their position on the 14th August 2018, with £17,000 being recharged to North Yorkshire County Council during 2018/19
- C The Temporary Deputy Chief Executive left the Authority on the 31st January 2020
- D The Temporary Deputy Chief Executive assumed their position on the 4th February 2019
- E The Temporary Chief Executive left the Authority on the 31st October 2018
- F The Programme Director of Economic Development, Business & Partnerships assumed their position on the 15th April 2019
- G The Economy & Partnerships Lead left the Authority on the 8th July 2018
- H The Council Solicitor & Monitoring Officer left the Authority on the 31st March 2020
- I The Chief Finance Officer (s151) is employed by North Yorkshire County Council, with £37,000 being recharged to Ryedale District Council during 2019/20
- J £23,000 was recharged for the Chief Finance Officer (s151) to Ryedale District Council during 2018/19
- K The Resources & Enabling Services Lead left the Authority on the 11th May 2018
- L The Head of Communications, Technologies & Business Transformation assumed their position on the 9th September 2019
- M The Head of Customer & Community Services assumed their position on the 1st July 2019
- N The Customer Services Lead left the Authority on the 13th September 2019

The Authority's employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) is as follows:

Remuneration Band	2019/20 Number of employees	2018/19 Number of employees
£50,000 - £54,999	-	1
£55,000 - £59,999	3	3
£60,000 - £64,999	2	1
£65,000 - £69,999	-	-
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	-
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	-	-
£105,000 - £109,999	1	-
£110,000 to £114,999	-	-

33. EXTERNAL AUDIT COSTS

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

	2019/20 £000	2018/19 £000
* Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	45	32
* Additional fees agreed by PSAA Ltd and payable to Grant Thornton UK LLP for 2018/19 external audit services	-	12
* Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year	11	11
* Fees payable in respect of other services provided by Grant Thornton UK LLP during the year	4	-
* Refund of fees payable by PSAA Ltd during the year	(4)	-
	56	55

The fees for other services payable in 2019/20 related to the CFO Insights licence fee.

34. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20:

	2019/20 £000	2018/19 £000
Credited to Taxation and Non Specific Grant Income:		
Revenue Support Grant	-	143
New Homes Bonus	861	964
Transitional Grant to Rural Local Authorities	-	572
S31 grant Business Rates	1,944	1,126
Other Grants	66	114
Total	2,871	2,919
Credited to Services:		
Government Grants:		
Disabled Facilities Grant	584	607
Housing Benefit Subsidy and Rent Rebate	7,751	8,383
Housing Benefit & Council Tax Support Administration	206	248
Other Government Grants	143	44
Total	8,684	9,282
Contributions	268	47

As at the 31 March 2020 the Authority has one grant with a balance of £9,000 that has yet to be recognised as income as it has conditions attached to it. This is in relation to a DEFRA grant towards the development of a Food Enterprise Zone (31 March 2019 £9,000).

35. RELATED PARTIES

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

Central Government

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

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2019/20 is shown in Note 31.

Officers

Chief Finance Officer (Section 151), Anton Hodge, of Ryedale District Council is a related party of Veritau North Yorkshire Ltd and the North Yorkshire Building Control Partnership by virtue of being a client officer.

Other Public Bodies

During the year transactions with related parties arose as follows:

		Receipts £000	Payments £000
The Vale of Pickering Internal Drainage Board	- levy	-	94
Foss Internal Drainage Board	- levy	-	4
Veritau North Yorkshire Ltd	see note below	-	57
North Yorkshire Building Control Partnership	see note below	(20)	37

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

With effect from 1 April 2012, Veritau North Yorkshire Ltd provided an internal audit service for a number of local authorities in the region. Ryedale District Council was a full shareholder, other local authorities within the Company being Selby DC, Hambleton DC and Richmondshire DC. Ryedale District Council's contribution to the Company's share capital is £3,000 as at 31 March 2020. Previously, the North Yorkshire Audit Partnership provided internal audit services to Ryedale and the other aforementioned district councils but ceased to exist on 31 March 2012.

The North Yorkshire Building Control Partnership provides a building control service on behalf of five councils: Ryedale DC (host authority), Selby DC, Hambleton DC, Scarborough BC and Richmondshire DC. Ryedale District Council's proportion of the Partnership's accumulated reserve is £50,000 as at 31 March 2020.

Entities Controlled or Significantly Influenced by the Council

With effect from 1 October 2014, Sports & Leisure Management Ltd ran the Authority's leisure centre and swimming pools. Payment of grant of £193,000 was made to Sports & Leisure Management Ltd to support the operation of the leisure facilities in 2019/20. Previously, Community Leisure Ltd, an Industrial Provident Society, ran the leisure centre and swimming pools for Ryedale until 30 September 2014.

36. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

	2019/20 £000	2018/19 £000
<i>Opening Capital Financing Requirement</i>	1,865	2,048
Capital investment		
Property plant and equipment	333	105
Investment properties	35	-
Held for sale assets	-	-
Intangible assets	48	62
Revenue expenditure funded from capital under statute	627	625
Loans	21	9
<i>Sources of finance</i>		
Capital receipts	(57)	(18)
Government grants and other contributions	(591)	(616)
Sums set aside from revenue		
Direct revenue contributions	(416)	(167)
Minimum Revenue Provision	(162)	(183)
<i>Closing Capital Financing Requirement</i>	1,703	1,865
<i>Explanation of movements in year</i>		
Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	(162)	(183)
Assets acquired under finance leases	-	-
<i>Increase / (decrease) in Capital Financing Requirement</i>	(162)	(183)

37. LEASES**Authority as Lessee – Finance Leases**

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

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

	31 March 2020 £000	31 March 2019 £000
Finance lease liabilities (net present value of minimum lease payments)		
Current	88	127
Non-current	25	113
Finance costs payable in future years	7	19
Minimum lease payments	120	259

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

	Minimum lease payments		Finance lease liabilities	
	31 March 2020 £000	31 March 2019 £000	31 March 2020 £000	31 March 2019 £000
Not later than one year	94	139	88	127
Later than one year and not later than five years	26	120	25	113
Later than five years	-	-	-	-
	120	259	113	240

Authority as Lessee - Operating Leases

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

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

	31 March 2020 £000	31 March 2019 £000
Not later than one year	40	82
Later than one year and not later than five years	19	52
Later than five years	-	-
	59	134

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

	2019/20 £000	2018/19 £000
Minimum lease payments	91	116
Contingent rents	-	-
Sublease payments receivable	-	-
	91	116

Authority as Lessor

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

38. IMPAIRMENT LOSSES

During 2019/20 the Authority has no impairment losses.

39. TERMINATION BENEFITS

The Authority has not terminated the contracts of any employees in 2019/20.

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
£0 - £20,000	-	-	-	-	-	-	-	-
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

40. DEFINED BENEFIT PENSION SCHEMES**Participation in Pension Schemes**

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

- The Local Government Pension Scheme, administered by North Yorkshire County Council – this is a funded defined benefit final salary scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Retirement Benefits

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

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
• Current service cost	1,819	1,373	-	-
• Past service costs / (gains)	-	453	-	-
• (Gain) / Loss from settlements	-	-	-	-
<i>Financing and Investment Income and Expenditure:</i>				
• Net interest expense	360	425	7	8
<i>Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services</i>	2,179	2,251	7	8
<i>Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
<i>Remeasurement of the net defined benefit liability comprising:</i>				
• Return on plan assets (excluding the amount included in the net interest expense)	3,212	(3,763)	-	-
• Actuarial gains and losses due to changes in financial assumptions	(1,476)	4,119	(7)	8
• Actuarial gains and losses due to changes in demographic assumptions	(2,817)	(3,256)	(5)	(12)
• Actuarial gains and losses due to liability experience	(2,589)	131	(1)	1
<i>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	(1,491)	(518)	(6)	5
<i>Movement in Reserves Statement:</i>				
• Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(1,491)	(518)	(6)	5
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>				
• Employers contributions payable to scheme	1,246	1,143		
• Retirement benefits payable to pensioners			17	16

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	Local Government: Pension Scheme £000		Discretionary Benefits £000	
	2019/20	2018/19	2019/20	2018/19
Present value of the defined benefit obligation	(75,907)	(81,475)	(272)	(295)
Fair value of plan assets	62,888	66,045	-	-
Net liability arising from defined benefit obligation	(13,019)	(15,430)	(272)	(295)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government: Pension Scheme £000		Discretionary Benefits Arrangements £000	
	2019/20	2018/19	2019/20	2018/19
Opening fair value of scheme assets	66,045	62,271	-	-
Interest income	1,567	1,599	-	-
Remeasurement gain/(loss):				
• The return on plan assets, excluding the amount included in the net interest expense	(3,212)	3,763	-	-
The effect of changes in foreign exchange rates	-	-	-	-
Contributions from employer	920	817	17	16
Contributions from employees into the scheme	323	282	-	-
Benefits paid	(2,755)	(2,687)	(17)	(16)
Closing fair value of scheme assets	62,888	66,045	-	-

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligations)

	Funded liabilities: Local Government Pension Scheme £000		Unfunded liabilities: Discretionary Benefits £000	
	2019/20	2018/19	2019/20	2018/19
Opening balance at 1 April	81,475	79,036	295	306
Current service cost	1,819	1,373	-	-
Interest cost	1,927	2,024	7	8
Contribution from scheme participants	323	282	-	-
Remeasurement (gains) and losses:				
• Financial Assumptions	(1,476)	4,119	(7)	8
• Demographic Assumptions	(2,817)	(3,256)	(5)	(12)
• Liability Experience	(2,589)	131	(1)	1
Past service costs	-	453	-	-
Losses/(gains) on curtailment	-	-	-	-
Entity combinations	-	-	-	-
Benefits paid	(2,755)	(2,687)	(17)	(16)
Closing balance at 31 March	75,907	81,475	272	295

Local Government Pension Scheme assets comprised:

	31 March 2020 £000	31 March 2019 £000
Equities	36,789	37,249
Property	4,591	5,548
Government Bonds	12,012	12,549
Corporate Bonds	-	-
Cash	2,578	3,236
Other	6,918	7,463
Closing fair value of scheme assets at 31 March	62,888	66,045

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the County Council Fund being based on the full valuation of the scheme as at 31 March 2019.

The significant assumptions used by the actuary have been:

	31 March 2020	31 March 2019
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.8 yrs	22.2 yrs
Women	23.9 yrs	25.3 yrs
Longevity at 65 for future pensioners:		
Men	23.5 yrs	23.9 yrs
Women	25.7 yrs	27.2 yrs
Rate of Inflation (RPI)	N/A	3.30%
Rate of Inflation (CPI)	2.00%	2.20%
Rate of increase in salaries	3.25%	3.45%
Rate of increase in pensions	2.00%	2.20%
Rate of revaluation in pension accounts	2.00%	2.20%
Rate for discounting scheme liabilities	2.30%	2.40%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumptions analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme

	Base Figure	+0.1% pa -0.1% pa Discount Rate	+0.1% pa -0.1% pa Salary Increase Rate	+0.1% pa -0.1% pa Pension Increase Rate	-1 year +1 year Mortality Assumption
Present Value of Total Obligation (£000)	75,907	74,524 77,316	76,044 75,771	77,207 74,632	78,379 73,462
Change in Present Value of Total Obligation (%)		-1.8 1.9	0.2 -0.2	1.7 -1.7	3.3 -3.2
Projected Service Cost (£000)	1,815	1,753 1,878	1,815 1,815	1,878 1,753	1,885 1,746
Approx Change in Projected Service Cost (%)		-3.4 3.5	0.0 0.0	3.5 -3.4	3.9 -3.8

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

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The North Yorkshire Pension Fund has an investment strategy in place to address the funding deficit over a 30 year period, based on an appropriate level of employers' contributions, producing a positive cash flow into the fund. The Council is currently nine years into this period.

Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 2014. The Act provides for scheme regulations to be made within a common framework, to establish a new career average revalued earnings scheme to pay pensions and other benefits to certain public servants.

The Authority paid £1,263,000 expected contributions to the scheme in the year to 31 March 2020.

The weighted average duration of the defined benefit obligation for scheme members is 18.4 years 2019/20 (17.5 years 2018/19).

41. CONTINGENT LIABILITIES

At 31 March 2020, the Authority had no material contingent liabilities.

42. CONTINGENT ASSETS

At 31 March 2020 the Authority had no material contingent assets to report.

43. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The councils overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates; and
 - Its maximum and minimum exposures to the maturity structure of its debt; and
 - Its maximum and annual exposures to investments maturing beyond a year; and
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

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

Credit Risk

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

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

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

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

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £3m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. The risk of non recovery applies to all of the authority's deposits but there is no evidence at 31 March 2020 that this was likely to occur.

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

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

	Amount at 31 March 2020	Historical Experience of Default	Historical Experience adjusted for market conditions at 31 March 2020	Estimated maximum exposure to default and uncollectabil ity at 31 March 2020 £000	Estimated maximum exposure to default and uncollectabi lity at 31 March 2019 £000
	£000	%	%		
Deposits with Banks and Financial Institutions	21,597	0%	0%	-	-

Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loan Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial liabilities is as follows:

	31 March 2020 £000	31 March 2019 £000
Up to 20 years	559	599
21 to 50 years	1,014	1,014
	1,573	1,613

All trade and other payables are due to be paid in less than one year.

Market Risk

Interest Rate Risk

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

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

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

The Authority has set an upper limit of 5% of its borrowings in variable rate loans and an upper limit of 50% of its investments in variable rates. However, all investments and borrowings are currently fixed rate, which helps to reduce uncertainty. The authority continues to keep a proportion of its investments short term to allow for flexibility in interest rate movements.

Price Risk

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

Foreign Exchange Risk

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

2018/19			2019/20		Note
Council Tax £000	Business Rates £000		Council Tax £000	Business Rates £000	
		INCOME			
(38,647)		Council Tax	(41,309)		
-		Transfers from General Fund - Council Tax Benefits	-		
	(16,472) 474	Income collectable from business ratepayers Transitional Protection Payments		(18,516) 514	
(38,647)	(15,998)	Total Income	(41,309)	(18,002)	
		EXPENDITURE			
		Precepts and Demands:			(2)
27,112		North Yorkshire County Council	28,528		
5,054		North Yorkshire Police & Crime Commissioner	5,566		
1,502		North Yorkshire Fire & Rescue	1,551		
5,115		Ryedale District Council	5,316		
55		Street Lighting Expenses	50		
		Business Rates:			(3)
	-	Payment to National Pool		-	
	8,413	Central Government		3,765	
	6,731	Ryedale District Council		8,517	
	1,514	North Yorkshire County Council		3,557	
	168	North Yorkshire Fire & Rescue		160	
	110	Allowance for cost of Business Rate Collection		109	
(196)	(30)	Allowance for Impairment	125	42	(4)
	(1,679)	Provision for Appeals		390	(4)
83	14	Write Off of uncollectable amounts	71	23	(4)
38,725	15,241	Total Expenditure	41,207	16,563	
78	(757)	(Surplus) / deficit for the year	(102)	(1,439)	
(235)	1,266	(Surplus) / deficit at 1 April	(157)	509	
(157)	509	(Surplus) / deficit at 31 March	(259)	(930)	

1. General

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

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

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

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors (22.5% 2019/20; 10% 2018/19), central government (25% 2019/20; 50% 2018/19) and themselves (52.5% 2019/20; 40% 2018/19).

2. Council Tax

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

Band	No of Chargeable Dwellings	Ratio	Band D Equivalent Dwellings
A	1,966	6/9	1,311
B	5,683	7/9	4,420
C	5,463	8/9	4,856
D	4,169	1	4,169
E	3,294	11/9	4,026
F	1,981	13/9	2,861
G	1,099	15/9	1,832
H	106	18/9	212
TOTAL	23,761		23,687
Empty Property Premium			40.35
Cost of LCTS Scheme			(1,650.45)
Less adjustment for Collection Rate			(265.12)
Council Tax Base			21,811.78

Precepts and demands for 2019/20 are analysed as follows:

	Ryedale DC £000	NYCC £000	NYPCC £000	NYFRA £000
2019/20 Precept/Demand Payment in respect of 2018/19 deficit	5,329 (13)	28,599 (71)	5,579 (13)	1,555 (4)
	5,316	28,528	5,566	1,551

The balance of Council Tax within the Collection Fund is available for funding the precept requirement for the authorities as follows:

	£000
Ryedale District Council	(34)
North Yorkshire County Council	(180)
North Yorkshire Police & Crime Commissioner	(35)
North Yorkshire Fire & Rescue Authority	(10)

3. Income from Business Rates

The Authority collects business rates for its area, which are based on local rateable values multiplied by a uniform rate.

Additional information is as follows:

Total National Non Domestic Rateable Value in £ at 31 March 2020	49,071,478
NDR Rate in £ for 2019/20	50.4p
Small Business Rate in £ for 2019/20	49.1p
Number of Business Premises (Hereditament) at 31 March 2020	3,085
Number of Local Council Tax Support Claimants at 31 March 2020	3,091

Business Rate Yield for 2019/20 is analysed as follows:

	Ryedale DC £000	NYCC £000	NYFRA £000	Government £000
2019/20 Estimates Yield Payment in respect of 2018/19 deficit	8,892 (375)	3,642 (85)	169 (9)	4,235 (470)
	8,517	3,557	160	3,765

The balance of Non domestic rates within the Collection Fund is apportioned as follows:

	£000
Ryedale District Council	(435)
North Yorkshire County Council	(146)
Central Government	(340)
North Yorkshire Fire & Rescue Authority	(9)

4. Bad and Doubtful Debts and Provision for Appeals

The figures show any movement on the provision for bad and doubtful debts. Provision has been made for Council Tax payers of £269,000 (2018/19: £144,000) and Business Ratepayers of £62,000 (2018/19: £20,000) and is included within Debtors in the Authority's Balance Sheet. Provision has been made for the cost of successful business rate appeals of £1,632,000 (2018/19: £1,242,000).

Scope of Responsibility

Ryedale District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

RYEDALE
DISTRICT
COUNCIL



The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- B. Ensuring openness and comprehensive stakeholder engagement**
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits**
- D. Determining the interventions necessary to optimise the achievement of intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust internal control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

The Purpose of the Governance Framework

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The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework has been in place at Ryedale District Council for the year ended 31 March 2020 and up to the date of approval of the annual statement of accounts.

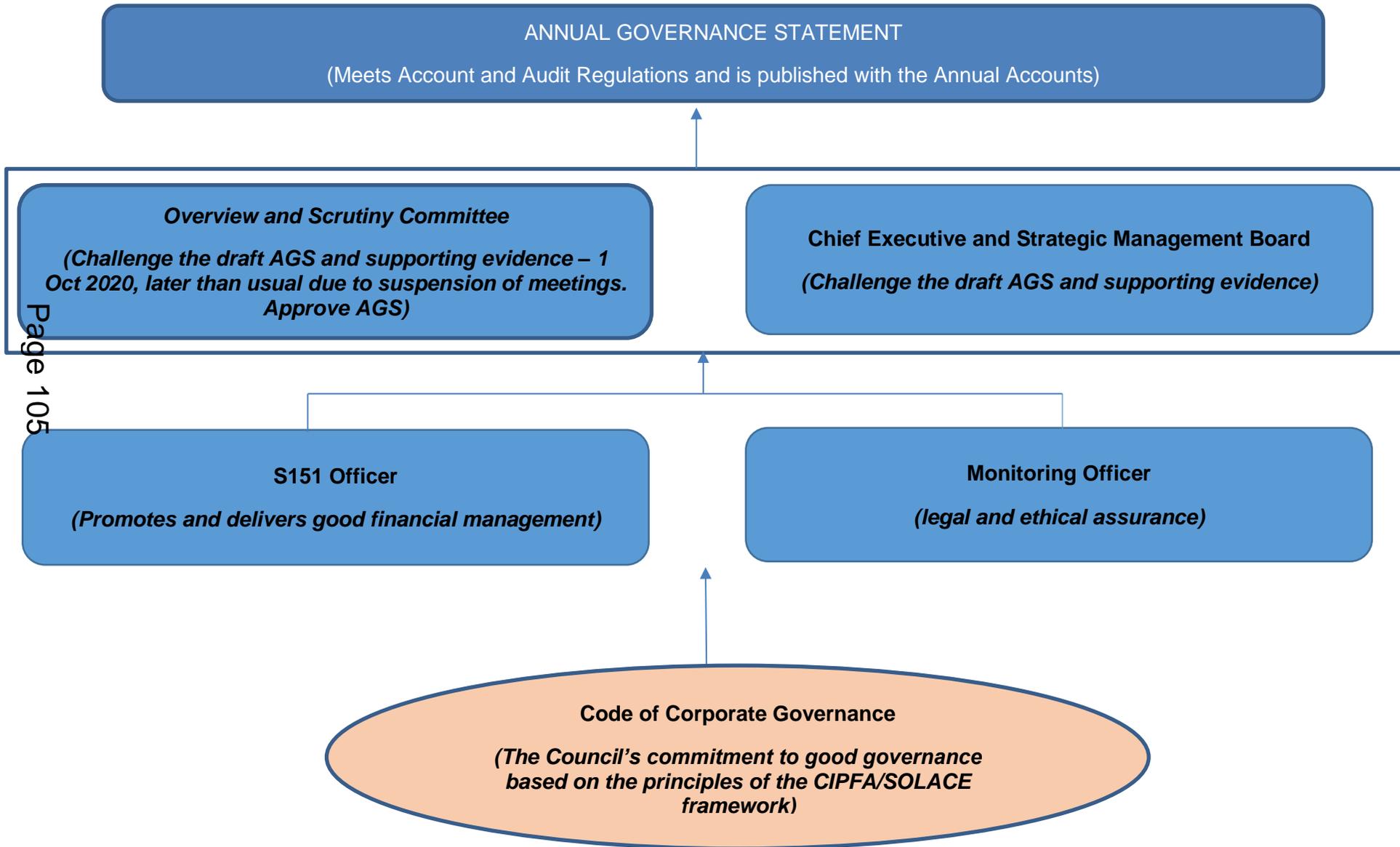
The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. To improve the effectiveness of this, the Council has built on the Health Checks commissioned in 2018 and 2019 by implementing action plans and strengthening capacity in areas described below. Further reviews - such as by SOCITM - have been undertaken in a spirit of continuous improvement and a new Council Plan has been drafted.

The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. Following the appointment of a new Chief Executive and Section 151 Officer in Autumn and Summer 2018, this task is now managed by the Strategic Management Board and other senior managers, who have commissioned and taken action to address governance related issues. This includes briefing relevant Committees for consideration. Overview and Scrutiny have also pursued a robust approach to strengthening governance arrangements in key areas such as risk management. A review of capacity in Corporate Governance has also taken place and a new structure is now being implemented.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives.

The process for drawing up and approving the AGS is set out below. However for the 2019/20 statement, this process has been severely impacted by the Coronavirus Pandemic and this is explained in more detail below.



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Code of Corporate Governance

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Constitution
Code of Conduct
Scheme of Delegation
Complaints Process
Equality and Diversity

- Standards Annual Report to O&S Committee
- Complaints Summary Reports
- Public Consultations
- Local Government and Social Care Ombudsman Report
- Equality in Employment Policy

Council Plan
Policies and Procedures
Business Planning
Performance Results
Partnership Protocol

- Performance Reports
- Committee Reports
- Annual Audit Opinion (Internal)
- Overview and Scrutiny Committee
- Corporate Programme

Financial Management Framework
Budget Monitoring Process
Compliance with CIPFA Guidelines

- Medium Term Financial Strategy
- Treasury & Investment Strategy
- Statement of Accounts
- Annual Audit Letters (External)
- Finance & Contract Procedure Rules

HR Policies
Pay Policy
Risk Management

- Corporate Risk Register
- Service Risk Registers
- Mandatory Training
- Bribery, Anti-Fraud & Corruption Policy
- Speak Out Policy
- HR & OD Health Check and Improvement Programme
- #zerotolerance Policy
- Health and Safety Policy
- Safeguarding Policy
- Resolving Issues at Work Policy

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the Annual Internal Audit Assurance opinion, as provided by Veritau North Yorkshire;
- comments made by the external auditors and other review agencies and inspectorates;
- the Overview & Scrutiny Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2019/20.

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In accordance with the Code of Practice on Local Authority Accounting for 2019/20, Ryedale's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2019/20 the Monitoring Officer was supported by additional capacity to ensure the efficiency and effectiveness of all arrangements relating to Council and Committee meetings, working groups, and the required officer support. A review of Corporate Governance and implementation of a new structure and a change of Monitoring Officer with additional support has strengthened this area, and the impact of the pandemic is being monitored.

The Overview and Scrutiny Committee acting as a Corporate Governance Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

Other key officers have also been consulted for their views on the standards of governance within the Council - specifically the:

- S151 Finance Officer
- Monitoring Officer
- Head of Internal Audit (Veritau)

The Performance Management Framework has operated effectively during the year but is being reviewed to align with newly adopted policies and the Council Plan. Monitoring information on key areas of performance has been provided to the Strategic Management Board for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny and Policy & Resources Committee.

Review of Effectiveness

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. During 2019/20 the Members of O&S have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. Highlights have included:

Scrutiny

- Treasury Management
- Statement of Accounts
- Complaints
- Performance

Scrutiny Reviews on

- Equalities (Interim Report)
- Climate Change
- Universal Credit
- Historical allegations of bullying and the publication of the Raine/Dunstan Report

Monitoring Reports from Key Partnerships and External Bodies (Everyone Active – July 2019).

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement. Work has been undertaken during the current year to ensure members are fully informed of, and involved in, shaping the budget strategy ahead of key meetings in February 2020.

The new financial monitoring arrangements introduced part way through 2018/19 have been and were in place for the full financial year, giving outturn estimates to members on a quarterly basis which can now be seen as being consistent with the final actual outturn position.

To improve the Council's effectiveness of this, capacity and additional support is now in place in services such as Health and Safety, Corporate Governance and Finance, IT, Communications, Transformation, Legal and Procurement. Additional support for Strategy and Performance was due to be implemented in 2020/21, progress has been delayed as a consequence of COVID management and mitigation.

Review of Effectiveness

Based on the assurance work undertaken by Internal Audit, the Head of Internal Audit (Veritau) has provided an opinion on the adequacy of the control environment which concluded that this gave reasonable assurance and also recognised that the Council has made good progress in the last few years to improve its governance arrangements. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Areas in which controls were below the required standard are reported initially to the relevant Manager who ensures prompt corrective action is taken, and ultimately to the Overview & Scrutiny Committee who monitor progress with improvements via follow up reports from Internal Audit.

All key systems were audited in 2019/20 and a total of 13 audit reports and other pieces of work provided to management and the O&S Committee. We have built on our improvements to Risk Management and a new Corporate Risk Register by rolling out our approach to all services. A new Corporate Governance service has been established, with a new Head of Service, to help drive these changes.

In November 2020 the Council's external auditors (Grant Thornton) are expected to provide the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. We expect that the Auditors' opinion will note a full year's worth of progress in areas such as financial monitoring and risk management that commenced only partway through the previous financial year.

A new Council Plan was adopted in September 2020; the corporate programme to deliver this, and its underpinning performance framework is currently in development. Progression through the democratic process will take place in due course. The Council's People and Culture Plan and Council Plan, details key milestones and measures for success relating to organisational development. We are delivering well against the targets set out in this Plan resulting in a more positive organisational culture.

In the 2018/19 Annual Governance Statement, seven key issues were identified. Some of these are ongoing and will be continued (but amended) in the new version.

Coronavirus

There has been a significant impact on Council services of the coronavirus pandemic from March 2020. Despite the challenges, the Council has maintained consistent essential services for residents, whilst adapting to provide alternative virtual services wherever possible.

A decision was taken on 20 March 2020 to suspend Council meetings. Since then the Chief Executive has been taking decisions on urgent matters after consultation with the Leader of the Council, and where appropriate, the Chairman of the appropriate Committee and the relevant Ward Member(s). Committee and Council meetings resumed in September 2020.

Meetings follow government guidance on making these COVID secure and comply with relevant legislation.

Returns to MHCLG, decision-notices and a financial tracker were maintained throughout the use of urgency powers to track the detail of decisions made and the financial impact. These were reported to Full Council in September 2020.

Key Issues

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, a number of issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2020/21 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to monitoring by the Overview and Scrutiny Committee.

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Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
Brought Forward and updated	<p>Financial Sustainability. On-going and future changes to the Council's financial framework including several changes to national and local funding regimes will increase the financial pressure on the Council and risk profile.</p> <p>This needs to be matched with effective financial management on the part of members and officers.</p> <p>This Control Issue has been revised to</p>	<p>The agreed Medium Term Financial Strategy of the Council highlights the expected need to make future savings. This informs the budget process for future years.</p> <p>The s151 Officer considers the risk as part of the closure of accounts including the need to make appropriate provisions and reserves at the year-end.</p> <p>Ensure effective budget management is in operation across the Council, including accurate data and</p>	Chief Finance Officer (s151).	Ongoing.	<p>This is a Key Issue which has formed part of the AGS for a number of years, and it is expected that this will continue to be the case.</p> <p>A revised Financial Strategy was approved by Council in October 2019 and members were consulted during the preparation of the budget through reports and briefings.</p> <p>Financial monitoring is now fully in place. This was successful in 2019/20 with the spend against the</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
	include dealing with the ongoing impact of the Coronavirus Pandemic. Current analysis suggests that the resources announced so far from central government do not cover the full costs to Ryedale District Council of the pandemic. The Council needs to ensure that the additional spending and loss of income are fully recovered from central government.	<p>forecasting and reporting to members. Ensure that members are kept aware of all relevant financial information to assist in budget setting in future years.</p> <p>The MTFS will also take into account the ongoing impact of the Coronavirus pandemic (see below).</p> <p>A full review of the impact of the coronavirus will be ongoing in 2020/21.</p>			<p>budget set breaking even.</p> <p>Like all other councils, RDC will overspend as a result of Covid-19. The Council is maintaining a tracker of all spending commitments and income losses relating to the Covid-19 pandemic to enable full accountability. This reflects the impact of Decision Notices and other costs.</p> <p>Returns are made to Government (MHCLG) on a monthly basis to show the impact of Covid -19; these returns are used by Government to determine their approach to additional funding packages.</p> <p>The costs associated with COVID continue</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>to accumulate as additional responsibilities are placed on councils (e.g. payment of grants) and increasing service demands (e.g. housing, environmental health etc.).</p> <p>Reviews have started on individual service areas to look at longer term impact and following the review of year end results. The quarterly monitoring reports will pick this issue up in more detail.</p> <p>EU transition, and potentially, Local Government Reform, will also require careful consideration with regard to use of resources and financial impact.</p> <p>A revised MTFS will be brought to P&R on 12 November and</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					will continue to be updated over the following months until formal approval is expected in February by Council.
2019/20 and ongoing	Waste and recycling review - ensuring that RDC achieves efficient and effective waste and recycling collection.	<p>Implementation of new optimised household waste and recycling collections linked to new recycling vehicles and waste transfer station.</p> <p>A piece of work on route optimisation will be completed.</p> <p>Delivery programme of new recycling vehicle to be completed in 2020/21.</p>	To be completed.	To be completed.	<p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20). The actions proposed were that the new waste transfer site would be operational and that the new recycling vehicle would be in place.</p> <p>The new waste transfer site is now operational.</p> <p>The new vehicle is not yet in place, but is expected in the coming months, due largely to modifications required to it.</p> <p>In the last year, we have undertaken a Waste and Recycling service review and</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>an improvement plan will be put in place during 2020/21 to ensure efficient and effective waste and recycling collection.</p> <p>Waste and recycling rounds have been updated and optimised to reflect increased tonnages in Q1 and Q2 2020/21 due to covid lockdown which will be completed by the end of October.</p> <p>Looking ahead, the Environment Bill will set targets in key areas, like air quality, residual waste and water quality.</p>
2019/20 and ongoing	<p>Local Plan requires review and adoption.</p> <p>Project is ongoing into 2020/21 and beyond until adoption. Estimated to be 2024/25.</p>	<p>Review of the development plan as the Local Plan Strategy is currently nearly seven years old.</p> <p>This will highlight expected levels of development that will take place in the District</p>	Head of Planning and Regulatory Services.	Some delay in early stages of the review by the Local Plan Working Party arising from the Covid outbreak and capacity in the officer team. Second meeting of the LPWP has occurred and a	<p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20). The action was for the Sites Document to be adopted.</p> <p>The Sites Document was formally adopted</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
		and will set out the specific types of new development required to meet Ryedale's needs.		timetable for future meetings established. Formal adoption of the review is likely to be in 2024/25. This was previously estimated to be 2023.	<p>on 29 June 2020 as scheduled.</p> <p>Member approval of the new Local Development Scheme and Statement of Community Involvement will be sought by the end of 2020.</p> <p>The Government is currently proposing radical reform to the planning system, including reforms to plan-making (Planning For the Future White Paper – August 2020). The formal procedural requirements relating to the production of plans will be considered by members once a clearer picture emerges of which elements of the</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>proposed reforms will be taken forward.</p> <p>Meetings of the Local Plan Working Party are scheduled to the end of the year. Work on the collation of evidence to inform initial public consultation and a call for sites in 2021 is on-going.</p>
<p>2019/20 and Ongoing</p>	<p>Resilience and Capacity - to ensure sufficient capacity to enable the Council to carry out strategic and/or operational objectives.</p> <p>This also includes HR policies and procedures - review and approval, including Equality and Diversity.</p>	<p>Continuous review of the new arrangements now in place.</p> <p>Many of the current HR policies were outdated and not fit for purpose. Documents should grow and adapt with an organisation. Policy review and revision is a crucial part of an effective policy and procedure management plan.</p>	Head of HR.	Ongoing.	<p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20). The Action was that actions from the Health Checks were followed up and implemented.</p> <p>As a result, capacity and additional support is now in place in services such as Health and Safety, Enforcement, Planning & Regulatory Services, Corporate Governance and</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>Finance, IT, Communications, Transformation, Legal and Procurement. Additional support for Strategy and Performance was planned for implementation in 2020/21, but has been delayed by the need to prioritise Covid-19.</p> <p>A number of HR policies have been reviewed and approved by Council with a rolling programme of others coming through democratic meetings for approval during 2020/21.</p> <p>Additional resources have been secured during the Covid-19 pandemic to support key areas of the business to function e.g. customer services advisors.</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
2019/20 and ongoing	Economic Recovery and Growth.	<p>Delivering a strong, sustainable economy will need to now take account of the recovery required post-Covid to address the long-term, sustainable economic success of the district. This includes addressing the needs of those who are experiencing poverty and severely reduced income as a consequence of the pandemic.</p> <p>York/North Yorkshire devolution asks will be presented to Elected Members for consideration. If supported, a negotiation process with Government will begin to determine a deal for the area that ensures thriving businesses, strong job opportunities, robust infrastructure, and strong culture, tourism and low carbon sectors.</p>	<p>Programme Director - Economic Development.</p> <p>Head of Customer Services and Communities.</p>	Ongoing.	<p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20) but has been revised from “Economic Development” to take account of the recovery required post-COVID</p> <p>2019/20 actions completed were: recruitment to boost capacity on economic growth, building strong external partnerships, especially with the LEP, and monitoring any potential impact of Brexit.</p> <p>The focus at this time remains mainly in response. For example, handling increased service demands (e.g. environmental health, community officer roles in Covid secure management,</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
		<p>A plan for leaving the European Union is also critical given the impact this may have on many businesses.</p> <p>Inclusive growth is also key to mitigate the increasing levels of poverty that are arising from the consequences of Covid -19. This includes a focus on partnership initiatives with other key bodies including Town and Parish Councils, NYCC and the voluntary and community sector.</p>			<p>increased benefits claims and housing applications). It is also about ensuring that grants to business and individuals are made as quickly and effectively as possible to ease distress and protect lives and livelihoods (e.g. self-isolation, a variety of business grants).</p> <p>In addition, there has been work on the next stage of activity. The RCG 's economic recovery plan outlines York and North Yorkshire approach to economic recovery. A chapter on Ryedale is included within this; the contents aligns to the Economic Development work programme and Council Plan.</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>Ryedale is also playing a key role in the management of poverty across York and North Yorkshire, with the Head of Customer Services and Communities acting as the Deputy Chair.</p> <p>A devolution asks proposal will be presented to Elected Members for consideration and decision-making following the commencement of democratic meetings.</p> <p>We are developing a plan to ensure that opportunities from leaving the European Union are maximised - UK leaving the EU 31/12/20.</p>
2019/20 and ongoing	Delivering agreed Climate Change Action Plan to ensure that Ryedale District Council can contribute towards	Action Plan delivery progressing - for example Low Carbon Staff Travel Plan approved June 2020, with further actions in	Programme Director - Economic Development.	Ongoing.	This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20) and specifically to review and enact the

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
	the reduction in global temperature rise.	development, including review of previous Biodiversity Action Plan.			<p>Action Plan. This has been done and taken into account in the update below.</p> <p>Cross-Council Climate Change Action Plan delivery group in place. We plan to deliver 277 lights in Malton and Norton, including LED bulbs.</p> <p>Agreed three year revenue budget in place to support delivery.</p> <p>Climate Change Officer now recruited and in post.</p>
2019/20 and ongoing	Council Plan - A Council Plan is a necessary strategic document for guiding the work programme for the organisation and its employees. The current Council Plan was adopted in September 2020.	Now the Council Plan is adopted, a corporate programme and underpinning performance framework is being developed. This will be subject to democratic decision-making in due course.	Head of Communications, Technologies and Business Transformation.	Ongoing.	<p>This was highlighted as a Key Issue in the 2018/19 AGS (for action in 2019/20) and specifically noted that there would be a revision of the Plan and its priorities. This was achieved.</p> <p>A series of engagement sessions took place</p>

Status	Control Issue	Action Proposed	Responsibility	Target Date	Current Position
					<p>with Elected Members and officers to produce the new Council Plan, which was adopted by Council in September 2020. It highlights four main priorities as below:</p> <ol style="list-style-type: none"> 1. Our communities: strong, inclusive and attractive 2. Our economy: harnessing Ryedale's unique economy to deliver growth, homes and jobs 3. Our environment: a sustainable, safe and clean place to live 4. Our organisation: an innovative, enterprising council. <p>A corporate programme is currently being developed.</p>

Approval of the
Annual
Governance
Statement

Through the action referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor K C Duncan
Chairman of Policy and Resources Committee

Date: 12 November 2020

Signed:

Stacey Burlet
Chief Executive

Date: 12 November 2020

Auditors report to follow

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

2018/19 Net Exp. £000	Service	2019/20 Expenditure £000	2019/20 Income £000	2019/20 Net Exp. £000
	Central Services to the Public			
87	Grants, Bequests & Donations	92	-	92
39	Emergency Planning	81	-	81
470	Local Tax Collection	829	248	581
178	Elections	312	21	291
15	Local Land Charges	117	72	45
789	Net Expenditure Central Services to the Public	1,431	341	1,090
	Cultural & Related Services			
65	Culture & Heritage	72	-	72
130	Open Spaces	186	1	185
618	Recreation & Sport	625	-	625
123	Tourism	98	7	91
936	Net Expenditure Cultural & Related Services	981	8	973
	Environmental & Regulatory Services			
4	Closed Churchyards	1	-	1
18	Community Safety (CCTV)	-	-	-
64	Community Safety (Crime Reduction)	72	2	70
5	Community Safety (Safety Services)	-	-	-
113	Flood Defence & Land Drainage	131	-	131
409	Recycling	1,840	1,022	818
840	Regulatory Services	1,150	226	924
314	Street Cleansing	516	30	486
(21)	Trade Waste	834	798	36
624	Waste Collection	692	13	679
2,370	Net Expenditure Environmental & Regulatory Services	5,236	2,091	3,145
	Planning Services			
(30)	Building Control	249	266	(17)
90	Business Support	69	-	69
83	Community Development	81	-	81
165	Development Control	900	363	537
138	Economic Development	206	57	149
92	Environmental Initiatives	112	-	112
258	Planning Policy	334	-	334
796	Net Expenditure Planning Services	1,951	686	1,265

2018/19 Net Exp. £000	Service	2019/20 Expenditure £000	2019/20 Income £000	2019/20 Net Exp. £000
	Highways & Transport Services			
(560)	Parking Services	322	858	(536)
52	Transport Support	51	-	51
(508)	Net Expenditure Highways & Transport Services	373	858	(485)
	Housing Services			
53	Enabling	88	-	88
177	Homelessness	590	442	148
102	Housing Advice	75	-	75
269	Housing Benefits Administration	556	158	398
50	Housing Benefits Payments	7,860	7,751	109
106	Housing Strategy	160	272	(112)
174	Other Council Property	83	46	37
27	Other Welfare Services	270	258	12
139	Private Sector Housing Renewal	809	656	153
1,097	Net Expenditure Housing Services	10,491	9,583	908
	Corporate & Democratic Core			
633	Corporate Management	667	28	639
581	Democratic Representation & Management	669	-	669
1,214	Net Expenditure Corporate & Democratic Core	1,336	28	1,308
	Other Corporate & Non Distributed Costs			
12	Other Services	81	-	81
472	Non Distributed Costs	20	-	20
484	Net Expenditure Other Corporate & Non Distributed Costs	101	-	101
7,178	COST OF SERVICES	21,900	13,595	8,305

Accounting Concepts

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

Accounting Period

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

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

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

Amortisation

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

Asset

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

Assets Under Construction

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

Balance Sheet

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

Business Rates Retention Scheme

A new scheme introduced from April 2013 which provides for local authorities sharing any surplus or deficit in Business Rates Income above or below a pre-determined baseline funding level set by Central Government.

Capital Adjustment Account

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

Capital Charge

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

Capital Expenditure

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

Capital Expenditure charged to Revenue Account (CERA)

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

Capital Financing

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

Capital Programme

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

Capital Receipts

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

Cash Flow Statement

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

Charging Authority

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

Collection Fund

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

Community Assets

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

Consistency

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

Contingent Asset

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

Contingent Liability

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

Corporate and Democratic Core

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

Council Tax

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

Creditors

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

Current Assets

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

Current Liabilities

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

Current Service Cost (Pensions)

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

Curtailment

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

Debtors

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

Deferred Debtors

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

Deferred Liabilities

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

Defined Contribution Pension Scheme

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

Depreciation

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

Emoluments

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

Expected Rate of Return on Pension Assets

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

Fair Value

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

Financial Reporting Standards (FRSs)

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

Financial Year

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

Fixed Assets

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

General Fund

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

Going Concern

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

Government Grants

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

Impairment

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

Income and Expenditure Account

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

Infrastructure Assets

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

Intangible Fixed Asset

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

Interest Cost

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

International Financial Reporting Standards (IFRS)

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

Investment

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

Investment Properties

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

Leasing

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

Liability

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

Liquid Resources

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

Long-Term Contracts

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

Minimum Revenue Provision

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

Monitoring Officer

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

National Non-Domestic Rates (NNDR)

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

Net Book Value

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

Non- Current Assets

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

Non Distributed Costs

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

Non-Operational Assets

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

Operational Assets

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

Past Service Cost

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

Post Balance Sheet Events

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

Precept

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

Precepting Authority

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

Prior Year Adjustments (or Prior Period Adjustments)

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

Provisions

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

Prudence

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

Prudential Indicators

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

Realisable Value

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

Related Party

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

Reserves

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

Residual Value

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

Retirement Benefits

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

Revaluation Reserve

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

Revenue Account

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

Revenue Expenditure Funded from Capital Under Statute

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

Revenue Support Grant (RSG)

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

Scheme Liabilities

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

Section 151 Officer (s151)

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

Statement of Recommended Practice (SORP)

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

Stocks (inventories)

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

Support Services

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

Temporary Borrowing/Investment

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

Useful Life

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

Work in Progress

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

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12 November 2020

Dear Sirs

**Ryedale District Council
Financial Statements for the year ended 31 March 2020**

This representation letter is provided in connection with the audit of the financial statements of Ryedale District Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:



-
- a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
 - ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
 - x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
 - xi. *We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end OR list reasons.* The financial statements are free of material misstatements, including omissions. *[To be confirmed – red text to be deleted if no unadjusted misstated – but black text to remain]*
 - xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
 - xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
 - xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.



-
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
 - xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
 - xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
 - xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
 - xxii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
 - xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Policy and Resources Committee at its meeting on 12 November 2020.

Yours faithfully

Name..... Name.....

Position..... Position.....

Date..... Date.....

Signed on behalf of the Council

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The Audit Findings (ISA260) Report for Ryedale District Council

Year ended 31 March 2020

14 October 2020

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Contents



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Ryedale District Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council from March 2020. Given the impact of the pandemic only started from mid-March, additional costs have not had a major impact on the financial outturn for 2019-20, however, the scale of impact is being felt during 2020-21.</p> <p>There have been significant financial challenges as the Council responded to the COVID-19 pandemic through additional costs to support operational services, lost income through reduced activities including leisure services and car parking. In addition, council tax and business rates income have reduced as lock down started, businesses closed, and staff furloughed.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Practice on Local Authority Accounting albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 22 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both Council and audit staff have had to work remotely, including remotely accessing working papers and financial systems. In addition, meetings have been replaced by telephone and video conferencing arrangements</p> <p>We were provided with the Council's draft 2019-20 statement of accounts on 8 July 2020, ahead of the revised 31 August 2020 deadline.</p>
<p>Financial Statements</p>	<p>Under International Standards of Auditing (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Council and Council's income and expenditure for the year • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during July to October 2020. Our findings are summarised on the following pages.</p> <p>We have identified some disclosure amendments to the financial statements which are reported at Appendix C.</p> <p>These are all disclosure amendments and do not impact on the Council's General Fund position. Further details of the audit disclosure amendments are detailed at Appendix C. We have also raised recommendations for management as a result of our audit work at Appendix A. Our follow up of recommendations from the prior year's audit are detailed at Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters:</p> <ul style="list-style-type: none"> • completing our work on PPE, pension fund assets and liabilities, payables and receivables, related party transactions and statement of cash flow • the assurance letter from the auditor of North Yorkshire Pension Fund to give assurance over the significant risk area of pensions

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Financial Statements continued

- completion of our internal quality review processes, including final reviews of the file by both the manager and engagement lead, specifically in respect of significant audit risks of land and buildings revaluations and the valuation of pension fund liability
- reviewing the final version of the financial statements, narrative report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.

Our anticipated audit report opinion will be unqualified with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of other land buildings and investment properties as a direct impact of Covid-19. This is due to the Council’s valuers reporting a material uncertainty in their valuation reports and also being reported in the Council’s financial statements. This is a consistent finding across our local authority audits.

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Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Council’s value for money arrangements. We have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The VFM risk identified at the planning stage of our audit was embedding risk management and financial monitoring arrangements to support informed decision making. We have not identified any new VFM risks in relation to Covid-19. Based on improvements we have noted in the Council’s arrangements, we anticipate issuing a ‘clean’ unqualified value for money conclusion, as detailed at Appendix E. This is an improved outcome compared to our qualified ‘except for’ VFM conclusion in the prior year. Our findings are summarised on section three of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- To certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of our work under the Code. Once all the outstanding work noted on pages 3 and 4 are satisfactorily completed, we anticipate certifying the completion of the audit when we issue our audit opinion following the approval of the accounts by Policy and Resources Committee on 12 November 2020.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

2. Financial statements - Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's operational activities and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- substantive testing on significant transactions and material account balances and disclosures, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our Audit Plan, as communicated to you on 22 April 2020, to reflect our response to the Covid-19 pandemic.

Conclusion

We have substantially completed our audit of your financial statements. Subject to the outstanding queries being resolved, we anticipate issuing an unqualified audit opinion including an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of other land and buildings and investment properties as a direct impact of Covid-19. This is detailed at Appendix E.

The outstanding items include:

- completing our work on PPE, pension fund assets and liabilities, payables and receivables, related party transactions and statement of cash flow
- completion of our internal quality review processes, including final reviews of the file by both the manager and engagement lead, specifically in respect of significant audit risks of land and buildings revaluations and the valuation of pension fund liability
- assurance from the North Yorkshire Pension Fund auditor on the 2019-20 Pension Fund accounts
- reviewing the final version of the financial statements, Narrative report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our Audit Plan and Audit Plan Addendum.

Materiality area	Council Amount (£)	Qualitative factors considered:
Materiality for the financial statements	400,000	Materiality has been based on 1.8% of the Authority's gross expenditure
Performance materiality	300,000	Our performance materiality has been set at 75% of our overall materiality
Trivial matters	20,000	This is set at 5% of financial statements materiality and reflects a level below which stakeholders are unlikely to be concerned by uncertainties.
Materiality for specific transactions, balances or disclosures	5,000	The senior officer remuneration disclosure in the Statement of Accounts has been identified as an area requiring a lower materiality due to its sensitive nature.

Significant audit risks

Risks identified in our addendum to the Audit Plan

April 2020

Auditor commentary

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:

- Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen
- Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our work we:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported.
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic
- evaluated whether sufficient audit evidence could be obtained through remote technology
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

On the basis of our work, we concluded that our anticipated audit report opinion would be unqualified with an emphasis of matter relating to the material uncertainty around the valuation of other and buildings and investment properties. Note that this change to our opinion is a direct result of the impact of Covid-19. The reporting of a material uncertainty on the valuation of land and buildings is consistent across our local authority audits.

Significant audit risks

Risks identified in our Audit Plan – January 2020

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including at Ryedale District Council, mean that all forms of fraud are seen as unacceptable.

Management over-ride of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

We reviewed our rebuttal of this risk during the final accounts audit and concluded our assessment as detailed in the Audit Plan was still appropriate.

As we did not consider this to be a significant risk for the Council, we did not undertake any specific work in this area other than our normal audit procedures, including validating total revenues to council tax, non domestic rates and central government grants income.

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work has not identified any issues in respect of management override of controls.

Significant audit risks

Risks identified in our Audit Plan – January 2020 and April 2020

Auditor commentary

Valuation of land and buildings

The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£15 million) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

Update April 2020: The covid-19 pandemic has resulted in the volatility of financial and property markets. This will increase the uncertainty of assumptions applied by management to asset valuations.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our audit work, we have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's valuation of land and buildings are not materially misstated and evaluated the design of the associated controls
- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding,
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register in line with LG Code guidance.
- evaluated the assumptions made by management
- evaluated whether sufficient audit evidence can be obtained due to Covid-19 impact to corroborate significant management estimates around land and buildings.

Whilst our audit work remains on-going, our audit work to date has not identified any issues in respect of the valuation of land and buildings (including investment properties), except for the following matters:

The Council's valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in note 4 to the financial statements under assumptions made about the future and other major sources of estimation uncertainty. The valuer has also indicated that the less certainty and higher degree of caution should be attached to their valuations. Therefore, we consider it appropriate to include an emphasis of matter in our audit opinion relating to this material uncertainty. It is important to note that this is a national issue, applying to most local authorities with material land and building asset bases.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in the balance sheet as the retirement benefit obligations, represents a significant estimate in the financial statements.</p> <p>The Council's pension fund net liability is considered a significant estimate due to the size of the numbers involved (31 March 2019: £15.7m in the balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>As part of our work, we have:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtained assurances from the auditor of the North Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. <p>In a new area of focus for our 2019-20 audit we:</p> <ul style="list-style-type: none"> • obtained assurances regarding the material experience items. These are material pension related figures that relate to the impact of correcting the estimates made in the years between the triennial revaluations of the pension fund. <p>Our audit work on the pension fund net liability is nearing completion.</p> <p>As a result of the pension fund balance being a significant audit risk, we need to be satisfied that we have sufficient and appropriate audit evidence over these material entries. As such we will need to closely consider the updated information that we receive from the actuary and Pension Fund. We also need to review the contents of the assurance from the auditors of the North Yorkshire Pension Fund audit. We are expecting to receive this from the Pension Fund auditors by the end of October.</p>

Significant findings – key judgements and estimates

Accounting area	Summary of management's policy	Audit Comments	Assessment
Other Land and Buildings - £15.3m Investment Properties – £2.2m	<p>Other Land and Buildings : Other land and buildings (note 14 to the financial statements) comprises specialised assets, such as swimming pools, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged an external RICS qualified valuer to complete the valuation of these properties on a five yearly cyclical basis. A total of 40% of total assets were revalued during 2019-20 and the valuation date was 31 March 2020.</p> <p>Management's assessment of assets not revalued in year and assets revalued during the year has identified no material change to the properties current value compared to it's carrying value as at 31 March 2019.</p> <p>Investment Properties : All investment properties (note 16 to the financial statements) have been valued as at 31 March 2020 at fair value based on the highest and best use of value of the asset from market participant perspective. The fair value hierarchy and valuation techniques used to determine fair value of investment properties are further disclosed in note 16 to the accounts.</p>	<p>As part of our audit, we performed the following procedures to ensure the estimates used and key judgements applied when valuing the land and buildings and investment properties are prudent and reasonable, including:</p> <ul style="list-style-type: none"> • Assessment of management's expert (external RICS qualified valuers) • Completeness and accuracy of the underlying information used to determine the estimate • Impact of any changes to valuation method as relevant. There were no significant changes to the valuation method • Consistency of estimate used • Reasonableness of the movement in the estimate • Adequacy of disclosure of estimate in the financial statements • Reperforming the land and building assets not revalued during 2019-20 using Gerald Eve indices and we have not identified any material variations from management estimates. <p>The Council's valuation specialists for both land and buildings and investment properties have included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in note 4 to the financial statements under assumptions made about the future and other major sources of estimation uncertainty. The valuers have also indicated that there is less certainty and a higher degree of caution should be attached to their valuations.</p> <p>Therefore, we consider it appropriate to include an emphasis of matter in our audit opinion relating to this material uncertainty. It is important to note that this is a national issue, applying to all local authorities with material land and building asset bases.</p>	 Green

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (red)
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic (amber)
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious (green)

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																					
Net pension liability – £5.4m	<p>The Authority's net pension liability at 31 March 2020 is £13.2m (PY £15.7m) comprising the North Yorkshire Local Government defined benefit pension scheme obligations. The Authority uses AoN to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 31 March 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £2.5m net actuarial movement during 2019-20.</p>	<p>We have:</p> <ul style="list-style-type: none"> Assessed management's expert Assessed the actuary's roll forward approach and deemed it reasonable Used PwC as our auditors expert to assess the actuary and assumptions made by actuary 																						
			<table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.30%</td> <td>2.30%</td> <td>● Green</td> </tr> <tr> <td>Pension increase rate</td> <td>2.00%</td> <td>2.10% - 1.90%</td> <td>● Green</td> </tr> <tr> <td>Salary growth</td> <td>3.25%</td> <td>Value is in line with PWC report</td> <td>● Green</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.5 21.8</td> <td>22.5 – 24.7 20.8 – 23.0</td> <td>● Green</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>25.7 23.9</td> <td>25.0 – 27.2 23.5 – 25.5</td> <td>● Green</td> </tr> </tbody> </table>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.30%	2.30%	● Green	Pension increase rate	2.00%	2.10% - 1.90%	● Green	Salary growth	3.25%	Value is in line with PWC report	● Green	Life expectancy – Males currently aged 45 / 65	23.5 21.8	22.5 – 24.7 20.8 – 23.0	● Green	Life expectancy – Females currently aged 45 / 65
Assumption	Actuary Value	PwC range	Assessment																					
Discount rate	2.30%	2.30%	● Green																					
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Life expectancy – Females currently aged 45 / 65	25.7 23.9	25.0 – 27.2 23.5 – 25.5	● Green																					
		<ul style="list-style-type: none"> Confirmed the completeness and accuracy of the underlying information used to determine the estimate Confirmed the reasonableness of the Authority's share of LGPS pension assets. Confirmed the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from the actuary. 	<p>● Green</p>																					
<p>Our work in this area is still in progress, including the assurance from the Pension Fund auditor.</p>																								

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Significant findings – Going Concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management has an established process in place and prepare a detailed budget each year which is approved by Members. The budget is developed based on a number of assumptions including funding from Government, savings required to be delivered and the pressures facing the Council. To ensure effective management, the budget is broken down by service area and routinely monitored on a monthly basis with performance now reported to Members on a quarterly basis. Cash flow is also monitored as part of the Council's treasury management arrangements.

Before the Covid-19 pandemic, the Council approved a 4 year financial strategy from 2020-24 in October 2019. The Covid-19 pandemic has had a considerable impact on the Council's finances from March 2020. The updated MTFS is in the process of being finalised and will be going to the Policy and Resources Committee on 12 November.

In assessing its going concern position, management look ahead twelve months from the accounts are approved and have regard to its future cash flow position including whether current spending is in accordance with budget. At the time of this report, management is updating its' MTFS with a view to presenting this at the Policy and Resources Committee on 12 November 2020.

Auditor commentary

- Following its review of going concern, management has concluded it remains a going concern and it is appropriate to continue to prepare its accounts on a going concern basis
- The Council set a balanced budget for 2019-20 which was approved by the Council in February 2019. This included planned savings of £528k which was included in the balanced budget. The Council achieved these savings and delivered the 2019-20 budget with a £32k underspend which was transferred to the general fund reserves. The general fund reserve at 31 March 2020 was £15.8m. This was an increase of £0.8m from the prior year.
- Before the Covid-19 pandemic, the Council set a balanced net revenue budget of £8.3m for 2020-21 with a savings requirement of £434k. It has to be noted that the Council has general fund reserves which are nearly double its annual revenue budget and is in a relatively healthier financial position than many local authorities at this time, which strengthens the going concern assessment.
- Whilst the Covid-19 pandemic did not have a significant impact on the Council's 2019-20 financial performance (given it occurred mid way through March 2020, the scale of impact is being felt during 2020-21 through additional costs to support operational services, lost income through reduced Council activities such as leisure and car parking.
- In addition, council tax payments and business rates payments have reduced as lock down continued, businesses closed and businesses furloughed staff. In it's latest publicly reported forecast in September 2020, the Council currently estimates the impact of Covid-19 for 2020-21 to be 2.9m. However, discussions with the s151 officer indicates this is now reduced to £2.7m. The Council has received grants from Central Government of £0.7m which will be used to offset the additional Covid-19 costs for 2020-21. In addition to this, the Council set aside £0.3m of its reserves to further mitigate the impact of Covid. As at the date of this report, the Council has a residual latest funding gap of £1.7m for 2020-21. This is consistent with Council's latest Quarter 1 results up to June 2020, which indicated a £1.8m deficit as at end of March 2021.
- Discussions with the s151 officer note that the projected £1.8m deficit will be covered by the use of general fund reserves. This proposal has been agreed by Members.

Significant findings – going concern

Going concern commentary

Work performed

We considered management's going concern assessment including the assumptions used and consideration of its Medium Term Financial Strategy.

Auditor commentary

- The s151 officer routinely monitors the Council's financial position and reports regularly to the Council. This is an improved arrangement and one that has led to the proposed improved VFM conclusion as set out in section three of this report. The revised MTFS covering 2021-22 and capturing Covid-19 impact is currently being finalised and will be reported to Policy and Resources Committee on 12 November for approval.
- We are aware the Council is currently updating its' MTFS with a view to presenting this to the Policy and Resources Committee on 12 November for approval. The s151 officer has agreed to share this document with us in advance of 12 November in order for us to consider this as part of our audit completion steps. We will provide a verbal update to Members on 12 November for any significant issues arising from our consideration of this document.
- As part of our going concern review, we have assessed the remaining general fund reserves balances as at 31 March 2020. It has to be noted the Council has general fund reserves which are nearly double its annual revenue budget and is in a relatively reasonable financial position than many other local authorities. Whilst Covid-19 pandemic has undoubtedly brought in unexpected medium to longer term financial challenges to the Council, its current going concern assumptions have been strengthened by this relatively healthy level of general fund reserves. When we consider the net annual budget at the Council (£c8.2m) and compare that with additional Covid -19 costs and loss revenue 12 months from accounts audit opinion, there are sufficient general funds available for the period covered by a going concern assessment.
- However, it is important to note that reserves can only be used once to cover financial challenges. The routine budget monitoring against financial plans including the savings plan delivery, taking actions on budget variations, regularly reporting to Members, and working with MHCLG and other government departments are vital controls and arrangements that should be continued in 2020-21 and beyond. We have made a recommendation on this at Appendix A. **[Rec 3]**
- Our work confirmed the management's arrangements for assessing going concern are adequate and management's use of the going concern basis of preparation is reasonable.
- Overall, we have not identified any material uncertainties that may cast significant doubt on the Authority's ability to continue as a going concern from 12 months from date of issuing the audit opinion.

Concluding comments

Concluding comments

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer (s151) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer (s151) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We are satisfied with management's assessment that the going concern basis is appropriate for the 2019-20 financial statements.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have discussed the risk of fraud with the Chief Financial Officer (s151) and have also written to the Chair of the Audit Committee. We have not been made aware of any material incidents in the year and no other issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed based on our work undertaken to date.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council which is included at Appendix F and in the Audit Committee papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's bank . This permission was granted and the confirmation has been received.
Disclosures	Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix B.
Audit evidence and explanations / significant difficulties	<p>All information and explanations requested from management was provided, acknowledging the fact officers were also working remotely and time taken to provide audit information is taking more time than normal circumstances before the Covid-19 pandemic started. In order to complete our audit, we will continue to work with management in order to obtain reasonable assurances on the outstanding matters included on page 3.</p> <p>Given some element of remote/home working is likely to still be in place for the 2020-21 audit, we will be discussing with the finance team how we can continue to work together to mitigate any remote working challenges next year.</p> <p>We would like to record our thanks to the finance team in providing the information requested despite the challenges of remote working resulting from Covid-19.</p>

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our review of the AGS identified a small number of areas for enhanced disclosure. The Council has accepted our findings on the AGS and a revised version is due to be presented to the Overview and Scrutiny Committee on 21 October 2020.</p> <p>Our review of the Narrative Report also identified some areas for enhanced disclosure. The Council has agreed to update its Narrative Report to take into account our comments.</p> <p>Subject to satisfactory receipt and review of the revised AGS and Narrative Report taking into account our comments, we plan to issue an unmodified opinion in this respect – please see our proposed audit opinion at Appendix E.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>Following the updating of the AGS and Narrative report referred to above, we have nothing to report by exception on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>This work is not required as the Council does not exceed the threshold set by the NAO for such specified procedures.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019-20 audit of the Council in the audit opinion, as detailed at Appendix E.</p>

3. Value for Money

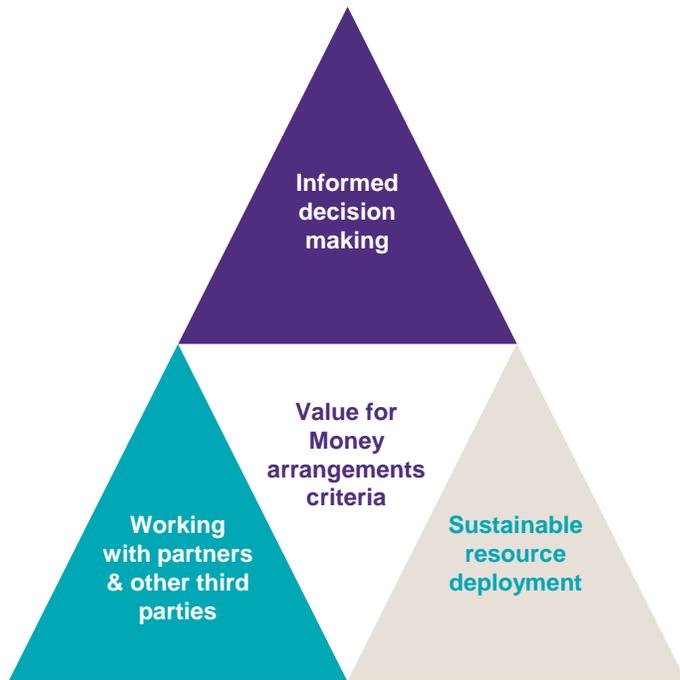
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in January 2020 and identified one significant risk (see page 17) in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated January 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

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Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risk that we identified in the Council's arrangements. In arriving at our conclusion, our main consideration was the following significant risk:

Embedding risk management and financial monitoring arrangements to support informed decision making

We reported this significant Value for Money (VFM) risk in our Audit Plan reported to the Overview and Scrutiny Committee in January 2020. Further to our Audit Plan, our continued risk assessment process has not identified any additional VFM significant risks.

We also reported that there are no VFM risks arising due to Covid-19 pandemic for 2019-20, in our addendum to the Audit Plan issued in April 2020.

We have set out more detail the risk we identified, the results of the work we performed, and the conclusion we drew from this work on page 18.

Overall conclusion

Based on the work we performed to address the significant risk, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

This represents an improved outcome for the Council following last year's qualified 'except for' conclusion that was issued in July 2019.

The text of our report, which confirms this can be found at Appendix E.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Significant risk per our Audit Plan (January 2020)	Findings	Conclusion
<p>Embedding risk management and financial monitoring arrangements to support informed decision making</p> <p>In 2018-19, our work identified that risk management and governance arrangements were not sufficiently embedded and as a result, we issued an 'except for' qualified VFM conclusion in relation to 'informed decision making' VFM criteria.</p> <p>Whilst positive progress had been made to the Council's arrangements in these areas during 2018-19, following the recognition of the issues by the new Senior Management Team, the revised arrangements had not been in place for the duration of 2018-19 and were therefore not embedded.</p> <p>We noted in our 2018-19 Annual Audit Letter that embedding the enhanced arrangements for risk management, financial monitoring and governance continued to be key priorities for the Council in order to support informed decision making in 2019-20 and beyond.</p> <p>As part of our VFM work, we will:</p> <ul style="list-style-type: none"> continue to consider the arrangements, governance structures and internal monitoring processes in place at the Council continue to meet with senior management and Internal Audit to discuss the progress the Council is making around risk management and financial monitoring, for example, reviewing the reporting of the Council's performance against its budget and any level of variances consider how the Council is addressing our 2018-19 audit recommendations on embedding risk management and monitoring arrangements to support informed decision making observe the discussion and level of challenge on governance and risk management issues which take place at the Overview and Scrutiny Committee consider timely financial reporting around Council's financial performance to relevant committees. 	<p>Our focus in this area was around arrangements in place to embed risk management and monitoring arrangements to secure economy, efficiency and effectiveness in Council's use of resources. Our findings were as follows:</p> <ul style="list-style-type: none"> Council's performance against the budget is now a standing agenda item at both Policy and Resources Committee (PRC) and Overview and Scrutiny Committee (OSC) meetings. It covers the budget, the actuals to that quarter, variations to budget, reasons for the variations and final predicted forecast for the year. It also covers the savings against the plan. Council's performance against the Capital Programme is also reported in the same report to relevant Committees covering the budget against the actual and reasons for any variations. The outturn for the year is reported to the Council and relevant Committees covering the annual budget against the variations with detail commentaries for variations and associated actions. As noted in our 2018-19 Audit Finding Report, a Strategic Risk Register (SRR) was formulated, introduced and reported to the Audit and Scrutiny Committee in January 2019. Our work in 2019-20 identified that an updated risk register is also a standard item in Committee Reporting. This work has been recognised and endorsed by Members who see it as an important part of the Council's risk management and improvement strategy. The updating of the SRR during 2019-20 has demonstrated the Council's improvement journey, showing how risks are being managed and mitigated over that period. However, risk management is an ongoing process, and management are aware that the SRR it is a live document that needs to be routinely reviewed, updated and reported to those charged with governance. Our reviews indicated that the SRR covers detail description of the actual risk, risk owner, causes of risks, consequences if it materialises, proactive and reactive controls and mitigation actions required. Covid -19 response: The Council was pro-active in terms of its Covid-19 response and its first report to Policy and Resources Committee was made on 19 March 2020, just prior to the national lockdown. The report outlined the approach to service delivery during Covid-19, noted the delegated powers held by the Chief Executive which can be used in an emergency, and recommended that Council's endorsement of a budget of £250,000 being made available from general fund reserves to support the responses immediately. This is also an indication of how the Authority has progressed embedding risk management and financial monitoring arrangements to support informed decision making and responding to key risks facing the Council. 	<p>We concluded that the Council has proper arrangements in place for embedding risk management and financial monitoring arrangements to support informed decision making.</p> <p>Our overall conclusion on VFM is reported at page 17.</p>

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are included at Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Audit related:			
Certification of Housing Benefit Subsidy return	*11,500 base fee (see Note 1 below)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £11,500 base fee in comparison to the total fee for the audit of £44,706 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
Chief Finance Officer Insights and Place Analytics subscription	3,840	Self-Interest (because this is a subscription)	This service is provided by a separate team within Grant Thornton UK LLP. There is no exchange of information relating to the audit between the two teams and therefore no impairment of auditor independence. The level of this fee taken on its own is not considered a significant threat to independence as the fee for this work is £3,840 per annum in comparison to the total fee for the audit of £44,706 and in particular relative to Grant Thornton UK LLP's turnover overall.

Note 1:

* The £11,500 is the base fee for Housing Benefit Subsidy certification plus for each 40+ testing undertaken:

£2,200 – where the work is completed by the Council

£4,200 – where the work is undertaken by Grant Thornton

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings (ISA260) report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

We have not provided any other services to the Council in 2019-20

Appendix A: Action Plan

We have identified the following recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020-21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>●</p> <p>High</p> <p>Page 162</p>	<p>1. Regular meetings of Overview and Scrutiny Committee:</p> <p>Our cumulative audit knowledge and experience during 2020 has highlighted that last Overview and Scrutiny Committee meeting was held on 23 January 2020. We understand other Committee meetings were held since March 2020 lockdown including the full Council and Policy and Resources Committee meetings. These were held as virtual or actual physical meetings to discuss key governance and risk management matters facing the Council.</p> <p>However, the Council could not reconvene the Overview and Scrutiny Committee where external and internal auditors are attending and reporting on a regular basis.</p> <p>Whilst we understand the Council has responded to Covid-19 pandemic in a timely and proactive manner since March 2020, importance of Overview and Scrutiny Committee and its' contributions are vital part of Council's governance, internal controls and risk management framework. Failure to meet regularly as a Committee may adversely impact the Council's governance, internal controls and risk management framework in the future.</p>	<p>With the objective of continuous operation and improvement of governance, internal controls and risk management of the Council, management and Members need to ensure that regular meetings of Overview and Scrutiny (& Audit) Committee are held in the remainder of 2020-21 and beyond.</p> <p>Management response, responsible officer and implementation date:</p> <p>Committee meetings have now resumed and the first Overview and Scrutiny meeting was held (virtually – with 100% attendance) on 1 October 2020. Further meetings are scheduled as below:</p> <p>22 Oct 2020 19 Nov 2020 21 Jan 2021 11 Feb 2021 25 March 2021</p> <p>Anton Hodge, Chief Finance Officer (s151)</p>

Appendix A: Action Plan

Assessment	Issue and risk	Recommendations
<p>● Medium</p> <p>Page 163</p> <p>● Medium</p>	<p>2. Accuracy and completeness of Aged Debtors listing:</p> <p>As part of our testing of the year end debtor balance, we identified some instances where cash had been received before the year end however, the original debtor balance in the aged debtors listing had not been updated correctly at the year end.</p> <p>However, on further investigation we noted that cash receipts had been posted to a relevant ledger code that would reduce the overall debtor balance at the year end resulting in the Council reporting the correct total debtors (receivables) at the year end.</p> <p>Though the overall impact is £nil for total debtors, identifying who actually owes the Council at a cut off date with the amount owed is important for timely debt collection.</p> <p>3. Covid -19 Impact and budget monitoring 20-21 and beyond:</p> <p>There have been significant financial challenges as the Council responded to the Covid-19 pandemic through additional costs to support operational services, lost income through reduced activities including leisure and car parking income. In addition, council tax and business rates income have reduced as lock down started, businesses closed, and staff furloughed. This is expected to continue during 2020-21 and beyond.</p> <p>Budget monitoring, taking appropriate actions on variations and working with the government to address shortfalls in income and increased expenditure are central to sustainable financial planning and management. The Covid-19 pandemic and associated financial pressures have further highlighted the importance of sound financial management in Local Government. Failure to effectively plan and monitor the finances and not dealing with the government and MHCLG on a timely basis could have serious consequences in relation to sustainable resource deployment.</p>	<p>We recommend the Council further improves the timeliness of review process of the aged debtors recording system to ensure the aged debtors listing shows an accurate and complete reflection of what monies are outstanding from respective debtors as at any cut off point and also at the year end.</p> <p>Management response and responsible officer</p> <p>The adjusting items at year end related to a particular account which the finance team were working on resolving with the service area over the year end cut off. Whilst we do not believe this to be a recurring issue, and is now resolved, we will endeavour to ensure matters are dealt within a timely fashion.</p> <p>Michelle Oates, Senior Accountant – 31 March 2021</p> <hr/> <p>We recommend the Council continues to update its budget setting and budget projections as the challenges and impact from Covid develop. Officers should continue to report in a regular and transparent manner to Members in terms of any corrective actions required in delivering the budget, the impact of Covid on costs and income, achieving the required savings and in terms of liaising with MHCLG and the government.</p> <p>Management response and responsible officer</p> <p>This information will continue to be reported to members as part of budget monitoring and also as part of the MTFs Progress reports.</p> <p>Anton Hodge, Chief Finance Officer (s151) – on going</p>

Appendix B: Follow up of prior year recommendations

We identified the following issues in the interim and final audit of the Council's 2018-19 audit cycle . See below and following pages (23-27) for an update and progress made on these recommendations during 2019-20.

Assessment	Issue and recommendation previously communicated (Interim Audit 2018-19)	2019-20 update on actions taken to address the issue
<p style="text-align: center;">✓</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 164</p>	<p><u>Payroll System records</u></p> <p>From July 2018, the Council's Payroll services have been provided by North Yorkshire County Council (service provider). At the time of our Interim audit (March 2019), we identified that no detailed payroll records have been sent from the service provider to the Council. This resulted in no payroll data being posted to Council's general ledger from July 2018 to February 2019.</p> <p>We also identified that starters and leavers on the Council's payroll list are not promptly informed to the Council by the service provider. We understand this is mainly due to the Council not receiving the completed starter and leaver forms. This increases the risk that starters and leavers may not be appropriately recorded and appropriate payments may not be made according to the start or leave date.</p> <p>Recommendations (R):</p> <p>Rec 1: The Council should ensure that detailed payroll records are entered into the General Ledger system on a monthly basis to reflect up-to-date financial information and associated payroll costs of the Council.</p> <p>Rec 2: The Council should consider enhancing it's control procedures around starters and leavers to ensure there is clear audit trail around payments to starters and leavers.</p>	<p>(R1) Payroll costing files are now loaded in timely fashion.</p> <p>(R2) Starters and Leavers processes have now been enhanced to have a clearer audit trail and we did not encounter similar issues in our 2019-20 audit as we did last year.</p> <p>Actions completed. No further follow up required.</p>

Assessment:

- ✓ Action completed
- X Not yet addressed

Appendix B: Follow up of prior year recommendations - continued

Assessment	Issue and recommendation previously communicated (Interim Audit 2018-19)	2019-20 update on actions taken to address the issue
✓	<p>Bank and Cash:</p> <p>Our Interim work on bank and cash identified the Council has a process of keeping signed cheques in a safe. Cheques are pre-numbered and the system highlights when the consecutive number is not being used. However, we noted that the entire Accounting, Business and Democracy team have access to the safe.</p> <p>Rec 3: As part of proactive fraud prevention activities, the Council should consider further strengthening the process around safekeeping of signed cheques by giving access to only limited number of senior officers.</p>	<p>The Council has further strengthened the process around safekeeping of signed cheques by giving access to only limited number of senior officers.</p> <p>Action completed and no further follow up required.</p>
Page 165 ✓	<p>Authorisation of re-coded journals:</p> <p>Our interim audit work on journal controls identified that journals are re-coded when the initial posting is identified as incorrect. This is a standard practice and there is nothing unusual about journals being re-coded when required.</p> <p>However, we observed that there is no authorisation control when journals are re-coded. This may give rise to unauthorised journals being posted which may result in inaccurate journals being included in the Council's financial position, increasing the risk of errors in the Council's financial reporting.</p> <p>Rec 4: The Council should consider further strengthening the journal control environment by implementing an authorisation control when re-coding journals.</p>	<p>This is now implemented and there is now an authorisation process around re-coding of journals.</p> <p>Action completed and no further follow up required.</p>

Appendix B: Follow up of prior year recommendations – continued

Assessment	Issue and recommendation previously communicated (Interim Audit 2018-19)	2019-20 update on actions taken to address the issue
<p>X (partially implemented)</p>	<p>Governance documents:</p> <p>Our interim work highlighted that key Council documents have not been updated for a number of years, for example, the Code of Conduct (last updated in 2010), the Whistle Blowing Policy (last updated 2006)</p> <p>These are key documents forming part of the Council's wider governance and control environment.</p> <p>Rec 5: The Council should perform a review of all the key governance documents to ensure they are relevant and up to date, taking into account any changes in legislation or regulations.</p>	<p>Whilst progress has been made during 2019-20 this recommendation is not fully implemented as at 31 March 2020 and some key documents have not being fully updated, finalised and published on Council Website.</p> <p>Actions are still work in progress.</p> <p>Management response: The Whistleblowing Policy was replaced by the new Speak Out Policy which was agreed by Council in February 2020. This was one. The others were:</p> <ul style="list-style-type: none"> - Equality in Employment - #zerotolerance - Resolving Issues at Work - Volunteering <p>Work continues on updating all policies, and a further two (Capability; Disciplinary) were agreed by Policy and Resources in September 2020.</p> <p>The Member Code of Conduct was planned to be reviewed during 2019 but as the Government had promised revised guidance this was held back. However it will now be prioritised.</p> <p>The Council's website will be updated to include the most recent policy where this is not the case.</p> <p>Anton Hodge, Chief Finance Officer (s151) – on going</p>
<p>✓</p>	<p>Resourcing in the accounts production team:</p> <p>We noted the predecessor auditor in their 2017-18 Audit Findings (ISA260) Report, issued in July 2018, raised a recommendation to consider capacity and adequate resourcing in the accounts production team.</p> <p>As a result, we understand that additional part time senior resource was added to the team during 2018-19.</p> <p>Our interim audit highlighted that there are still gaps in experienced financial professionals that would assist in day to day book keeping and also help contribute to the final accounts production process. We understand that there is more scope for formal training to individuals who have taken on new roles and responsibilities in 2018-19.</p> <p>Rec 6: The Council should consider whether the current finance team and those supporting the finance team, are sufficiently resourced and experienced in order to compile the 2018-19 financial statements and deal with the audit process in June and July.</p>	<p>More resources have been introduced to strengthen the current finance team during 2019-20, this has helped delivery of the draft accounts and audit process. This is despite the additional challenge this year posed by remote working of both the finance and audit teams.</p> <p>Action completed.</p>

Appendix B: Follow up of prior year recommendations - continued

Assessment	Issue and recommendation previously communicated (Interim Audit 2018-19)	2019-20 update on actions taken to address the issue:
<p style="text-align: center;">X (partially implemented)</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 167</p>	<p>Service Organisations:</p> <p>The Council uses other service organisations to provide key services. Some of these are highlighted below:</p> <ul style="list-style-type: none"> • North Yorkshire County Council (NYCC) provides finance, payroll and HR • Scarborough Borough Council provides Collection Fund, (Council Tax and Business Rates), procurement and car parking services. <p>Our Interim audit highlighted there is scope to enhance the communication between the Council and its use of service organisations mainly around services provided by Scarborough Borough Council. As a result, we noticed there was some level of staff ambiguity around certain responsibilities.</p> <p>We understand that the governance arrangements relating to the range of services provided by these service organisations is still developing. Original signed SLAs are being re-examined to ensure they meet organisational requirements, alongside proposals for governance of any over-arching collaboration agreements.</p> <p>Rec 7: In order to strengthen the arrangements in place to monitor the quality of the work delivered by the service organisations, the Council should:</p> <ul style="list-style-type: none"> • R1: Ensure all Service Level Agreements between the Council and its service providers are signed and dated – this will ensure clarity on both sides in terms of expectations on delivery and quality, reducing the risk of any ambiguity • R2: Ensure there is regular communication and monitoring of the services provided by Service Organisations (mainly around Scarborough Council) to enable they are providing what has been agreed and at an acceptable quality and standard, with appropriate levels of governance in place • R3: Ensure that if it is not receiving the agreed level of service and quality from its service providers, it holds them appropriately to account. 	<p>2019-20 update on actions taken to address the issue:</p> <p>During 2019-20, work took place to formalise the previous SLAs between RDC and NYCC into an overarching Collaboration Agreement. This would also set out the governance arrangements between the two councils and would sign-off all subsequent service agreements as one.</p> <p>Overarching Collaboration Agreement was produced in July 2019 which captures the intended overarching agreements.</p> <p>We acknowledge that progress has been made during 2019-20 regarding signing and agreeing individual SLAs. The overarching Collaboration Agreement between the Council and NYCC is still being discussed .</p> <p>In terms of services relating to Scarborough BC, the SLA has not been agreed or finalised.</p> <p>Management response:</p> <p>The Revenue and Benefits Service (services relating to Scarborough BC) was terminated at the end of 2019-20 and it was not possible to agree a respective SLA for it.</p> <p>Discussions will continue regarding the overarching Collaboration Agreement, but in the absence of that, individual SLAs will continue to be used and these include Performance Indicators.</p> <p>Anton Hodge, Chief Finance Officer (s151)</p>

Appendix B: Follow up of prior year recommendations - continued

Assessment	Issue and recommendation previously communicated (Final Audit 2018-19)	2019-20 update on actions taken to address the issue
<p style="text-align: center;">✓</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 168</p>	<p>Embedding governance, risk management and financial monitoring arrangements to support informed decision making</p> <p>As noted in our VFM section, we identified that Council's risk management and governance arrangements were not sufficiently embedded during 2018-19.</p> <p>Our work in this area identified the 'Health Checks' undertaken by the Council. The Health Checks highlighted key risks to the Council's strategic objectives as well as day to day operations.</p> <p>Effective risk management is at the heart of good governance and vital to informed decision making to secure good value for money of Council's resources.</p> <p>Not embedding sound risk management and monitoring arrangements for informed decision making could have significant consequences to the Council's operations and the outcomes delivered to the people it serves.</p> <p>The senior management team, newly established in 2018-19, understand this and have been actively engaged in reviewing the Council's approach to governance, risk management and financial management. The reviews performed and changes initiated during 2018-19 should help to strengthen the Council's arrangements in 2019-20.</p>	<p>Actions completed.</p> <p>See our Value for Money conclusion work on pages 16-18 in section three.</p>

Appendix B: Follow up of prior year recommendations

Assessment	Issue and risk previously communicated (Final Audit 2018-19)	2019-20 update on actions taken to address the issue
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 169</p>	<p>✓ Valuation of Land and Buildings:</p> <p>The Council revalues its land and buildings on a rolling five-yearly basis. As part of this process, certain land and buildings were valued during 2018-19.</p> <p>Our audit work highlighted that the outcome of this exercise in relation to upward valuations and impairments were not appropriately accounted for in the draft financial statements.</p> <p>Further to our discussions with the management, material adjustments were made to correct this issue in the financial statements (see Appendix B).</p> <p>Land and buildings form a key part of Council's total asset base. In addition, valuation of Land and buildings is considered as a significant risk in the Audit Plan for 2018-19 and appropriately accounting for valuation is an important aspect of the accounts preparation process.</p> <p>A detailed review of the draft accounts by someone who is experienced in local government accounting but are not involved in the detailed production of the accounts, before publishing the draft accounts could help to mitigate such omissions in the future.</p>	<p>No such issues identified in Land and Buildings audit work during 2019-20. Our work indicated that valuation outcomes have been appropriately accounted for in the financial statements.</p> <p>No further follow up or recommendations required.</p>

Appendix C: Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

There are no unadjusted misstatements at the time of this report.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

It is important to note that none of the amendments listed below have any impact on the level of useable reserves of the Council.

No.	Description and value	Amended ?
1. Page 170	<u>Narrative Report:</u> <ul style="list-style-type: none"> Expanding the real purpose of the Narrative Report Expanding the explanation of financial statements to capture the purpose of notes to the accounts Further clarifying capital expenditure section Expand note 11 on Covid-19 impact to capture Tranche 3 funding of £83k which was received in July 2020. 	✓
	Referencing the Movement in Reserves Statement to other notes to the accounts for further clarification of reserves movements to the reader of the accounts	✓
	Events after the reporting period (note 6): <ul style="list-style-type: none"> Expanding this note to capture Covid-19 implications and explain these events are un-adjusting. 	✓
	Additional note added in line with LG Code guidance to capture effective date of revaluations on land and buildings to capture the 5 year cycle of revaluations (note 14).	✓
	Non operational property plant and equipment (surplus assets) need to be valued using fair value hierarchy methodology under IFRS13 . An additional note has been added to capture surplus assets valuation methodology.	✓
	Note 33 was updated to reflect the actual costs in relation to 2019-20 External Audit fees.	✓
	Various comments and enhancement made to update the AGS to reflect Council activities during 2019-20.	✓
	Updating the Financial Instruments note to capture the appropriate financial instruments balances as at 31 March 2020.	✓

Appendix D: Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee per Audit Plan £	Final fee £
Council Audit	44,706	TBC+
Total audit fees (excluding VAT)	44,706	TBC

+ We wish to note that there is the potential for further audit fees in relation to the additional work we have performed on pension and PPE balances, the VFM conclusion work and the level of work done to follow up last year's recommendations. In addition, further costs have been incurred due to the additional time taken to deliver the audit this year as a result of the Covid pandemic. We have discussed this likelihood with the Chief Financial Officer and we will provide a full breakdown of proposed fees on completion of our audit and this will be included in the Annual Audit Letter later this year.

Total audit fees (rounded to thousands) reconciled to the revised financial statements (note 33)

Non-audit fees for other services	Proposed fee £	Final fee £
Audit Related Services:		
Housing Benefit Subsidy return 2019-20	11,500*	TBC
Non-Audit Related Services:		
Chief Finance Officer Insights and Place Analytics subscription	3,840	3,840
Total non- audit fees (excluding VAT)	15,340*	TBC

NOTE:

* The £11,500 is the base fee for Housing Benefit Subsidy certification plus for each 40+ testing undertaken:

£2,200 – where the work is completed by the Council

£4,200 – where the work is undertaken by Grant Thornton

Appendix E: **Draft** Audit Opinion

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings and Investment Properties as a direct impact of Covid-19.

Independent auditor's report to the members of Ryedale District Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ryedale District Council (the 'Authority') for the year ended 31 March 2020 which comprise, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and the notes to the financial statements including a summary of significant accounting policies. The notes to the financial statements include the Expenditure & Funding Analysis, the Core Financial Statements Notes and the Notes on the Collection Fund. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019-20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019-20
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Finance Officer (s151) and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Audit opinion (**Draft**) – continued

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings and investment properties as a direct impact of Covid-19.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer (s151)'s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer (s151) has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Finance Officer (s151)'s conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and investment properties

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2020. As, disclosed in note 4 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's reports. Our opinion is not modified in respect of this matter.

Other information

The Chief Finance Officer (s151) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement other than the financial statements and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Audit opinion (**Draft**) – continued

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings and investment properties as a direct impact of Covid-19.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Finance Officer (s151) and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer (s151). The Chief Finance Officer (s151) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019-20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer (s151) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer (s151) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Overview and Scrutiny Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Audit opinion - continued (Draft)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

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

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Ryedale District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature and date – *To be included*

Gareth Mills, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

Appendix F: Management letter of representation (**Draft**)

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP

Grant Thornton UK LLP
No 1 Whitehall Riverside
LEEDS
LS1 4BN

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12 November 2020 (Date Policy and Resources Committee approves the financial statements)

Dear Sirs

Ryedale District Council
Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Ryedale District Council for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged

- Page 177
- a. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
 - i. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
 - ii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
 - iii. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
 - iv. We have considered the unadjusted misstatements schedule included in your Audit Findings Report **and attached**. We have not adjusted the financial statements for these misstatements brought to our attention as *they are immaterial to the results of the Council and its financial position at the year-end OR list reasons*. The financial statements are free of material misstatements, including omissions. **[To be confirmed by GT]**
 - v. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
 - vi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
 - vii. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

- i. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic, from whom you determined it necessary to obtain audit evidence.
- ii. We have communicated to you all deficiencies in internal control of which management is aware.
- iii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- iv. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- i. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or

- a. others where the fraud could have a material effect on the financial statements.
- i. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- ii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- iii. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- iv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

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Annual Governance Statement

- i. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- i. The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Policy and Resources Committee at its meeting on 12 November 2020.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

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PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES
DATE:	12 NOVEMBER 2020
REPORT OF THE:	HEAD OF HUMAN RESOURCES ANDREW ELLIS
TITLE OF REPORT:	HR POLICY REVISION – CAPABILITY AND DISCIPLINARY POLICIES
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To approve revised human resources policies

2.0 RECOMMENDATION

2.1 It is recommended that

(a) The revised policies are agreed for implementation.

3.0 REASON FOR RECOMMENDATION

3.1 Many of the current HR policies are outdated and not fit for purpose. The revision of these policies link into the aims and objectives of the People and Culture Plan.

3.2 Policies and procedures are living documents that should grow and adapt with an organisation. Policy review and revision is a crucial part of an effective policy and procedure management plan.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks identified with the revised policies. Outdated policies however, can leave an organisation at risk. Old policies may fail to comply with new laws and regulations and may not address new systems or technology, which can result in inconsistent practices.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 Full trade union consultation has taken place and the revised policies have been approved by Strategic Management Board. Final ratification by Elected Members will

complete the consultation process prior to implementation.

REPORT

6.0 REPORT DETAILS

6.1 HR policies are a written description of rights and responsibilities of employers and employees. If a policy is well developed and clearly written, it helps communication with employees, clarifies expectations and makes sure that everyone is treated in a consistent and fair way. These are all important factors for creating a desirable culture for the organisation, and they minimise exposure to legal risk.

6.2 The following policies have been revised in line with up to date legislation and recommended best practice and are attached in full to this report as appendices. The policies have been amended, where indicated, since presented on 24 September 2020:

(a) Capability Policy: Purpose and Scope

This policy has been put in place to encourage all employees to achieve and maintain the required standard of performance and to ensure consistent and fair treatment for all.

This policy applies to all employees of Ryedale District Council. Any employee on Chief Officer Terms and Conditions will fall within the guidelines of the Joint Negotiation Committee and therefore this policy will not apply.

The policy does not apply to any employees in the following circumstances:

- Employees within their probationary period. Please refer to the probationary policy.
- For dealing with issues of misconduct, attendance or grievance, for which separate policies apply and there may be occasions where employees are subject to more than one process at a time.

Amendment: Paragraph 7.2 changed to read appeals against dismissals will be heard by the Appeals Panel of the Policy and Resources Committee.

(b) Disciplinary Policy: Purpose and Scope

This policy has been put in place to encourage all employees to achieve and maintain the required standard of conduct and to ensure consistent and fair treatment for all.

This policy applies to all employees of Ryedale District Council, other than those on Chief Officer Terms and Conditions.

Amendment: Paragraph 12.3 changed to read appeals against dismissals will be heard by the Appeals Panel of the Policy and Resources Committee.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- (a) Financial

There are no additional financial implications on the Council from the policy revision.

(b) Legal

Under the repeal of the statutory procedures in April 2009 and the introduction of a recommended code of practice from ACAS (April, 2009) in managing disciplinary matters, which have a direct link to other policies, employment tribunals will expect that we have dealt with matters fairly, openly and consistently. Also, that employees are clear through the procedures, of the potential action they shall face if found in breach of any singular or group of policies. Failure to follow due process and procedure, may result in Ryedale District Council incurring additional costs above the statutory awards where the Council has been found to not have carried out its full procedures which are deemed fair and consistent for all employees of the Council.

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

None, other than as stated above

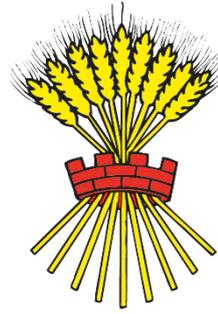
Name of Head of Service **Andrew Ellis**
Job Title **Head of HR**

Author: Marie Lomax, HR Project Officer
Telephone No: 01653 600666 ext: 43395
E-Mail Address: marie.lomax@ryedale.gov.uk

Background Papers:

Appendix A – Capability Policy
Appendix B – Disciplinary Policy

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Capability Policy and Procedure

Document Control Sheet

Reference Number	HRCAP
Version Number	02
Document Author	Senior HR Business Partner
Lead SMB Member	Head of HR
Ratifying Committee	Policy & Resources Committee
Date Ratified	
Date Policy Effective From	
Next Review Date	

Unless this copy has been taken directly from Ryedale District Council's intranet, there is no assurance that this is the most up to date version.

This policy supersedes all previous issues

1. Purpose and Scope

1.1. This policy has been put in place to encourage all employees to achieve and maintain the required standard of performance and to ensure consistent and fair treatment for all.

This policy applies to all employees of Ryedale District Council. Any employee on Chief Officer Terms and Conditions will fall within the guidelines of the Joint Negotiation Committee and therefore this policy will not apply.

The policy does not apply to any employees in the following circumstances:

- Employees within their probationary period. Please refer to the probationary policy.
- For dealing with issues of misconduct, attendance or grievance, for which separate policies apply and there may be occasions where employees are subject to more than one process at a time.

2. Principles

2.1. The following principles will be applied to all capability matters;

- Employees' performance will firstly be regularly appraised informally through regular supervision, which will involve agreeing objectives and setting targets and identifying training and developmental needs. This will feed into the corporate framework for appraisals within the organisation.
- It will be the joint responsibility of the employee and the employee's line manager to ensure that the duties of the post are carried out to the required standard on an ongoing basis.
- The informal stage of the procedure, as detailed above, must be carried out by the line manager before any further action is taken and every effort should be made to resolve the issue at this stage. This must be clearly documented and evidence needs to be available which clearly demonstrates that the employee is aware of concerns in relation to their performance before matters are progressed to this procedure.
- Where a lack of necessary skills are identified, the manager will take all reasonable steps to provide appropriate training, supervision or support which could help the employee to sufficiently improve their performance. Managers should keep a record of all training and development that is provided.

- Employees are to be clearly notified of their expectations and their responsibilities at all stages of the procedure, including the informal stage. The Action Plan (Appendix 1) may be used during all stages.
- It is in the interests of both the Service and the employee that capability issues are resolved as quickly as possible. Therefore action under the appropriate stages of this policy should be taken promptly and no party should unreasonably delay the process being followed.

3. Procedure/Informal Stage

- 3.1. It is expected that managers would raise any performance issues with an employee as part of the normal supervisory process. All records of these conversations should be kept, including additional training needs and support already provided.
- 3.2. If following this, there continues to be issues with an employee's performance or if it is felt the performance issues cannot be addressed through the normal supervisory process, then the following Capability procedure should be invoked.
- 3.3. During all stages of the informal or formal capability process, communication between parties is key to a successful outcome for all concerned. Notes of discussions should be taken and kept securely, support given should be noted and HR advice should be sought about different options of support that may be appropriate and/or available through wider networks.
- 3.4. It may be necessary during both informal and formal stages to have more regular 1-2-1 meetings between the line manager and employee than normal in order to assess improvements and provide an adequate level of support. This should be agreed in advance and should remain supportive.
- 3.5. Managers should be able to evidence a variety of methods, training and additional support that they have considered/implemented or, if this is not suitable or appropriate, annotate the reasons why this decision has taken place. Employees may also suggest additional support that they would like management to consider in order to improve their performance.

4. Stage 1

- 4.1. When it has been concluded that the formal Capability procedure should be invoked the employee should be spoken to by the manager and informed of this. They will then be invited to an initial capability meeting where the process will be discussed. At this point the manager should reiterate to the employee of the areas of performance that are to be addressed.
- 4.2. The manager should provide a copy of this policy to the employee and ensure they are aware that the purpose of the capability procedure is to support the employee to reach the required level of performance.

- 4.3. The manager should invite the employee to the initial capability meeting in writing, confirming the areas of performance that are to be discussed. The letter should be sent in advance of the meeting, allowing the employee time to prepare and arrange for their Union Representative or work colleague to be in attendance.
- 4.4. The employee will have the opportunity to discuss any difficulties they may be having, and together both parties will try to establish and agree appropriate action to be taken which will help to improve performance to the required standard. Specific targets should be clearly set out including what the employee needs to do to achieve them. At this point the length of monitoring period and the regularity of review meetings should be decided upon and relayed to the employee. A written record of the meeting should be taken and a copy provided to the employee.
- 4.5. Specific attention should be paid to any additional support that may be required to enable the employee to reach the required standard. This may be in the form of additional support either inside or outside of the organisation as appropriate to the expertise available, and may take a number of forms, for example, online training, mentoring, attending courses, conversations with high performing departments/individuals. Like objectives, behaviours should be agreed between managers and staff to ensure they are appropriate to the role and understood and are actioned immediately.
- 4.6. The employee's performance will be monitored for a specified period of time, which will be for a minimum of 4 weeks but should be no longer than 8 weeks from the initial meeting date. During that period, both the line manager and employee should meet at an agreed frequency in order to achieve a satisfactory outcome. A written record of all such meetings and the targets set should be retained by the line manager whilst the matter is in progress, and a copy will be given to the employee.
- 4.7. The employee should be informed that if the expected levels of performance are not met within the monitoring period that the process will move onto the next stage.
- 4.8. It is hoped that with additional support, the monitoring period should enable the employee to achieve a satisfactory level of performance, thus ending this process. However if at the end of the monitoring period, satisfactory levels of performance have not been met then the process should move onto the next stage. The employee should be told at this point that the next stage of the process has been invoked and why this decision has been taken.

5. Stage 2

- 5.1. When it has been concluded that the initial capability meeting and monitoring period has been unsuccessful and the employee has not sufficiently improved their level of performance, the process should be moved onto the second stage and the manager should inform the employee of this. The employee will then be invited to the second capability meeting where the next

stage of the process will be discussed.

- 5.2. The manager should invite the employee to the second capability meeting in writing, confirming the areas of performance that are to be discussed. The letter should be sent in advance of the meeting, allowing the employee time to prepare and arrange for their Union Representative or work colleague to be in attendance.
- 5.3. The letter should recap the areas of the employees performance that are not satisfactory, the targets previously set and outline the support offered to date to the employee to improve performance.
- 5.4. At the meeting the manager will outline the nature of the underperformance and what measures have already been taken to support the employee as set out in the initial capability meeting and monitoring period.
- 5.5. The employee will be given the opportunity to explain why they have not met the required standards during the initial monitoring period, any issues or concerns that they may have and any further support that they think they may need.
- 5.6. At this point the manager will give consideration to a further period of monitoring and if any further support is needed. As in stage 1, specific targets should be clearly set out including what the employee needs to do to achieve them. At this point the length of the further monitoring period and the regularity or review meetings should be decided upon and relayed to the employee. A written record of the meeting should be taken and a copy provided to the employee.
- 5.7. The employee's performance will be monitored for a specified period of time, which will be for a minimum of 4 weeks but should be no longer than 8 weeks from the initial meeting date. During that period, both the line manager and employee should meet at an agreed frequency in order to achieve a satisfactory outcome. A written record of all such meetings and the targets set should be retained by the line manager whilst the matter is in progress and a copy will be given to the employee.
- 5.8. The employee should be informed that should the expected levels of performance not be met within the monitoring period, that the process will move to a hearing where other employment options will be considered including dismissal on the grounds of capability.
- 5.9. It is hoped that with additional support, the further monitoring period should enable the employee to achieve a satisfactory level of performance, thus ending this process. However, if at the end of the monitoring period, satisfactory levels of performance have not been met then the process should move to a hearing, Stage 3 as outlined below.

6. Stage 3

- 6.1. If the further monitoring period has been unsuccessful and the employee has not reached the required level of performance following the second monitoring period, the manager should meet with the employee to discuss this. The manager should inform the employee that a hearing will now be arranged where the future of their employment will be considered.
- 6.2. At the hearing the Manager will describe the unsatisfactory levels of performance and the support offered to date to assist the employee. The employee will have the opportunity to present their case also. The employee has the right to be accompanied by a trade union representative or work colleague at the hearing. The hearing will be chaired by a Head of Service or above who will be accompanied by a member of HR who, when both parties have presented all of their information fully, will decide the appropriate outcome. This can be, but is not limited to;
- Redeployment into a different post within the Authority
 - An extension to the monitoring period and/or further support/training
 - Demotion into a lower graded post without pay protection
 - A change in working hours or duties
 - Dismissal on the grounds of capability
- 6.3. The outcome of the hearing will be confirmed to the employee in writing. The employee will have the right of appeal against the decision. To do this they must write to the chair of the hearing within 10 working days of receipt of the outcome letter, detailing the reason for appeal.

7. Appeals

- 7.1. An employee may appeal against any of the actions listed above.
- 7.2. Appeals against dismissals will be heard by the Appeals Panel of the Policy and Resources Committee. The employee has the right to be represented at an appeal by a trade union representative or other companion.
- 7.3. Appeals against any other sanction will be heard by the relevant member of the Council's Strategic Management Board or their representative, accompanied by a member of HR.
- 7.4. Any appeal must be made in writing within 10 working days of the receipt of the letter confirming the outcome. The appeal should be sent in writing to the Manager.

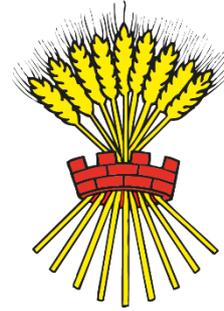
Capability: Action Plan

Employee Name		Job Title	
Line Manager		Department	
Stage <i>(delete as appropriate)</i>	Informal / Formal	Meeting Date	

	Issue (be clear if this is something that the employee is doing or not doing and what is and isn't acceptable)	Action/Training to take place (is this internal or external, consider mentoring, buddying, visits to other Councils if possible)	Dates of meetings/milestones	People involved	Review period
1					
2					
3					
4					

Actions agreed (Manager signature)		Date	
Actions agreed (Employee signature)		Date	

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Disciplinary Policy and Procedure

Document Control Sheet

Reference Number	HRDIS
Version Number	02
Document Author	Senior HR Business Partner
Lead SMB Member	Head of HR
Ratifying Committee	Policy & Resources Committee
Date Ratified	
Date Policy Effective From	
Next Review Date	

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This policy supersedes all previous issues

1. Purpose and Scope

- 1.1 This policy has been put in place to encourage all employees to achieve and maintain the required standard of conduct and to ensure consistent and fair treatment for all.
- 1.2 This policy applies to all employees of Ryedale District Council, other than those on Chief Officer Terms and Conditions.

2 Principles

- 2.1 The following principles will be applied to all disciplinary matters;
 - Disciplinary action will not be taken against an employee until the matter has been fully investigated.
 - At every stage in the procedure the employee will be advised of the nature of the complaint against them and they will be given the opportunity to state their case before any decision is made.
 - At all stages the employee will have the right to be accompanied by a trade union representative or work colleague.
 - No employee will be dismissed for a first breach of discipline except in the case of gross misconduct when the penalty will be dismissal without notice or payment in lieu of notice.
 - All sanctions and the reasons for them will be confirmed to the employee in writing.
 - All employees will have the right to appeal against any disciplinary sanction imposed.
 - Before starting a disciplinary procedure, the line manager should first see whether the problem can be resolved in an informal way or has previously considered this and the employee has failed to achieve the required standards or it would be inappropriate in the circumstances.
 - The application of this policy and procedure complies with the ACAS Code of Practice for Disciplinary and Grievance.

3 Procedure

- 3.1 When minor issues with an employee's conduct are raised, they may be dealt with informally but where the matter is more serious or the informal discussions by supervisors have not been effective, the Disciplinary Policy and Procedure will be applied.
- 3.2 As part of the informal process, managers may choose to issue a 'management instruction'. Before issuing a management instruction, the manager must have undertaken an analysis of the situation and be sure that this course of action is appropriate for the situation.
- 3.3 Management instructions should only be used in lower level disciplinary cases, where a full investigation and potential first written warning in the first instance may seem a

little harsh. Some examples of such situation are listed in Appendix 1 (Minor Misconduct).

4 Notification of Allegation(s)

- 4.1 The employee will be notified in writing of the nature of the allegation or issues in question and that they are subject to a disciplinary investigation.
- 4.2 The nature of the allegations may change during the course of the investigation. The employee should receive correspondence notifying them of any changes to the allegations as soon as reasonably practicable.
- 4.3 Notification of the allegations and any relevant evidence will be provided to the employee in sufficient time for them to be able to state their case as part of the investigation process.

5 Precautionary Action/Suspension

- 5.1 Depending on the nature of the allegations the employee may be subject to precautionary action. This can include but is not restricted to redeployment, variation to duties or suspension whilst an investigation is carried out.
- 5.2 Suspension should only be used in situations where the employee is considered to be a harm to themselves, colleagues, clients/service users, members of the public, or where information or evidence which may be needed as part of the investigation may be tampered with.
- 5.3 Suspension may also be deemed appropriate where there is a concurrent policy investigation, however this will also depend on the nature of the allegations and the relevance of this to their employment.
- 5.4 Alternatives to suspension should be considered – for example, alternative duties, garden leave.
- 5.5 Precautionary action is not prejudicial to the outcome of the investigation, it is to ensure a fair process is applied and all parties are protected when necessary.
- 5.6 Any precautionary action that may be taken will be confirmed to the employee in writing and it will be reviewed throughout the investigation.
- 5.7 The need for precautionary action, the type of precautionary action or revoking precautionary action may become apparent at any time during the course of the investigation.

6 Investigatory Interviews

- 6.1 An investigating officer will be appointed to establish facts, interview witnesses, take statements and gather documentary evidence. The Investigating Officer will need to be impartial and may be a manager from a different service area in the interest of impartiality. The Investigating Officer will need to be appropriately skilled to undertake the investigation and should seek advice and guidance from HR as appropriate.

- 6.2 As part of the Disciplinary Investigation an employee will be invited in writing to attend an investigatory interview where they will be asked questions in relation to the allegation(s) of misconduct. This letter should notify the individual of the allegation(s).
- 6.3 Should the employee or their representative be unable to make the suggested meeting date, they should suggest an alternative date and time within 10 working days of the original date, unless there are exceptional circumstances (e.g. planned holiday out of the country). In exceptional circumstances the meeting should be rearranged to be held at the earliest opportunity.
- 6.4 Notes of this interview will also be taken and then provided to the employee to verify and sign to ensure that an accurate record has been taken. These will then be used in the disciplinary investigation and added to the evidence.
- 6.5 Should the allegations change during the course of the investigation, the employee will be notified at the earliest opportunity in writing and be given the opportunity to respond to the change in allegations.
- 6.6 During the course of the disciplinary investigation, other employees may be called to interviews as witnesses as they may have any information that could aid the investigation. The witnesses will also be notified in advance of the date, time and venue of the meeting and will have the right to be accompanied by either a Union representative or work colleague. Notes of this interview will also be taken and then provided to the employee to verify and sign to ensure that an accurate record has been taken. These will then be used in the disciplinary investigation and added to the evidence.

7 Conclusion of Disciplinary Investigation

- 7.1 Once the Disciplinary Investigation has been concluded and all relevant parties have been interviewed and evidence has been collated, the Investigation Officer will produce a report which will contain the recommendations as listed below:
- Recommend that there is **sufficient evidence** for the case to proceed to a Disciplinary Hearing
 - Recommend that there is **insufficient evidence** for the case to proceed to a Disciplinary Hearing

If there is a recommendation that there is insufficient evidence for the case to proceed to Disciplinary Hearing, the employee will be notified in writing as soon as reasonably practicable, without undue delay.

8 Disciplinary Hearing

- 8.1 Should the case be recommended to proceed to a Disciplinary Hearing, the employee will be required to attend a further meeting. They will be notified in advance of the date, time and venue of the meeting and will have the right to be accompanied by either a Trade Union representative or work colleague. Only in exceptional circumstances will be employee not be permitted to attend. Where there is the potential for the outcome of the hearing to be dismissal, the letter must state this.
- 8.2 The employee will receive all relevant documentation, including the full investigation report and appendices a minimum of 5 working days before the date of the hearing. If there is a significant amount of data, it may be requested by all parties that this timescale be extended and this should be granted if deemed reasonable to do so.

- 8.3 Should the employee or their representative be unable to make the suggested meeting date, they should suggest an alternative date and time within 10 working days of the original date, unless there are exceptional circumstances (e.g. planned holiday out of the country). In exceptional circumstances the meeting should be rearranged to be held at the earliest opportunity.
- 8.4 At the hearing the employee will be notified of the allegations and they will be given the opportunity to answer any of the allegations and set out their case. The meeting will be conducted by an independent Chairperson of sufficient seniority within the organisation, who will normally be advised by someone from HR. The hearing should be recorded for accuracy.
- 8.5 In cases where the outcome of the hearing may result in dismissal, there should be a panel of at least 3 people, one of which may include HR. In all cases, HR should advise the panel.
- 8.6 The employee will be required to attend the meeting whether they are currently in work or not, unless the above mentioned exceptional circumstances apply. In the event that the employee is persistently unable or unwilling to attend the disciplinary hearing or agree an alternative date without good cause, a decision will be made, in their absence, with all the evidence available.
- 8.7 If the employee were to fall sick within this period, they should notify their manager on the first day of absence and then the employee will be required to follow the normal sickness absence reporting procedures.

9 Outcome of Disciplinary Hearing

- 9.1 The possible outcomes from a disciplinary hearing are;
- No further action
 - The meeting is adjourned until a further date, normally pending further information (reason must be given to the employee)
 - Disciplinary action is required
 - Written Warning
 - Final Written Warning
 - Dismissal (with or without notice)
- 9.2 The outcome will be confirmed to the employee in writing as soon as reasonably practicable, without undue delay.

10 Disciplinary Action

- 10.1 The three levels of disciplinary action are detailed below;
- 10.1.1 A Written Warning is given when the employee's conduct has not been of the expected standard. The warning is kept on the employee's personal file for 6 months, but will normally be disregarded for disciplinary purposes following this period of satisfactory conduct.
- 10.1.2 A Final Written Warning is given when the employee's conduct is more serious than a Written Warning, but not serious enough to warrant dismissal. The warning is kept on the employee's personal file for 12 months, but will normally

be disregarded for disciplinary purposes following this period of satisfactory conduct.

10.1.3 Dismissal may happen when the three step process above has been exhausted (Written Warning, Final Written Warning, Dismissal) or where when the employees conduct is so serious that their employment is terminated. Depending on the seriousness of the case will dictate whether the employee receives notice pay following dismissal or is summarily dismissed (without notice).

10.1.4 Contractually the organisation may choose to provide payment in lieu of notice and not require the employee to work their notice period. Any such payment is subject to tax and national insurance deductions in the normal way.

10.2 All disciplinary action will be confirmed to the employee in writing and they will be given the right of appeal.

10.3 Examples of the type of misconduct that would warrant each level of disciplinary action are listed in Appendix 1.

11 Gross Misconduct

11.1 Examples of gross misconduct can be found in Appendix 1. This is not an exhaustive list.

11.2 If the disciplinary investigation concludes that gross misconduct has occurred the outcome will normally be a final written warning or dismissal. Dismissal in cases of gross misconduct may be with or without notice (summary dismissal) where the offence is such that this is deemed appropriate

12 Appeals

12.1 An employee may appeal against any of the levels of disciplinary action listed above.

12.2 An appeal against a Written Warning or a Final Written Warning will be heard by the relevant member of the Council's Strategic Management Board or their representative, accompanied by a member of HR.

12.3 Appeals against dismissals will be heard by the Appeals Panel of the Policy and Resources Committee. The employee has the right to be represented at an appeal by a trade union representative or other companion.

12.4 Any appeal must be made in writing within 10 working days of the receipt of the letter confirming the disciplinary action. The appeal should be sent in writing to the Investigating Officer.

Types of Misconduct

Please find listed below the types of misconduct and examples along with probable consequences. Please note this is not an exhaustive list, they are only examples, and they should not be regarded as the only examples of misconduct.

1. Minor Misconduct

- Persistent lateness
- Unauthorised absences
- Failure to follow absence reporting procedures
- Minor conduct issues

These types of misconduct would normally result in a Written Warning. Continued/repeated incidences of misconduct could potentially lead to Final Written Warning or Dismissal.

2. Serious Misconduct

- Verbal assault or threat of violence in the workplace to employees or other people.
- Negligence in carrying out duties in accordance with the Authority's policies and procedures.
- Misconduct occurring outside of the workplace, which is deemed sufficiently serious to affect an employee's position at work.
- Inappropriate use of electronic communications, including email or internet access facilities.
- Failure to abide by professional codes of conduct / standards.
- Repeated minor misconduct where disciplinary action has failed to improve behaviour

These types of misconduct would normally result in a Final Written Warning. Continued/repeated incidences of misconduct could potentially lead to Dismissal.

3. Gross Misconduct

- Unauthorised removal or misuse of the Authority's property
- Stealing from the Authority, it's Members, employees or members of the public and other instances of dishonesty.
- Serious breaches of confidentiality (unless subject to the protection afforded by the 'Speak Out' Policy / Public Interest (Disclosure) Act 1998).
- Serious breaches of safety regulations endangering other people, including deliberate damage to, neglect of and misappropriation of safety equipment.
- Discrimination, bullying or personal harassment of any person including Elected Members, Customers and Colleagues/Co-Workers.
- Being incapable of work, or of working safely due to the influence of alcohol or drugs.
- Behavior which has brought the Authority or its services into serious disrepute.
- The victimization, intimidation or harassment of any co-worker/colleague on the grounds of their gender, ethnicity, sexual orientation, race, age, religious beliefs or disability.

These types of misconduct would normally result in dismissal without notice.

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PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	PROGRAMME DIRECTOR FOR ECONOMIC DEVELOPMENT, BUSINESS & PARTNERSHIPS - PHILLIP SPURR
TITLE OF REPORT:	REMOVAL OF RESTRICTION ON SALE OF PROPERTY
WARDS AFFECTED:	ALL EXCEPT MALTON, NORTON EAST & WEST, AND PICKERING EAST & WEST

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to agree revised wording for the council's s.157 guidance, and the process for determining any future requests to remove s.157 restrictions on the sale of ex-RDC properties.

2.0 RECOMMENDATION

- 2.1 It is recommended that:

- the council's guidance on the removal of s.157 restrictions is amended in line with the proposed wording set out at s.6.4.
- any future decisions on the lifting of a s157 restriction be delegated to the Programme Director for Economic Development, Business and Partnerships, in consultation with the Chair of the Policy & Resources Committee

3.0 REASON FOR RECOMMENDATION

- 3.1 Under s157 of the Housing Act 1985, a local authority may impose a restriction limiting the freedom of a former tenant, and any subsequent owners, from selling their dwelling where such a property is located in a National Park, Area of Outstanding Natural Beauty (AONB), or within a rural area designated by Order of the Secretary of State. The restriction limits sales to persons who have either worked or lived in either the National Park, AONB, or other designated area for at least three years prior to the purchase.
- 3.2 The purpose of the restriction is to stop former council-owned properties being acquired as second or holiday homes in an attempt to keep them available for local people, as far as that is possible.

- 3.3 The outcome of an investigation into a complaint made by the owner of a former RDC property seeking the lifting of a s.157 restriction has found that further clarity is required in the Council's guidance on s.157s and upon the process for determining requests for their removal. The purpose of this report is to approve revised guidance and the process for making decisions on any requests for the removal of the restriction.
- 3.4 Subject to agreement of the recommendations set out at s.2.1 a decision will be made by the Programme Director for Economic Development, Business and Partnerships, in consultation with the Chair of the Policy & Resources Committee, upon the specific case which generated the complaint which brought to light the requirement to clarify the wording of the guidance.

4.0 SIGNIFICANT RISKS

- 4.1 The purpose of s.157 restrictions is to keep ex-council homes in the North York Moors National Park/other designated areas available for local people as far as that is possible.
- 4.2 The council's current guidance upon s.157 restrictions (see s.5.2) is contradictory, indicating both that restrictions will not be lifted, but also that restrictions can be lifted, but only in exceptional circumstances.
- 4.3 It is possible that clarifying the guidance could lead to requests from the owners of other ex-RDC homes in the national park/other designated areas to have the restriction lifted from their property. It must be made clear, however, that the proposed amended guidance explicitly states that any lifting of restrictions on properties will be judged against 'exceptional circumstance' criteria, and will only be agreed if the test of an 'exceptional circumstance' is met.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 RDC's policy is to ensure that homes within the national park are accessible and affordable for local people. The purpose of the s.157 policy is to achieve this by restricting the sales of ex-RDC homes to those who have lived or worked in the area for three years immediately prior to purchase. The purpose of the restriction is to stop former council-owned properties being acquired as second or holiday homes in an attempt to keep them available for local people, as far as that is possible.

- 5.2 Current guidance on the policy states:

'The Council will not remove Section 157 restrictions. It can exercise its discretion in allowing non qualifying people to occupy the property, this may be where the property has been marketed for a period of 12 months and no buyer meeting the restriction has come forward. If this is the case you can apply to the Council's Housing Service Manager who in liaison with the Council's solicitor may agree to let a non-qualifying person occupy the property. The reason for not removing the restriction is that the pressure on providing houses for local people remains a big issue within the district. If you feel you have an exceptional circumstance and wish to apply for the restriction to be lifted, you must contact the Housing Services team in writing.'

- 5.3 The guidance is unclear, stating both that the council will not remove s.157 restrictions, but also stating that restrictions can be removed in exceptional circumstances. The ability to remove the restriction in exceptional circumstances has been confirmed by the Council's Legal Department, which has confirmed that it is 'a well-established

principle of local government law that a local authority should not “fetter its discretion”, so it is appropriate to allow the removal of restrictions in exceptional circumstances. It is proposed that the wording of the guidance is clarified in line with the proposals at s.6.4 to address this issue.

6.0 BACKGROUND

6.1 In August 2020 the owner of an ex-council home wrote to the Chief Executive raising complaints which included a complaint around discrimination relating to a decision not to remove a s.157 restriction on their property.

6.2 A thorough investigation has been undertaken into the complaints raised, with the outcome of the investigation to be reported back to the complainant very shortly.

6.3 The investigation into the complaints revealed that there is inconsistency in the Council’s guidance on s.157, with information on the Council’s website stating:

‘The Council will not remove Section 157 restrictions. It can exercise its discretion in allowing non qualifying people to occupy the property, this may be where the property has been marketed for a period of 12 months and no buyer meeting the restriction has come forward. If this is the case you can apply to the Council’s Housing Service Manager who in liaison with the Council’s solicitor may agree to let a non-qualifying person occupy the property. The reason for not removing the restriction is that the pressure on providing houses for local people remains a big issue within the district. If you feel you have an exceptional circumstance and wish to apply for the restriction to be lifted, you must contact the Housing Services team in writing.’

6.4 The guidance is unclear in stating both that the Council will not remove s.157 restrictions, but also stating that restrictions can be removed in exceptional circumstances. The option to remove the restriction in exceptional circumstances has been confirmed by the Legal Department as set out at s.5.3, above, and so in order to clarify the position it is proposed that guidance is revised with the highlighted wording below added to make it clear that the Council will consider removing a s.157 restriction, but only in exceptional circumstances.

‘The Council will not remove Section 157 restrictions, **except in exceptional circumstances.** It can exercise its discretion in allowing non qualifying people to occupy the property, this may be where the property has been marketed for a period of 12 months and no buyer meeting the restriction has come forward. If this is the case you can apply to the Council’s Housing Service Manager who in liaison with the Council’s solicitor may agree to let a non-qualifying person occupy the property. The reason for not removing the restriction, **except in exceptional circumstances,** is that the pressure on providing houses for local people remains a big issue within the district. If you feel you have an exceptional circumstance and wish to apply for the restriction to be lifted, you must contact the Housing Services team in writing.’

6.5 Subject to agreement, guidance on the Council’s website will be amended to reflect the revised wording.

6.6 It is further recommended that any future decisions upon requests to remove a s.157 restriction are delegated to the Programme Director, Economic Development, Business and Partnerships in consultation with the Chair of the Policy & Resources Committee.

7.0 IMPLICATIONS

7.1 The following implications have been considered:

a) Financial

There are no direct financial implications for RDC resulting from the revised guidance, nor from the removal of s.157 restrictions.

b) Legal

Under s157 Housing Act 1985, a local authority may impose a restriction limiting the freedom of a former tenant, or any subsequent owner, from disposing of their dwelling house where such a property is located in a National Park, Area of Outstanding Natural Beauty (AONB), or within a rural area designated by Order of the Secretary of State. The limitation restricts sales to persons who have either worked or lived in the either the National Park, AONB, or other designated area for at least three years prior to the sale.

The power to impose a s157 restriction is discretionary, and accordingly, local authorities are free to decide whether or not to place a restriction on a Right to Buy property which is being sold.

The Council has issued guidance on s157 restrictions which outlines the reasons for the restriction and its effects. Also included in the guidance is a note explaining that s157 restrictions will not be lifted, save in exceptional circumstances. The guidance note also contains information on applications for consent to sell a property to someone other than those living or working in the protected area. As highlighted above, it is recommended that the wording of the guidance is clarified, and the process for decision-making upon requests to remove restrictions is confirmed.

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

There are no direct implications.

Phillip Spurr

Programme Director for Economic Development, Business & partnerships

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PART A:	MATTERS DEALT WITH UNDER DELEGATED POWERS
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	HEAD OF CORPORATE GOVERNANCE AND MONITORING OFFICER SIMON COPLEY
TITLE OF REPORT:	APPOINTMENT OF WORKING PARTIES AND SUB- COMMITTEES
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To appoint working parties and sub-committees of the Policy and Resources Committee.

2.0 RECOMMENDATION(S)

2.1 It is recommended that:

- (i) The terms of reference for working parties and sub-committees of the Policy and Resources Committee attached at Appendix 1 of this report be approved;
- (ii) That members and substitutes be appointed to working parties and sub-committees of the Policy and Resources Committee based on the allocation of seats and membership from 2019-20 set out in Appendix 2.

3.0 REASON FOR RECOMMENDATION(S)

3.1 Working parties allow informal and detailed discussion of specific areas of work, such as grant applications, the Constitution and the Local Plan, prior to the Policy and Resources Committee considering these items.

3.2 Sub-Committees allow a smaller group of Members to make decisions on often complex and confidential staffing matters.

3.3 The recommendations in this report put arrangements in place for working parties and sub-committees to assist the Policy and Resources Committee in carrying out its duties.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks associated with the recommendations in this report.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The membership of sub-committees must be political proportional, under the Local Government & Housing Act 1989.

REPORT

6.0 REPORT DETAILS

6.1 Early each municipal year, normally in May, but this year in November following the delayed holding of Annual Council owing to Covid-19, the Policy and Resources Committee appoints working parties and sub-committees to support it in carrying out its business. Sub-committees have decision making powers, delegated by the Policy and Resources Committee, and are public meetings (except where it is agreed to move into exempt session), whilst working parties are advisory private meetings and can only make recommendations back to the Policy and Resources Committee for consideration. This is summarised in the table below. As these are discretionary bodies, which have to be appointed each year, there are no terms of reference included in the Constitution.

Sub-Committees	Working Parties
Have decision making powers, delegated by the Policy and Resources Committee	Are advisory and can only make recommendations back to the Policy and Resources Committee for consideration
Are public meetings (except where it is agreed to move into exempt)	Are private meetings

6.2 At its meeting on 14 March 2019, the Policy and Resources Committee agreed written terms of reference, for the first time, for its working parties and sub-committees. This was intended to provide clarity regarding the roles of these meetings for both Members and officers. As new working parties and sub-committees were created during the 2019-20 municipal year, further terms of reference were agreed by the Policy and Resources Committee for these bodies.

6.4 The current terms of reference for the working parties and sub-committees are attached as Appendix 1 and need to be approved again as part of the process of appointing these bodies for the new municipal year.

6.5 Appointments of members and substitutes to the working parties and sub-committees also require approval and the allocation of seats and membership from 2019-20 is set out in Appendix 2 as a starting point for 2020-21.

6.6 All members sitting on sub-committees dealing with appointments and appeals must be trained to ensure that they can deal with these matters appropriately, having regard to all legal, policy and procedural requirements.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

a) Financial

There are no direct financial implications, other than expenses which may be claimed by Members for attendance at any physical meetings. The staffing implications detailed below will carry an indirect cost.

b) Legal

The legal implications in relation to the Local Government & Housing Act 1989 are set out above.

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

Staff resource will be required both from Democratic Services to administer the meetings of working parties and sub-committees and from the relevant service areas involved in the areas of work.

Holding working party and sub-committee meetings will have a small climate change impact in terms of paper use, and, where there is a physical element to the meeting, additional journeys, heating and lighting.

There are no other implications.

Simon Copley

Head of Corporate Governance and Monitoring Officer

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Background Papers:

None

Background Papers are available for inspection at:

Not applicable.

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TERMS OF REFERENCE: APPOINTMENTS SUB-COMMITTEE

MEMBERSHIP:

The size and membership is determined by the Policy and Resources Committee.

The membership must comply with political proportionality requirements under the Local Government & Housing Act 1989.

FUNCTIONS:

To make decisions about the recruitment and appointment of the Chief Executive and Chief Officers, making recommendations on any matters reserved to Full Council.

CALLING OF MEETINGS:

The provisions of the Committee Procedure Rules in the Council's Constitution apply to the calling of meetings.

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TERMS OF REFERENCE: GRANTS WORKING PARTY

MEMBERSHIP:

The size and membership is determined by the Policy and Resources Committee.

FUNCTIONS:

To make recommendations to the Policy and Resources Committee on:

- (i) Community grants
- (ii) Flood grants
- (iii) Section 106 grants
- (iv) Any other community based grants

CALLING OF MEETINGS:

The provisions of the Committee Procedure Rules in the Council's Constitution apply to the calling of meetings.

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TERMS OF REFERENCE: APPEALS PANEL SUB-COMMITTEE

MEMBERSHIP:

The size and membership is determined by the Policy and Resources Committee.

The membership must comply with political proportionality requirements under the Local Government & Housing Act 1989.

FUNCTIONS:

To consider and determine any staff appeals against dismissal under the Council's disciplinary, capability and attendance policies.

CALLING OF MEETINGS:

The provisions of the Committee Procedure Rules in the Council's Constitution apply to the calling of meetings.

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TERMS OF REFERENCE: CONSTITUTION WORKING PARTY

MEMBERSHIP:

The size and membership is determined by the Policy and Resources Committee.

FUNCTIONS:

To review and make recommendations to the Policy and Resources Committee on any proposed changes to the Constitution.

CALLING OF MEETINGS:

The provisions of the Committee Procedure Rules in the Council's Constitution apply to the calling of meetings.

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TERMS OF REFERENCE: LOCAL PLAN WORKING PARTY

MEMBERSHIP:

The size and membership is determined by the Policy and Resources Committee.

FUNCTIONS:

- (i) To consider and make recommendations to the Policy and Resources Committee on aspects of the Local Plan;
- (ii) To consider and make recommendations to the Policy and Resources Committee on other planning policy matters as relevant.

CALLING OF MEETINGS:

The provisions of the Committee Procedure Rules in the Council's Constitution apply to the calling of meetings.

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Policy and Resources Working Parties and Sub Committees

Appointments Sub-Committee

	Member	Substitute
Conservative	Duncan Graham	Delaney
Ryedale First Independent	Arnold	Frank
Liberal	Clark	Wass
Independent	Thackray	

Grants Working Party

	Member	Substitute
Conservative	Garbutt Moore King	Docwra
Ryedale First Independent	Arnold	Frank
Liberal	Clark	J Andrews
Independent	Thackray	Riby

Sub Committee – Appeals Panel

Member	Substitute
Arnold	Raper
Clark	Potter
Graham	Goodrick

In the absence of any of these Members and substitutes, the panel to consist of 3 Members (1 Conservative, 1 Ryedale First Independent, 1 Other) to be appointed by the Chief Executive in consultation with the Chairman of Policy and Resources, or in the Chairman's absence, the Vice Chairman. The panel to meet as and when required.

Constitution Working Party

Chairman of Council and Group Leaders.
Councillors Arnold, Burr, Clark, Cleary, Duncan and Keal

Local Plan Working Party

	Member	Substitute
	Chairman of Policy and Resources Committee	
	Chairman of Planning Committee	
Conservative	Docwra	Delaney
Ryedale First Independents	Windress	Frank
Liberal	Wass	J Andrews
Independent	P Andrews	Burr
Lib Dem	Mason	Keal

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	HEAD OF CORPORATE GOVERNANCE SIMON COPLEY
TITLE OF REPORT:	TIMETABLE OF MEETINGS 2021-2022
WARDS AFFECTED:	ALL
FOR INFORMATION TO:	OVERVIEW AND SCRUTINY COMMITTEE 22 OCTOBER 2020
	PLANNING COMMITTEE 27 OCTOBER 2020

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report presents the draft timetable of meetings for 2021-2022 for approval.

2.0 RECOMMENDATION

2.1 That Council is recommended to approve the timetable of meetings, attached as Annex A to this report, as a basis for working in 2021-22.

3.0 REASON FOR RECOMMENDATION

3.1 To provide a timetable for all decision making, advisory and overview and scrutiny meetings for use by Members, officers, the public and other interested parties.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks relating to this recommendation.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 A timetable of meetings is agreed and published for each municipal year. This is an essential part of making the Council's decision making process open and accessible to all interested parties. The timetable of meetings is a working document as additional meetings can be scheduled, under the Rules of Procedure in the Council's Constitution, if and when required to deal with business that has arisen. The legal requirement to publish a public notice of meeting supports transparency and accessibility for any additional meetings.

5.2 Strategic Management Board have been consulted on the draft timetable of meetings

for 2021-2022. Elected members may wish to consider whether they continue to schedule Member development sessions in advance or whether these are arranged as and when they are required.

REPORT

6.0 REPORT DETAILS

- 6.1 The draft timetable of meetings, attached as Annex A of the report, has been based on the meeting cycle used in 2020-21.
- 6.2 Mondays have been kept free of meetings as this is when the majority of parish and town councils meet. Also no meetings have been scheduled to coincide with Maundy Thursday (14 April 2022) and the Ryedale Show (27 July 2021).
- 6.3 Members have the option to approve, amend or reject the draft timetable of meetings attached at Annex A. If the current draft timetable is not acceptable to Members, an alternative will need to be agreed.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:
- a) Financial
The costs of meetings within the Council are built into existing budgets.
 - b) Legal
None.
 - c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)
An equality impact assessment was carried out four years ago when start times to meetings were reviewed. As no changes are proposed to the number of meetings, the climate change impact will be unchanged from previous years.

8.0 NEXT STEPS

- 8.1 Once the timetable of meetings has been approved it will be published on the Council's website using the Modern.gov committee management system.

Simon Copley
Head of Corporate Governance

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Background Papers:
None.



TIMETABLE OF MEETINGS MAY 2021 TO MAY 2022

COMMITTEE	MAY 2021	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	JAN 2022	FEB	MAR	APR	MAY	Day
Council	20*	24			9	7		2		17 & 24**		7	19*	Thurs
Policy & Resources	27		29		23		11			3	17			Thurs
Overview & Scrutiny (Including Audit)		10	28 (Wed)		30	21	18		20	10	24	21		Thurs
Planning Committee and Licensing Committee		8	6	3	1 (Wed) & 28	26	23	21	18	15	15	12	10	Tues (6pm)
Member Development****					8	13	10	1	12***		9	6		Wed

All meetings start at 6.30pm unless otherwise indicated.

NOTES

- * Annual Council (start time 6.30pm)
 - ** Reserve date for business not transacted on 17 February 2022
 - *** Budget Briefing
 - ****Member Development dates may be subject to change following discussions between the Member Development Task Group and the Strategic Management Board
- Working Parties and Sub-Committees will meet as business requires
The Constitution Working Party must meet at least once a year

Scheduled Elections

Police, Fire and Crime Commissioner Election and North Yorkshire County Council Election	-	Thursday 6 May 2021
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Bank Holidays

Spring Bank Holiday	-	Monday 31 May 2021
Late Summer Bank Holiday	-	Monday 30 August 2021
Christmas Bank Holiday	-	Monday 27 & Tuesday 28 December 2021
New Year's Day Holiday	-	Monday 3 January 2022
Council Offices closed	-	Saturday 25 December 2021 to Monday 3 January 2022 inclusive
Easter	-	Friday 15 April and Monday 18 April 2022
May Day	-	Monday 2 May 2022

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES
DATE:	12 NOVEMBER 2020
REPORT OF THE:	HEAD OF HUMAN RESOURCES ANDREW ELLIS
TITLE OF REPORT:	HR POLICY REVISION – RECRUITMENT POLICY
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 To obtain commitment from the Policy and Resources Committee in relation to an updated employee Recruitment Policy, incorporating Safer Recruitment.

2.0 RECOMMENDATION(S)

- 2.1 It is recommended that

(i) The revised policy is agreed for implementation.

3.0 REASON FOR RECOMMENDATION(S)

- 3.1 RDC's former Recruitment Policy was significantly out of date and referred to old legislation that was no longer relevant. For this reason, the Policy was removed from the internal intranet in 2019. The attached Policies have been developed to provide a current, robust and efficient recruitment framework.

- 3.2 Senior Management Board have reviewed and signed off these policies, following consultation with representatives from Unison, as the recognised trade union at Ryedale District Council. Following Unisons comments some minor revisions were made and signed off by Senior Management Board in early October 2020.

4.0 SIGNIFICANT RISKS

- 4.1 The current Recruitment Policy is outdated and contained incorrect guidance; it was removed from the council's intranet in 2019. This presents risks and challenges because there is no framework to which Managers can reference their practice. This

is currently leading to inconsistent approaches, unnecessary costs and risk of inequality claims. The current Recruitment Policy does not specifically refer to Safer Recruitment practices and as such there are risks in current practice when recruiting to roles in regulated activity and where safeguarding may be a concern. The new Policy addresses Safer Recruitment.

- 4.2 Introduction of the Policies may create new risk, namely from applicants or existing employees who challenge recruitment approaches, however this risk is the lesser than the current situation of having no formal Recruitment/Safer Recruitment Policies.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The Policy has been shared and discussed in detail with Unison, the recognised trade union within Ryedale District Council and their comments taken on board in the form of some minor revisions to the Policy.

REPORT

6.0 REPORT DETAILS

6.1 Recruitment Policy

This policy aims to provide a structured framework for Managers when they are required to undertake recruitment of new employees. The policy is structured through the process a manager would need to follow from the point that a new vacancy arose, through to a new employee starting. It includes the recommended approach from advertising, shortlisting, interviewing and recruitment clearances, in addition to considerations when there is a need to hire agency workers.

The policy aims to ensure compliance with relevant legislation and Acts, whilst also ensuring good practice to achieve a positive candidate experience, enhancing the reputation as an employer and striving to attract and appoint talented staff.

Safer Recruitment Policy

Ensuring Ryedale's Service Users and communities are kept safe from harm is paramount. The Safer Recruitment Policy aims to embed safeguarding into the all stages of the Council's recruitment process. It outlines the necessary processes that should be followed when managers are recruiting to roles in Regulated Activity and for those roles not defined as Regulated Activity but where the post-holder is still directly working with Service Users it proposes measures that should be implemented to minimise risk.

7.0 IMPLICATIONS

The following implications have been identified:

- a) Financial
None
- b) Legal
As above
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate

Change, Crime & Disorder)
As above

Name of Head of Service **Andrew Ellis**
Job Title **Head of HR**

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Background Papers:
Recruitment Policy & accompanying appendices
Safer Recruitment Policy and accompanying appendices

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Ryedale District Council

Recruitment Policy - Framework and Guidance

Date issued: tbc

1.0 Overview

This policy and guidance aims to provide practical advice to managers on the recruitment process within Ryedale District Council (RDC). The aim is to attract talented staff who possess the appropriate skills and abilities to deliver great services for the residents and visitors of Ryedale. This policy sets out how to recruit staff in a fair, equitable and legally compliant way, whilst also being effective and efficient.

It is intended as an overview and links to further information will be detailed where relevant.

2.0 Recruitment context

The Ryedale District has a critically scarce labour market, largely due to rural demographics but combined with low unemployment, high cost of living and limited transport links. There are also national skills shortages which lead to some sectors being particularly difficult to fill. With these challenges in mind recruiting managers need to recruit pro-actively and have possible workforce solutions should they receive an unexpected resignation.

3.0 Workforce planning

Given the challenging demographics and scarce talent it is important that Managers build and develop pipelines for talent prior to the need to recruit. The following should be considered as means of developing new talent and future recruits, for further details please liaise with HR;

- Hosting work experience placements
- Employing an apprentice
- Employing a Graduate
- Hosting a Graduate summer placement
- Open days

Your service should also have a training plan in place for existing staff, outlining the approach to training and supporting existing staff development.

4.0 The recruitment process

Recruitment and selection must be fair, effective, robust and safe to build and maintain an effective workforce and work within legal duties. A Process Map for Recruiting Managers is provided in [Appendix xx](#)

Prior to the need to recruit

Managers must have read this Recruitment Policy in addition to the Safer Recruitment Policy. All Recruiting Managers should have completed the online Safer Recruitment and Selection training prior to commencing the recruitment process.

Managers should consider when a member of staff is leaving whether they need to replace the role 'like for like' or whether duties of the role could be fulfilled in an alternative way. This type of rationalisation should take place prior to commencing a recruitment process to ensure that service delivery remains up-to-date and effective. Reflect on the role and the service. Consult other members of the team as they may identify more effective ways of working and these should be explored in the first instance.

Managers must also review the job description and person specification at this stage to ascertain if there is a need to revise the document and have the role re-evaluated (please see below).

4.1 Considering recruitment

Managers need to reflect on prior considerations with regards to whether there is a need to replace the role 'like for like', if a new recruit is sought the following process should be followed.

- Ensure the job description and person specification accurately reflects the role you are recruiting to. The job description should outline key duties, responsibilities and relationships, it includes a person specification to provide information on the areas of knowledge, experience, skills, behaviours and qualifications that are required. A service and job specific context statement helps add depth to the overarching accountabilities contained within the job description. If you need to make updates to the roles and responsibilities please ensure that you contact HR to discuss the nature of the changes, the extent of which may determine next steps. If you're recruiting to a new role and don't yet have a job description, please discuss with HR and they will advise on the job evaluation process.
- Obtain authorisation to recruit from Strategic Management Board prior to advertising by completing an Authorisation to Recruit Form [Appendix xx](#)
- Consider whether there is a need to advertise initially as internal only. This is recommended if you believe there is talent in the organisation with whom it would provide a development opportunity for. If you wish to pursue as an internal advert only, please see guidance in section 6.0 below.

4.2 Internal Recruitment Process

All vacancies that are deemed to be suitable for an internal only advert must be posted on the internal Ryedale Intranet (BOB) for a period of approximately a week. This ensures fairness and equality across all RDC employees.

To post the details as an internal only advert on Ryedale Intranet please email a Vacancy Media Order Form ([Appendix xx](#)) to Employment Support Service, ensuring you tick the box to confirm if the vacancy is 'Internal Only?' Please consider that your vacancy might not be posted until up to 24 hours after submission so bear this in mind when planning time-scales.

Internal applicants will be able to view the vacancy on the Ryedale Intranet (BOB) and submit an online application.

4.3 External Recruitment Process

Once you have completed the initial preparations outlined in 3.2, Managers need to plan the recruitment timeline prior to developing the advert.

In such a challenging recruitment market it is paramount a positive candidate experience is at the forefront. To engage candidates and minimise the risk of withdrawals, or of candidates securing other job offers prior to your interview its important the recruitment process is completed swiftly. Planning in your interview date and organising panel members as a starting point ensures you have this secured and the process can work backwards from this date.

The time-scales below are recommended.

Planning; Recruitment timeline;

- Interview date; aim to have between 7 – 10 working days from your shortlisting date to the interview date
- Shortlisting; aim to shortlist within 2 working days of the job advert closing
- Advertising period; A minimum of two weeks is recommended, up to three weeks

The external recruitment process is currently administrated by North Yorkshire County Council's (NYCC's) Employment Support Service Recruitment (ESSR) Team. This team will complete the administration element of the recruitment process e.g. posting the advert, collating applications, inviting candidates to interview and obtaining clearances. Managers are encouraged to maintain direct contact with candidates at all stages and especially following shortlisting whereby you may need to follow up with a candidate to ask questions, ask them to return ID or even provide a personal invite to interview by telephone (in addition to the email invite ESSR send to them).

NYCC's Resourcing Solutions Team are a separate team to ESSR and provide specialist recruitment advice and guidance on how to engage and reach talent.

4.4 Advertising

Once the recruitment timeline has been set, Managers can proceed to write the recruitment advert.

The job advert should be engaging and attractive to potential candidates, balancing the benefits of the role alongside an explanation of what the responsibilities of the role are and describing why RDC is an excellent employer. Template job adverts are available on the Intranet in the recruitment section.

To be compliant with the Equalities Act managers must avoid reference to any statements that could directly or indirectly discriminate against people who may possess a Protected Characteristic. Additionally, job adverts should avoid any statements relating to number of years' experience and wording describing candidates that could be viewed as discriminatory. To ensure fairness and equality your advert should only state genuine occupational requirements (GOR) were it is lawful to treat people differently when recruiting, the requirement must be crucial to the post and not merely one of several important factors. An example; A women's refuge may want to say that it should be able to employ only women as counsellors. Its client base is only women who are experiencing domestic violence committed by men. This is likely to be a genuine occupational requirement.

Managers can take positive action to increase attraction of a certain demographic with a protected characteristic in their team. You should not however take actions that could be regarded as preferential treatment of a minority group over those of a majority group, this would be viewed a Positive Discrimination which is illegal. For example, choosing to appoint a candidate due to their gender to address a team gender imbalance is not legal.

Once the advert is written Managers need to complete a vacancy media order form (**Appendix X**) and send to Employment Support Service Recruitment (ESSR). Please allow a full working day for your advert to be posted and ensure this is built into your recruitment timeline.

Job adverts will be administrated by ESSR and will be placed on the following media as standard;

- NYCC Jobs www.nyccjobs.co.uk
- Ryedale District Council Jobs Board www.rdcouncil-jobs.com

- Many jobs will usually also appear on Indeed.co.uk who voluntarily pick up jobs from the NYCC jobs page and copy them across to Indeed.

Additional Media Advertising

In order to evaluate the need and reduce unnecessary costs, all requests for external paid for media advertising will be reviewed by the Resourcing Solutions Team. The Vacancy Media Order Form has a section for Managers to request; **Resourcing Solutions referral required for Specialist advertising?**

If Yes is selected it will be referred to the Resourcing Solutions Team who will make contact to discuss. Please note that additional media advertising will only be considered for hard to fill or specialist vacancies. The Resourcing Solutions Team have existing media relations and can secure preferential rates.

4.5 Shortlisting

Vacancies close at midnight by default on the closing date. Within 24 hours or the next working day following the closing date the ESSR team will email applications to the Recruiting Manager. These applications will be anonymous to ensure equality across candidates.

Shortlisting should take place 1-2 working days after the closing of the job advert. The short listing must be undertaken by a minimum of 2 members of staff including the manager. You must be able to evidence objectivity and equitability in your decision making and in order to do this it is recommended you record your decisions to a Shortlisting Decision Making grid (Appendix x). Identify the essential criteria from your Job Description and transfer across to the Shortlisting Decision Making grid. You may wish to consider 2-3 key factors that are particularly needed by your service/team at this point in time and these could be the ones that you weigh more heavily to aid in the scoring of candidates.

Upon completion of shortlisting Managers should complete the Shortlisting Results Form and return by email to ESSR within 24 hours of finishing the shortlisting.

If a candidate has made a declaration under the Rehabilitation of Offenders Act 1974, they must be treated fairly and not automatically disregarded. All candidates who meet the essential criteria, regardless of convictions declared, should be invited to interview where the nature of any convictions can be explored further. You must treat all declarations confidentially. The exceptions where an applicant may have to declare spent cautions and convictions are listed in the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, this includes roles which are in Regulated Activity. Please contact HR if you have any queries relating to this.

Due to volume of applications received RDC do not guarantee the provision of feedback to applications that have not been shortlisted. However, managers are encouraged to do so where possible to create a positive impression of RDC as an employer and encourage future applications.

Applicants have the right to request to see any notes or documentation relating to the short listing of their application. Applicants can do this through a Freedom of Information request (also referred to as Subject Access Requests) through data management services. Managers should retain shortlisting notes/forms for 6 months following the shortlisting decision.

Upon receipt of your shortlisting results form, ESSR will email an invite to interview to the candidates and they will also send you the candidates full application form, including their name and contact details. You are encouraged to contact the candidate to thank them for their

application, advise they will receive a formal invite to interview by email but express your interest in meeting them.

4.6 Assessing and selection

Interviews should be conducted by a panel of at least 2 members, usually not more than 3 and where possible, the panel should be as diverse and inclusive as possible, include a mix of male and female representatives, represent different ethnicity and age groups where possible. All members should be adequately trained, and the Lead Panel member must have completed the mandatory Safer Recruitment & Selection and the Equality and Diversity online learning packages.

Interview questions should be prepared in advance. Competency based interview questions are recommended as the best predictor of future performance is a candidate's previous behaviours. An example interview question bank is available on BOB.

The candidate should be scored throughout the interview (a template for interview decision making is available on BOB). It is the manager's responsibility to retain sufficient records to justify their objective decision making if challenged. It is important that only the skills/behaviours which appear in the job description/person specification are assessed. The marking system should be agreed beforehand and applications should be scored separately by panel members before a final mark is given. If a candidate cannot attend an interview face to face the manager can offer to conduct it remotely but if appointed, the candidate will need to provide necessary documents prior to their start date.

It is a legal requirement to ensure that all candidates have documentation providing proof of their right to work in the UK prior to employment. A list of acceptable evidence is available here;

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774286/Right to Work Checklist.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774286/Right_to_Work_Checklist.pdf)

It is the recruiting manager's responsibility to verify this documentation at interview. The person verifying the document should add "Verified as true copy of original on xx/xx/xx (insert date)" to the copied document. It is also a requirement to ensure any essential qualifications, memberships of professional bodies and DBS documents (where applicable) are provided and verified at interview. **Upon completion of the interview, documents for the successful candidate(s) must be sent to Employment Support Services Recruitment who will audit and check that the documents are compliant.**

4.7 Assessments and testing

Any assessments used as part of the decision making/interview process must be objective and fair. They must not provide an unfair disadvantage to any candidates e.g. internal candidates. It is recommended that you speak to Resourcing Solutions, who have qualified Occupational Assessors in the team, about assessment options if you feel these are needed to aid your recruitment. A range of 'off the shelf' assessments are available and these often have guidance on adaptations for candidates who declare a disability, which you may not be able to provide objectively if you design your own assessment. Please contact the Resourcing Solutions Team for further info and costs.

4.8 Decision making

It is essential that only objective information is used in the decision making process and those decisions are justified, fair and evidence based. The panel should be able to demonstrate that they have acted proportionately. It is the responsibility of the chair of the interview panel to

demonstrate that discrimination has not occurred and not for the applicant to prove that it has, should there be any challenges.

The candidate with the highest score should usually be appointed however another candidate may be appointed if it can be evidenced they would be a more suitable fit for the team; this must be objectively justifiable. If a candidate does not meet a pre-determined benchmark, this does not mean they are not appointable. If the manager can see that they **could** meet the requirements of the role within their probationary period with support, then you are able to appoint.

It is entirely acceptable not to appoint – selecting the best candidate for the role is essential and managers should not feel compelled to appoint a less than satisfactory candidate regardless of the demands of the service.

On completion of all interviews, the successful candidate(s) must be informed of the outcome within 1 working day and the successful candidate(s) should be advised that the offer is subject to satisfactory clearances.

Candidates that have not been successful should be notified of the outcome within 2 working days of the interview. Managers should offer to provide feedback, though the feedback can be arranged to be provided at a later date, though no later than 10 days after the interview as to avoid any negative perceptions of the organisation. Though the candidate might not be suitable for the role they initially apply for, they could be suitable for other roles in the Council and if they have had a good experience they will consider applying for the Council again. Recruiting managers should therefore be able to provide solid, encouraging and constructive feedback.

4.9 Employment checks and clearances

No employee will be authorised to commence employment until **all** appropriate employment clearances have been fulfilled, including:

- Evidence of eligibility to work in the UK

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774286/Right_to_Work_Checklist.pdf

- Two References; at least one of these must be from the present or most recent employer)
- Health declaration
- DBS clearance (if applicable to the post)
- Evidence of any qualifications which are a legal requirement of the role
- Evidence of any membership to professional bodies which are a legal requirement of the role

When contacting the candidate to make the conditional offer of employment, if the candidate accepts you should advise them that they will receive a conditional offer by email and will be asked to complete a health questionnaire, ask them to do this as soon as possible. Advise that their referees will now be contacted and ask that they contact their referees to forewarn them and encourage them to complete quickly as possible so they can start as soon as they are able to. The manager may consider withdrawing the conditional offer based on the inability to gain satisfactory clearances. We recommend that manager take advice from Resourcing Solutions before doing so.

Managers should obtain a minimum of 2 references, as a minimum one of which must be from the current or most recent/relevant employer. If the references obtained are considered

unsatisfactory the manager may decide, with the applicant's permission, to seek further references to consider the position further. It is the manager's responsibility to decide if the reference is satisfactory. Any serious matters, recent or unresolved issues must be explored further by the recruiting manager with the referee and applicant. If the reference is obtained by telephone the manager's understanding should then be confirmed in writing to the referee as a record of the discussion.

In the event that the reference is unsatisfactory due to the level of absence, further advice from HR and Occupational Health should be sought. As a general rule, absences that would trigger RDC's attendance procedure would be deemed unsatisfactory, however care must be taken as some absence may be pregnancy or disability related which may require further consideration due to potential discrimination.

In some circumstances it may not be possible to obtain employment references, for example, when an applicant has not worked for several years, has never worked or has recently left education. In such exceptional situations, professional references must be obtained and the recruiting manager must assess the risk involved and where applicable ensure that appropriate alternative safeguarding measures are undertaken and/or put in place if the person is appointed. Professional references should ideally be sought from someone who has supported the individual in this capacity (e.g. Teacher, Lawyer, Doctor). In instances where efforts have been made to gain employment/professional references and a second reference has not been successfully obtained, a character reference may be provided as a second reference only (Non DBS posts only). In exceptional circumstances where no employment/professional references can be obtained please contact HR for advice.

The recruiting manager will be informed of the outcome of the health declaration and if any reasonable adjustments need to be made. Offers of employment should not be withdrawn for health related reasons without consultation with HR and Occupational Health.

5.0 New starter engagement

Once all clearances have been received, ESSR will inform the recruiting manager, who must then contact the candidate to arrange a start date. Once the date is agreed with the candidate the recruiting manager needs to inform ESSR who will then start to create a contract for the candidate. The contract will be emailed to the Recruiting Manager who is responsible for checking it for accuracy and confirming this with ESSR. When this has been confirmed ESSR will then email the contract to the candidate and the candidate needs to accept this online via the portal. When ESSR receive confirmation of acceptance from the candidate they can then issue an employee reference number and set up the payroll record (a copy of which is emailed to the Recruiting Manager, so they will know when it has been issued). Therefore, the Recruiting Manager is responsible for prompting their candidate to review and accept the contract.

The majority of candidates will have to give notice to their existing employer and, depending on the role, there may be some delay between the candidate being appointed and starting in post. It is important to maintain contact regularly with the new appointee, providing them with any information that they need about RDC, their service, team and about their new role.

5.1 Agency workers

There may be occasions where RDC may require the services of temporary agency staff. This should only be for short term, emergency requirements and not part of an ongoing workforce solution. In those emergency situations, agency worker's assignments can be arranged for a maximum of 8 weeks. If the service has progressed a vacancy to recruitment with view to filling

the position on a permanent basis through payroll, then an extension of up to a further 4 weeks may be available.

If your service needs to utilise agency workers, you will need to gain authorisation from a member of SMB in writing prior to making any requests. Once this has been confirmed please contact Resourcing Solutions who will speak to you about your service needs and where necessary, will negotiate terms, conditions and rates directly with agencies on your behalf. Services must not contact agencies directly to arrange supply.

5.2 Further Support

If you have any further questions about the recruitment process or need some advice, you can contact Employment Support Service Recruitment Team on: 01609 532190 or employmentsupportservicerecruitment@northyorks.gov.uk

For hard to fill or specialist resourcing advice contact our professional recruitment advisers Resourcing Solutions resourcingsolutions@northyorks.gov.uk or 01609 535585

Appendix xx Recruitment Process Map for Recruiting Managers

Step 1: Recruiting managers should ensure they have completed the mandatory training on Safer Recruitment on the Learning Zone

Step 2: If the role is a new position, a job description and job evaluation will need to be completed. For all posts an Authorisation to Recruit Form (Appendix xx) needs to be completed and submitted to Strategic Management Board, once this has been approved you can proceed to recruitment.

Step 3: Plan your recruitment timeline, ensuring you have a date booked for interview and all panel members confirmed before you released your advert. You should plan for the following timescales;

Interview date (Determined by the time periods below)

Shortlisting to be at least 5 working days before the interview date, to provide Employment Support Service time to send out interview invites. Shortlisting should not be more than 8 working days before interview date

Shortlisting should take place within 2 working days of closing date

The advert should run for at least 10 days but ideally 2 weeks which would allow for 2 weekends. The maximum time an advert should run would be 21 days.

Step 4: Write your advert ensuring it promotes the benefits of the role to the candidate and doesn't just list all the things YOU need from them. If you'd like help writing adverts there are some template adverts on BOB, or you can contact Resourcing Solutions.

Step 5: Complete a Vacancy Media Order Form (appendix x) with all details of the vacancy e.g. working hours, type of contract and the advert and submit this to Employment Support Services Recruitment Team (ESSR) who are responsible for advertising.

Step 6: Once your vacancy is live, ensure you share details amongst your networks, encourage your teams to share and respond to candidate enquiries in a timely manner.

Step 7: The day after the closing date ESSR Team will forward anonymous applications to you. Please shortlist within 2 working days, a template for shortlisting decision making is provided in [appendix xx](#), you may wish to use this to record your decision making. Please complete and return the Notification of Shortlisting results form ([appendix x](#)) back to ESSR who will return the full applications to you for shortlisted candidates and organise the interviews. ESSR will send standard email communications inviting candidates to interview. You're encouraged to give candidates a call to congratulate them on being shortlisted and advise them they will receive full invite details by email.

Step 8: It is the recruiting manager's responsibility to arrange interview rooms or online interview platforms, plan interview questions, brief panel members and set and make arrangements for any necessary assessments. If your interviews are face to face you will need to consider who will meet and greet them at reception and take copies of their documents, this does not have to be a panel member and can be delegated to someone else who is available to copy and verify the documents. Eligibility to Work in the UK checks must be taken prior to start date, copies taken, verified as originals and dated. Details of appropriate documentation if available in the Recruitment Guidance and Framework.

Step 9: Within 24 hours of the interview the Recruiting Manager should telephone the favoured candidate and make a verbal conditional offer of employment. When they accept please check their referees details with them and ask them to prompt their referees and to look out for email confirmation of the conditional offer including a request to complete a health declaration. As soon as the candidate accepts please complete and return a Notification of Interview Results Form ([Appendix xx](#)) and send to ESSR and telephone the unsuccessful candidates to notify them of the outcome. If you are not able to provide feedback within the 24 hour period you should still contact unsuccessful candidates to advise them of the outcome and offer to arrange a feedback time the following week.

Step 10: You must maintain regular weekly contact with your candidate up to their start date, ideally by telephone to keep them engaged whilst the clearances are being obtained. ESSR will forward copies of references to you as and when they are received. Once ESSR notify you that all clearances are received you are responsible for contacting the candidate to mutually agree a start date. Please notify ESSR of the start date as soon as possible.



This form is to be completed before any recruitment is undertaken.

Job Title		No of Hours	
Department		Contract Type	
Contract Length		Flexi Time	Y/N
Salary Band		Annual Salary	
DBS post? Y/N		No of vacancies	

Key Details

Has consideration been given to undertaking the post in a different way? E.g. amalgamating existing roles, filling part time instead of full time etc? Please provide detail of rationale;				
Is the job description and person specification accurately reflective of the role?				
What has this vacancy arisen?				
Post holder resigned	Post holder retired	This is a new post	Post vacant as outcome of restructure	Other – please detail;

Where is this being funded from?	
If funding is not from central budget, please detail where the funding is from, including details of any specific funding requirements i.e time limit?	

Signature of Recruiting Manager	
<u>Name (sign and print):</u>	<u>Date:</u>
Name of post-holders line manager (if different from above)	

Signatures should be sought in the order listed below

Signature of Finance Representative (Senior Accountant or Head of Finance only)	
<u>Name (sign & print):</u>	<u>Date:</u>
Base Salary PA:	
On-costs PA:	
Total Spend PA:	
Where is spend allocated from?	
Additional information:	

Signature of Head of HR	
<u>Name (sign & print):</u>	<u>Date:</u>

Additional Info (to be completed by HR or Finance)	
Dept Budget Code	
Post Number	



Vacancy media order form

To be completed by responsible officer/manager, with a copy of the Job Description also attached to the email. Please return to:

employmentsupportservicerecruitment@northyorks.gov.uk

Advert details – Please ensure you fill in all sections

Post Title:		Location:	
Grade/Band/pay scale:		Salary:	
Hours per week:		Contract type:	
Internal only advert?		Yes / No	
Closing date: <i>(Recommend Midnight on a Sunday)</i>		Interview date: <i>(See planning an interview guidance on BOB)</i>	
Recruiting Manager:	Email Address:	Contact Number:	
Resourcing Solutions referral required for Specialist advertising: Yes / No			Budget Code:
Hearing Test required: <i>If yes put in advert below</i>	Eye Test Required: <i>If yes put in advert below</i>	Driving Assessment Required: <i>If yes put in advert below</i>	
Weekend working: <i>If yes put in advert below</i>	Night Time working: <i>If yes put in advert below</i>	DBS required: <i>If yes put in advert below</i>	
Recruitment Leadership Approval Date:			
Main text: (to include how to apply) This vacancy is advertised by North Yorkshire County Council on behalf of Ryedale District Council. <i>Add your vacancy text here</i>			

UNSUCCESSFUL APPLICANTS (Completion optional)

Note: Please list the unsuccessful candidates below together with a narrative of the reason for not being short listed.

Reason Code: **Qualifications** **Experience** **Other (specify criteria no.)**

Candidate Ref No:	Reason Code:	Narrative: (Explanation of reason for not being short listed)
Page 243		

Number of additional pages



Appendix x

Notification of Shortlisting Results Form (Completion is essential)

Please note that at least one member of the interview panel needs to have undergone the Recruitment and Selection Training / Safer Recruitment Training

Post Title:

Vacancy ID No:

Recruiting Manager Name:

Interview Date/s:
(Please provide 5 working days' notice for the Recruitment Team to action)

Available Interview Time (From/To)

Duration of each interview
(mins)

Duration between interviews

Interview Location:
(Provide full address including postcode)

Candidates to be invited to interview: **(Please note candidates will self-schedule between the times provided by you so they can pick which time slot best suits them)**

Candidate Number	Candidate Number	Candidate Number
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Please confirm below any additional information for the candidate that needs to be provided in the invitation to interview letter (e.g. tests, presentation topic):

(Alternatively, please attach any supporting documentation / wording / information to your email to be provided with the invitation to interview)

Please email this form to employmentsupportservicerecruitment@northyorks.gov.uk

We will issue correspondence to shortlisted applicants via the email address stated on their application and we will confirm the interview schedule to you, including sending you the full applications for shortlisted applicants.

We will now reject all candidates that were not shortlisted.



Notification of Interview Results Form (NOIR) (Completion is essential)

Post Title:

Section:

Vacancy ID Number:

Candidate ID Number:

Successful Candidate Name:

Date of Birth:

Address:

Post code:

Telephone Number:

Email Address:

National Insurance Number:
(if available)

Post Information

Annual Starting Salary:

 £

Grade:

SCP:

Hours per week:

Working Pattern:

Car Allowance:

Other Payments:

Contract status:

Established

Relief

Temporary

Fixed Term

If Fixed Term please state end date:

Criminal convictions declared:

Continuous Local Government Service

Cost Centre/Budget Code:

Please tick to confirm you have checked original documents and attached the verified and dated copies of these documents for the following;

Evidence of eligibility to work in the UK
(See notes below for eligibility)

Proof of qualifications/ registrations
(If applicable)

Completed identity check form
Confirming details of verification of documents
undertaken for DBS clearance (if applicable role)

Please confirm any other comments including any special conditions to be included in the offer letter / contract of employment;

Please email this form to employmentsupportservicerecruitment@northyorks.gov.uk

Your conditional offer letter will be sent to the successful candidate and clearances will be commenced, these will be sent to you upon receipt. Once you have received all clearances, Recruitment will contact you to request a start date. It is the manager's responsibility to inform Employment Support Services of the agreed start date via email.

Please note: New starter information needs to be with Recruitment by the 05th of the month, this is to guarantee they will be setup in time for your payroll. If this deadline is missed it is the responsibility of the manager to make sure the employee is aware they will not be paid to the following month.

Guidance for ID, Qualifications & DBS

ID – Eligibility to work in the UK:

Option 1 UK Passport – Scan/copy the photo page and any page that has relevant details

If the applicant does not have a UK passport, then go to option 2

If the applicant does not have a passport, then go to option 2

Option 2 For UK nationals: Full length Birth Certificate (with at least one named parent) and proof of National Insurance (this needs to be an official document) – again both documents need to be dated.

If the names on the ID documentation are different to what the candidate is currently known as we would need a name linking document i.e. marriage certificate, deed poll, Decree Absolut.

If neither option is received then you would need to check the eligibility to work guidance to explore alternative routes of obtaining sufficient ID.

Qualifications

Certified copies of qualifications, if applicable for the post or specified in the job description.

Top Tip: When using a scanner: Place a post it note on photocopier with 'verified original on xx/xx/xx and insert date', ensuring that it does not hide any information on the document. This records the date and verification without the need to copy/print and re-copy, saving paper and time.

E-DBS Managers Verification Form

The application form for DBS clearance is completed online by the applicant and should be done so prior to interview. It is important you confirm with the applicant that they have done this and that you complete the appropriate checks on the supporting documentary evidence. This should be provided to you by the applicant at interview stage.

Important: If the candidate has not yet completed their DBS application, please advise them to access the E-DBS application form via the link sent to them from ESS in their notification of the interview email and not through the main E-DBS application centre on the NYCC website (www.northyorks.gov.uk/dbs).

If this is wrongly completed it may cause delays. Please let the Recruitment team know if the candidate hasn't received the link to complete the application.

For the successful candidate, you will need to complete the E-DBS Managers Verification Form to provide confirmation that you have undertaken the evidence checks. You will then need to submit the verification form via the E-form on the link below

<http://www.northyorks.gov.uk/article/23289/DBS-information-for-managers>

Ryedale District Council

Safer Recruitment Policy

Date issued: tbc

Section One; Policy and Procedure Overview

1. Policy Statement

Ryedale District Council (RDC) is committed to safeguarding and promoting the welfare of vulnerable groups including children, young people and adults and expects all staff and volunteers to share this commitment.

The Council is committed to ensuring all recruitment is undertaken fairly, effectively and safely in accordance with legislation. This policy provides a framework for recruiting managers to ensure that employees are suitable for the role they have been engaged to do and that appropriate pre-employment checks have been undertaken for employees.

Safeguarding is everybody's responsibility and effective recruitment and selection, including rigorous pre-employment checks, will help deter those who seek to harm vulnerable people from applying to work in our organisation.

The policy aims to support RDC to recruit the number and quality of employees required to meet the needs of the service within the available resources.

- Candidates will be treated with dignity and respect and will be assessed fairly and consistently, in line with employment legislation and the Council's policies and procedures.
- Selection will be on the basis of individual merit and ability, and assessed against the qualifications, skills and competencies required to do the job.
- Selection will always be carried out without discrimination – this includes making reasonable adjustments if needed to enable candidates to participate in the process without disadvantage.
- All appropriate pre-employment and safeguarding checks will be undertaken for both internal and external appointments.
- Recruiting managers will follow the procedure to ensure that all recruitment undertaken is based upon good practice and in line with legislation.

Manager's will ensure that all employees are made aware of this policy and RDC's commitment to it.

Section Two

Safer recruitment and selection procedures

2. Features of Safer Recruitment

- an open culture, no secrets
- a belief that it could happen here
- clear procedures for reporting concerns about the behaviour of staff and volunteers towards children
- support for children and adults who do raise concerns and commitment to take action on any concerns raised
- a code of conduct that makes clear what is acceptable and unacceptable behaviour
- policies, procedures and code of conduct that are not just documents but are used, with people made being accountable for following them
- Ensuring staff complete relevant, regular training
- good induction and use of probationary periods

- a commitment from all who work there to safeguard and protect children and adults at risk and to maintain an ongoing culture of vigilance

The Safer Recruitment Process

Stage 1 - Define the Role

- Produce a job description and person specification
- Include in these skills, abilities, experience, behaviours and for roles working with children or adults at risk include attitudes/motivation towards working with these client groups
- Make clear the boundaries and expectations in terms of relationships with Children and adults at risk (cross refer to Staff Code of Conduct)

Stage 2 - Advertising

- Include a clear statement regarding RDC's commitment to a safeguarding culture and the need for an Enhanced Disclosure and Barring Service check (DBS) disclosure, where applicable

Stage 3 - Application Forms

Recruiting Managers should use the standard application form which requires a full and complete job history, accounting for any gaps in employment

- Do not accept CVs as part of the application process, only fully completed application forms should be considered

At shortlisting stage you will not receive any information relating to Criminal Convictions made on an application. Following shortlisting you will receive a candidate's full application which will include information about whether any criminal convictions have been made, where relevant. Where criminal convictions have been made you must continue to invite the candidate to interview.

Stage 4 - Scrutinise Applications and Shortlist

- Ensure appropriate time is put aside for all members of the panel to shortlist
- Identify any gaps in the application or inconsistencies that you need to explore further with candidates at interview e.g. assess their reasons for leaving previously posts, suitability of their referees and gaps in employment.

Stage 5 Interviewing

It is good practice to;

- Use supplementary questions to probe any gaps or vagueness in answers (these will be different for each candidate)
- Ensure questions ask candidates about their own experience rather than asking hypothetical questions, questioning experience is more likely to highlight any possible safeguarding concerns

During your selection activities you may hear things that would cause you concern and which you would then need to explore further with the candidate.

These may include:

- Lack or no understanding or appreciation of children's, young persons or adults at risk needs or expectations
- They appear to want the role in order to meet their own needs rather than the needs of children or adults at risk
- Vagueness about experiences and/or gaps on the application form or unable to provide examples to support their answers
- A maverick – unwilling to follow rules, procedures or work with others

Stage 6 – Pre-Appointment Checks

The following pre-appointment checks must be carried out:

- Documentation proving eligibility to work in UK brought to interview and checked thoroughly (this is a statutory requirement)
- Original qualification certificates brought to interview if these are an essential mandatory requirement defined in the person specification
- Confirmation of membership of any affiliated/registered bodies where this is a statutory requirement
- Health Questionnaire issued to successful candidate to complete and return
- Disclosure and Barring Check undertaken for eligible posts, for the successful candidate
- All documents brought to interview must be originals and should be photocopied for all candidates
- Until all these checks have been carried out only a conditional offer of employment can be made. The offer should clearly state which satisfactory checks the appointment is subject to

Stage 7 Bring your new candidate on-board

Once you have made an offer of employment and whilst all pre-employment clearances are being gained it is important you personally maintain regular contact with your candidate, a weekly call is recommended.

Not only does this help you to maintain candidate engagement and reduce the risk of them declining the offer, it also helps you to reinforce the organisations commitment to a safer culture which can be discussed and/or documents shared.

Stage 8 Creating a Safer Culture

Managers should proactively promote a safer culture with their staff by;

- Completing a full induction with new staff, ensuring they are aware of RDC's commitment to Safeguarding
- Providing relevant training to staff, appropriate to their role

RDC will;

- publish our commitment to safeguarding, for example, by having posters in RDC's building and on the website
- Having a nominated member of staff responsible for Safeguarding
- Discussing safeguarding and child protection openly. Establish the belief that it can happen here.

Section Three; DBS Checks

3. When are DBS checks required?

In line with national guidance, only posts that meet the eligibility criteria for DBS checks can request a DBS check.

- Only posts meeting the definition of regulated activity are eligible for an Enhanced DBS check – a list of these posts in RDC is detailed in Appendix 1

- Only posts defined in the Rehabilitation of Offenders Act (ROA) 1974 (Exceptions) Order 1975, are eligible for Standard DBS checks, a list of posts in RDC that meet this are detailed in Appendix 1.

Posts that do not meet the eligibility criteria for a DBS check cannot apply for this as a clearance. Managers who have posts that are not eligible for a DBS check but do involve an element of work which may involve working with children, adults at risk or in an environment within someone's own home, should follow the Safer Recruitment process detailed in the Policy. They should also complete a risk assessment to evidence the measures they have put in place to safeguard service users from harm. An example risk assessment is provided in Appendix 3.

Positive DBS checks

In instances where a Recruiting Manager is notified of a positive hit on a DBS they will need to follow the RDC DBS Positive Disclosure Process, see Appendix 2.

A positive disclosure does not necessarily mean that an individual cannot work in the role to which they have applied. The information provided on the DBS, combined with other factors will be considered by a nominated DBS Decision Maker.

This document provides general guidance and does not cover all aspects of recruitment and selection or other employment practices. It is intended to supplement and enhance RDC's existing recruitment and employment policy and processes. [Add the link to the Recruitment Policy.](#)

Appendix 1

Post	Type of check
Senior Housing Specialist	Enhanced (Child and Adult workforce with Barred Lists)
Housing Support Assistants Derwent Lodge (Including relief posts)	Enhanced (Child and Adult workforce with Barred Lists)
Housing Support Officers - Derwent Lodge	Enhanced (Child and Adult workforce with Barred Lists)
Supported Lettings Officer	Enhanced (Adult workforce without Barred List check)
Housing Pathway Coordinator	Enhanced (Adult workforce without Barred List check)
Solicitor (Required at entry to profession)	Standard
Chartered Accountant or Certified Accountant (required at entry to the profession)	Standard

Appendix 2

Ryedale District Council

DBS Positive Disclosure Process (DBS posts only)

In instances where notification of a positive DBS is received for an applicant, RDC will follow the following process to confirm if the individual is suitable to work in the role they have applied for.

- Applicant is made a conditional offer of employment by the Manager, following interview
- Manager returns Notification of Interview Results Form to ESS
- ESS issue clearances, including DBS check, individual completes DBS form and Manager completes Verification Form (both forms need to be completed before the DBS can proceed)

- ESS receive notification that a candidates DBS is positive and notify the Manager
- Manager contacts candidate and arranges a convenient time to meet them to bring their DBS certificate. Manager meets candidate to explain that the they have been notified that the DBS has been returned positive and at this stage this needs to be considered alongside the role they have applied for, to determine if the employment can proceed. Allow opportunity for candidate to talk about their positive DBS.
- Manager copies DBS certificate and makes notes to summarise if the applicant;
 - o Declared the conviction on their Application
 - o Declared the conviction at Interview
 - o Offered any further information about the offence when they brought in their DBS certificate.
- Manager should send the above notes, a copy of the DBS and a copy of the Application Form to RDC's nominated DBS Decision Maker HR Business Partner Emma Lawer emma.lawer@northyorks.gov.uk
- Emma Lawer will respond to the Manager to confirm if the employee has been passed or rejected to work, recording the decision made on a relevant form.
- Manager notifies ESS of the decision, returning a copy of the DBS and the decision made and standard process applies to confirm or withdraw the offer of employment.

		MEDIUM	Review/add controls (as far as reasonably practicable) & monitor
		LOW	Monitor control measures

Hazard and related condition / activity <i>Eg slip – wet floor from cleaning</i>	Persons at risk <i>Eg employees, pupils, customers, contractors, members of public (include out of hours use)</i>	Existing control measures <i>Eg method statements, training, authorised users, competent person, PPE – give specific details</i>	Are any additional control measures required? What are they? <i>Eg documented observational monitoring</i>	Risk rating after existing & additional control measures <i>Potential Outcome x Likelihood = Risk Rating (eg Minor x Unlikely = Low)</i> If High (Likely or Highly Likely) – notify H&S Team
Employee suitability to work with vulnerable clients (Safeguarding)	Customer	<ul style="list-style-type: none"> - Ensure all Safer Recruitment measures are taken for a strong, robust recruitment process - Manager to follow policy with regard to probationary period, including holding regularly review meetings with new employee - 		low
Visiting clients in their own home; (Safeguarding risks for both)	Employee Customer	<ul style="list-style-type: none"> - Thorough induction and completion of mandatory training. - New employees to shadow current members of staff for their first two visits to external premises. - For planned visits employees to contact customer in advance and confirm date and time of visit by phone and preferably confirmed by email. - Employee to wear RDC ID badge when attending home visits. - Ensure employee takes steps to safely store all personal data in line with GDPR and confidentiality 		

		- Employee to read and adhere to Staff Code of Conduct		
Travel to meetings at external locations	Member of staff attending the meetings	<ul style="list-style-type: none"> - Employee driving licence has been checked. Staff have planned their journey and understand time required and checked ahead for any possible disruptions. - Staff detail in their electronic outlook calendar their planned visit details (excluding personal details) 	Staff regularly update their knowledge on trips they are due to undertake.	Low

ACTION PLAN (insert additional rows if required)		To be actioned by:			Action completed:	
Additional control measures to reduce risks <i>so far as is reasonably practicable</i>		Name	Position	Date	Signature	Date
1	In new starter induction ensure measures in this risk assessment are covered	Jane Doe	Team Leader	20 th July 2020		
2						
3						
4						

COMMENTS AND INFORMATION

Use this section to record how the risk assessment & control measures have been communicated to relevant people, and any other comments and information

Risks have been communicated to all staff via staff meetings and training. There is also signage prominently displayed which is also aimed at visitors. Final actions outstanding from fire risk assessment to be carried out by the end of the calendar year.

Scheduled date of next review <i>Minimum annually, or if there are any significant changes, or following an incident or near miss</i>	Are there any changes to the activity since the last review? <i>Clarify that all the controls are still in place and how monitored on a regular basis</i>	Signature of manager	Date of review
Six months from this review	No changes to activity, all controls are still in place	J Bloggs	xx/xx/xxxx



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES
DATE:	12 NOVEMBER 2020
REPORT OF THE:	HEAD OF HUMAN RESOURCES ANDREW ELLIS
TITLE OF REPORT:	HR POLICY REVISION – PAY POLICY
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To approve revised human resources policies

2.0 RECOMMENDATION

2.1 It is recommended to Council that

(a) The revised policy is agreed for implementation.

3.0 REASON FOR RECOMMENDATION

3.1 Many of the current HR policies are outdated and not fit for purpose. The revision of these policies link into the aims and objectives of the People and Culture Plan.

3.2 Policies and procedures are living documents that should grow and adapt with an organisation. Policy review and revision is a crucial part of an effective policy and procedure management plan.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks identified with the revised policies. Outdated policies however, can leave an organisation at risk. Old policies may fail to comply with new laws and regulations and may not address new systems or technology, which can result in inconsistent practices.

5.0 POLICY CONTEXT AND CONSULTATION

5.1 Full trade union consultation has taken place and the revised policies have been approved by Strategic Management Board. Final ratification by Elected Members will complete the consultation process prior to implementation.

REPORT

6.0 REPORT DETAILS

6.1 HR policies are a written description of rights and responsibilities of employers and employees. If a policy is well developed and clearly written, it helps communication with employees, clarifies expectations and makes sure that everyone is treated in a consistent and fair way. These are all important factors for creating a desirable culture for the organisation, and they minimise exposure to legal risk.

6.2 The Pay Policy policy has been revised in line with up to date legislation and recommended best practice and is attached in full to this report as an appendix.

The policy relates to all staff on NJC terms and conditions, however does not relate to staff who have transferred in to the organisation under TUPE (Transfer of Undertakings (Protection of Employment) regulations where they are protected on previous terms and conditions or those staff on Chief Officer terms and conditions.

6.3 The policy gives information relating to tangible pay items. This is intended as an overview of what is available and links to further detailed information.

The aim of the policy is to ensure that all staff are valued and receive fair remuneration for their work and contribution to the Council. It will assist managers in dealing with pay and grading issues in a fair and equitable way whilst having due regard to the constraints exercised by the annual budget allocation and the details of the NJC and Collective agreements.

6.4 The authority supports the principle of equality of opportunity in employment and is committed to the fundamental principle that procedures to determine pay and conditions of employment of all our employees do not discriminate unlawfully and are free from bias. In the operation of this policy we will endeavour to ensure that staff receive equal treatment irrespective of their age, gender, race, colour, ethnic origin, family commitments, marital status, sexual orientation, disability religion or belief. In order to achieve equitable pay, the authority will operate a pay system which is fair, transparent and based on objective criteria.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- (a) Financial
There are no additional financial implications on the Council from the policy revision.
- (b) Legal
All pay related decisions will be taken in compliance with the provisions of The Equality Act 2010, The Employment Rights Act 1996, The Employment Relations Act 1999, The Employment Act 2002, The Employment Act 2008, The Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, The Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, all as amended.
- (c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)

None, other than as stated above

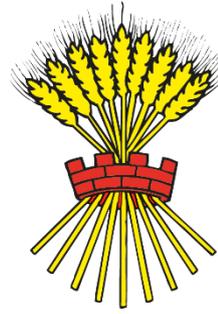
Name of Head of Service **Andrew Ellis**
Job Title **Head of HR**

Author: Marie Lomax, HR Project Officer
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E-Mail Address: marie.lomax@ryedale.gov.uk

Background Papers:

Appendix A – Pay Policy
Appendix B – Policy Comparison Table

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Pay Policy

Document Control Sheet

Reference Number	HRPP
Version Number	01
Document Author	Senior HR Business Partner
Lead SMB Member	Head of HR
Ratifying Committee	Policy & Resources Committee, Council
Date Ratified	
Date Policy Effective From	
Next Review Date	

Unless this copy has been taken directly from Ryedale District Council's intranet, there is no assurance that this is the most up to date version.

This policy supersedes all previous issues.

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1. Introduction

- 1.1 This policy relates to all staff on NJC terms and conditions, however does not relate to staff who have transferred in to the organisation under TUPE (Transfer of Undertakings (Protection of Employment) regulations where they are protected on previous terms and conditions or those staff on Chief Officer terms and conditions.
- 1.2 The policy will give information relating to tangible pay items. This is intended as an overview of what is available and links to further detailed information. You can also talk to your manager or HR team for further advice. This guidance aims to be non-discriminatory and has been written with equality and diversity in mind.
- 1.3 The aim of this document is to ensure that all staff are valued and receive fair remuneration for their work and contribution to the Council. It will assist managers in dealing with pay and grading issues in a fair and equitable way whilst having due regard to the constraints exercised by the annual budget allocation and the details of the NJC and Collective agreements.
- 1.4 The authority supports the principle of equality of opportunity in employment and is committed to the fundamental principle that procedures to determine pay and conditions of employment of all our employees do not discriminate unlawfully and are free from bias. In the operation of this policy we will endeavour to ensure that staff receive equal treatment irrespective of their age, gender, race, colour, ethnic origin, family commitments, marital status, sexual orientation, disability religion or belief. In order to achieve equitable pay, the authority will operate a pay system which is fair, transparent and based on objective criteria.
- 1.5 All pay related decisions will be taken in compliance with the provisions of The Equality Act 2010, The Employment Rights Act 1996, The Employment Relations Act 1999, The Employment Act 2002, The Employment Act 2008, The Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000, The Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, all as amended.

2. National Collective Agreements

- 2.1 Pay will depend on employee terms and conditions, which are derived from the NJC Green Book.
- 2.1 Ryedale District Council recognise Unison for local bargaining and collective agreement. Ryedale District Council does not recognise any other trade unions.

3. Pay Arrangements

- 3.1 Staff are paid at monthly intervals on the 23rd of each month by credit transfer. If the 23rd is a weekend or public holiday, staff are paid on the last working day prior to this date. Pay is one twelfth of the annual gross salary less NI, tax and pension.
- 3.2 Staff employed on part-time contracts will be paid on a pro-rotta basis to equivalent full-time posts unless specified provisions apply to the contrary.

4. Pay Awards

- 4.1 The national pay award confirmed by the National Joint Council (NJC) for Local Government Services is negotiated on an annual basis, which may or may not result in a change. It applies to all staff on NJC terms and conditions, irrespective of the spinal column point range indicated on the annual circular relating to pay scales and allowances. These are implemented with effect from April.

5. Pay and Grade Structures

- 5.1 Ryedale District Council have implemented a pay structure which corresponds to a Job Evaluation score range, and uses national NJC spine column points (SCP) together with extended local pay points beyond the national pay spine.
- 5.2 The pay structure comprises of 10 grades of between 3 and 6 pay points, as set out in Appendix A. Grade 1 commences at SCP 3, currently above the Voluntary Living Wage rate. Grade 10 uses SCP 42 and 43 from the national NJC pay spine plus an additional 4 locally negotiated pay points.
- 5.3 Those posts above a grade 10 are locally agreed SCP points, which are still subject to collectively agreed pay awards through NJC collective bargaining.
- 5.4 Ryedale District Council uses an equitable and transparent job evaluation process. Further information about the scheme is available from HR.

6. Starting Pay

- 6.1 New appointments will normally be made at the minimum of the relevant grade for the post. Under exceptional circumstances, and where there are compelling and evidenced reasons to support the decision, a new employee may be appointed to a higher increment. Exceptional reasons may include the need to secure the best candidate and / or having regard to the knowledge, skills and competencies of the individual as well as their current and previous salary levels.
- 6.2 All requests to appoint above the minimum of the grade must be discussed with HR and agreed by the relevant Head of Service before any salary offer is made to the candidate.

7. Pay Progression Arrangements

- 7.1 Increments will be paid on 1st April each year until the maximum of the level is reached subject to the following:
- (a) In exceptional circumstances, increments may be accelerated within the grade at the discretion of the authority on the grounds of special merit or ability, subject to the maximum of the level not being exceeded in accordance with Head of Service delegation. This will only occur after careful consideration of equal pay requirements, consultation with Human Resources and SMB approval.
 - (b) Employees with less than six months' service in the grade by 1st April shall be granted their first increment six months from the actual date of their appointment, promotion or re-grading. All future increments will then be paid on 1 April.

8. Pay on Promotion or Transfer

8.1 Move to a new post at the same level

Where an employee moves to a new permanent post at the same level, they will normally be appointed on the same salary point and retain the incremental date (where this is relevant) from their original post.

8.2 Pay on promotion

Where an employee receives a promotion they will normally be appointed on the minimum point for the new post subject to them receiving a minimum of one increment above their current spinal point in their pre-promotion post.

All requests to appoint above the minimum of the level must be agreed by the relevant Head of Service, following advice from HR, before any salary offer is made.

9. Additional Duties/Honoraria

9.1 There may be occasions when an employee is asked to carry out additional duties at a higher level to those of their substantive post for a period of time. In such circumstances an additional payment may be made in line with the following:

(a) A temporary acting up payment may be made where an employee agrees to:

Temporarily undertake all of the duties and responsibilities of a higher graded post in circumstances where a more senior employee is absent from their post for a significant amount of time or where the post is vacant for various reasons and it takes a considerable time to appoint to.

(b) A temporary honoraria payment may be made where an employee agrees to:

Temporarily undertake some specific additional duties and responsibilities of a higher graded post, or to temporarily undertake project work of a specific nature, which significantly alters the level of responsibility.

Honorariums must be discussed with HR to ensure consistency of approach within the organisation.

9.2 Advice and guidance must be sought from Human Resources and an evaluation of the duties undertaken in order to establish whether the temporary duties are commensurate with the existing grade of the post or are at a higher level. If the temporary duties are evaluated at a higher level a temporary grade will be recommended. Head of Service approval will also be required.

9.3 Where it is deemed the temporary duties are commensurate with the existing grade of the post, and is of a broadly similar kind, it is a reasonable management request that those duties are allocated without additional payment, taking into consideration existing workload.

9.4 Any additional payments must be properly considered and implemented on a consistent basis.

9.5 Where changes to the job are likely to be permanent the post should be re-evaluated under the Council's Job Evaluation Scheme and a revised job description must be established as appropriate.

10. Your Pay Slip

- 10.1 All staff will be provided with an electronic payslip on a monthly basis which is accessible through MyView. This outlines the pay method, annual salary, tax period/payslip date, payments received in the pay period, units/hours/sessions, the rate applied, total gross, deductions (statutory and voluntary), accumulated amounts in the tax year to date, net payment.

11. Tax Office Details

- 11.1 If you have a query about your personal tax code and need to contact HM Revenue & Customs (HMRC) the following information may be useful:

Address: HM Revenue & Customs, PO Box. 1970, Liverpool L75 1WX

Telephone Number: 0845 3000627

You should quote your national insurance number and the council's tax office reference number: 585/NY16346 when making contact.

12. Pay Elements

Type of Pay	Explanation	Authorised By
Basic Pay	<ul style="list-style-type: none">This is the salary for the job as determined through the job evaluation process and based on individuals working a 37-hour week. Part-time employees will receive a pro-rotta salary.	Appointing Manager
Overtime and Additional Hours	<ul style="list-style-type: none">Employees at Grades 1 to 5 who work overtime beyond the full time working week will be paid for those hours at 1.3 times the basic hourly rate from 1 April 2020 to 31 March 2021. From 1 April 2021 any overtime worked will be paid at plain time rate.Part time employees of any grade who agree to work additional hours up to a maximum full time working week (37 hours) will be paid for those additional hours at plain time rate.Employees at Grade 6-10 should manage any additional hours working within the flexitime scheme.Time off in lieu (TOIL) should only be accumulated with prior agreement of the line manager following authorisation from the Head of Service. In exceptional circumstances and when authorised in advance for a specific short period, additional hours can be paid at plain time rate.No more than 48 hours per week should be worked due to Working Time Directive regulations unless an opt out form has been completed.Additional hours above contracted hours should only be worked in exceptional circumstances and will be subject to scrutiny by Head of Service and SMB.	Line Manager
Work on Public Holidays	<ul style="list-style-type: none">An employee whose shift falls on a Bank Holiday and who works the shift will be paid at plain time rate as usual. In addition, this Bank holiday leave	Line Manager

	<p>entitlement will need to be booked and taken at another time.</p> <ul style="list-style-type: none"> As a minimum employee who work on Christmas Day, Boxing Day or New Year's Day will receive a £100 'Thank You' payment for each day worked. As a minimum employee who work on 1 of the other Bank Holidays will receive a £50 'Thank You' Payment for each day worked. The above applies to grades 1-10 inclusive. 	
Weekend Working	<ul style="list-style-type: none"> Regular weekend workers will be paid an additional 5% on all contracted hours. 	Line Manager
Night Working	<ul style="list-style-type: none"> Night working refers to a full minimum 8 hour shift between 10pm and 6am. Regular night workers will be paid an additional 10% on all contracted hours. 	Line Manager
Weekend and Night Working	<ul style="list-style-type: none"> Regular weekend and night workers will be paid an additional 15% on all contracted hours. This allowance will be removed if an employee no longer works weekends or nights on a regular basis. 	Line Manager
Standby Duty and on Call Payments	<ul style="list-style-type: none"> Standby duty is allocated on a rota or other formal basis. An employee is obliged to be available for duty for a specified period in their off duty hours and may be asked to work for a variable amount of time. A single period of standby duty is normally 5pm to 8.30am, Monday to Sunday and 8.30am to 5pm on Saturday and Sunday. Payment for a single standby duty is £16, or £144 for a full week of 9 duties. Payments for out of hours working will be a minimum of two hours pay. Subsequent contacts or call outs will be covered by the initial payment, or actual hours worked rounded to the nearest half hour if it extends beyond 2 hours. This can be paid at plain rate or taken as TOIL. 	Line Manager
Market Supplements	<ul style="list-style-type: none"> The supplement is paid as a monthly allowance and is not subject to inflationary uplift. Salary <u>maximum</u> must be below the stated market median. Used to address recruitment and retention issues, where pay is lower than the market rate for the occupational group. 	Strategic Management Board
First Aid Allowance	<ul style="list-style-type: none"> Allowance of £8.67 per month for qualified First Aiders within the organisation to undertake additional duties as and when required. 	Strategic Management Board
Legionella / Asbestos Allowance	<ul style="list-style-type: none"> Allowance for legionella and asbestos responsibility an amount of £14.00 per hour is payable for employees who carry out this additional activity once a month where this is not an integral part of the job description of the post. 	Strategic Management Board

13. What is Pensionable Pay?

Pensionable	Non-pensionable
Salary, wages and fees	Recruitment payments
Detriment or protected pay	Retention payments
Market supplement payment	Expenses (e.g. travel, subsistence)
Additional contribution payment	Any payment 'representing money value for provision of vehicle or paid in lieu' (e.g. mileage payments of similar payments to cover expenses)
Acting up payment	Cycle allowance
Honoraria payments for additional temporary duties	
Accelerated incremental progression	
Standby allowance	
Additional hours	
Night working payment	
Weekend working payment	
On call payment	
First aid payment	
Work on public holiday payment	
Legionella/asbestos allowance	
Maternity/paternity KIT pay	
Thank you payment	

- 13.1 'Additional hours' includes all hours worked above the normal contractual hours of the individual employee. Also for any relief staff, without guaranteed hours, all hours worked are pensionable.
- 13.2 For people on variable hours' contracts, e.g. between 5 and 15 hours per week, pensionable pay will apply to all hours worked. Also, with annualised hours' contracts, pensionable pay will be payable on all hours worked.

14. Redundancy

- 14.1 Employees who have at least two years' continuous service at the date of termination of employment, may be entitled to a redundancy payment in accordance with the redundancy policy applicable to NJC terms and conditions. This service may be as a result of an established contract, a number of continuous fixed-term contracts or may result from an employee's earlier unbroken service with an associated employer under the Redundancy Payments Order 1999 and Amendments.
- 14.2 For further details, please refer to the policy on redundancy

15. Pay Protection

- 15.1 Pay protection may be applied for a variety of reasons and is applicable for a period of 12 months which is line with the NJC Green Book for those under NJC terms and conditions. For further details in relation to redeployment, please refer to the Managing Organisational Change policy.

16. Sick Pay Scheme

16.1. The Council's occupational sick pay arrangements are designed to ensure that when staff become unwell, they do not need to worry about the immediate financial impact of their illness.

16.2 Employees are supported by the benefits of a generous sickness scheme if they are too ill to work. This is not an 'entitlement' but a benefit to be used in appropriate circumstances. Within this scheme, Ryedale District Council also complies with payments under the statutory sick pay scheme.

Statutory Sick Pay (SSP) - £95.85 per week

16.3 A qualifying condition is that the employee should have earned at least the Lower Earnings Limit (LEL) of £120 per week during the eight week's average earnings.

Length of Service	Sick Pay
During 1 st year of service	1 months full pay and (after completing 4 months service) 2 months half pay
During 2 nd year of service	2 months full pay and 2 months half pay
During 3 rd year of service	4 months full pay and 4 months half pay
During 4 th and 5 th years of service	5 months full pay and 5 months half pay
After 5 years of service	6 months full pay and 6 months half pay

17. Maternity Pay

17.1 For full details please see the Parental Leave and Pay – Policy, Guidance and Procedure Document.

18. Adoption Pay

18.1 For full details please see the Parental Leave and Pay – Policy, Guidance and Procedure Document.

19. Shared Parental Leave and Pay

19.1 For full details please see the Parental Leave and Pay – Policy, Guidance and Procedure Document.

20. Paternity Leave and Pay

20.1 For full details please see the Parental Leave and Pay – Policy, Guidance and Procedure Document.

21. Maternity Support Leave

21.1 For full details please see the Parental Leave and Pay – Policy, Guidance and Procedure Document.

22. Professional Fees

22.1 The Council does not usually pay or reimburse professional / registration fees. Advice should be sought from HR where exceptions may apply.

23. Travel and Subsistence Expenses

23.1 The Council's Travel and Subsistence Policy seeks to ensure that no employees will be financially disadvantaged whilst undertaking duties which take them from their

normal place of work. Employees will be reimbursed additional travelling or subsistence expenses incurred in the course of their work in accordance with this policy, subject to evidence of expenditure being produced. Details of the current rates for travel and subsistence expenses can be found on the intranet.

24. Employee Benefits

24.1 In addition to an employee's salary, the Council is able to offer a comprehensive range of benefits designed to enhance the work / life balance of our employees. The current benefits include:

- The Local Government Pension Scheme
- Generous annual leave entitlements in addition to bank holiday entitlement
- The option to buy and sell annual leave
- Flexible working arrangements
- Employee wellbeing schemes
- Cycle-to-work scheme
- Technology purchase scheme
- Access to a comprehensive discount platform for goods and services

25. Overpayments and Underpayments

25.1 The authority acknowledges that occasionally errors occur and employees are either under or overpaid salary, allowances or benefits (including salary sacrifice benefits). As public monies are involved, the Authority has a responsibility to ensure that staff are paid correctly for the work undertaken, but where overpayments are made the Authority has a duty to seek recovery. Where an employee has a reasonable belief that the overpayment made was money to which they were entitled, the employee should discuss this with their line manager and agree how it should be raised with employment support services.

25.2 Under Section 14 of the Employment Rights Act 1996 (the Act), the Authority has the opportunity to recover any overpayment of wages made to an employee through deductions from future wages without this being considered to be an unauthorised deduction, contrary to Section 13 of the Act. This also applies to any overpayment of expenses incurred by the employee in carrying out their employment.

26. Recovery of Overpayments

26.1 An overpayment of salary to an employee normally arises as the result of either an error or as a result of incorrect, insufficient or late notification of a change to the individual's circumstances or contract of employment.

26.2 Ryedale District Council will always take steps to recover overpayments. Recovery of any identified overpayment will be undertaken wherever possible with the co-operation of the employee; however, Ryedale District Council is entitled to take the final decision on recovery arrangements. Ryedale District Council has a duty to recover public monies and only in very exceptional circumstances will overpayments be written off, with Strategic Management Board approval. The employing service area will be responsible for the cost of the overpayment.

27. Payment of Underpayments

27.1 Where an underpayment is identified (by an employee, manager or employment support services) the underpayment will be rectified in the next available pay run. In

exceptional circumstances, employment support services can arrange for an interim payment to be made to the employee. Discussions will be required between the employee and their line manager in relation to the impact of the shortfall in the net pay. As a guide a significant shortfall in net pay may be deemed to be a shortfall of greater than 25 per cent of the previous month's net pay. As a guide, a significant shortfall in net pay may be deemed to be a shortfall of greater than 25 per cent of the previous month's net pay however any expression of concern will be considered on merit.

- 27.2 An interim payment will not be made where the shortfall in pay is caused by the employee submitting timesheets or travel claims to payroll after the published deadlines.
- 27.3 This policy applies to all employees equally and does not discriminate positively or negatively between protected characteristics.

28. Roles and Responsibilities

28.1 Heads of Services are responsible for:

- Overall oversight of their service area in relation to pay, overtime and employee expenditure
- Ensuring their service is run within budget, their establishment is accurate and reflective of business need
- Ensuring that there is consistency and transparency of pay across the organisation
- Ensuring compliance within their area including accessing HR for advice where appropriate
- Ensuring compliance with the Collective Agreement

28.2 Managers are responsible for:

- Ensuring that pay-related records or expenses claims authorised by them are accurate and reflect the hours actually worked.
- Ensuring that absence records are updated as soon as possible to prevent overpayments occurring from sick pay entitlements reducing. This includes the return to work date to ensure full salary payment is reinstated.
- Ensuring that employment support services are notified of any change in circumstances which impact upon pay or benefits promptly and in accordance with payroll cut-off dates normally 11th of the month.
- Alerting employment support services where they become aware of an under or overpayment.

28.3 Employees are responsible for:

- Providing fit notes or self-certifications in a timely manner to prevent overpayment.
- Accurately claiming authorised hours worked, travel or subsistence in accordance with relevant policy and by the 11th of the month.
- Checking their payslip monthly and immediately alerting employment support services and their manager of any pay discrepancy, over/underpayment.
- Seeking clarification if they are unsure of the amount or any payments/deductions indicated on their payslip.
- Informing employment support services and their manager of any discrepancy/missed payments for their salary sacrifice pay deductions.

28.4 Employment Support Services (ESS - our payroll providers) are responsible for:

- The accurate and timely processing of all pay and expense related instructions/claims submitted to them.
- Advising employees when their sickness pay entitlement is due to reduce.
- Ensuring that once overpayments are highlighted ESS write to the employee giving details of the gross and net pay amounts, and copying the manager in. Wherever possible a repayment arrangement will be agreed before any repayment is processed and in advance of pay day.
- Ensuring that overpayments are recovered in line with finance department procedures.
- Ensuring that underpayment are rectified as soon as possible.

Related Policies

- Travel and Subsistence
- Collective Agreement

Pay and Grading Scale

SCP	April 20 Salary	Hrly	Grade 2020	
3	£18,562	£9.62	Grade 1	
4	£18,933	£9.81		
5	£19,312	£10.01		Grade 2
6	£19,698	£10.21		
7	£20,092	£10.41	Grade 3	
8	£20,493	£10.62		
9	£20,903	£10.83		
10	£21,322	£11.05		Grade 4
11	£21,748	£11.27		
12	£22,183	£11.50		
13	£22,627	£11.73		
14	£23,080	£11.96		
15	£23,541	£12.20	Grade 5	
16	£24,012	£12.45		
17	£24,491	£12.69		
18	£24,982	£12.95		
19	£25,481	£13.21		
20	£25,991	£13.47		Grade 6
21	£26,511	£13.74		
22	£27,041	£14.02		
23	£27,741	£14.38		
24	£28,672	£14.86		
25	£29,577	£15.33		
26	£30,451	£15.78	Grade 7	
27	£31,346	£16.25		
28	£32,234	£16.71		
29	£32,910	£17.06		
30	£33,782	£17.51		Grade 8
31	£34,728	£18.00		
32	£35,745	£18.53		
33	£36,922	£19.14		
34	£37,890	£19.64		
35	£38,890	£20.16	Grade 9	
36	£39,880	£20.67		
37	£40,876	£21.19		
38	£41,881	£21.71		

39	£42,821	£22.20		
40	£43,857	£22.73		
41	£44,863	£23.25		
42	£45,859	£23.77		Grade 10
43	£46,845	£24.28		
44	£47,822	£24.79		
45	£48,923	£25.36		
46	£50,046	£25.94		
47	£51,198	£26.54	Grade 11	
48	£52,374	£27.15		
49	£53,579	£27.77		Grade 12
50	£54,811	£28.41		
51	£56,074	£29.06		
52	£57,362	£29.73		
53	£58,682	£30.42		
54	£60,033	£31.12		
55	£61,413	£31.83		

Comparison Table – Pay Policy

Key changes

Old Policy	New Policy
Combined pay policy and pay statement	Separates out a pay policy and a pay statement as two different documents. This is the pay policy. The pay statement is to follow.
7 pages including appendices	14 pages including appendices
Misses some key elements of what should be contained in both documents	Heavily consulted the LGA guidance 'Pay Policy and practice in local authorities – a guide of Councillors' as to what the policy should contain
Contains details about Officer pay and definitions as to who is covered by the statement (this will be contained in the future pay statement)	Includes information on the collective agreement, basic pay details (how and when employees are paid), pay awards, pay structure, starting pay, pay progression, pay on promotion/transfer, additional duties/honoraria, pay slip, contact details of the tax office,
Contains details about Chief Officer pay (this will be contained in the future pay statement)	Includes a table detailing various pay elements, such as basic pay, overtime/additional hours, bank holiday working, weekend and night working, standby and on call, market supplements, first aid allowance, legionella/asbestos allowance
Contains details about the lowest paid staff in RDC and the relationship between this and Chief Officer pay (this will be contained in the future pay statement)	Includes a table detailing what is pensionable and non-pensionable pay
The 'pay statement' is referenced throughout this document despite it being called the pay policy	Makes reference to redundancy, pay protection, sick pay, maternity pay, adoption, shared parental leave, maternity support leave, travel and subsistence. Further details of these are contained in different policies. The pay policy acknowledges that these are all elements of employee pay under the pay policy.
	Reference to professional fees and employee benefits
	Contains information about over and underpayments and recovery/payments of such
	Further section detailing responsibilities of Heads of Service, Managers, Employees and Employment Support Services (ESS – Payroll) in matters relating to pay

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	SECTION 151 OFFICER ANTON HODGE
TITLE OF REPORT:	LOCALISATION OF COUNCIL TAX SUPPORT 2021/2022 SCHEME
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 This reports seeks approval of the final scheme for 2021/2022. There are no changes proposed to the scheme which has operated in 2020/2021.

2.0 RECOMMENDATIONS

2.1 That members recommend to Council

- (i) a Local Council Tax Support Scheme for 2021/2022 which is unchanged from 2020/2021; and
- (ii) to authorise the Section 151 Officer in consultation with the Chairman of Policy and Resources Committee to undertake the necessary consultation work to design a scheme for 2022/2023, in light of the experience in previous years, to be presented to Policy and Resources Committee in November 2021.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council must approve a scheme for 2021/2022.

4.0 SIGNIFICANT RISKS

4.1 There are no significant risks in approving the scheme as recommended

5.0 POLICY CONTEXT AND CONSULTATION

5.1 The Council will need to approve a Local Scheme for Council Tax Support (CTS).

6.0 REPORT DETAILS

- 6.1 The current Council Tax Support Scheme (CTS) is an Income Banded Scheme to help residents on low incomes and the most vulnerable to pay their Council Tax bill.
- 6.2 The current scheme provides that all working age customers can receive a maximum award of either 100%, 75%, 50%, 25% or 0% towards their Council Tax bill.
- 6.3 The scheme affects all precepting authorities (District Councils, County Councils, Fire Authorities, Police Authorities and Parish Councils) through the Council Tax Base (CTB) which is reduced by the cost of the scheme.
- 6.4 The following table sets out the estimated claimant breakdown for 2020/2021:

Claimant Type	Number	Annual Cost	% total spend
1. Pensionable	1466	£1696k	49%
2. Passported	374	£475k	14%
3. Single	577	£503k	15%
4. Couple	96	£104k	3%
5. Family + 1	258	£240k	7%
6. Family + 2	397	£400k	12%
	3168	£3418k	

- 6.5 The Council must now consider a scheme for 2021/2022.
- 6.6 Ryedale District Council – Proposed Council Tax Support Scheme - Income Banded Scheme 2021/2022, the current income bands will be increased in line with the rate of CPI (Consumer Price Index) which is currently 1%.

Council Tax Reduction Level	Passported	Single £	Couples £	Family with one Child £	Family with two or more Children £
Band A – 100%	Relevant Benefit	0.00 to 111.00	0.00 to 162.00	0.00 to 212.00	0.00 to 263.00
Band B – 75%	N/A	111.01 to 152.00	162.01 to 202.00	212.01 to 253.00	263.01 to 303.00
Band C – 50%	N/A	152.01 to 202.00	202.01 to 253.00	253.01 to 293.00	303.01 to 343.00
Band D – 25%	N/A	202.01 to 253.00	253.01 to 303.00	293.01 to 343.00	343.01 to 384.00

- 6.7 The 2021/2022 scheme would continue to deliver a number of benefits to the residents of the District.
- (a) It will continue to provide a simpler scheme which can be easily understood by all applicants;
 - (b) It will continue to support the most vulnerable within the district;
 - (c) It will continue to save significant increases in administration costs due the introduction and increase uptake of Universal Credit;
 - (d) It will continue to prevent multiple changes to monthly instalments which in turn

prevents applicants receiving multiple Council Tax demand notices throughout the year.

(e) It will continue to deal with large volumes of claims received from Universal Credit in an effective and timely manner.

(f) It will reduce Council Tax arrears

(g) The most vulnerable aren't affected

- 6.8 For 2021/2022, year 9, there is again a mixed picture of approaches from Local Authorities. Proposed 2021-2022 schemes within the North Yorkshire Districts are as follows:

	2021/2022	2020/2021
Craven	10%	10%
Hambleton	Banded scheme 90%	Banded scheme 90%
Harrogate	0%	0%
Richmondshire	15%	15%
Ryedale	Banded scheme 100%	Banded scheme 100%
Scarborough	12.5%	12.5%
Selby	Banded scheme 100%	Banded scheme 100%
York	22.5%	22.5%

- 6.9 Those with the greater cuts have generally seen the greatest impact on collection rates and increased administrative costs, as well as the impact on claimants. The billing authority (RDC) alone bears these increased administrative costs.
- 6.10 Sixty Three Local Authorities nationally introduced an Income Banded Council Tax Support Scheme with effect from April 2020. It is the expected that this number will increase to over 100 Local Authorities with effect from April 2021.
- 6.11 The scheme for Pension Age Applicants is set by Government.
- 6.12 Proposals within this report set the scheme for 2021/2022 only. Authorities are permitted to revise their scheme no more frequently than annually. A scheme for 2022/2023 will be considered during next year.

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

a) Financial

Any risk around the cost of the scheme is shared proportionally between the major preceptors through the collection fund. If the scheme costs more than predicted the collection fund may be into deficit and this would need resolving in the 2022/2023 budget.

b) Legal

The scheme is a detailed legal document of the Council which will only require minor amendment as a result of changes to legislation. The amendments over which the Council has discretion are included in the report.

- c) Other
All other impact is covered in the report

**Anton Hodge,
Section 151 Officer**

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Background Papers:

[I:\Council Tax Support\Ryedale Scheme 2020-2021\Scheme\Ryedale CTR Scheme 2020 Final.pdf](#)



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) – ANTON HODGE
TITLE OF REPORT:	TREASURY MANAGEMENT ANNUAL REPORT 2019-20
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

2.0 RECOMMENDATIONS

2.1 That Council is recommended to:

- (i) Note the annual treasury management report for 2019/20; and
- (ii) Approve the actual 2019/20 prudential and treasury indicators in this report.

3.0 REASON FOR RECOMMENDATIONS

3.1 The Council has adopted the Code. A provision of the Code is that an annual review report must be made to the Full Council relating to the treasury activities of the previous year.

4.0 SIGNIFICANT RISKS

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

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in Local Authorities and this report complies with the requirements under this code.
- 5.2 The Council uses the services of Link Asset Services – Treasury Solutions (Link) to provide treasury management information and advice.

REPORT

6.0 REPORT DETAILS

6.1 During 2019/20 the minimum reporting requirements were that the full Council should receive the following reports:

- An annual treasury strategy in advance of the year (Council 21 February 2019)
- A mid year (minimum) treasury update report (Audit, Overview & Scrutiny Committee 24 October 2019)
- An annual review following the end of the year describing the activity compared to the strategy (this report).

6.2 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

6.3 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Overview and Scrutiny Committee before they were reported to the full Council.

6.4 This report summarises:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- Reporting of the required prudential and treasury indicators;
- Summary of interest rate movement in the year;
- Detailed borrowing activity;
- Detailed investment activity.

The Council's Capital Expenditure and Financing 2019/20.

6.5 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

6.6 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2019/20 Actual (£)	2018/19 Actual (£)
Total Capital Expenditure	1,145,556	842,383
Resourced by:		
Capital receipts	56,855	18,592
Capital grants and contributions	590,524	615,307
Reserves	313,076	208,484
S106 Commuted Sums	185,101	-
External Borrowing		-
Total	1,145,556	842,383

The Economy and Interest rates

6.7 The Council's treasury advisors Link Asset Services – Treasury Solutions (Link) summarised the key points associated with economic activity in 2019/20 as follows:

- the focus in the House of Commons was to agree a way forward for the UK over Brexit;
- the general election in December, which gave the Conservative Party an overall majority, enabled the UK to leave the EU on 31 January 2020;
- the uncertainties around Brexit, resulted in the MPC maintaining Bank Rate at 0.75% until March 2020 when two emergency cuts in Bank Rate from 0.75% to 0.25% and then to 0.10% were made as a result of the coronavirus outbreak. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn, and
- the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country is locked down due to the coronavirus outbreak. It also put in place a other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses).

6.8 Deposit rates continued into the start of 2019/20 at previously depressed levels and then fell sharply following the cut to base rate in March 2020.

Overall Treasury Position as at 31 March 2020

6.10 The Council's opening and closing treasury position for the financial year was as follows (excluding finance leases):

	31 March 2020	31 March 2019
Total Debt	£1.553m	£1.592m
CFR	£1.702m	£1.865m
Over/(Under) borrowing	-£0.149m	-£0.273m
Total Investments	£26.208m	£22.600m
Net Debt	-£26.059m	-£22.327m

The Strategy for 2019/20

6.11 The Treasury Management Strategy for 2019/20 was approved by members at full Council on 21 February 2019.

6.12 The expectation for interest rates incorporated within the Annual Treasury Management Strategy for 2019/20 was based on officers' views at that time, prepared with assistance from the Council's Treasury Management Advisor (Link Asset Services) and supported by a selection of City forecasts.

6.13 The interest rates for the UK were expected to be as follows:

Bank Base Rate was expected to rise from 0.75% to 1.00%. It was not expected that Bank Rate would increase again in 2019/20 as a result of the major uncertainty surrounding Brexit.

PWLB Borrowing rates were forecast to rise gradually throughout the next three years in all periods. Variable and short term rates were expected to be the cheaper form of borrowing over the period.

6.14 Based on the above, the Strategy adopted by the Council for 2019/20 was as follows:

a) Long Term Debt to Finance Capital Expenditure (borrowing strategy 2019/20)

2019/20 was expected to continue as a year of low bank interest rates, extending the current opportunity for the Council to utilise an internal borrowing strategy. Borrowing in advance of need within the constraints of the Prudential Code and approved Prudential Indicators would only be considered in exceptional circumstances.

Consideration would be given to financing capital expenditure by taking borrowing from PWLB/money markets, but the key treasury strategy was to postpone borrowing and maintain an under borrowed position to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

In considering this option however, day to day cash flow constraints and the loss of longer term interest stability would also be taken into account together with the possibility of having to replace the internal borrowing with external borrowing in a subsequent year at higher interest rates.

b) Investment of Surplus cash (investment strategy 2019/20)

The Council's investment priorities are firstly the security of capital and secondly the liquidity of its investments. The highest return would then be sought provided

that proper levels of security and liquidity are achieved. The investment risk appetite of the Council is low in order to give priority to the security of investments.

The Borrowing Requirement and Debt

6.13 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR) (excluding borrowing by finance leases).

	31 March 2019 Actual	31 March 2020 Budget	31 March 2020 Actual
Total CFR	£1.624m	£1.589m	£1.589m

Borrowing Rates in 2019/20

6.14 The movement in relevant UK market interest rates for the year was as follows:

a) For Bank Rate

Period	%
1 April 2019 – 10 March 2020	0.75
11 March 2020 – 18 March 2020	0.25
19 March 2020 – 31 March 2020	0.10

b) For PWLB rates (Inclusive of the 0.20% discount rate)

Item	Range during Year %	Start of Year %	End of Year %	Average in Year %
Fixed Interest Maturity				
1 Year	1.17 - 2.47	1.46	1.90	1.70
5 Years	0.99 - 2.48	1.55	1.96	1.98
10 Years	1.15 - 2.79	1.88	2.17	2.23
25 Years	1.73 - 3.25	2.41	2.65	2.76
50 Years	1.57 - 3.05	2.24	2.38	3.60

Borrowing Outturn for 2019/20

6.15 No new borrowing was undertaken during the year and scheduled repayments were made. At the end of the financial year the debt portfolio was as follows:

Lender	Principal	Type	Interest Rate	Maturity
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PWLB	£1.00m	Maturity	3.69%	44 years
PWLB	£0.55m	EIP	2.99%	13 years

Investment Rates in 2019/20

6.16 Deposit rates continued into the start of 2019/20 at previously depressed levels and then fell sharply following the cuts to base rate in March 2020.

Item	Range during Year	Start of Year	End of Year	Average during Year
	%	%	%	%
7 day LIBID	0.00 – 0.58	0.56	0.00	0.53
1 month	0.11 – 0.61	0.60	0.12	0.56
3 month	0.26 – 0.72	0.72	0.47	0.63
6 month	0.31 – 0.83	0.83	0.60	0.70
1 year	0.39 – 0.98	0.94	0.74	0.80

Investment Outturn for 2019/20

6.17 The Council's investment policy is governed by MHCLG guidance, which has been implemented in the Annual Investment Strategy approved by the Council on 21 February 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

6.18 The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.

6.19 The following table shows the result of the investment strategy undertaken by the Council and the relative performance of the internally managed funds against the 7-day LIBID un-compounded rate benchmark:

	Average Total Investment (£)	Gross Rate of Return	Net Rate of Return	Benchmark Return
Internally Managed:				
Temporary & On-Call Investments	£4.610m	0.65%	n/a	n/a
Fixed Term Deposits	£23.450m	0.98%	n/a	0.53%

6.19 The interest received by the Council from investments in 2019/20 totalled £262k;

this compares to an original estimate of £198k.

- 6.20 The Council's investment position is organised by the Finance Section in order to ensure adequate liquidity for revenue and capital activities and security of investments. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Treasury Management Practices. At the beginning and the end of 2019/20 the Council's investments position was as follows:

	31 March 2020 (£)	31 March 2019 (£)
Internally Managed Investments	26,208,398	22,250,142

- 6.21 The maturity of the investment portfolio was as follows;

	31 March 2020 (£)	31 March 2019 (£)
On-call Investments	4,708,398	350,142
Fixed Term Deposits:		
Repayable within 1 month	1,000,000	1,000,000
Repayable 1 month to 3 months	2,900,000	6,400,000
Repayable 3 months to 6 months	13,600,000	10,500,000
Repayable 6 months to 12 months	4,000,000	4,000,000
Repayable 12 months to 24 months	0	0
Total	26,208,398	22,250,142

- 6.22 Investments were placed with the following institutions:

Type of Institution	31 March 2020 (£)	31 March 2019 (£)
UK Clearing Banks	9,208,398	4,475,142
Foreign Banks	-	3,000,000
Building Societies	-	3,000,000
Local Authorities	17,000,000	11,500,000
Total	26,208,398	22,250,142

Compliance with Treasury Limits

- 6.23 During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement (annex B).

7.0 IMPLICATIONS

- 7.1 The following implications have been identified:

- a) Financial
The results of the investment strategy effect the funding of the capital programme.
- b) Legal
There are no legal implications within this report
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder, Climate Change)
There are no additional implications within this report.

Anton Hodge
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Background Papers: None

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

Issue/Risk	Consequences if allowed to happen	Likelihood	Impact	Mitigation	Mitigated Likelihood	Mitigated Impact
Credit risk - associated with investing with financial institutions that do not meet the credit rating criteria.	Could mean loss of principal sum and interest accrued.	2	D	The economic climate is still unsettled, counterparty risk is still a big issue. As a result the Council have adopted a stringent credit rating methodology.	1	D
Market risk - Selection of wrong type of investment for higher return.	The poor performance of the chosen investment.	2	B	The number of investment options is kept to a minimum. Investments are normally restricted to short term fixed rate deposits or instant access accounts.	2	B
Liquidity risk - Use of fixed term deposits and / or instruments / investments with low marketability may mean a lack of liquidity	Unable to take advantage of better investment options. Funds are unavailable to cover capital spend.	1	B	This Strategy specifies the type of instrument the authority is prepared to invest in and maximum term for those investments	1	B

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

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PRUDENTIAL AND TREASURY INDICATORS

Prudential Indicators

	2018/19 Actual	2019/20 Estimate	2019/20 Actual
Capital Expenditure	£0.842m	£0.791m	£1.146m
Net borrowing requirement	-£22.317m	-£16,083m	-£26.208m
Capital Financing Requirement as at 31 March (incl. leases)	£1.865m	£1.702m	£1.702m
Annual change in Capital Financing Requirement	-£0.23m	-£0.163m	-£0.163m

Treasury Management Indicators

	2018/19 Actual	2019/20 Original	2019/20 Actual
Authorised Limit for external debt - borrowing	N/a	£10.0m	N/a
other long term liabilities	N/a	£ 1.0m	N/a
Total	N/a	£11.0m	N/a
Operational Boundary for external debt - borrowing	N/a	£5.0m	N/a
other long term liabilities	N/a	£0.4m	N/a
Total	N/a	£5.4m [AH1][MO2]	N/a
External debt	£1.59m	£1.55m	£1.55m
Upper limit for fixed interest rate exposure Net principal re fixed rate investments	N/a	100%	N/a
Upper limit for variable rate exposure Net principal re variable rate investments	N/a	50%	N/a
Upper limit for total principal sums invested for over 364 days (per maturity date)	N/a	£1.0m	N/a

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	REVENUE AND CAPITAL BUDGET MONITORING – Q2 2020/21
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 The revenue budget for 2020-21 was approved by Council on 20 February 2020. This report and associated appendices present the financial performance against the budget as at 30 September 2020.

2.0 RECOMMENDATION

2.1 It is recommended that Council:

- i) Notes the contents of the report.

3.0 REASON FOR RECOMMENDATION(S)

3.1 To ensure that budget exceptions are brought to the attention of the Council in order to approve remedial action where necessary.

4.0 POLICY CONTEXT AND CONSULTATION

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

5.0 REPORT DETAILS

General Fund (Appendix A) – Revenue Estimates

- 5.1 The forecast year-end position estimates a deficit of £1,565k. Further details are set out below. Planned savings and efficiencies of £434k for the year, identified as part of the 2020/21 budget setting process were built into the base budgets and are reflected in the numbers below and appendix A. Most of the savings were identified following the review of budgets to ensure that they more realistically reflected current estimates, although £38k of efficiencies were identified as a target to reduce costs / maximise income.

Covid-19 impact on Revenue Budget

- 5.2 Forecasts have been prepared using the latest information gathered for the Financial impacts monitoring returns to MHCLG and the position reported here uses the estimates for the full financial year as at the end of September.
- 5.3 Gross costs that will be incurred by the Council resulting from the Coronavirus pandemic are estimated to be £2.7m as shown below. It is stressed that these are estimated costs for the full year and therefore will almost certainly change as the impact of a second full national lockdown takes effect. The list shows that actual costs incurred to date were £879k.

£000s	Estimated Full Year	Costs to date
Housing - including Homelessness	160	14
Leisure	46	41
Environmental Services	159	79
Finance and Corporate Costs	67	47
Lost investment income	60	6
Capital costs	163	0
Other staffing	256	51
PPE	28	8
Support to Businesses	80	79
Savings not achieved	25	13
Community work/shielding	20	21
Reopening High Streets safely	49	0
Council Tax Court Costs	43	0
Democratic Meetings	20	0
Other costs	23	5
Council Tax income lost	449	0
NNDR income lost	430	215
Car Park income	359	222
Planning Application Fees	58	0
Rental income	30	0
Pest Control income	3	0
Waste Collection income	115	51
Market income	22	12

Lifeline income	14	12
Other income	15	1
	<u>2,695</u>	<u>879</u>

- 5.4 The £2.695m is the estimated annual gross cost. The government has provided some funding to assist with this. To date this has been confirmed as the following £817k:

MHCLG grant 1	28,859
MHCLG grant 2	551,775
MHCLG grant 3	82,872
MHCLG grant 4	100,000
MHCLG New Burdens grant funding	3,750
Reopening High Streets Safely	<u>49,266</u>
	<u>816,522</u>

- 5.5 In addition, the Council has provided £250k from reserves, plus £20k of its normal grants budget to support these costs. Taking these into account, there is a potential remaining funding gap of £1,608k as below:

Estimated Gross costs for full year	2,695k
less	
Government funding	817k
Grants budget	20k
Reserves	250k
Funding Gap	<u>1,608k</u>

- 5.6 This £1,608k corresponds to the overall Q2 estimate of a £1,610k overspend in the revenue budget, along with other variances highlighted at paragraph 5.12.
- 5.7 As the year progresses, our assumptions will be refined as the on-going impacts become clearer. There is potential for additional compensation from Central Government specifically for lost income (submissions were made in early October), along with spreading the impact of Collection fund losses over more than one year.
- 5.8 In September, the Council agreed that an amount from reserves will be required to offset the net additional costs arising from COVID.
- 5.9 This remains the case and a review of the Council's reserves and requirement to earmark funds for Covid-19 will be carried out as part of the 2021-22 budget preparation.

5.10 Further details of the COVID costs estimated in this financial year are set out below:

- Housing - including Homelessness, this covers the costs of providing temporary accommodation.
- Leisure: this includes a supplier relief payment to current provider
- Environmental Services: this includes additional staffing costs to ensure Covid-safe working arrangements, additional cleaning costs for public toilets, PPE, Vehicle Hire
- Finance and Corporate Costs: includes bank charges due to additional costs for quick payment to businesses, Initial and ongoing IT costs to enable remote working and delay of savings expected in-year
- Lost investment income
- Capital costs: estimate is based on potential increased costs if work is delayed. No costs incurred to date.
- Other staffing: Customer Services, Senior Revenue officer, additional initial costs. A further contingency for the full year has been estimated, but has not been agreed
- PPE
- Support to Businesses membership of Federation of Small Businesses and COVID grants to local organisations
- Savings not achieved: this includes planned savings in services such as Pest Control, Catering and Land Charges which have been delayed.
- Community work/shielding: Cost relating to item such as vulnerable customer packs, residents leaflets, business packs, posters and signs.
- Reopening High Streets safely: this is the amount of grant funded although not yet committed
- Council Tax Court Costs: No enforcement in year.
- Democratic Meetings: additional costs to enable meetings to take place without public attendance, including live-streaming
- Other costs: estimate for non-collection of Housing Benefits overpayments due to increased risk of bad debt - based on 20% increase in irrecoverable debt per 3 months; software for new Council Tax Hardship Scheme; costs to ensure the safe re-opening of Ryedale Markets
- Council Tax income lost
- NNDR income lost
- Car Park income
- Planning Application Fees
- Rental income
- Pest Control income
- Waste Collection income
- Market income
- Lifeline income
- Other income

5.11 The table below sets out the summary Q2 position, with details of forecast variances included in **Appendix A**.

General Fund Account – Q2 2020/21	Budget	Forecast	Variance
	£000's	£000's	£000's
Net Revenue Budget	8,813	10,307	1,494
Settlement Funding RSG/NDR	(4,351)	(4,684)	(334)
Amount to be met from Council Tax	4,462	5,623	1,160
Council Tax	(4,429)	(3,980)	449
Collection Fund Deficit	(33)	(33)	0
Net Revenue Budget (Surplus) / Deficit	0	1,610	1,610

5.12 The main variances are:

Expenditure

- **All Employee-related costs (excluding consultants).** Additional costs relating measures that have been put in place around Covid-19 activities. The final agreed pay award will add costs of approximately £7.5k above budget.
- **Supplies and Services** – The forecast deficit against supplies and services is predominantly in relation to Covid-19.
- **Vehicles and Transport** – Additional expenses due to Covid-19 measures are forecast at £35k. Vehicle lease cost are expected to underspend by £100k but this is partially offset by extra repair and hire costs of £40k.
- **Premises related** – A forecast overspend of £3k is expected against public conveniences due to Covid-19 requirements. In addition, extra costs of £47k relating to the old Waste Transfer station depot are expected due to delays in vacating the old premises.

Income

- **Fees and Charges** – A shortfall of £555k is estimated again, relating to Covid-19, most significantly being from Car Parking, along with Markets, Commercial rents and Planning
- **Housing Benefits** – Due to temporary hold on recovery, it is expected there will be an increase in irrecoverable Housing Benefit overpayments, £17k
- **Investment Income** – A shortfall in investment income of £60k is forecast as

a result in a significant fall in the base rate following Covid-19 measures put in place by Central Government.

- **Waste Collection & Recycling** – £102k shortfall due to the combined impact of lost income, primarily in relation to commercial waste collections. This is partially offset by increases in green waste and recycling tonnages resulting from changes in activity during Covid lock-down and expected recovery.

Capital Programme

- 5.13 The current approved programme of £5.353m is forecast to underspend by around £2.3m as at the end of Q2 largely to an assumption that there will be no spending on the Public Services Hub in the current financial year. Elsewhere in the plan there are some higher than anticipated costs in Property condition works, mitigated by savings against programmed costs. As the remainder of the programme progresses, this position will be kept under review. In March 20, council approved in principal repair works to the old waste transfer site, although costs for this are not yet finalised, funding from within the programme will need to be identified.
- 5.15 The latest capital budget includes carry-forwards of £1.3m from 19/20 programme slippage and supplementary estimate for Railway Tavern £731K

Capital Programme – 2020/21	Budget	Forecast	Variance
	£000's	£000's	£000's
Asset Management	3,545	1,262	(2,283)
Housing	1,808	1,808	0
Total Programme	5,353	3,070	(2,283)

- 5.16 The impact of Covid-19 has created some delays in progressing in year schemes as other priorities have come in to play.
- 5.17 Current forecast spend for the programme is £3.070m, This takes into account a significant underspend on the Public Services Hub but also a projected overspend of £50k relating to works at St Leonards wall where quotes received have come in at around £80k, the additional costs are primarily in relation to the scope of works required. A separate report is being prepared setting out details, and will require approval for additional funds and for the works order to be raised. The programme of work for street lighting has been re-profiled, meaning costs will be front loaded, bringing forward and additional £127k from future years' budgets. Additional costs are offset by removal of the Public Conveniences project from the current programme (£200k), and will be re-addressed as part of future programmed works.
- 5.18 Further details can be found at Appendix B.

6.0 IMPLICATIONS

6.1 The following implications have been identified:

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

Anton Hodge
Chief Finance Officer (s151)

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Background Papers:

None

Background Papers are available for inspection at:

N/A

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Management Accounts 2020/21

Results as at Quarter 2 - 2020/21

	Prior Year	Latest Approved	Year to Date		Full Year	Variances		COMMENTS
	Actual	Budget	Actual	Budget	Forecast	Year to Date	Forecast Variance	
INCOME								
Fees & Charges	(2,774)	(2,893)	(1,065)	(1,448)	(2,338)	383	555	Loss of income as a result of Covid measures, most significantly Car Parking, Markets, Commercial Rents and Planning
Government Grants	(205)	(123)	(151)	(37)	(123)	(113)	0	
Grants & Contributions Inc	(296)	(162)	(54)	(63)	(162)	9	0	
Housing Benefits	(8,068)	(8,122)	(77)	(120)	(8,105)	43	17	Potential increase in irrecoverable Housing benefit overpayments as a result of Covid measures
Investment Income	(263)	(205)	(129)	(109)	(145)	(19)	60	Loss in income due to significant fall in base rate following Covid - this will take time to filter into current investment rates
Waste Collection & Recycling Inc	(1,863)	(1,905)	(1,186)	(1,571)	(1,803)	384	102	Combined impact of lost income, primarily in relation to commercial waste collections, which is partially offset by increases in green waste and recycling - resulting from changes in activity during Covid lock-down and expected recovery
Recharges	103	(67)	(4)	(1,842)	(67)	1,837	0	
TOTAL SERVICE INCOME	(13,367)	(13,479)	(2,666)	(5,191)	(12,744)	2,524	734	
Salaries & Employee Costs	7,747	8,546	2,815	4,143	8,894	(1,327)	348	Forecast overspends in salaries arising from additional costs due to covid measures across services. The njc pay award resulted in an increase of 2.75%, which is 0.10% over the estimate, increasing costs by circa. £7.4k. The remainder is a combination of smaller under/overspend across services.
Supplies & Services	2,150	2,614	934	1,297	2,958	(363)	344	Impact across various cost headings in relation to Covid activities and measures.
Vehicles & Transport	565	736	380	319	710	61	(26)	£34k relates to additional streetscene hire in relation to Covid measures. Streetscene lease costs are expected to underpend by £100k, which is offset by £40k for additional hire and repair costs for the vehicles over-due replacement.
Premises	1,210	999	576	616	1,093	(40)	94	Additional costs relating to extension of lease for former Waste Transfer Station - until 31st Jan 21
Drainage Board Levies	98	100	50	50	100	(0)	0	
Grants & Contributions	228	435	194	217	435	(23)	0	
Housing Benefit Payments	7,970	8,005	3,653	4,004	8,005	(351)	0	
Additional Capacity & Provisions	103	43	0	(2)	43	2	0	
Interest Payable	54	58	(20)	29	58	(49)	0	
Capital A/c	(628)	240	3	(248)	240	251	0	
TOTAL SERVICE EXPENDITURE	19,496	21,774	8,586	10,425	22,535	(1,839)	761	
FINANCING & RESERVES	0							
Collection Fund Surplus	13	(33)	0	0	(33)	0	0	
Council Tax	(4,271)	(4,429)	1,093	0	(3,980)	1,093	449	Expected losses in Council Tax as a result of increases in Council tax support claims and non-payment as a result of Covid.
NNDR	(3,036)	(2,912)	(1,215)	0	(2,482)	(1,215)	430	Expected un-funded losses from Business rates as a result of the economic impact of Covid
RSG	0	0	0	0	0	0	0	
General Government Grant	(940)	(1,439)	(1,077)	(728)	(2,202)	(348)	(764)	Covid Funding - tranche 1-4
Transfers to / from Reserves	2,105	516	0	0	516	0	0	
TOTAL FINANCING & RESERVES	(6,129)	(8,296)	(1,198)	(728)	(8,181)	(470)	115	
GF (SURPLUS) / DEFICIT	0	(0)	4,721	4,506	1,610	215	1,610	

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Capital Monitoring 2020/21 - Results as at Quarter 2

Category / Scheme	Description	Original £'000	Carry Forward £'000	Supp Estimate £'000	2020/21	YTD Exp £'000	Forecast £'000	Forecast Variance £'000	2021/22	2022/23	2023/24	Total Approved Budget £'000	Update Comments
					Revised Budget £'000				Est. £'000	Est. £'000	Est. £'000		
ASSET MANAGEMENT													
Vehicle Replacement Programme	Replacement for recycling, street cleansing and grass cutting services	40	155		195		195	0	40	40	40	315	
Trade Waste Equipment	Replacement of trade waste bulk bins / roll out of glass recycling / additional recycling boxes	0	33		33		33	0	0	0	0	33	Remaining funding of £100k approved April 19 Council to purchase blue boxes
Property Condition Survey	Investment / Operational Assets	32			32		32	0	0	0	0	32	
Property Condition Survey	Leisure Facilities	0	98		98		98	0	0	0	0	98	Council approved £92k 19 March 2020
Property Condition Survey	Milton Rooms	96	126		222	6	222	0	0	0	0	222	£40k transferred from Preservation Works to fund Fire replacement system at Milton Rooms, and £96k for 20/21
Property Condition Survey	Former Waste Transfer Site		87		87		87	0	0	0	0	87	Awaiting final costs to be agreed - Council report 19 March 2020
Property Condition Survey	Public Conveniences	0	225		225		0	(225)	0	0	0	225	No projects programmed for PC's
Property Condition Survey	Car Parks	0	30		30		30	0	0	0	0	30	
Property Condition Survey	Street Lights	0	60		60		187	127	60	60	60	240	Project spend re-profiled to bring forward spend into 20/21 (10/06/-PS 2)
Property Condition Survey	St Leonards Wall	0	30		30		80	50	0	0	0	30	Quotes have been received for the works. Phase 1 agreed to proceed, initial overspend of £25k to be vired from the PC's underspend. Phase 2 will require further approval before proceeding.
Property Condition Survey	Unallocated	58	(66)		(8)		(8)	0	50	50	50	142	£60k p.a. transferred to Street Lighting
Ryedale Hub	Programme review & feasibility work being undertaken	2,234	1		2,235		0	(2,235)	0	0	0	2,235	Programme Review and feasibility work being undertaken. Remainder budget Carried forward to 21/22
IT Infrastructure Strategy	Essential upgrade of IT Infrastructure	200	57		257	26	257	0	200	0		457	Revised IT strategy under review, initial estimates suggest spend requirements in 20/21 equate to around £200k, plus a number of ad-hoc upgrades and replacements.
Garage Inspection pit	Essential upgrade to accommodate new style of vehicle	0	50		50		50	0	0	0		50	
Aff Hsg Init - Exception Sites Land Purchase	Contribution to RSL land acquisitions	0	100		100		100	0	0	0		100	
Aff Housing - Railway Tavern	Initial acquisition costs and feasibility works - Railway Tavern	0	6	731	737	1	737	0	0	0		737	Approval for additional £731.4k for redevelopment works Approved March 20
Aff Hsg Init - Property Improvement Loans	Recoverable Loans to ensure properties are to the decent home standard	75	0		75		75	0	75	0		150	
Aff Hsg Init - Landlord Improvement Loans/Grants	Recoverable Loans or Grants to Landlords	50	0		50	1	50	0	50	0		100	
Private Sector Energy Efficiency Grants	Provide insulation improvements	40	0		40		40	0	40	0		80	
Private Sector Renewal - Disabled Facilities Grants	Improve access to and within properties for people	496	0		496		496	0	496	496	496	1,984	
Community Housing Fund	Development of Community lead housing within the District	0	289		289		289	0	0	0		289	
Mortgage Rescue Scheme	Scheme in partnership with Registered Social Landlord	0	21		21		21	0	0	0		21	
TOTAL CAPITAL PROGRAMME	TOTAL	3,321	1,301	731	5,353	34	3,070	(2,283)	1,011	646	646	7,656	TOTAL

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

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

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

2.0 RECOMMENDATIONS

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

3.0 REASON FOR RECOMMENDATIONS

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

4.0 SIGNIFICANT RISKS

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

5.0 POLICY CONTEXT AND CONSULTATION

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

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

6.0 REPORT DETAILS

Introduction

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

Annual Budget proposed timetable

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

Investment Requirement and Potential Budget Pressures

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

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

Public Consultation

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

7.0 IMPLICATIONS

7.1 The following implications have been identified:

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

Anton Hodge
Chief Finance Officer (s151)

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Background Papers:

Report to Full Council 10 September 2019

APPENDIX 1

RYEDALE DISTRICT COUNCIL FINANCIAL STRATEGY 2020-24

RYEDALE
DISTRICT
COUNCIL



FINANCIAL STRATEGY

2021-25

FINANCIAL STRATEGY

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Main Report

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2. Objectives of the Financial Strategy
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1. Introduction

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

2. Objectives of the Financial Strategy

2.1 The Financial Strategy contains the following objectives:

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

3. Financial Assumptions

Economic Assumptions

Interest Rates

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

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

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

Pay and Price Inflation

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

Settlement Funding

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

Business Rates Retention

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

New Homes Bonus

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

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

Special and Specific Grants

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

Pensions

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

Debt Charges

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

¹ Allocated to NHB Reserve

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

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

4. Commercial Strategy

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

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

5. Council Tax

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

6. Reserves and Balances

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

7. Budget Outlook 2021/22 – 2024/25

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

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

Investment

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

Savings

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

Fees, Charges and Income Generation

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

8. Revenue Summary

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

9. Capital Programme

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

10. Impact/Risk Assessment

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

APPENDIX 2

Suggested Headings in Public Budget Consultation pack

Summary of financial Position, noting:

- Like others, the Council has had to take action to ensure that we stay within budget and it is likely that our funding will reduce further in future years. As we are limited in how much we can increase Council Tax, we are constantly looking at ways we can work more efficiently.
- Although we are the authority who send you the annual Council Tax bill, we only keep 11% of the money we collect. The other 89% is split between:
 - North Yorkshire County Council 71%
 - North Yorkshire Police 14%
 - North Yorkshire Fire and Rescue Service 4%
- A comparison² of the different responsibilities of the County, District and Parish Councils, as below:

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

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

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

Suggested topics for consultation

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

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PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	12 NOVEMBER 2020
REPORT OF THE:	PROGRAMME DIRECTOR – ECONOMIC DEVELOPMENT, BUSINESS AND PARTNERSHIPS PHILLIP SPURR
TITLE OF REPORT:	TO CONSIDER THE SUBMISSION TO GOVERNMENT OF THE YORK AND NORTH YORKSHIRE DEVOLUTION ASKS
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 Ryedale District Council must consider whether it agrees to the submission of the York and North Yorkshire devolution asks to Government. It must be stressed that any decision taken upon whether to support submission of the asks marks the start of a negotiation process with Government. A decision would not, at this stage, be about agreeing the asks or a final negotiated devolution deal. It would simply be about endorsing the submission to Government so that devolution negotiation can commence.

2.0 RECOMMENDATION(S)

2.1 It is recommended to Council that:

- (i) Agreement is given to submission of the York and North Yorkshire devolution asks to Government, so that devolution negotiations can commence.

3.0 REASON FOR RECOMMENDATION(S)

3.1 An area wishing to seek a devolution deal must submit proposals to Government, setting out its investment requests. Devolution offers the opportunity for devolved local powers and up to £2.4bn to be invested in the York and North Yorkshire area. A significant portion of this would be invested to the benefit of the Ryedale economy. Submission of the asks document will allow devolution negotiations with Government to begin.

3.2 Any decision upon formal Council agreement of the asks, and the resultant devolution deal proposals, will be taken through the normal committee/Council processes in due course.

4.0 SIGNIFICANT RISKS

- 4.1 Should Ryedale District Council not agree to the submission of the devolution asks to Government, this would potentially threaten the overall York and North Yorkshire devolution deal.
- 4.2 If a devolution deal is not agreed, £2.4bn of investment into York and North Yorkshire would potentially be lost, with Ryedale losing its share of that investment. The powers and funding that devolution offers to Ryedale and the wider North Yorkshire area are crucial to our future economic prosperity. This is even more so in the context of the Covid emergency as we seek to support and grow the district's economy.

5.0 POLICY CONTEXT AND CONSULTATION

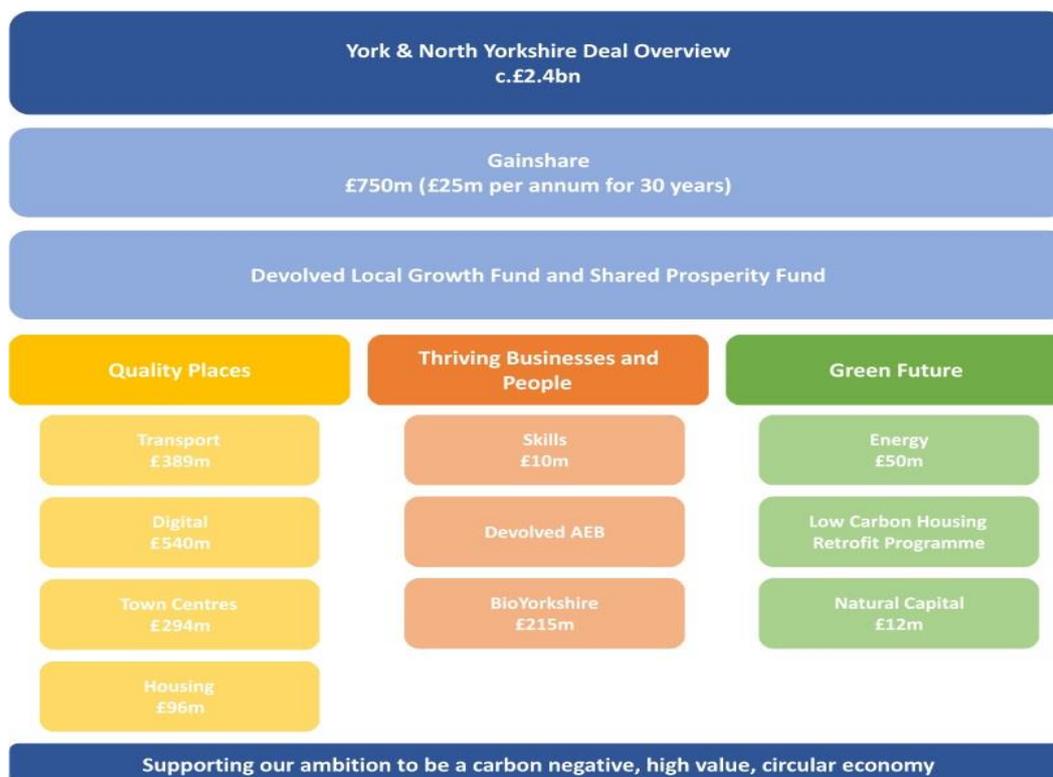
- 5.1 Meetings to discuss the draft proposals were held with Group Leaders on 6th May and 27th May 2020, and on 19th May an email was sent to all Members inviting comments on the proposals. This generated six responses (responses attached at Appendix 1) with respondents recognising the importance of devolution and the potential benefits it could bring to Ryedale, while raising concerns around governance, and highlighting the need for a strong Ryedale voice in the forward process.
- 5.2 A further All-Member Briefing was held on 23rd July 2020 to outline the final devolution proposal, including presentations on the overarching deal and on what opportunities it could offer to Ryedale. There was recognition in the meeting of the importance of securing a deal and support for the submission of the asks to Government.

REPORT

6.0 REPORT DETAILS

- 6.1 In its manifesto in 2019, the Conservative Party set out an ambition for full devolution across England. In essence this involves Central Government devolving some powers down to local level, and committing to a programme of investment to drive economic growth.
- 6.2 Any area that seeks a devolution deal must prepare proposals setting out what level of strategic investment is requested from Government, and how that investment would be spent to drive future sustainable growth. Proposals also include how the local governance structure would work for the devolved geography.
- 6.3 Many councils around the country are currently discussing whether, or how, they might want to engage in the devolution agenda, and what benefits it could bring to their residents. The Leaders of the Councils in York and North Yorkshire have also been having such discussions.
- 6.4 A devolution deal proposal for York and North Yorkshire has been worked up. If the proposal goes ahead and is accepted by Government, it could mean investment of around £2.4bn on initiatives to transform places, lead the way on a green future, support businesses and people, and make communities safer. (Devolution proposals are attached at Appendix 2.)
- 6.5 For the residents of Ryedale, it could mean major investment into improved transport infrastructure, digital inclusion, vibrant market towns, housing and skills. It could also see organisations in our district becoming part of a world centre for bioscience and bio-renewables.

6.6 Specifically, proposals within the devolution asks comprise:



6.7 Officers have worked with the York and North Yorkshire Local Enterprise Partnership and Councils across the area over many months to help shape the proposals to reflect the needs of Ryedale.

6.8 Ryedale District Council (like all other Councils across York and North Yorkshire) is required to confirm its support for the submission of the asks prior to submission to Government. It must be stressed that at this stage the Council is simply being asked to consider endorsing the submission of the asks as the basis of negotiations with Government, and is not formally agreeing the asks themselves. Any formal decision upon the asks and the negotiated devolution deal will be the subject of formal consideration through the Council’s committee and Council processes in due course.

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
There are no direct financial implications associated with the submission of the devolution asks to Government. As highlighted above, devolution offers the potential to bring £2.4bn of investment into York and North Yorkshire with a significant proportion of this being invested into the economy of Ryedale.
- b) Legal
There are no direct legal issues associated with agreeing to submit the devolution asks. RDC is not formally agreeing the asks at this stage, but rather simply endorsing their submission as the basis of negotiations with Government.

The asks are separate from Local Government Reorganisation proposals at this time. Once there is further clarity on Reorganisation, and on devolution once the

anticipated Devolution White Paper is released, the Council can revisit matters as appropriate, but in the meantime it is important for the asks to be put forward.

Any decision upon formal Council agreement of the asks, and the resultant devolution deal proposals, will be taken through the normal committee/Council processes.

- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental and Climate Change, Crime & Disorder)
The asks are anchored by a devolution vision of York and North Yorkshire becoming England's first carbon negative economy.

Equalities issues will be addressed in the detailed development of individual devolution investment proposals.

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Background Papers:

York and North Yorkshire Devolution Proposal
Elected Member Consultation Comments, 26/05/20

Background Papers are available for inspection at:

[Ryedale District Council's online library - Devolution](#)

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