

## **POLICY COMMITTEE**

**Tuesday, 1<sup>st</sup> February 2022 at 6.30pm**  
**Belle Vue Suite, Belle Vue Square, Broughton Road, Skipton**

**Committee Members:** The Chairman (Councillor Foster) and Councillors Barrett, Heseltine, Ireton, Lis, Madeley, Metcalfe, Morrell, Mulligan, Myers, Noland, Ogden, Place, Rose and Wheeler.

Substitutes: Conservatives – Councillors Handley, Moorby and Whitaker; Independents – Councillors Pighills, Shuttleworth and Solloway; Labour – Councillor Mercer; Green – Brown.

**Please note the following advice in advance of the meeting:**

The Government temporarily removed the legal requirement for local authorities to hold meetings in person during the Covid-19 pandemic. All local authorities were given new powers to enable meetings to take place virtually. The Council's powers to hold remote meetings expired on 7 May 2021.

Whilst the return to face to face meetings provides significant challenges, the Council has undertaken a great deal of work to ensure that face to face meetings are delivered in a COVID safe environment.

Due to social distancing measures, spaces for public attendance are limited and so registration is essential to secure a place.

Everyone who attends this meeting will be required to wear a face covering, unless exempt.

Council staff, elected members and members of the public are urged to take advantage of the national 'next step safely' campaign and access a free, rapid lateral flow test in advance of the meeting:

<https://www.nhs.uk/conditions/coronavirus-covid-19/testing/> Please note that whilst this is advised, it is not a requirement for entry to the meeting.

Anyone displaying Covid-19 symptoms is asked not to attend.

For more information email [committees@cravencd.gov.uk](mailto:committees@cravencd.gov.uk)

# AGENDA

1. **Apologies for absence and substitutes** – To receive any apologies for absence and notification of substitutes.
2. **Confirmation of Minutes** – To confirm the minutes of the meeting held on 30<sup>th</sup> November 2021 (there is also an exempt minute which is not for publication).
3. **Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
4. **Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Declarations should be in the form of: a “**disclosable pecuniary interest**” under Appendix A to the Council’s Code of Conduct, or “**other interests**” under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

5. **Revenue Budget 2022/2023 and Medium Term Financial Plan (including the Capital Strategy)** – Report of the Chief Finance Officer. Attached.

Purpose of Report – To present the draft budget figures for 2022/2023 and to recommend a level of Council Tax. The report also outlines the updated Medium Term Financial Plan and Capital Strategy.

6. **Capital Programme 2022/2023** – Report of the Chief Finance Officer. Attached.

Purpose of Report – To seek approval of the proposed capital programme for 2022/2023, subject to there being sufficient capital resources.

7. **2022/2023 Treasury Management Strategy Statement, Minimum Revenue Provision Statement and Annual Investment Strategy** – Report of the Chief Finance Officer. Attached.

Purpose of Report – To present for approval the proposed Treasury Management Strategy with the Minimum Revenue Provision Statement, Prudential Indicators and the Annual Investment Strategy for 2022/2023 as required by the Department of Communities and Local Government and CIPFA.

8. **Pay Policy Statement 2022/2023** – Report of the HR Manager. Attached.

Purpose of Report – To seek approval to implement the Council’s 2022/2023 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.

9. **Skipton Heritage Action Zone** – Report of the Director of Services. Attached.

Purpose of Report – To seek permission to accept additional funding from Heritage England and the Arts Council for England to advance the work of the Skipton Heritage Action Zone.

10. **Minutes of the Craven Spatial Planning Sub-Committee** – Minutes of meeting held on: 13<sup>th</sup> December 2021. Attached.
11. **Items for Confirmation** – The Committee is asked to indicate whether any of the above items should be referred to Council for confirmation.
12. **Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act 1972.
13. **Date and Time of Next Meeting** – Tuesday, 1 March 2022.

Agenda Contact Officer: Vicky Davies  
Telephone: (01756) 706486  
E-mail: [committees@cravenc.gov.uk](mailto:committees@cravenc.gov.uk)  
24 January 2022

**POLICY COMMITTEE**

30<sup>th</sup> November 2021

**Present** – The Chairman, Councillor Foster and Councillors Barrett, Heseltine, Ireton, Lis, Metcalfe, Morrell, Mulligan, Myers, Noland, Ogden, Place, Rose and Wheeler.

**Officers** – Chief Executive, Director of Services, Chief Finance Officer (S.151 Officer), Solicitor to the Council and Monitoring Officer, Finance Manager, Exchequer and Performance Manager, Environmental Services Manager and Senior Democratic Services Officer.

**Apologies for Absence and Substitutes** – None.

**Confirmation of Minutes** –

**Resolved** – The minutes of the Policy Committee meeting held on 19<sup>th</sup> October 2021 were confirmed as a correct record.

**Declarations of Interest** –

There were no declarations of interest.

**Start:** 6.30pm

**Finish:** 8.21pm

**Minutes for Report**

POL.1160

**REVENUE BUDGET MONITORING REPORT – QUARTER 2**  
**2021/2022**

The Chief Finance Officer submitted a report advising Members of the revenue budget position of the Council based on the quarter 2 review of income and expenditure to the end of September 2021.

The following information was appended to the report:

- Revenue budget by service department
- Green and amber items on the income and savings plan

The report particularly highlighted the impact of the Covid-19 pandemic on major income streams, such as car parking and leisure services. Although these appeared to be recovering in quarter one, it would take some time for them to recover further and close monitoring throughout the year was required.

During the debate, Members discussed the continuing reliance on agency staff, in part a natural consequence of local government reorganisation (LGR) and also because of the extra temporary staff brought in improve the performance of the Planning Department and to help clear the backlog of planning applications.

**Resolved** – (1) That, the revenue budget monitoring position as at 30<sup>th</sup> September 2021, is noted.

(2) That, the latest savings position as outlined in Appendix B to the report now submitted, is noted.

(3) That, the continued uncertainty that the ongoing pandemic has on the Council, its operation and financial projections are noted.

POL.1161

**CAPITAL PROGRAMME MONITORING REPORT –  
QUARTER 2 2021/2022**

The Chief Finance Officer (s151 Officer) submitted a report which informed the Committee about the Council's Capital Programme position, based on the Quarter 2 review of income and expenditure to the end of September 2021.

In February 2021, the Council had agreed a 2021/22 capital programme of £2,230k but in September 2021 the Policy Committee approved £9,380k from the 2020/21 programme be carried forward giving a revised programme of £11,610k. At the 30<sup>th</sup> September 2021 expenditure on the programme was £2,212k.

As the financial position had stabilised with Government grant and cash-flow support, careful financial management and income streams starting to recover it had not been necessary to recommend the removal or deferral of projects and a more detailed assessment would be made in quarter three.

A copy of the capital programme detailed analysis was appended to the report for Members' information.

**Resolved** – (1) That, the capital budget position of the 2021/22 capital programme as at 30<sup>th</sup> September 2021 is noted.

(2) That, the 2021/22 capital programme and the proposed funding for the projects agreed at quarter 2 is noted.

POL.1162

**PERFORMANCE MONITORING REPORT – QUARTER 2  
2021/2022**

The Chief Finance Officer submitted a report presenting performance highlights for quarter 2 of the financial year 2021/22 in accordance with arrangements set out in the Council's Performance Management Framework. Members were informed of progress and details of current performance against the Council Plan and priority indicators.

Despite continuing challenges resulting from the pandemic response and the planning for the forthcoming local government reorganisation, the majority of Council Plan actions were progressing as planned. Although this was an early stage in the financial year, the majority of services were within budget, representing an improvement on quarter 4 2020/21. Services returned updates for 17 actions; 12 of those actions were progressing as planned (rated 'green') and no actions were rated 'red'. The remainder of actions were rated 'amber' and details were set out in the Chief Finance Officer's report.

**Resolved** - That, the performance highlights described in the report are noted.

POL.1163

**FEES AND CHARGES 2022/2023**

The Chief Finance Officer submitted a report presenting the fees and charges for the 2022/2023 financial year. The Council's 2015 fees and charges policy provided for discretionary fees and charges for a number of core areas to be presented to Policy Committee for approval with the remainder being approved under delegated authority by the Council's Corporate Leadership Team in consultation with the relevant Lead Member. The Council's Licensing Committee would continue to be responsible for approving fees and charges in relation to licensing and hackney carriages.

**Resolved** – (1) That, the discretionary fees and charges that are subject to Policy Committee approval, as set out in appendix A to the submitted report (amended to reflect zero

increases to Skipton Town Hall fees and school swimming fees for 2022/23), are approved.

(2) That, the exempt discretionary fees and charges that are subject to Policy Committee approve, as set out in appendix B to the report now submitted, are approved.

(3) That, the discretionary fees and charges that are subject to delegated authority approval, as set out in appendix C to the report now submitted, are noted.

POL.1164

**TREASURY MANAGEMENT MID-YEAR REVIEW**  
**2021/2022**

The Chief Finance Officer submitted a report updating Members on the treasury activity undertaken in the first six months of the year in the context of current and forecast economic climates. The report had been prepared in accordance with the requirements of the CIPFA Code of Practice on Treasury Management. Treasury management was to ensure cash flow was adequately planned with surplus monies being invested in low risk counterparties, providing adequate security and liquidity. Another function of the treasury management service was the funding of the capital plan to ensure the Council could meet its capital spending commitments.

**Resolved** – That, the treasury management mid-year review for 2021/2022 as detailed in appendices A, B and C to the report now submitted is noted.

POL.1165

**CLIMATE EMERGENCY UPDATE**

The Chief Executive submitted a report presenting a six months' light touch update on actions taken to address the climate emergency, as agreed by Council in February 2020.

The Council had made substantial progress in a range of areas, with particularly strong progress on:

- Energy efficiency and energy generation across the Council's estate.
- Working with Yorkshire Housing and Better Homes Yorkshire to improve the efficiency of housing for residents on lower incomes.
- The installation of electric vehicle charging points.
- Tree planting, including the Council's own tree planting programme, and work with partners across the District as part of the White Rose forest and Environment Agency's natural flood management programme, as well as developing an ambitious long-term tree planting strategy.

During the ensuing debate, Members noted that a full annual report on progress and an update to the plan would be presented to Committee in March 2022.

**Resolved** – (1) That, the progress on actions to address the Climate Emergency as described in the report now submitted is noted.

POL.1166

**WASTE EDUCATION OFFICER**

Further to Minute POL.1155/21-22, the Director of Services submitted a report presenting costings and a proposed job description for a fixed-term Waste Education Officer, to lead on the Council's Waste education programme. The programme was a key delivery mechanism in the Council Plan for the delivery of the Council's priority 'Carbon Neutral Craven'.

It was anticipated that a successful waste education programme could reduce contamination rates to below 10%, saving upwards of £16k in penalty charges and a reduction in waste tonnage would also reduce disposal fees.

Financing the post would come from any savings that accrued from the work, with the remainder met from the Council's Enabling Efficiencies Fund.

**Resolved** – (1) That, the costs of appointing a fixed-term Waste Education Officers as outlined in the report now submitted, together with the proposed job description and personnel specification are noted.

(2) That, the appointment of a Waste Education Officer on a fixed term contract up to 31 March 2023 is approved.

\$POL.1167

**LOCAL GOVERNMENT AND SOCIAL CARE**  
**OMBUDSMAN: FINAL REPORT (DRAFT)**

[A separate minute has been prepared for this item for those persons entitled to have the information]

**Minutes for Decision**

POL.1168

**CONFIRMATION OF THE COUNCIL TAX BASE –**  
**2022/2023**

The Chief Finance Officer submitted a report inviting Members to approve the Council Tax Base for the 2022/2023 financial year. The Committee was advised that the formula used to calculate the base was complex requiring forward projections of a number of key variables such as new builds, demolitions and Council Tax discounts and exemptions. The impact of the economic climate provided further challenges to the projections.

For every £1 of Council Tax levied, the tax base, as proposed, would enable the Authority to meet £23,234 of expenditure in 2022/23 compared with £22,363 in 2021/22.

**RECOMMENDED** – (1) That, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012 the amount calculated by Craven District Council as its tax base for the whole of the area for 2022/2023 financial year is set at 23,234.

(2) That, the amount calculated by Craven District Council as the tax base for each of its Parishes for the 2022/2023 financial year is that as set out in Appendix A appended to these minutes.

**Any other items** – There were no late items of business to consider.

**Date and Time of Next Meeting** – Tuesday, 18<sup>th</sup> January 2022 at 6.30pm.

Chairman

## Appendix A: Parish Summary

Parish	21/22 Taxbase	Parish	21/22 Taxbase	Parish	21/22 Taxbase
AIRTON	93.32	ELSLACK	38.17	LANGCLIFFE	166.63
APPLETREEWICK	106.03	EMBSAY w EASTBY	796.70	LAWKLAND	129.32
ARNCLIFFE	39.32	ESHTON	36.93	LINTON	78.93
AUSTWICK	242.12	FARNHILL	219.98	LITTON	35.22
BANK NEWTON	28.92	FLASBY w WINTERBURN	55.83	LONG PRESTON	333.36
BARDEN	33.12	GARGRAVE	798.08	LOTHERSDALE	259.49
BEAMSLEY	70.62	GIGGLESWICK	563.26	MALHAM	68.24
BENTHAM	1297.84	GLUSBURN	1525.83	MALHAM MOOR	20.52
BOLTON ABBEY	44.57	GRASSINGTON	557.92	MARTONS BOTH	146.78
BORDLEY	7.83	HALTON EAST	48.58	OTTERBURN	22.52
BRADLEY	510.58	HALTON GILL	27.77	RATHMELL	145.25
BROUGHTON	31.78	HALTON WEST	26.91	RYLSTONE	74.73
BUCKDEN	98.68	HANLITH	16.22	SCOSTHROP	35.12
BURNSALL	53.73	HARTLINGTON	35.79	SETTLE	1134.54
BURTON IN LONSDALE	260.25	HAWKSWICK	36.07	SKIPTON	5626.29
CALTON	29.01	HAZLEWOOD w STORITHS	40.66	STAINFORTH	113.76
CARLETON	445.40	HEBDEN	113.38	STIRTON w THORLBY	97.44
CLAPHAM	312.07	HELLIFIELD	555.82	SUTTON	1286.38
CONISTON COLD	100.97	HETTON	71.48	THORNTON IN CRAVEN	207.57
CONISTONE w KILNSEY	66.61	HORTON IN RIBBLESDALE	179.99	THORNTON IN LONSDALE	151.55
CONONLEY	579.01	INGLETON	860.54	THORPE	24.24
COWLING	900.72	KETTLEWELL w STARBOTTON	191.63	THRESHFIELD	397.59
CRACOE	83.98	KILDWICK	123.49	WIGGLESWORTH	143.63
DRAUGHTON	127.41	KIRKBY MALHAM	50.39		



All discounts, exemptions and CTR costs are apportioned based on number of band D equivalent properties within each parish. The estimated Council Tax collection rate is 98.6%.

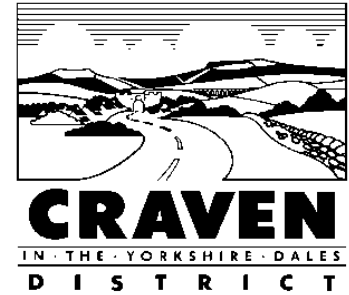
**Policy Committee -  
1<sup>st</sup> February 2022**

**Revenue Budget 2022/23 and Medium-Term  
Financial Plan (incl. Capital Strategy).**

Report of the Chief Finance Officer (s151 Officer)

Lead Member – Financial Resilience: Councillor Mulligan

Ward(s) affected: All



**1. Purpose of Report**

1.1 The purpose of this report is to present the draft budget figures for 2022/23 and to recommend a level of Council Tax. The report also outlines the updated Medium Term Financial Plan and Capital Strategy.

**2. Recommendations**

That the Committee recommends the following to Council for approval;

- 2.1 The Revenue Budget for 2022/23 of £8.935m (as detailed at Appendix B) including the revenue growth bids of £265k (as detailed at Appendix C);
- 2.2 The Medium-Term Financial Plan (Annex 1) and Capital Strategy (Annex 2) - including the contributions to/from reserves, the level of General Fund Working Balance, and the assumptions used to construct the budgets;
- 2.3 That for 2022/23, Council Tax is increased by £5 to £187.21 (Band D equivalent);

That the Committee notes the following;

- 2.4 The Section 25 report 'The assessment of the Robustness of the Budget and Adequacy of Reserves' as detailed at Appendix E.
- 2.5 The outcome of the Budget Consultation exercise, as outlined in this report.

**3. Context**

- 3.1 This report presents a balanced revenue budget for Members to approve for 2022/23. The Revenue Budget proposals are set out in Section 5 and details of net service budgets are included at Appendix A and B.
- 3.2 No changes are expected to the provisional finance settlement that the Government announced before Christmas, as such the 2022/23 budget is based

on figures contained within it. As part of the settlement, permission was given for district councils to increase their Council Tax by 1.99% (without triggering a referendum) or £5 (if Band D is less than £250), whichever is the greater.

- 3.3 In calculating the estimates of council funding for 2022/23, the government assumes the maximum Council Tax rise will be applied. For Craven District Council, the Government figures assume a Council Tax increase of £5 (Band D) for 2022/23. A £5 increase would result in a Council tax of £187.21 at Band D.
- 3.4 A budget consultation exercise has been undertaken and a summary of the feedback is included at Appendix F.
- 3.5 This will be the final time that the council sets an annual revenue budget due to the impending local Government Reorganisation within North Yorkshire. The setting of the 2023/24 budget will be the responsibility of the new unitary council going forward. Despite this, when setting the budget for 2022/23, members should still consider the medium-term financial position (as is the council were continuing to exist) when making budgetary decisions and deciding upon the level of Council Tax. Accordingly, an updated Medium Term Financial Plan has been produced for the Council as part of this budget setting process.

#### **4. Revenue Budget 2021/22 – Update Position**

- 4.1 Corporate monitoring of the budget has taken place through monthly income and staffing costs reported to the Corporate Leadership Team (CLT) and quarterly reporting to this Committee.
- 4.2 Based on the Quarter 2 Budget Monitoring Report to Policy Committee in November 2021, a service budget overspend of £78k was forecast. This translated into a modest underspend of £113k being projected for the full year when other factors are accounted for. The report recognised the financial impact of Covid-19 was continuing but is not having as large an impact as last year. The medium-term impact on business rates and Council Tax revenues is difficult to predict with certainty and depends on many factors, however the income collected through these sources has held up much better than initially envisaged.
- 4.3 Work on the Quarter 3 position is continuing and will be reported to Committee in March. As part of the quarter 3 report, the Government support received to date will be an apportionment to services and any in-year savings will be assumed to contribute to certain reserves to support the council's short-term financial position and help to mitigate the impact of the global pandemic.
- 4.4 As part of last years' budget setting process, The Council developed an income and Savings plan to assist it in focussing on the projects that it needs to implement to address the ongoing impact of the reduction or removal of sources of financial support from government. Good progress has been made in delivering the identified savings during 2021/22 and these have now been incorporated into the base

budget. Given the budget position shown in the MTFP going forward, there is no need to repeat this process for 2022/23 budget setting.

4.5 The Council had an unallocated General Fund Working Balance of £995k at the start of the year and this is not expected to change.

**5.0 Draft Revenue Budget 2022/23**

5.1 To help members navigate this section of the report, the following table outlines where the detailed budgetary information can be found;

Annex 1	Medium Term Financial Plan
Annex 2	Capital Strategy
Appendix A	Summary of Key Tables
Appendix B	Summary Revenue Budget
Appendix C	Summary of Revenue Growth Bids
Appendix D	Budget Risk Assessment
Appendix E	S25 Report (s151 officer comments)
Appendix F	Budget Consultation Responses

**5.2 Budget Assumptions**

The main budget assumptions are shown in Annex 1, and include the following;

Item	2022/23 working assumption	Additional Information
Pay Inflation	Between 2 and 3%	Based upon the figures used in the Govt's November Spending Review.
Price Inflation	Done at service level	Inflation is applied at an individual service budget level to reflect the likely impact. For 2022/23 there has been increased pressure on the budget as a result of already announced price increases (especially utility costs) and other anticipated price increases. For 2022/23 only, an additional global contingency budget has been included to help protect the council should utility costs continue to increase.
Fees & Charges	Policy Committee 30/11/21	Policy Committee considered a report on 30/11/21 in relation to fees and charges. In the main, most charges have been frozen for 2022/23 to reflect the current economic conditions and to assist with the national recovery effort.

- 5.3 The draft budget for 2022/23 totals £8.935m. Appendix A and B shows the detailed composition of the service budgets. Indicative budgets are also shown for 2023/24 and 2024/25.
- 5.4 The budget includes £265k of revenue growth bids and also budgetary provision for the financing of the Capital Programme. Overall, the Net Cost of Services has increased by £537k.
- 5.5 The main changes to the service budgets can be seen by reference to Appendix B, and include the following;
- The Majority of the NCOS change, is associated with the employee costs, in line with the estimated pay award, but this has not yet been confirmed.
  - There has been small increases in the expected income for Service including Car Parks, Bereavement and Waste Management, but this is largely offset by increases to service costs.

#### 5.6 Capital Financing

The Capital Programme is included as a separate report. The budget assumes that new long term external borrowing will be required to finance the programme in 2021/22. Consequently, the Revenue Budget includes £400k to fund the expected borrowing required.

The council's capital programme must be financially sustainable and fully financed. To deliver investment priorities, the use of capital receipts, revenue reserves and contributions, grants and external borrowing (which will have a revenue impact) will be evaluated.

The estimated capital programme for 2022/23 is £6.303m and is summarised in table 4 in Appendix A.

#### 5.7 Government Grants & Funding

The MTFP at Annex 1 details the figures from the Provisional Finance Settlement that the Government announced before Christmas.

When taken together with the estimate for NDR income, this provides a figure of £3.233m. In essence, the settlement is a further one year roll-over of the previous settlement and continues to include amounts for New Homes Bonus and other items.

The above has provided the authority with a much better position than was forecast in the previous MTFP. At that time, the impact of the pandemic was less certain as was whether the Government would undertake a review of local government funding during 2021. The provisional figures have provided the

council with approximately £1.2m more funding than previously predicted, of which approximately £900k has been brought into funding the revenue budget for 2022/23 – the allocation for New Homes Bonus has continued to be put into earmarked reserves for future use on capital projects.

The improved government grant funding position, when taken together with the Collection Fund surplus, and the improved Council Tax Base figures have resulted in most of the predicted budget deficit for 2022/23 being dealt with. In addition, the successful delivery of the Income and Savings plan items during this financial year has resulted in the Council being able to set a balanced budget for 2022/23 – with minimal use of earmarked reserves (that were previously set aside to help deal with any temporary budget shortfall issues).

The following provides some additional comments on the Provisional Finance Settlement;

- No Revenue Support Grant
- An award of a one-off Service Grant, £102k.
- No change to Settlement Funding Assessment/Baseline Funding Level
- Rural Services Delivery Grant remained the same at £294k
- The NHB is a continuation of the existing scheme resulting in an allocation of £292k (a reduction of 2% compared to 2021/22)
- Lower Tier Services Grant has been extended into 22/23 to ensure no council has a reduction in 'Core Spending Power (CSP)'. An allocation of £67k has been made.
- A Local Council Tax Support Grant of £42k is awarded
- CSP calculation assumes that a £5 rise is applied to Council Tax
- Continued support to manage the change from RPI to CPI indexation on business rates multiplier of £122k

## 5.8 Council Tax

When calculating the annual local government finance settlement, the government make assumptions about how much revenue each local council can generate through Council Tax each year. The latest figure for the authority's Council Tax Base is used – which was approved by the Policy Committee on 30th November as 23,234 dwellings for 2022/23.

For 2022/23, the Government have assumed that all District / Borough Councils will increase their council tax by either 1.99% or £5 per annum (whichever is the greatest). The £5 option is available provided that the level of council tax is below £250 (CDC's Council Tax for 2021/22 is £182.21).

Legally, the setting of council tax is the responsibility of the council and therefore the council must make its own decision. The figures used in the MTFP assume that the council will increase council tax by £5 per annum (at Band D). This is in

line with what the Government have used in their modelling and will also provide the new unitary council with the greatest flexibility going forward. CDC can also set a balanced budget for 2022/23 through this approach, which is recommended to members to adopt.

Increasing the Council Tax by £5 per annum (Band D) equates to an increase of 2.74% for 2022/23. This is £5 per annum / 10p Per week for a Band D property. For information, each 1% increase generates the Council approximately £42k Per annum in additional revenue.

Should members wish to implement a different level of council tax increase, the numbers in the model would need to be amended accordingly. In reality, if the increase was less than that being modelled, reserves would need to be initially used to offset the increased budget gap. If members were minded to increase council tax above the government threshold, a local referendum would be required.

## **6. Medium-Term Financial Plan**

- 6.1 The revised Medium-Term Financial Plan is included at Annex 1.
- 6.2 As mentioned earlier in this report, the figures shown for the years after 2022/23 are for indicative purposes only, given that the Council will cease to exist on 31<sup>st</sup> March 2023.
- 6.3 These indicative figures are however important for members to consider when setting the budget (and Council tax) for 2022/23 and will also be useful for the new council to use when aggregating together all the local authority budgets prior to its own budget setting process for the 2023/34 financial year.
- 6.4 The indicative figures are based upon the best information (and assumptions) that are currently available, the key ones that have been used are highlighted below;

<b>Item</b>	<b>MTFP Assumption Used</b>
Council Tax Base	Annual increases of 0.5% have been used. This is in line with previous modelling, and is considered a prudent level to apply.
Council Tax Levels	Increases of £5 per annum (Band D) have been used.
Fees & Charges	Inflationary increases have been assumed in the MTFP from 2023/24 onwards, for key income areas (as shown in Annex 1).
Government Funding	The Government has announced that a review of local government funding (and business rates) will take place during 2022. As such, this is difficult to model with any degree of

	accuracy. On the assumption that there will be transitional measures applied, similar figures to previous years have been used for the key areas of Government funding. For the NDR projections, the council has used the modelling provided by Pixel Consultancy.
Earmarked Reserves	There is some draw down from earmarked reserves. For 2023/24 there is a draw down from the earmarked reserves for budget smoothing to assist the budget prior to it returning to a small surplus figure in the following years.
General Fund Working balance	The General Fund Balance is modelled to remain at £995k. This is considered to be an appropriate level, pursuant to the overall risks that the council faces.

6.5 In summary, the MTFP illustrates that the council would need to draw down earmarked reserves of approximately £233k in 2023/24 to help balance the budget for that year. The council would have sufficient earmarked reserves to finance this, due to previous policy decisions that put funding aside to help deal with short term budgetary pressures of this nature. The model also shows that the council would return to a small budget surplus of £33k (2024/25) and £27k (2025/26). As previously referenced, these figures are indicative only and they will change as more information on the national review of local government is known. The new council will need to lobby government to ensure that it gets a fair funding deal for the period from 2023/24.

**7. Financial Stability & Governance**

**7.1 Budget Consultation**

In line with good practice the council has undertaken a Budget Consultation exercise. The key findings from the exercise are outlined in Appendix F.

**7.2 S25 Report**

To meet statutory requirements, the council’s s151 officer is required to produce an annual assessment of the ‘robustness of estimates and the adequacy of reserves’. This should be considered by members as part of the budget setting process.

The report is included at Appendix E.

**7.3 Risk Analysis**

It is also good practice to consider a risk assessment against some of the key service budgets. This is included at Appendix D.



## **8. Key Implications**

### 8.1 Financial

All financial implications are contained in the body of the report.

### 8.2 Legal

All legal implications in respect of delivery of a balanced budget and adequacy of reserves are contained in the body of the report and its appendices. The requirements in the Local Government Act 2003 for reports to be presented to the Council on the robustness of the estimates, and on the position on reserves and balances are dealt with in the report.

### 8.3 Contribution to Council Priorities

The Revenue Budget for 2022/23 has been developed in support of the Council Plan and associated priorities (including the climate change action plan). The Council's financial sustainability and resilience are crucial to delivering its priorities.

### 8.4 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure has been followed

### 8.5 Consultation with Others

Public consultation has been undertaken – as outlined in this report.

### 8.6 Chief Finance Officer Comment

No additional comments to those already included in this report.

### 8.7 Monitoring Officer Comment

The Council has a statutory obligation to produce a balanced budget each year.

## **9.0 Background Documents**

Budget Monitoring Report – Policy Committee Oct 2021  
Fees & Charges 2022/23 – Policy Committee Dec 2021  
Council Tax Base Report – Policy Committee Nov 2021  
Collection Fund reports – Policy Committee Jan 2022

Annexes;

Annex 1 – Medium Term Financial Plan – 2022/23 – 2025/26

Annex 2 – Capital Strategy

Appendices;

Appendix A – Summary of key tables  
Appendix B – Summary Revenue Budget 2022/23 & Subjective Analysis  
Appendix C – Summary Revenue Growth Bids  
Appendix D – Budget Risk Assessment  
Appendix E – s25 report  
Appendix F – Budget Consultation

**11. Authors of the Report**

Graham Soulsby, Chief Finance Officer (S.151 officer) and James Hordern,  
Finance Manager  
Tel: 01756 706418, 01756 706316

Note: Members are invited to contact the author in advance of the meeting  
with any detailed queries or questions.

## CRAVEN DISTRICT COUNCIL

## MEDIUM TERM FINANCIAL PLAN 2022/23 – 2025/26

## 1. CONTEXT

The Medium-Term Financial Plan (MTFP) provides a framework for the Council's strategic financial planning and decision making over the medium term.

The MTFP covers all revenue and capital spending plans of the council for 2022/23, whilst also providing some indicative estimates for future years.

The objectives of the MTFP remain broadly unchanged from last year, they are summarised below;

- a) The MTFP is a financial interpretation of existing council policy and priorities
- b) Revenue budgets are based upon prudent and sustainable assumptions
- c) The Capital Programme (and its financing requirements) are correctly taken account of
- d) Significant risks are identified and considered
- e) Appropriate levels of general balances, reserves and contingencies are maintained in the context of the identified risks

## 2. REVENUE BUDGET

The latest projections for the revenue budget are shown in the following summary table. A more detailed version of the revenue budget projections is contained at the end of this Annex.

	Draft 2022/23 £000		Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000
Net Budget	<b>8,935</b>		<b>7,464</b>	<b>7,452</b>	<b>7,554</b>
Financed by:					
Council Tax	4,350		4,488	4,628	4,769
Collection Fund Surplus	81		50	50	50
Govt Grants	3,233		2,411	2,522	2,637
Net Use of Reserves	1,272		200	168	13
Future Years' Income			82	84	85
Future Years Savings			233	0	0
Deficit / (Surplus) for Year	0		0	0	0
GF Balance @ 1 <sup>st</sup> April	995		995	995	995
+ /- in year	0		0	0	0
GF Balance @ 31 <sup>st</sup> March	995		995	995	995

The key things to note from the 2022/23 draft budget figures are;

- Council Tax income is based upon an assumed £5.00 increase (Band D)
- Government funding figures are based on the Provisional Finance Settlement.
- There is a net use of earmarked reserves of £1,272k for the year. Of this calculation, £125k has been used from the earmarked reserve for 'future budget support' to help smooth the overall budget position across the medium-term.
- An additional budget of £100k has been included to protect the council against the current pressures that are being encountered on utility and fuel bills.
- The General Fund Balance is modelled to remain at £995k.

The key things to note from the medium-term financial projections are;

- The figures are indicative only, given Local Government Reorganisation in North Yorkshire.
- The Council Tax Base increases at 0.5% each year
- Council Tax increases are modelled at £5 increase (Band D) each year.
- From 2023/24, key income areas increase their fees and charges in line with inflation (modelled at 2% each year).
- Government will be undertaking a national review of local government funding during this period.

### 3. GOVERNMENT GRANTS (& BUSINESS RATES)

The provisional finance settlement was announced by the Government on 16<sup>th</sup> December 2021. As expected, the settlement is essentially a roll-over of the previous settlement for a further one-year period.

The headline figures for Craven District Council are shown below (compared to the previous year);

	2021/22 £000	2022/23 £000
Assumed NNDR	2,253	2,436
Rural Services Delivery Grant	294	294
New Homes Bonus	286	292
Special & Specific Grants	45	102
Lower Tier Service Grant	88	67
Local Council Tax Support Grant	62	42
<b>Total Govt Grants</b>	<b>3,028</b>	<b>3,233</b>

The grant figures are £1.2m better than was forecast in the previous MTFP for 2022/23 – with the council receiving funding for a further year for New Homes Bonus whilst also benefitting from some additional Business Rates funding. Overall, the provisional settlement provides the council with a better position than originally forecast, which is beneficial for setting the 2022/23 revenue budget.

Consistent with previous practice, the council is not using the New Homes Bonus funding to support its revenue budget. Instead, the monies are being put into earmarked reserves for use on future capital projects. This practice will help ensure that future revenue budgets are based upon sustainable sources of funding (for the new authority).

The Government have announced that a major review of how local government is funded will take place during 2022. This could fundamentally change how the system operates in the future however it will be an issue for the new unitary council to consider, rather than CDC. As a result of this, the estimates that have been used for the period 2023/24 onwards must be viewed with a large degree of caution and are indicative only.

#### 4. COUNCIL TAX

When calculating the annual local government finance settlement, the government make assumptions about how much revenue each local council can generate through Council Tax each year. The latest figure for the authority's council tax base is used – which was approved by the Policy Committee on 30<sup>th</sup> November as 23,234 dwellings for 2002/23.

For 2022/23, the Government have assumed that all District / Borough Councils will increase their council tax by either 1.99% or £5 per annum (whichever is the greatest). The £5 option is available provided that the level of council tax is below £250 (CDC's Council Tax for 2021/22 is £182.21 – for information).

Legally, the setting of council tax is the responsibility of the council and therefore the council must make its own decision. The figures used in the MTFP assume that the council will increase council tax by £5 per annum (at Band D). This is in line with what the Government have used in their modelling and will also provide the new unitary council with the greatest flexibility going forward. CDC can also set a balanced budget for 2022/23 through this approach, which is recommended to members to adopt.

Should members wish to implement a different level of council tax increase, the numbers in the model would need to be amended accordingly. In reality, if the increase was less than that being modelled, reserves would need to be initially used to offset the increased budget gap. If members were minded to increase council tax above the government threshold, a local referendum would be required.

#### 5. CAPITAL PROGRAMME

A summary of the draft Capital Programme is shown in the following table;

	Draft 2022/23 £000		Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000
Net Programme	6,303		1,868	587	587
Financed by;					
Reserves / RCCO	1,499		190	30	30
Borrowing					
Grants	557		557	557	557
Other	4,247		1,121		

The key elements to note from the programme include;

- Continued Development of the Shared Ownership Programme
- Development of the Councils Business Assets including Engine shed Lane and Langcliffe Quarry
- Administration of the Disabled Facilities adaptations Grants
- Investment in the Council's Leisure and Community Assets.
- The programme will utilise funds within the Council's Earmarked Reserves, therefore, consideration will need to be given for further in year contributions to these reserves to ensure a sustainable capital programme.

## 6. RESERVES & BALANCES

### General Fund Working Balance

The Council has an established strategy of maintaining a minimum level of its General Fund Working Balance of £995k. This level has previously been assessed as in the correct range for the overall level of risk that the council has identified. This position has been maintained for the 2022/23 budget figures, and into the medium term.

### Contributions to Reserves

For 2022/23 there are two contributions to earmarked reserves. Firstly (as previously mentioned) the payment for New Homes Bonus has been put into earmarked reserves and will be used to fund future capital schemes. There is also a small contribution to the Elections reserves to ensure that there is enough funds to cover potential election activities during the year.

### Use of Reserves

There are a number of proposed draw downs for 2022/23. These are detailed in the analysis at the end of this paper. In summary;

### Contingency

For 2022/23, as in previous budgets, there has been a £75,000 contingency fund set as part of the base budget. This is done so to mitigate at unforeseen cost increases or pressures in year, and to avoid further draw on the Council's Reserves for the running of core services.

## 7. BUDGET ASSUMPTIONS

The following are the main assumptions upon which the budget has been prepared for 2022/23;

Item	2022/23 working assumption	Additional Information
Pay Inflation	Between 2 and 3%	Based upon the figures used in the Govt's November Spending Review.
Price Inflation	Done at service level	Inflation is applied at an individual service budget level to reflect the likely impact. For 2022/23 there has been increased pressure on the budget as a result of already announced price increases (especially utility costs) and other anticipated price increases. For 2022/23 only, an additional global contingency budget has been included to help protect the council should utility costs continue to spiral.
Fees & Charges	Policy Committee 30/11/21	Policy Committee considered a report on 30/11/21 in relation to fees and charges. In the main, most charges have been frozen for 2022/23 to reflect the current economic conditions and to assist with the national recovery effort.

**CRAVEN DISTRICT COUNCIL**  
**MEDIUM TERM FINANCIAL PLAN - REVENUE BUDGET**

		<i>Post LGR - for info only</i>			
		2022/23	2023/24	2024/25	2025/26
		£000	£000	£000	£000
<b>A</b>	<b>BUDGETED NET EXPENDITURE;</b>				
	Net Cost of Services	6,365	6,455	6,437	6,550
	Corporate Items & Capital Financing	2,305	852	854	850
	Growth Items	265	157	161	154
	<b>Net Budget</b>	<b>8,935</b>	<b>7,464</b>	<b>7,452</b>	<b>7,554</b>
<b>B</b>	<b>FINANCED BY;</b>				
	Council Tax	4,350	4,488	4,628	4,769
	Collection Fund Surplus / Deficit	81	50	50	50
	Government Grants;				
	NDR (Business Rates)	2,436	2,008	2,119	2,234
	Revenue Support Grant	0	0	0	0
	Rural Services Delivery Grant	294	294	294	294
	New Homes Bonus	292	0	0	0
	Special & Specific Grants	102	0	0	0
	Lower Tier Service Grant	67	67	67	67
	Local Council tax Support Grant	42	42	42	42
	Government Grants	<b>3,233</b>	<b>2,411</b>	<b>2,522</b>	<b>2,637</b>
<b>C</b>	Net Contribution from Reserves	1,272	200	168	13
<b>D</b>	Future Years Fees & Charges Growth		82	84	85
	Future Years Savings Target / Reserves		233		
<b>E</b>	Net Deficit / (surplus) for the year	0	0	0	0
<b>F</b>	<b>General Fund Working Balance:</b>				
	Position at 1st April (opening)	995	995	995	995
	Use during the year	0	0	0	0
	Position at 31st March (closing)	995	995	995	995
<b>G</b>	<b>KEY ASSUMPTIONS / INFO</b>				
	COUNCIL TAX:				
	Tax Base	23,234	23,350	23,467	23,584
	Council Tax (Band D Equivalent)	187.21	£192	£197	£202
	Tax Base Assumed Growth		0.50%	0.50%	0.50%
	Council Tax - Assumed Increase (£5 p.a)	£5	£5	£5	£5
	MAJOR INCOME STREAMS - EST INCREASES:				
	Car Parks	1,510	2%	30	31
	Leisure	1,115	2%	22	23
	Commercial Waste	1,018	1%	10	10
	Bereavement	980	2%	20	20
				<b>82</b>	<b>84</b>
					<b>85</b>

**CRAVEN DISTRICT COUNCIL**  
**MEDIUM TERM FINANCIAL STRATEGY - USE OF RESERVES (Revenue Budget)**

		<i>Post LGR - for info only</i>			
		2022/23	2023/24	2024/25	2025/26
		£000	£000	£000	£000
<b>A</b>	<b>Contributions to Reserves;</b>				
	New Homes Bonus	292			
	Insurance				
	IT				
	Vehicles				
	Future Years Budget Support			33	27
	Buildings				
	Elections	20			
		<u>312</u>	<u>0</u>	<u>33</u>	<u>27</u>
<b>B</b>	<b>Contributions from Reserves;</b>				
	New Homes Bonus	1,261	10	161	
	Enabling Efficiencies	60			
	IT	40	40	40	40
	Vehicles	0			
	Buildings	98	150		
	Future Years' Budget Support	125			
	Local Plan / Planning				
	Capacity Resilience				
		<u>1,584</u>	<u>200</u>	<u>201</u>	<u>40</u>
<b>C</b>	<b>Net Contribution from Reserves</b>	1,272	200	168	13





# Craven District Council

## Capital Strategy

2022 – 2026

Submitted to Policy Committee 1 February 2022

## 1.0 INTRODUCTION

- 1.1 Capital expenditure is a significant part of the Council's annual expenditure. The programme for 2020/21 provided for capital expenditure of £9.531m. The capital programme for 2022/23 and the indicative programme up to 2025/2026 sets out further capital expenditure requirements of approximately £9.345m for new capital schemes over the next four years.
- 1.2 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment, or vehicles, where the cost is equal to or greater than £10,000. It also includes grants to people and other organisations towards their own capital expenditure, where the cost is equal to or greater than £4,000. Capital expenditure is concerned with the medium to long term issues affecting the Council, unlike revenue expenditure which covers the day-to-day operations of the Council.
- 1.3 Capital assets shape the way services are delivered in the long term, providing the infrastructure for service delivery. They also create financial commitments for the future in the form of financing costs and/or revenue running costs. Some may also generate revenue streams.
- 1.4 This Strategy is a high-level summary of the Council's approach to capital investment. It sets out how the Council will allocate, maximise and manage the capital resources available for its plans and programmes, ensuring that capital investment is directed to the Council's Corporate Priorities. The strategy outlines the basis for the prioritisation of all capital bids put forward for inclusion in the rolling four-year programme, and the monitoring of that programme.
- 1.5 The Strategy covers the period from 2022/23 to 2025/26 but with the progression of LGR, it is an indicative strategy and will need to be included in the Council's Medium Term Financial Plan (MTFP).

## 2 THE CORPORATE FRAMEWORK

- 2.1 The Council has a well-established corporate service and financial planning process in which the Council Plan and related strategies are developed and linked. The 2019/20 version of the Council Plan confirmed the priorities as:
  - Enterprising Craven – facilitating economic growth across Craven
  - Resilient Communities – creating sustainable communities across Craven
  - Financial Sustainability – ensuring a self-sustainable Council
- 2.2 These are enhanced in the latest version of the Council Plan (Beyond 2020) to be approved in February 2020, which sets the following priorities:
  - **Working towards a carbon neutral Craven** - facilitating economic growth in a low carbon Craven
  - **Inclusive Society** - supporting the well-being of communities and individuals across Craven
  - **Attracting and Retaining Younger People** - creating a district that attracts people of working age to live and work
  - **Financial Sustainability** – maintaining a financially resilient Council

### **3 AIMS AND OBJECTIVES OF THE CAPITAL STRATEGY**

3.1 The aims of the Capital Strategy are:

- to provide an effective policy framework for deploying the Council's capital resources for between four and ten years.
- to set out how the Council will maximise the capital resources available for its plans and programmes.

3.2 The objectives of the Strategy are:

- to ensure that the capital resources available to the Council support delivery of the Council's priorities.
- to guide the production of the capital programme;
- to assist in determining priorities between various services.
- to ensure Value For Money (VFM)

### **4 BACKGROUND**

4.1 Opportunities for capital investment by a district council such as Craven are limited. The constraints on the Council's financing capacity mean that capital expenditure must form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources. The Council can deliver capital investment either directly through the use of its own capital or revenue resources, or indirectly through influencing partners and other external bodies.

4.2 The development and implementation of the Council's Capital Strategy involves:

- Working with partners to maximise the effect of capital investment in the District in the achievement of agreed priorities;
- Maintaining the Council's assets to achieve priorities, consistent with the Council's Asset Management Plan (AMP);
- Rationalising the Council's assets to achieve priorities, consistent with the Council's Asset Management Plan (AMP);
- Developing new initiatives and continuing current initiatives, including proposals arising through reviews of services to ensure they remain relevant;
- Seeking to maximise investment in the District through external funding sources;
- Responding to relevant Government initiatives (e.g. carbon reduction, waste management, green energy) within the resource constraints;
- A careful assessment of any revenue implications of capital proposals (both in relation to capital financing costs and running costs).

4.3 The model of delivery for capital projects will vary. Options could include direct investment and delivery by the Council, partnership working within the joint venture or through other partnering mechanisms, or an enabling approach, with delivery the responsibility of others, supported by the Council.

4.4 The Council's capital programme only reflects expenditure incurred directly by this Council for its own account and the resources raised to meet that expenditure. It does not reflect investment made directly by partners.

4.5 The Council's capital programme is set in accordance with the Prudential Code for Capital Finance in Local Authorities, under the principles of affordability, sustainability and prudence.

4.6 The prudential indicators required under the CIPFA 'Code' which relate to the capital strategy will be

included within the Annual Investment Strategy which is part of the Treasury Management suite of reports.

## **5 INVESTMENT PRIORITIES**

5.1 The Council's investment priorities link to the latest Council Plan and these priorities with descriptions of how they may be achieved are summarised below:

### **5.2 Working Towards a Carbon Neutral Craven – facilitating economic growth in a low carbon Craven**

- Improve the quality and capacity of the transport infrastructure serving the District
- Promote use of Electric Vehicle Transport in Craven
- Help to ensure all businesses and residents in Craven have access to a high quality broadband and telecommunications connection
- Acknowledge, reward and promote best environmental practice across businesses and the voluntary sector
- Build housing to work towards a carbon neutral Craven
- Reduce waste to landfill and increase re-use and recycling
- Make Craven's public spaces cleaner, safer and greener

### **Inclusive Society Supporting the well-being of communities and individuals across Craven**

- Enable provision of affordable homes, including provision within council assets
- Stimulate business growth – developing new employment land
- Provision of business support services and facilities
- Enhance the quality of the trading environment within the district's core retail centres
- Reduce health and wellbeing inequalities
- Enable community groups across the district to achieve their ambitions

### **5.3 Attracting and Retaining Younger People**

- Improve access to and enjoyment of Craven's great heritage and culture
- Delivery of the Great Place Lakes and Dales Scheme including a series of small events in spaces and venues developed by younger people for younger people
- Deliver the action plan agreed with partners for the retention and attraction of working age households
- Facilitate the delivery of a project to provide housing and workspace for Young Creatives
- Support the development of services and infrastructure in Dales settlements to maintain vibrant place that can attract more, younger people to the area.

### **5.4 Financial Sustainability – ensuring a self-sustainable Council**

- Create a Council that is financially viable without government grant and able to deliver the services its residents require.
- Ensure financial and corporate governance arrangements are robust and support the delivery of the council's priorities
- Act commercially, maximizing income from services and investment to generate additional income.

- Maximise the Council’s investment for the long-term sustainability of the Council and the District

5.5 The Council may as part of its support to its priorities acquire assets as investments. These acquisitions will be subject to due diligence considerations which will assess the Council Priority being satisfied, the Security, Liquidity and Yield of any such purchase and the balance between that and the risk. All acquisitions as part of the due diligence are assessed for risk associated with them. Prudential indicators will be updated (if required) as part of the decision process. Equally, it may dispose of assets in support of the achievement of its objectives and delivery of priorities. Disposals would equally be subject to the appropriate diligence and assessment before formal approval for disposal is sought. Asset disposal and capital receipts are explained in more detail below within Section 8.

## **6 FURTHER CONSIDERATIONS**

- 6.1 Where there is adequate capital resource provision, the Council will aim to capitalise any expenditure which legally falls within the accepted definition of capital expenditure, or new Government directives. This will be done to relieve pressure and increase flexibility in the revenue budget.
- 6.2 In addition to the Council priorities, the Council needs to ensure that capital resources are directed at its existing non-surplus assets to ensure that these are of good condition and to achieve best use of these assets to deliver better services. This is an area which has seen limited focused investment over the past few years and will need to be considered during the life of the Capital Programme. The AMP will continue to inform this work, taking into account existing stock and the need for ongoing maintenance and improvements.

## **7.0 2022 – 2026 CAPITAL PROGRAMME**

- 7.1 A summary of the 2022 – 2026 capital investment programme is set out below.

**Table 1: Rolling Capital Programme**

	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Vehicles, Plant & Equipment	732	0	0	0
Private Sector Housing	557	557	557	557
Council Properties	4,926	1,271	0	0
IT facilities	60	40	30	30
Leisure & Recreation	28	0	0	0
<b>Total Capital Programme Costs</b>	<b>6,303</b>	<b>1,868</b>	<b>587</b>	<b>587</b>

## **8 CAPITAL RESOURCES**

### **Capital Funding Sources And Principles**

- 8.1 Capital expenditure can be funded from a variety of sources:

- borrowing
- grants
- contributions
- capital receipts – from the sale of assets
- revenue
- partnerships

**Borrowing** – The ‘prudential borrowing’ powers available to local authorities are subject to proposals being ‘prudent, affordable and sustainable’. The main source of borrowing continues to be that of the Public Works Loan Board, although there are other options such as the Municipal Bonds Agency. The Council will only consider using borrowing to finance capital projects if that borrowing is affordable and sustainable within the revenue budget and there is an economic argument for doing so. For example, where the investment would be justified by additional income (or the protection of existing income), or where savings could be made at least equivalent to the debt charges. Decisions on borrowing will be subject to a detailed appraisal, including the ongoing revenue implications, and will take place in the wider context of the Council’s Treasury Management Strategy and with reference to the Council’s MTFP, as agreed by Members.

**Government and Other Grants** – The Council is keen to continue its record of attracting grant funding for projects and maximising these grants, either via general funding or by earmarked ring-fenced grants which fund specific proposals. The Government currently also makes an annual contribution to capital expenditure on Disabled Facilities, with any shortfall having to be funded from the Council’s own capital sources. When accepting capital grants, it is important that the council understands the revenue implications of doing so and complies with conditions around delivery, timing and any match-funding requirements.

**Contributions** – Section 106 of the Town and Country Planning Act 1990 allows local planning authorities to enter into legally binding arrangements with land developers. These arrangements can include the provision of funding by the developer for specific local community schemes including affordable housing and community facilities. The Council will seek to maximise this funding source.

**Capital Receipts** – The best use of Council owned property remains a key policy driver. The Council continues to review the operational use and contribution of its buildings and land holdings with an aim of optimising returns for each asset, dependent on its use. The Council regularly reviews its disposals policy and prioritising surplus assets for disposal.

**Capital receipts from disposals** are available to reinvest in services in accordance with the Council’s priorities. The financial constraints within which the Council operates, combined with the significant capital investment needed to maintain and improve assets, highlights the need to maximise returns from asset disposals whilst also using assets to deliver priorities such as affordable housing. It is crucial that a balance is struck between meeting these two requirements.

The Council separates the generation of a capital receipt from the spending of the receipt. Thus, capital receipts are pooled, rather than being earmarked for specific schemes, unless Members agree otherwise.

**Disposal of Surplus Property** – The Council has an agreed policy that it follows when disposing of assets. The standard procedure is to seek to maximise the financial benefit to the Council in accordance with Section 123 of the Local Government act 1972. The Council can dispose of land at an undervalue to Parish Council’s and Community Groups, under the General Disposal Consent 2003, where it considers that it will help to secure the promotion or improvement of the economic, social or environmental well-being of its area.

**Revenue** – The Council has the option to support its capital programme with contributions from its revenue resources including earmarked reserves. Given the ongoing cuts in Government revenue funding, the Strategy assumes limited revenue resources will be available to support capital spending. This position will be reviewed annually as part of the Council’s ongoing long and medium-term financial planning arrangements.

**Partnerships** – Capital investment in the District is delivered not only by the Council directly, but also through its role as community leader, working with others to encourage investment. In such instances, public funding acts as seed funding to facilitate development. The Council adopts a strategic approach to the use of external funding and has a successful track record in securing external support to help fund capital schemes. These include community schemes enabled by the Council as well as those it delivers directly. Increasingly, capital projects are dependent on attracting grant aid from sub-regional, regional, national and (for the period of this strategy) European sources. Although often requiring match funding from the Council’s own limited resources, this can be a very efficient method of adding value to those resources in delivering a variety of capital schemes. All such schemes must offer value for money and assist in meeting the Council’s priorities. The Council also contributes towards schemes managed by other organisations if they will help to meet the Council’s priorities.

**Funding Sources For The 2022/23 – 2025/26 Capital Programme**

8.2 The table below shows the estimated sources of capital funding over the period of this strategy.

**Table 2: 2022/23 to 2025/26 Summary of Estimated Capital Resources**

	2022/23 Estimate £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000
Capital Programme Costs	6,303	1,868	587	587
<u>Funding Resources</u>				
Capital Receipts / grants	4,804	1,678	557	557
Earmarked Reserves	1,499	190	30	30
Potential Borrowing subject to Capital Receipts	0	0	0	0

**Maximising Resources**

8.3 The Council will seek to maximise the resources available for its future capital investment through:

- **Asset rationalisation** – the realisation of capital receipts will be one of the means of raising capital resources over the period of the Medium Term Financial Plan (MTFP). Through the Asset Management Plan (AMP) further surplus assets will be identified which are no longer required to meet the Council’s Priorities and present opportunities to raise capital receipts through the disposal of such assets. The Council will endeavour to realise better VFM from its assets;
- **Resource bidding** – identifying potential external funding sources to address the revenue and capital implications of the Council Plan priorities. Where possible, officers will seek external funding for potential capital projects before submitting a capital bid; The Council has a good

record of attracting external funding.

- **Partnership arrangements** – the partnership approach to service delivery is a key component of realising the Council’s priorities. The Council will seek to attract investment into the District through its work in the other existing partners and with the wider public and private sectors;
- **Collaborative Working** – with RSLs and other developers to maximise the supply of new housing, including affordable housing, and related facilities;
- **Prudential borrowing** – opportunities to use the prudential regime for capital finance will be re-assessed in line with improvements to the Council’s financial position. This will apply in particular to spend-to-save schemes where capital investment is justified in terms of additional income and / or revenue savings. Full assessment of the use of prudential borrowing will also take place if there are temporary shortfalls in capital resources arising from timing delays in receipt of expected support for the programme such as capital receipts or grants.

## 9 ALLOCATION OF CAPITAL RESOURCES

- 9.1 The Council reviews the allocation of capital resources on an annual basis to ensure that its programme of investment is in line with the actual resources available to support its spending needs and priorities.
- 9.2 The capital resources at the Council’s disposal are either:
- ring-fenced / earmarked to a particular scheme or proposal.
  - discretionary for use on any scheme. These funds include the use of revenue, capital receipts, capital grants, borrowing approvals and any unsupported borrowing through the prudential system.
- 9.3 Given the limited level of capital and revenue resources, it is vital that the Council has a robust decision making process to ensure that resources are allocated in the most effective way. The Capital Strategy guides the production of the capital programme to ensure:
- all capital investment decisions are taken based on full knowledge of the facts, options, effects and consequences of the decision being taken;
  - schemes clearly show a link to corporate priorities;
  - alternatives are identified and considered through a robust option appraisal process for all capital projects.;
  - a formal evaluation process is used to manage the competing demands for resources.
- 9.4 In order to ensure that capital resources are used most effectively and contribute to the achievement of the Council’s priorities, the Council assesses all schemes annually against pre-set criteria using a bidding process.
- 9.5 In determining whether schemes should be included within the capital programme the following criteria are considered:
- Statutory obligations.
  - Risk implications
  - Council priorities
  - National priority initiatives
  - Performance measures
  - Partnership Working



- Revenue implications

9.6 The basis of the cost assessment is also considered.

9.7 The Capital Bid Form is submitted on an annual basis and used to assess capital schemes. Details are submitted for a four-year period to enable the full financial impact to be assessed and to facilitate the rolling financial programme. Any schemes put forward during the year, outside the annual bidding process, would be assessed against the same criteria.

9.8 Bids are evaluated and initially prioritised by the Corporate Leadership Team (CLT). The bids are then subject to further evaluation and prioritisation through a joint workshop with Senior Leadership Team (SLT).

9.9 The Council's AMP and Vehicle replacement schedule and IT replacement schedule inform the capital programme on a rolling basis. With scarce resources to fund the programme this enables decisions to be made as to whether or not the replacement and or refurbishment of an asset should be undertaken according to the schedule, delayed or in some cases pulled forwards.

## **10 REVENUE IMPLICATIONS**

10.1 It is important that the revenue implications of capital investment are clearly identified, these may include:

- Interest charges arising from existing or additional borrowing
- Investment income foregone when capital receipts are used
- Leasing costs
- Running costs of capital projects
- Depreciation costs
- Revenue (income) streams
- Efficiency gains

10.2 It is also essential that any increases in capital expenditure are limited to a level whereby the corresponding impact on revenue is containable within projected resource levels over the term of the MTFP.

10.3 The revenue effects of capital programme schemes and the assumptions on which they are based have been reflected in the 2021/22 annual budget and the forward forecast.

## **11 PROCUREMENT**

11.1 Capital related procurement is undertaken in accordance with approved procedures set out in the Council's Contract Procedure Rules.

## **12 ROLES AND RESPONSIBILITIES**

12.1 The Chief Finance Officer (S151 Officer) is responsible for policy development and ensuring financial

monitoring and management of the Capital Programme.

- 12.2 Individual budget holders and Service Managers are responsible and accountable for specific schemes within the overall Capital Programme.

### **13 PERFORMANCE MANAGEMENT**

- 13.1 The financial performance of schemes in the capital programme is reported quarterly to the Corporate Leadership Team and the Policy Committee by the Chief Finance Officer (s151 officer).
- 13.2 Service Managers are responsible for managing capital projects. Performance monitoring clinics are held with individual budget holders regularly in the presence of the Leader of the Council, the Chief Executive and the Chief Finance Officer. This includes capital financial performance, as well revenue budget and other key service performance indicators.
- 13.3 Support from the Financial Management service is provided on a regular basis in the form of regular monitoring statements and follow up meetings.

### **14 PARTNERSHIP WORKING**

- 14.1 The Council recognises the importance of partnership and joint working in order to deliver its own priorities. Through working in partnership the Council can also seek to influence, ensuring all opportunities are maximised and funding opportunities are realised.
- 14.2 The Council has a diverse range of partners including North Yorkshire County Council, the district councils of North Yorkshire, local town and parish councils, North Yorkshire Police, the Yorkshire Dales National Park Authority, North Yorkshire Fire and Rescue Service, Registered Providers of Social Housing operating in the district, Canals and Rivers Trust, Environment Agency, plus representative groups of the local business community and the voluntary sector. The Council also has a Concordat agreement with Harrogate for the delivery of shared services.
- 14.3 Leeds City Region Local Enterprise Partnership (LEP) brings together the six West Yorkshire local authorities plus Craven, Harrogate and Selby from North Yorkshire and York to work together towards common aims in areas such as transport, skills, housing and spatial planning.
- 14.4 The York, North Yorkshire and East Riding of Yorkshire Local Enterprise Partnership (LEP) brings together a number of agencies working to improve economic and community regeneration across York, North Yorkshire and East Riding of Yorkshire. As a member of the partnership, Craven District Council makes a significant contribution to the delivery of the LEP priorities. The Council has been successful in bidding for project funding from the LEP.

### **15 LINKS TO ASSET MANAGEMENT**

- 15.1 The Capital Strategy is intrinsically linked to the Asset Management Plan (AMP) which sets out the Council's strategic objectives for its property portfolio. The objectives of the AMP are:
- Support regeneration, economic and housing growth.
  - Maximise the efficiency and income generation of the asset portfolio.

- Maximise the efficiency and income generation of the asset portfolio.
- 15.2 CLT together with key Elected Members (as determined by Policy Committee) considers significant new asset acquisitions, as well as significant asset disposals. This corporate approach seeks to ensure that the Council gets value for money from all its assets.

## **16 RISK**

- 16.1 The identification, evaluation, management and monitoring of risk is an important element of a robust Capital Strategy.
- 16.2 The Council has a well-established Risk Management Framework. The Corporate Risk Register is monitored and updated regularly and presented to the Corporate Leadership Team and the Audit & Governance Committee. For capital projects, any associated risks and opportunities are identified, monitored and reviewed. Large capital schemes should feature on the Corporate Risk Register as well as on a detailed separate register, to ensure effective risk management.

## **17 CONCLUSIONS AND REVIEW**

- 17.1 The Capital Strategy indicates how the Council plans to make best use of its capital resources to meet the Council's priorities. It has been updated to reflect the latest Council Plan and will be reviewed annually following the review of the Council Plan. It will be updated annually along with the MTFP and refreshed every four years, or sooner if required. Any changes to the Strategy will be reported to Members.



If you would like this information in a way which is better for you, please telephone 01756 700600.

Craven District Council  
1 Belle Vue Square  
Broughton Road  
Skipton  
North Yorkshire  
BD23 1FJ

**Tel: 01756 700600**

**Email: [contactus@cravenc.gov.uk](mailto:contactus@cravenc.gov.uk)**

**Website: [www.cravenc.gov.uk](http://www.cravenc.gov.uk)**



**Table 1: The Funding sources identified in the setting of the 2022/23 budget:**

	£'000
Revenue Support Grant	-
Rural Services Grant	294
Other grants	211
New Homes Bonus	292
Retained Business Rates	2,436
Business Rates Collection Fund (Deficit)	41
Council Tax Collection Fund (Deficit)	40
Council Tax	4,350
Contribution from General Fund Balance	-
Contributions (to)/from Earmarked Reserves	1,272
<b>Total Funding</b>	<b>8,935</b>

**Table 2: Summary Budget 2022/23 and indicative budget to 2024/25**

	2022/23 £'000	2023/24 £'000	2024/25 £'000
Net Cost of Services	6,365	6,455	6,437
Revenue Growth Bids	265	157	161
Capital Costs & Investment Income	631	587	589
Revenue Contribution to Capital Programme	1,499	190	190
Corporate Contingency	176	75	75
Net Revenue Expenditure	8,935	7,464	7,452
CTax & NDR Collection Fund (Surplus) / Deficit	(81)	(50)	(50)
Government Grants*	(505)	(403)	(403)
New Homes Bonus	(292)	-	-
Non Domestic Rates & Grant	(2,436)	(2,008)	(2,119)
Funding required from Tax & Reserves	5,622	5,003	4,880
Contributions to/(from) Reserves Including Budget Support	(1,272)	(433)	(168)
Future Years Fees and Charges Growth		(82)	(84)
Council Tax (proposed £5.00 increase)	(4,350)	(4,488)	(4,628)
Deficit / Surplus for the Year	(0)	(0)	0

**Table 3: Contributions to/(from) Reserves 2022/23**

Reserve	Contribution To £'000	Contribution From £'000	Net Movement £'000
New Homes Bonus	292	(1,261)	(969)
Business Rates Contingency	-	-	-
Insurance Fund	-	-	-
Buildings	-	(98)	(98)
IT Projects	-	(40)	(40)
Vehicles	-	-	-
Enabling Efficiencies	-	(60)	(60)
Elections	20	-	20
Future Year Budgets	-	(125)	(125)
Total	312	(1,584)	(1,272)

**Table 4: Capital Programme Forecast 2022/23 – 2025/26**

	2022/23 Estimate £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000
Capital Programme Costs	6,303	1,868	587	587
Funding Resources				
Capital Receipts / grants	4,804	1,678	557	557
Earmarked Reserves	1,499	190	30	30
Potential Borrowing subject to Capital Receipts	-	-	-	-

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2022/23**

2021/22 Original Budget £ Col 2	Cost Centre	2022/23 Original Budget £ Col 5	2023/24 Indicative Budget £ Col 6	2024/25 Indicative Budget £ Col 7
(4,490)	Hackney Carriages	(3,905)	(2,821)	(1,869)
(32,095)	Licencing	(29,010)	(27,926)	(26,974)
<b>(36,585)</b>	<b>Licensing Services</b>	<b>(32,915)</b>	<b>(30,747)</b>	<b>(28,843)</b>
44,187	<b>Street Signs &amp; GIS</b>	46,947	48,369	49,818
4,000	Historic Buildings & Conservation	4,000	4,000	4,000
35,959	Building Control - Non Fee Earning	38,075	39,375	40,058
(29,372)	Building Control - Fee Earning	(21,910)	(17,181)	(16,548)
249,602	Local Plan	303,139	284,079	289,388
(96,956)	Local Land Charges	(96,005)	(95,642)	(95,271)
199,001	Development Control	260,385	273,818	292,935
<b>362,234</b>	<b>Planning and Building Control Services</b>	<b>487,683</b>	<b>488,450</b>	<b>514,562</b>
39,903	Arts Development	42,426	44,604	45,359
77,080	Great Places	84,665	130,544	-
21,800	Attraction of Trade & Tourists	21,800	21,800	21,800
59,140	Industrial Development & Promotion	29,140	-	-
28,223	Settle Tourist Information Centre	28,775	28,175	27,439
53,000	New Homes Bonus	12,000	12,000	12,000
168,412	Economic & Community Development Service Unit	187,397	190,124	192,907
<b>447,558</b>	<b>Economic &amp; Community Development Services</b>	<b>406,203</b>	<b>427,248</b>	<b>299,505</b>
-	Museum-WW1 Home Front	-	-	-
(279)	Museum-Development Project - Delivery Phase	-	-	-
136,006	Museum & Town Hall	179,326	170,546	124,258
2,733	Rural Culture: Creating a Hub for Craven	-	-	-
<b>138,460</b>	<b>Skipton Town Hall &amp; Museums</b>	<b>179,326</b>	<b>170,546</b>	<b>124,258</b>
263,276	Customer Services	273,844	281,930	289,504
196,621	Communications,Partnerships & Engagement	216,216	221,971	226,568
1,174	Sport Events	-	-	-
87,593	Elections	77,344	77,503	75,609
73,238	Electoral Registration	90,988	93,627	92,357
40,045	Craven Crime Reduction P'ship	41,416	43,725	44,551
(410,880)	Cost of Coll. & Rent Allowances	(410,880)	(410,880)	(410,880)
654,381	Revenues & Benefits Services	618,626	627,774	637,104
-	Community Services	-	-	-
99,956	Democratic Services	105,154	107,259	105,843
205,101	Democratic Representation	205,101	205,101	205,101
<b>1,210,505</b>	<b>Others</b>	<b>1,217,809</b>	<b>1,248,010</b>	<b>1,265,757</b>
29,365	Craven Leisure	23,760	59,216	72,160
646	Revive - Craven Leisure Café	(3,038)	(1,025)	1,016
758	Healthy Lifestyles - Craven Leisure	0	1,404	1,939
<b>30,770</b>	<b>Craven Leisure</b>	<b>20,722</b>	<b>59,595</b>	<b>75,114</b>
<b>(488,393)</b>	<b>Bereavement Services</b>	<b>(537,420)</b>	<b>(531,826)</b>	<b>(537,017)</b>
<b>(1,168,394)</b>	<b>Car Parks</b>	<b>(1,131,822)</b>	<b>(1,132,513)</b>	<b>(1,126,859)</b>

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2022/23**

2021/22 Original Budget £ Col 2	Cost Centre	2022/23 Original Budget £ Col 5	2023/24 Indicative Budget £ Col 6	2024/25 Indicative Budget £ Col 7
(19,092)	Private Garage Sites	(14,092)	(19,092)	(19,092)
82,009	Public Conveniences	90,192	80,894	81,095
113,060	Amenity Areas	118,060	113,060	113,060
(19,688)	Shared Ownership Scheme	(20,688)	(21,688)	(21,688)
<b>156,289</b>	<b>Assets &amp; Commercial Services</b>	<b>173,472</b>	<b>153,174</b>	<b>153,375</b>
400,978	Environmental Health Services	435,440	443,781	445,426
-	Flooding 15/16	-	-	-
<b>400,978</b>	<b>Environmental Health Services</b>	<b>435,440</b>	<b>443,781</b>	<b>445,426</b>
30,138	Aireview House	36,001	36,668	37,358
244,182	Homelessness	256,517	260,003	263,825
(2,404)	Private Sector Adaptations	(1,905)	(3,357)	(1,342)
70,319	Housing Enabling Service	71,735	72,219	72,711
26,185	Housing Service Unit	29,719	30,145	30,579
763	Homeless Prevention Support Service	2,538	1,170	270
<b>369,183</b>	<b>Housing Services</b>	<b>394,605</b>	<b>396,846</b>	<b>403,403</b>
693,871	Refuse Collection Domestic	645,877	653,856	661,881
(278,573)	Refuse Collection Commercial	(212,524)	(189,966)	(177,156)
388,325	Street Cleansing	433,111	438,837	444,293
375,433	Recycling	365,236	378,764	392,626
60,375	Cleaner Neighbourhoods	70,238	71,393	72,416
41,980	Mechanics Workshop	50,573	53,539	55,961
287,468	Waste Management Service Unit	257,931	265,199	271,535
(130,657)	Garden Waste Subscription Scheme	(128,375)	(124,015)	(118,820)
<b>1,438,222</b>	<b>Waste Management &amp; Recycling</b>	<b>1,482,066</b>	<b>1,547,607</b>	<b>1,602,737</b>
240,038	Corporate Costs	310,995	311,565	311,892
492,992	CLT	515,208	525,005	534,995
505,823	Financial Services	504,706	516,246	529,749
205,392	Business Support	227,790	233,590	238,421
156,221	Human Resources & Training	162,222	165,445	168,703
129,374	Legal Services	134,830	136,441	138,103
34,115	Health & Safety	34,835	35,206	35,585
512,355	ICT	518,764	523,435	529,887
21,846	Miscellaneous Property	12,296	28,596	12,296
22,628	Bus Station	18,628	23,628	18,628
62,134	Skipton Depot	140,584	43,244	43,244
70	Settle Depot	10,020	70	70
270,868	Belle View Square	268,868	267,868	267,868
(89,629)	Estates Services	(89,629)	(89,629)	(89,629)
-	Joint Venture - CBR Ltd	-	-	-
368,683	Assets & Commercial Service Unit	452,940	446,117	455,497
<b>2,932,909</b>	<b>Total Corporate and Other Services</b>	<b>3,223,056</b>	<b>3,166,826</b>	<b>3,195,309</b>
<b>5,837,923</b>	<b>TOTAL NET COST OF SERVICES</b>	<b>6,365,173</b>	<b>6,455,364</b>	<b>6,436,544</b>

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2022/23**

2021/22 Original Budget £ Col 2	Cost Centre	2022/23 Original Budget £ Col 5	2023/24 Indicative Budget £ Col 6	2024/25 Indicative Budget £ Col 7
<b>Corporate Items and Financing</b>				
<b>Corporate Income and Expenditure</b>				
255,710	Interest Payable (Incl Premia/Discount)	255,710	255,710	255,710
(115,000)	Investment Income	(115,000)	(105,000)	(105,000)
88,000	MRP for Capital Financing	90,434	91,248	93,000
403,000	Capital Financing	400,000	345,000	345,000
428,000	Revenue Contributions to Capital Outlay	1,498,500	190,000	190,000
83,113	Additional Contingency around inflationary increases (utility bills)	100,630		
75,000	Corporate Contingency	75,000	75,000	75,000
77,000	Revenue Growth Bids to Allocate	265,000	157,000	161,000
<b>7,132,746</b>	<b>NET REVENUE EXPENDITURE</b>	<b>8,935,447</b>	<b>7,464,322</b>	<b>7,451,254</b>
<b>Contributions to/(from ) Reserves/Other</b>				
(17,000)	Contribution (from) Enabling Efficiencies Fund Reserve	(60,000)	0	0
-	Contribution (from) Planning Reserve	-	-	-
(137,000)	Contribution (from) New Homes Bonus Reserves	(1,261,000)	(10,000)	(161,000)
-	Contribution (from) Business Rates Contingency	-	-	-
-	Contribution (from) Future Budgets Reserve	(125,000)	-	-
(104,000)	Contribution (from) Buildings Reserve	(98,000)	(150,000)	-
(42,000)	Contribution (from) IT Reserve	(40,000)	(40,000)	(40,000)
(342,000)	Contribution (from) Vehicle Reserve	0		
(16,000)	Contribution (from) Elections Reserve	20,000	0	0
(413,084)	Budget Support required subject to Amber savings identified	0		
564,000	Contribution to New Homes Bonus Reserves	292,000		
10,000	Contribution to Insurance Fund	0		
52,000	Contribution to Buildings Reserve	0		
30,000	Contribution to IT Reserve	0		
30,000	Contribution to Vehicle Reserve	0		
-	Contribution to Enabling Efficiencies	-	-	-
-	Contribution To Elections Reserve	-	-	-
	Future Years Fees and Charges Growth / Budget Support	-	(315,000)	(50,000)
<b>6,747,662</b>	<b>AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement)</b>	<b>7,663,447</b>	<b>6,949,322</b>	<b>7,200,254</b>
<b>Central Government Support</b>				
-	One off Services Grant	(102,000)	-	-
(279,914)	Rural Services Delivery Grant	(294,000)	(294,000)	(294,000)
-	Lower Tier Services Grant	(67,000)	(67,000)	(67,000)
(46,160)	Housing Grants	(42,000)	(42,000)	(42,000)
(25,000)	Transfer from CtaxCollection Fund	(40,006)	(50,000)	(50,000)
(14,000)	Transfer from NDR Collection Fund	(40,727)	-	-
(564,000)	New Homes Bonus	(292,000)	0	0
(1,720,000)	National Non-Domestic Rates	(2,436,000)	(2,008,000)	(2,119,000)
<b>4,098,588</b>	<b>AMOUNT TO BE MET FROM COUNCIL TAX</b>	<b>4,349,714</b>	<b>4,488,322</b>	<b>4,628,254</b>



**CRAVEN DISTRICT COUNCIL**  
**2019/20 BUDGET**  
**SUBJECTIVE ANALYSIS**

Cost Centre	Employees	Premises	Transport	Supplies/ Services	Agency/ Contracted	Transfer Payments	Internal Rcharge	Total Costs	External Income	Govt Grants	C/Tax NNDR	Reserves	Internal Income	Total Income	Net Cost of Service
Hackney Carriages	45,005		5,000	11,090			-	61,095	(65,000)					(65,000)	(3,905)
Licencing	45,115		-	3,375				48,490	(77,500)					(77,500)	(29,010)
<b>Licensing Services</b>	<b>90,120</b>	<b>-</b>	<b>5,000</b>	<b>14,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,585</b>	<b>(142,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(142,500)</b>	<b>(32,915)</b>
<b>Street Naming, Numbering &amp; GIS</b>	<b>68,797</b>	<b>8,000</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,947</b>	<b>(30,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,000)</b>	<b>46,947</b>
Historic Buildings & Conservation				4,000				4,000	-					-	4,000
Building Control - Non Fee Earning	35,600		2,400	75				38,075	-					-	38,075
Building Control - Fee Earning	131,996		7,000	4,094				143,090	(165,000)					(165,000)	(21,910)
Local Plan	249,869		-	53,270				303,139		-				-	303,139
Local Land Charges	20,365	-		36,630				56,995	(153,000)					(153,000)	(96,005)
Development Control	639,525	-	6,000	70,860				716,385	(456,000)					(456,000)	260,385
Head of Planning & Building Control	-		-	-				-	-	-				-	-
<b>Planning and Building Control Services</b>	<b>1,077,354</b>	<b>-</b>	<b>15,400</b>	<b>168,929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,261,683</b>	<b>(774,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(774,000)</b>	<b>487,683</b>
Arts Development	34,486		740	7,200				42,426	-					-	42,426
Great Places (Resilient Communities)	151,977		2,500	292,912				447,389	(362,724)					(362,724)	84,665
Attraction of Trade & Tourists (Resilient Communities)				21,800				21,800						-	21,800
Industrial Development & Promotion (Resilient Communities)				29,140				29,140						-	29,140
Settle Tourist Information Centre (Resilient Communities)	32,435	6,660	50	8,800				47,945	(19,170)					(19,170)	28,775
New Homes Bonus (Resilient Communities)				12,000				12,000	-					-	12,000
Economic & Community Development Unit (Resilient Comms)	178,017	10	1,000	8,570				187,597	(200)					(200)	187,397
<b>Economic &amp; Community Development Services</b>	<b>396,915</b>	<b>6,670</b>	<b>4,290</b>	<b>380,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788,297</b>	<b>(382,094)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(382,094)</b>	<b>406,203</b>
Museum-Indispensable	-		-	-				-	-					-	-
Museum-WW1	-		-	-				-	-					-	-
Museum-WW1 Home Front	-		-	-				-	-					-	-
Museum Development Project - Development Phase	-		-	-				-	-					-	-
Museum Development Project - Delivery Phase	-		-	-				-	-					-	-
Rural Culture	-		-	-				-	-					-	-
Museums & Town Hall	321,380	116,705	120	126,412				564,617	(385,291)					(385,291)	179,326
<b>Skipton Town Hall &amp; Museums</b>	<b>321,380</b>	<b>116,705</b>	<b>120</b>	<b>126,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>564,617</b>	<b>(385,291)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(385,291)</b>	<b>179,326</b>
<b>Enterprising Craven</b>	<b>1,954,566</b>	<b>131,375</b>	<b>24,960</b>	<b>690,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,801,129</b>	<b>(1,713,885)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,713,885)</b>	<b>1,087,244</b>
Customer Services	276,353	1	-	5,990				282,344	(8,500)					(8,500)	273,844
Communications, Partnerships & Engagement	157,116	-	100	64,350				221,566	(5,350)	-				(5,350)	216,216
Sport Events	-		-	-				-	-					-	-
Elections	18,914	14,000	500	45,930				79,344	(2,000)					(2,000)	77,344
Electoral Registration	55,338		220	36,830				92,388	(1,400)	-				(1,400)	90,988
Craven Crime Reduction P'ship	39,331		1,500	2,085				42,916	(1,500)					(1,500)	41,416
Cost of Coll. & Rent Allowances	-	-	-	14,060		7,000,000		7,014,060	(7,000,000)	(257,940)	(167,000)			(7,424,940)	(410,880)
Revenues & Benefits Services	458,466		2,300	162,860				623,626	(5,000)	-				(5,000)	618,626
Community Services	-		-	-				-	-	-				-	-
Democratic Services	101,990		-	3,164				105,154	-					-	105,154
Democratic Representation	196,885	16	-	8,200				205,101	-					-	205,101
<b>Others</b>	<b>1,304,393</b>	<b>14,017</b>	<b>4,620</b>	<b>343,469</b>	<b>-</b>	<b>7,000,000</b>	<b>-</b>	<b>8,666,499</b>	<b>(7,023,750)</b>	<b>(257,940)</b>	<b>(167,000)</b>	<b>-</b>	<b>-</b>	<b>(7,448,690)</b>	<b>1,217,809</b>
Craven Leisure	611,610	308,500	-	217,150			1,500	1,138,760	(1,115,000)					(1,115,000)	23,760
Revive - Craven Leisure Café	96,025	7,936	-	67,000			1,001	171,962	(175,000)					(175,000)	(3,038)
Healthy Lifestyles - Craven Leisure	24,539	3,050	700	19,500				47,789	(47,789)					(47,789)	0
<b>Craven Swimming Pool &amp; Fitness Centre</b>	<b>732,174</b>	<b>319,486</b>	<b>700</b>	<b>303,650</b>	<b>-</b>	<b>-</b>	<b>2,501</b>	<b>1,358,511</b>	<b>(1,337,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,337,789)</b>	<b>20,722</b>
<b>Bereavement Services</b>	<b>183,702</b>	<b>157,214</b>	<b>1,924</b>	<b>97,540</b>	<b>-</b>	<b>-</b>	<b>2,500</b>	<b>442,880</b>	<b>(980,300)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(980,300)</b>	<b>(537,420)</b>
<b>Car Parks</b>	<b>42,925</b>	<b>312,719</b>	<b>4,100</b>	<b>119,270</b>	<b>24,164</b>	<b>-</b>	<b>-</b>	<b>503,178</b>	<b>(1,635,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,635,000)</b>	<b>(1,131,822)</b>

Cost Centre	Employees	Premises	Transport	Supplies/ Services	Agency/ Contracted	Transfer Payments	Internal Rcharge	Total Costs	External Income	Govt Grants	C/Tax NNDR	Reserves	Internal Income	Total Income	Net Cost of Service
Private Garage Sites		5,508		10,400				15,908	(30,000)					(30,000)	(14,092)
Public Conveniences	9,016	44,556		36,620				90,192	-					-	90,192
Amenity Areas	-	30,160		3,000	94,500		400	128,060	(10,000)					(10,000)	118,060
Shared Ownership Scheme	1,000	8,312		10,000				19,312	(40,000)					(40,000)	(20,688)
<b>Assets &amp; Commercial Services</b>	<b>10,016</b>	<b>88,537</b>	<b>-</b>	<b>60,020</b>	<b>94,500</b>	<b>-</b>	<b>400</b>	<b>253,472</b>	<b>(80,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80,000)</b>	<b>173,472</b>
Environmental Health Services	381,574	6,520	19,030	75,216			2,370	484,710	(49,270)					(49,270)	435,440
Flooding 2015/16	-	-	-	-				-	-					-	-
<b>Environmental Health Services</b>	<b>381,574</b>	<b>6,520</b>	<b>19,030</b>	<b>75,216</b>	<b>-</b>	<b>-</b>	<b>2,370</b>	<b>484,710</b>	<b>(49,270)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,270)</b>	<b>435,440</b>
Private Sector Adaptations	91,994		1,500	538,161				631,655	(633,560)					(633,560)	(1,905)
Housing Enabling Service	23,335		500	47,900				71,735	-					-	71,735
Aireview House	29,500	23,151	100	27,250			-	80,001	(44,000)					(44,000)	36,001
Homelessness	182,877	500	1,000	87,200				271,577	(15,060)	-				(15,060)	256,517
Housing Service Unit	20,889		1,000	15,890				37,779	(8,060)					(8,060)	29,719
Homeless Prevention Service Unit	47,186		1,000	4,431				52,617	(50,079)					(50,079)	2,538
<b>Housing Services</b>	<b>395,781</b>	<b>23,651</b>	<b>5,100</b>	<b>720,832</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,145,364</b>	<b>(750,759)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(750,759)</b>	<b>394,605</b>
Refuse Collection Domestic	391,111		234,690	23,200			27,376	676,377	(30,500)				-	(30,500)	645,877
Refuse Collection Commercial	255,841		110,000	425,500			13,885	805,226	(1,017,750)				-	(1,017,750)	(212,524)
Street Cleansing	345,846	1,256	68,889	42,620			15,000	473,611	(2,000)				(38,500)	(40,500)	433,111
Recycling	373,289	-	50,264	279,683			13,000	716,236	(351,000)					(351,000)	365,236
Cleaner Neighbourhoods	55,388	-	1,350	5,000			12,500	74,238	(4,000)					(4,000)	70,238
Mechanics Workshop	123,188	23,804	2,493	10,760			-	160,245	(3,500)				(106,172)	(109,672)	50,573
Waste Management Service Unit	234,520		1,893	20,150			1,368	257,931	-					-	257,931
Garden Waste Subscription Scheme	160,056		21,641	141,384			15,414	338,496	(466,871)					(466,871)	(128,375)
<b>Waste Management &amp; Recycling</b>	<b>1,939,239</b>	<b>25,060</b>	<b>491,220</b>	<b>948,297</b>	<b>-</b>	<b>-</b>	<b>98,543</b>	<b>3,502,359</b>	<b>(1,875,621)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(144,672)</b>	<b>(2,020,293)</b>	<b>1,482,066</b>
<b>Resilient Communities</b>	<b>4,989,804</b>	<b>947,204</b>	<b>526,694</b>	<b>2,668,294</b>	<b>118,664</b>	<b>7,000,000</b>	<b>106,314</b>	<b>16,356,974</b>	<b>(13,732,489)</b>	<b>(257,940)</b>	<b>(167,000)</b>	<b>-</b>	<b>(144,672)</b>	<b>(14,302,101)</b>	<b>2,054,873</b>
Corporate Management	51,022			261,973				312,995	(2,000)					(2,000)	310,995
CLT	506,048		500	8,710				515,258	(50)					(50)	515,208
Financial Services	442,776	-	-	61,930				504,706	-					-	504,706
Business Support	225,810	-	1,300	3,940				231,050	(3,260)					(3,260)	227,790
Human Resources & Training	140,077		40	22,155				162,272	(50)					(50)	162,222
Legal Services	125,620		250	26,960				152,830	(18,000)					(18,000)	134,830
Health & Safety	20,195		-	14,640				34,835	-					-	34,835
Information Services	303,715	909	140	214,000				518,764	-					-	518,764
Miscellaneous Property		12,096		200				12,296	-					-	12,296
Bus Station		29,088		-			5,040	34,128	(15,500)					(15,500)	18,628
Skipton Depot	1,625	39,749		99,210				140,584	-					-	140,584
Settle Depot		10,020		-				10,020	-					-	10,020
Belle Vue Square	-	246,938		64,430			5,000	316,368	(47,500)					(47,500)	268,868
Build to Rent	-			-				-	-					-	-
Estates Services	-	13,631		17,440				31,071	(120,700)					(120,700)	(89,629)
Skipton Developments (Resilient Communities)				-				-	-					-	-
Joint Venture - CBR Ltd				-				-	-					-	-
Assets & Commercial Service Unit	497,121	14	775	12,030			-	509,940	(22,000)				(35,000)	(57,000)	452,940
<b>Financial Resilience</b>	<b>2,314,009</b>	<b>352,444</b>	<b>3,005</b>	<b>807,618</b>	<b>-</b>	<b>-</b>	<b>10,040</b>	<b>3,487,116</b>	<b>(229,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,000)</b>	<b>(264,060)</b>	<b>3,223,056</b>
<b>TOTAL NET COST OF SERVICES</b>	<b>9,258,379</b>	<b>1,431,023</b>	<b>554,659</b>	<b>4,166,140</b>	<b>118,664</b>	<b>7,000,000</b>	<b>116,354</b>	<b>22,645,219</b>	<b>(15,675,434)</b>	<b>(257,940)</b>	<b>(167,000)</b>	<b>-</b>	<b>(179,672)</b>	<b>(16,280,046)</b>	<b>6,365,173</b>

**Craven District Council  
2022/23 Revenue Budget Bids**

Bid No	Bid Ref	Section	Cost Centre	Description	Description of Bid	2022/23 Amount £	2023/24 Amount £	2024/25 Amount £	2025/26 Amount £	One off / Permanent / Fixed Term
1	RB01 22/23	Environmental Services - Waste Management	R200	Waste Management - Domestic	Budget for an additional 6 operatives. All options will be explored to ensure service delivery is maintained however there is significant pressure on work demands due to the increasing number of households and all rounds are not always completed without drawing resource from street cleaning or bulk waste collections. Garden waste subscriptions are increasing year on year. The Council currently has 2 garden rounds. One of the garden waste crews currently operates with only one cleansing operative. The rounds are changing in March 2022, in order to accommodate increased tonnages and distribute the workload more evenly. An additional cleansing operative is likely to be required so both rounds have the same capacity. An additional day has been added to the commercial recycling round in 2021/22, in order to meet customer demand. The commercial waste service continues to grow and capacity is currently stretched, particularly covering leave. One of the activities under the Waste Education Programme, starting late 2021, is to increase commercial recycling rates. There are also 300+ holiday lets in need of a trade waste contract. It is anticipated approximately 50% of these will opt to take a contract with the Council. The garden waste and commercial waste services are subscription services and the costs can be met from the income.	52,597	-	-	-	O
			R213	Waste Management - Garden Waste		52,597	53,912	55,259	56,641	P
			R201	Waste Management - Commercial		52,597	53,912	55,259	56,641	P
2	RB03 22/23	Environmental Services - Environmental Health	R220	Water Sampling	1 x Environmental Health Technical Officer (1 FTE) is required to help meet statutory requirements, including undertaking all required risk assessments, sampling and follow up action. Private Water Sampling is a chargeable service and an increase in resources should be offset by income received. 0.1 FTE - Environmental Health Technical Officer (General) Based on current figures, Environmental Protection service requests are expected to show an overall increase of 6% in 2021, compared to 2019. The largest increase is noise nuisance, which has already seen an increase of 45% since 2019 and 40% since 2020, with an increase of 80+ cases between January and September 2021 compared to the whole of 2019 and 2020. The service would greatly benefit from increasing the 0.4 FTE post to 1 FTE. The current post occupier is also keen to increase to full time hours and has recently undertaken training in a number of areas.	38,000	38,950	39,924	40,922	P
3	RB04 22/23	Economic Development	R311	Industrial Development	Provision of Engineering Support  To maintain provision for the Council to purchase design, engineering and construction services to aid the development and delivery of capital projects designed to make a direct contribution to achieving the Council's priority for a Carbon Neutral Craven.  The support is needed to produce design proposals with estimated costs to help build and develop a pipeline of small scale projects; inform the preparation and submission of funding bids, and then oversee the delivery of the project through to completion	30,000	-	-	-	O
4	RB05 22/23	Economic Development	R311	Industrial Development	Business Support  To retain the post of Business Relationship Manager (Craven) for a further twelve-months to 31st March 2023. As part of the COVID-19 Recovery Plan, the York & North Yorkshire Local Enterprise Partnership appointed a Business Relationship Manager to focus on providing support to businesses in Craven. The arrangement was for an initial nine-month period ending 31st March 2022, with the Council providing a contribution towards the costs of the post.	20,000	-	-	-	O
5	RB07 22/23	Asset & Commercial Services	R103	Misc Property	Lighting replacement on Jerry Croft. Lighting on Jerry Croft was removed as part of the Town Hall redevelopment on the proviso something would be put back. In order to improve the safety of pedestrians, cyclists and vehicular traffic	8,800	-	-	-	O
6	RB08 22/23	Asset & Commercial Services	R212	Asset & Commercial Services	The Langcliffe Quarry business unit development is well underway with phase 1 due to complete in mid April 2022. As part of the granting of planning permission the Council was obliged to enter into a S106 agreement to deliver a newly developed Conservation Management Plan within the Council's land ownership, this was approved by Members in January 2021. The Conservation Management Plan sets out required actions within a number of years from commencement of redevelopment. Some required actions are either due or becoming overdue. Members are therefore requested to include an annual revenue budget of £10,500 per annum for the next 3 years, towards the costs of implementing the action plan. In addition to this external funding sources will be sought for any appropriate/specific actions as funding opportunities arise. Further, the structuring of the tenant service charge/rent will include a small contribution towards some business unit site relevant actions.	10,500	10,500	10,500	-	P
<b>Total Revenue Bids</b>						<b>265,090</b>	<b>157,273</b>	<b>160,942</b>	<b>154,204</b>	

## **MAJOR BUDGETS RISK ASSESSMENT 2022/23**

### **1 Background**

- 1.1 This appendix provides a risk assessment for material items of revenue income and expenditure. It identifies those significant budgets where the risk of over or underachievement is greatest, including budgets which are particularly volatile or susceptible to fluctuation as a result of external factors, and attempts to quantify the financial risk to the Council.
- 1.2 Inflation is an important factor for the Council's budgets, and can have an impact when rates are high relative to income growth. The Council is also locked into some contracts which use the RPI for the rate of uplift, and these alone can add considerable risk to the relevant expenditure budgets.

### **2 Salaries and Wages**

- 2.1 Salaries and Wages and other employee costs form a major expenditure for the Council accounting for 40.88% of revenue expenditure with total budgets for 2022/23 being £9.258m.
- 2.2 Variances to the budgets can arise for a number of reasons such as:
- Vacancies (downward pressure).
  - Service pressures – unexpected requirement for overtime e.g. backlogs in work or cover for sickness absence (upward pressure).
  - Maternity leave (upward pressure – due mainly to reduced staffing resources).
  - Sickness absence – short term sickness generally has no financial implications. Long term sickness absence is likely to require posts to be covered to maintain service performance, for example by overtime or temporary staff (upward pressure).
- 2.3 Assessment

2021/22 Budget	1 % Variance	5% Variance	10% Variance
9,258,379	9,350,963	9,721,298	10,184,217

Likelihood: 

Medium
--------

Impact: 

High
------

Risk: 

High
------

### **3 Local Government Pension Scheme**

- 3.1 The Local Government Pension Scheme and its funding have been and continue to be the subject of change. The main cost pressure is the under performance of the Fund, together with increases in pension fund membership, and although the latter has not been significant in the past, changes introduced in 2011/12 mean that employees who have previously opted out of the scheme will be automatically re- entered every 3 years, bringing a potential increase in cost if those employees do not choose to opt out again. 2022/23 is the second year in the cycle, so it is a possibility of the superannuation costs being greater than the 2021/22 budget.
- 3.2 The budgeted employer's contribution is based on a future service rate of 19.8%, however the actual payable contribution set in 2020/21 by the Pension Provider is a stepped contribution rate of 25.5%, 22.4%, 19.4% over the 3 years. Craven have decided to budget on a flat rate to smooth the transition from the 17.7% payable last year and the revised 25.5%. The back funding element has been removed as the deficit has been paid back. Any variation over and above this will impact as per the figures below.

#### 3.3 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
Current Cost 1,129,211	1,140,503	1,185,672	1,242,132
Back funding -	-	-	-

Likelihood: 

Low
-----

Impact: 

Medium
--------

Risk: 

Low
-----

#### 4 Housing Benefits

4.1 The Budget for Housing Benefit payments is estimated to be £7m in 2022/23. The calculation takes into account Rental Price Increases and the current economic climate. Housing Benefit is estimated to equate to the Government Grant. Money recovered from over payments is estimated to be in the region of £0.70m. The recovery level is at risk in difficult economic times creating a risk factor.

#### 4.2 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
7,000,000	7,070,000	7,350,000	7,700,000

Likelihood:	High	Impact:	Low	Risk:	High
-------------	------	---------	-----	-------	------

#### 5 Council Tax Support

5.1 The estimated value of Council Tax Support for 2022/23 is £2.730m. Council Tax Support is funded as a discount on Council tax. Craven DC's risk is that any increased demand for Council Tax Support will result in a 11% liability to the Council of this additional amount. The rest is covered by the NYCC, Fire and Police Authority.

#### 5.2 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
2,729,511	2,756,806	2,865,987	3,002,462

Likelihood:	Low	Impact:	Low	Risk:	Low
-------------	-----	---------	-----	-------	-----

#### 6 Energy Costs (various budgets)

6.1 Energy costs are difficult to predict with precision as they are affected by both volume of consumption and price. The Council procures energy through a framework contract.

6.2 With the uncertainty around energy prices nationally the risk to a price change has increased. As a consequence of this an additional contingency has been built into mitigate this risk.

#### 6.3 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance	
Electricity	130,566	131,872	137,094	143,623
Gas	113,803	114,941	119,493	125,183

Likelihood:	High	Impact:	Medium	Risk:	Medium
-------------	------	---------	--------	-------	--------

#### 7 Waste Collection

7.1 With effect from January 2010, the Council introduced an alternate weekly bin collection system. A sum of £651k is included in the 2022/23 budgets for Council waste collection costs and waste disposal charges made by the County Council.

#### 7.2 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
650,583	657,089	683,112	715,641

Likelihood:	Medium	Impact:	Medium	Risk:	Medium
-------------	--------	---------	--------	-------	--------

7.3 Contained within the budget is an allowance for inflation on certain costs such as vehicle fuel. In addition growth in property numbers impacts on the services costs. The outcomes of the Local Plan will impact the number of properties per year which will be built in the district which may lead to the need for additional resources (vehicles and staffing).

## 8 **Recycling**

8.1 A sum of £386k is included in the 2022/23 budgets for fees that the Council pays to process commodities for recycling. The main items for recycling are green waste, paper, glass, plastic containers/bottles and cans. The costs are variable as the price and tonnage can vary throughout the year due to seasonal trends (green waste) and market forces.

### 8.2 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
Disposal Costs 385,967	389,827	405,265	424,564

Likelihood:	Medium	Impact:	Low	Risk:	Medium
-------------	--------	---------	-----	-------	--------

### 8.3 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
Recycling Credits 448,338	443,855	425,921	403,504

Likelihood:	Medium	Impact:	Medium	Risk:	Medium
-------------	--------	---------	--------	-------	--------

## 9 **Sale Of Recyclables**

9.1 As a result of the collapse in the commodities markets for dry recyclates in 2016/17 Craven District Council (CDC) faced a significant loss of income from the sale of these materials collected at kerbside and from the Council's bring sites. As a result the Council had to pay to send these materials for processing and recycling which means that there had been a huge budget swing for this area. 2022/23 is the sixth year of this arrangement and there is no sign of it coming to an end.

## 10 **Garden Waste Collection Service**

10.1 The Council provides a garden waste collection service to householders who pay a subscription. The subscription charge for 2022/23 is remaining at £36.00 pa.

10.2 This garden waste collection scheme generated over £354k of income in 2021/22, this meant the services was able to breakeven. Because of this the subscription charge has remained the same for 2021/22. If costs can be controlled, it may mean that the service could add a contribution to the Council's overhead costs.

### 10.3 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
335,000	331,650	318,250	301,500

Sensitivity:	Low	Impact:	Medium	Risk:	Low
--------------	-----	---------	--------	-------	-----

## 11 Planning Application Fees

- 11.1 During 2017/18 there was a significant decrease in the planning fee income, this was thought to be caused by the increase in the applications which only attracted a smaller fee, and a reduction in the larger more expensive applications. Although lower value applications increased, there is still considerable volatility in the submission of larger applications. This unpredictability means that this area has a high degree of sensitivity and therefore should continue to be monitored closely.
- 11.2 As part of the Settlement in 2017/18, the Government have allowed a 20% increase in the Fees chargeable and 2018/19 saw a slight increase in Fee income as a result. The budget for 2022/23 has been set at £450,000 as planning fees are very dependent on economic levels of activity, and as outlined above until the situation improves considerably, income levels may remain flat. The pattern over recent years is shown in Table1:

11.3 Table 1:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
	£	£		
2013/14	255,000	406,423	151,423	59
2014/15	263,500	465,344	201,844	77
2015/16	285,000	543,042	258,042	91
2016/17	388,500	519,843	131,343	34
2017/18	418,500	379,723	(38,777)	(9)
2018/19	410,000	412,424	2,424	1
2019/20	410,000	436,257	26,257	6
2020/21	450,000	466,447	16,447	4
2021/22	450,000	450,000	-	-
2022/23	450,000	450,000	-	-

### Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
450,000	445,500	427,500	405,000

Sensitivity:	High	Impact:	Medium	Risk:	High
--------------	------	---------	--------	-------	------

## 12 Building Control

- 12.1 The Council runs its own Building Control Service and as with many other Council's has experienced reduced levels of business due to the economic slowdown, with income levels down. The Council has had to make significant changes and savings to streamline the service to reduce costs to offset the shortfall in income.
- 12.2 It is anticipated that the Service will run after allocation of overheads at a deficit for 2022/23. The fees in 2019/20 improved significantly, but given the current economic climate the budget is set to remain at £165k.

12.3 Table 2:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
	£	£		
2013/14	153,000	140,967	(12,033)	(8)
2014/15	150,000	160,956	10,956	7
2015/16	175,000	149,533	(25,467)	(15)
2016/17	175,000	170,944	(4,056)	(2)
2017/18	175,000	158,085	(16,915)	(10)
2018/19	175,000	159,377	(15,623)	(9)
2019/20	165,000	184,629	19,629	12
2020/21	165,000	144,607	(20,393)	(12)
2021/22	165,000	165,000	-	-
2022/23	165,000	165,000	-	-

### Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
165,000	163,350	156,750	148,500

Sensitivity:	Medium	Impact:	Low	Risk:	Medium
--------------	--------	---------	-----	-------	--------

### 13 Land Charges Income

13.1 Land Charges fees are set in line to recover the cost of the service. In addition Land Charges income is particularly susceptible to external factors such as the movement in the property market, and the option for house buyers to facilitate gathering of information in the most economical way by undertaking elements of the searches themselves. In 2017/18 the Fees and Charges were updated to create a charge rate for the non-residential searches, which take 50% longer than the residential searches. This has remained the same in 2021/22.

13.2 The housing market is continuing to recover. The budget for 2022/23 has been at the same level of 2021/22, to reflect the current situation.

13.3 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
153,000	151,470	145,350	137,700

Sensitivity:	Low	Impact:	Low	Risk:	Low
--------------	-----	---------	-----	-------	-----

### 14 Council Tax Court Costs (income)

14.1 Owing to a more effective and embedded recovery procedure, accounts reaching the summons stage remain fairly consistent. This area is still fairly sensitive to the state of the economy.

14.2 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
90,000	89,100	85,500	81,000

Sensitivity:	Low	Impact:	Low	Risk:	Low
--------------	-----	---------	-----	-------	-----

### 15 Commercial And Other Property Rents

15.1 The Council has a small property portfolio which includes garages, industrial units and other commercial property which it rents out. Rents are reviewed on a regular basis. Table 3 below shows estimated and actual income levels since 2013/14.

15.2 Table 3:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
	£	£		
2013/14	144,040	156,229	12,189	8
2014/15	141,330	175,279	33,949	24
2015/16	141,330	175,514	34,184	24
2016/17	170,000	137,625	(32,375)	(19)
2017/18	150,700	133,445	(17,255)	(11)
2018/19	153,950	143,314	(10,636)	(7)
2019/20	153,950	150,973	(2,977)	(2)
2020/21	145,000	145,053	53	0
2021/22	145,000	145,247	247	0
2022/23	145,000	145,000	-	-

Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
145,000	143,550	137,750	130,500

Sensitivity:	Low	Impact:	Medium	Risk:	Low
--------------	-----	---------	--------	-------	-----



**16 Shared Ownership Scheme Income**

- 16.1 The principle of shared ownership is that occupiers buy a share of the property, for example 50%, and then pay a rent on the remainder. The owners then have the option of acquiring additional shares with a consequent reduction in the rental payment.
- 16.2 In order to generate an annual revenue stream of £100,000 from shared ownership, the council would need to build or buy approximately 50 dwellings. A realistic programme of developing three to five sites per annum for 10 - 15 dwellings per year over the next two years to 2022/23 is being considered.
- 16.3 The major risk is that the development of sites is delayed or not possible. This will significantly reduce the income potential of the scheme. Budget for 2022/23 is set at £40,000. There is also an element of growth assumed in the income and savings plan, it is set to increase in the subsequent years as the Council develops it's portfolio, there has been small increments assumed in 22/23.

16.4 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
40,000	39,600	38,000	36,000

Sensitivity:	Low
--------------	-----

Impact:	Low
---------	-----

Risk:	Low
-------	-----

**17 Car Park Pay And Display Income**

- 17.1 Car parking income has a separate policy for increasing fees which is reviewed bi-annually in accordance with the policy agreed in July 2006.
- 17.2 Given the significant impact the COVID-19 pandemic has had on the fees & charges, it has been decided that there would be no increases to the charges for Car parking across the district.

17.3 Table 4:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
	£	£		
2013/14	1,215,000	1,216,686	1,686	0
2014/15	1,215,000	1,309,175	94,175	8
2015/16	1,215,000	1,344,155	129,155	11
2016/17	1,350,000	1,458,089	108,089	8
2017/18	1,445,000	1,484,844	39,844	3
2018/19	1,503,000	1,533,964	30,964	2
2019/20	1,513,000	1,475,027	(37,973)	(3)
2020/21	1,510,000	1,311,416	(198,584)	(13)
2021/22	1,510,000	1,510,000	-	-
2022/23	1,510,000	1,510,000	-	-

Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
1,510,000	1,494,900	1,434,500	1,359,000

Sensitivity:	Low
--------------	-----

Impact:	High
---------	------

Risk:	Medium
-------	--------

## 18 Income From Domestic And Trade Waste Collection

18.1 Income is derived from two main sources, the collection and disposal of commercial waste from non-domestic premises, and the collection of bulky household waste from domestic properties. In 2019/20 it was resolved that the way Craven DC charges for its Trade Waste be altered from a Volume based system to a Weight based one. This will be in line with how the competitors charge and so make the Council more competitive and commercially minded.

18.2 There should be little risk to the domestic waste income, as sales of bins and sacks, and use of the bulky refuse collection service are expected to achieve the budgets set.

18.3 The commercial waste budgets for 2022/23 have been set to take into account the increased disposal costs from the County Council, and an inflationary increase, the result of which are prices that offer competitive services to customers within the district. Income from trade waste collection charges is now in the region of £930k per annum. Like any other business, income from this source is subject to increasing competition from other providers, and from the tough economic conditions currently being encountered. These prices are calculated to make the service a small surplus and are agreed as part of the annual fees and charges review

### 18.4 Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
930,000	920,700	883,500	837,000

Sensitivity:	Medium	Impact:	Low	Risk:	Medium
--------------	--------	---------	-----	-------	--------

## 19 Licensing Act 2003 Income

19.1 Licensing charges fees are set by central government and increases are governed by direction from them.

19.2 Licensing Act 2003 income which forms the largest element has the potential to be volatile as it depends on the number of applications for variables such as temporary events notices. Table 5 shows the income since 2013/14.

### 19.3 Table 5:

Year	Original Estimate £	Actual/Projected Outturn £	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
2013/14	62,000	73,804	11,804	19
2014/15	65,000	76,507	11,507	18
2015/16	69,000	71,627	2,627	4
2016/17	69,000	74,718	5,718	8
2017/18	69,000	74,995	5,995	9
2018/19	69,000	78,874	9,874	14
2019/20	74,000	76,259	2,259	3
2020/21	75,000	69,569	(5,431)	(7)
2021/22	75,000	75,000	-	-
2022/23	75,000	75,000	-	-

### Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
75,000	74,250	71,250	67,500

Sensitivity:	Low	Impact:	Low	Risk:	Low
--------------	-----	---------	-----	-------	-----

## 20 Bereavement Services Income

20.1 Bereavement services income is generated from crematorium fees at Waltonwrays and burial fees at Skipton, Ingleton and Waltonwrays. As a result of the Cremator replacement last year the COuncil no longer has to make a provision for the payment of mercury abatement costs which were recharged as part of the cost of cremation. Table 6 analyses the total income compared to budget since 2013/14.

20.2 Table 6:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£ +ve/(-ve)	% +ve/(-ve)
	£	£		
2013/14	569,670	654,933	85,263	15
2014/15	608,120	713,757	105,637	17
2015/16	650,970	683,470	32,500	5
2016/17	676,680	763,549	86,869	13
2017/18	777,326	788,687	11,361	1
2018/19	808,852	800,185	(8,667)	(1)
2019/20	844,914	909,203	64,289	8
2020/21	868,300	1,263,144	394,844	45
2021/22	912,800	912,800	-	-
2022/23	980,300	980,300	-	-

### Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
980,300	970,497	931,285	882,270

Sensitivity:	Low	Impact:	Medium	Risk:	Low
--------------	-----	---------	--------	-------	-----

## 21 Craven Pool Income

21.1 Craven pool generates a significant level of income but in the last few years it has seen a rise in costs. It has also been significantly impacted by the COVID-19 pandemic. Table 7 analyses the income compared to budget since 2013/14.

21.2 Table 7:

Year	Original Estimate	Actual/Projected Outturn	Variance	
			£	%
	£	£	£	%
2013/14	1,089,800	1,155,383	65,583	6
2014/15	1,127,000	1,121,406	(5,594)	(0)
2015/16	1,127,000	1,211,120	84,120	7
2016/17	1,129,180	1,242,635	113,455	10
2017/18	1,266,720	1,212,000	(54,720)	(4)
2018/19	1,300,190	1,299,494	(696)	(0)
2019/20	1,324,630	1,356,792	32,162	2
2020/21	1,395,113	1,046,974	(348,139)	(25)
2021/22	1,395,938	1,395,113	(825)	(0)
2022/23	1,337,789	1,337,789	-	-

### Assessment

2022/23 Budget	1 % Variance	5% Variance	10% Variance
1,337,789	1,324,411	1,270,900	1,204,010

Sensitivity:	Low	Impact:	Medium	Risk:	Low
--------------	-----	---------	--------	-------	-----

## 22 Investment Interest

22.1 The low bank base rate continues to challenge our investment returns. Investment rates are currently in the 0.3% - 1.0% range dependent on the length and counterparty involved. Due to the economic situation forecasters are not expecting a rise in the base rate until the April-June quarter of 2022. With this in mind 0.86 % has been used for budget calculations. If this level fails to be achieved the impact of reduced rates is shown below.

22.2 In 2022/23 forecasted income for investments totals £115k. This is made up of investment income (£106k) and the interest from the Loan made as part of the 2017/18 Capital Programme (£9k).

22.3 Assessment

2022/23 Budget		Average 0.3%	Average 0.5%	Average 0.7%
Investment Interest	105,760	36,893	61,488	86,084
Loan	9,240	9,240	9,240	9,240

Sensitivity: 

Low
-----

Impact: 

Low
-----

Risk: 

Low
-----

## 23 Localisation of Business Rates

23.1 The implementation of the Localisation of Business Rates means that the Council is now sharing the potential impact of the volatility of business rates funding and uncertainties around levels of and impact of appeals which are outside of its control. There has been a significant improvement in the expected retained rates for 2022/23. However the impact of potential shortfalls is still being mitigated by the creation of an earmarked reserve however this may not be adequate to cover the Councils liability.

23.2 Assessment

2022/23 Budget		1 % Variance	5% Variance	10% Variance
	2,436,000	2,411,640	2,314,200	2,192,400

Sensitivity: 

High
------

Impact: 

High
------

Risk: 

High
------

## 24 Cultural Services at Skipton Town Hall

24.1 Following the recent improvements to the Skipton Town Hall the Council has an opportunity to utilise the newly refurbished office space and other areas to achieve additional revenue. In 2019/20 and 2020/21 there have been further significant refurbishments, which has meant that the Town Hall is mostly out of commission for the 2020/21 Financial year. With the current developments complete, it is expected the income can still recover. Steps are in place to promote and utilise the Town Hall and Museums attributes around the district and so still managing to earn some needed revenue.

24.2 The Private Hire income is set to achieve £86k in 2022/23, this is a same as the levels set in 2021/22 as the developments are completed. It is also now expected that income from the performances and special events will achieve £39k and the rental income should achieve £60k.

24.3 Assessment

2022/23 Budget		1 % Variance	5% Variance	10% Variance
Performances and Special Events	55,056	54,505	52,303	49,550
Private Hire	86,290	85,427	81,976	77,661
Rental Income	60,375	59,771	57,356	54,338
Commercial units	81,910	81,091	77,815	73,719
Service Charges	26,610	26,344	25,280	23,949

Likelihood: 

Medium
--------

Impact: 

High
------

Risk: 

High
------

**SECTION 25 REPORT – LOCAL GOVERNMENT ACT 2003*****‘ROBUSTNESS OF THE BUDGET and ADEQUACY OF RESERVES’*****1. BACKGROUND**

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the Authority when it is making the statutory calculations to determine its Council tax or precept.

The authority is required to take the report into account when making the calculations. The report must deal with the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

**2. DETAILS**

The Council’s Chief Finance Officer can confirm to members of the council that the budgets have been constructed using appropriate assumptions for the conditions that the council currently faces.

As detailed in the budget report, consideration has been given to ensuring that appropriate (yet prudent) assumptions have been used for inflation, interest rates and other items when putting the budget together. Such assumptions will require close monitoring during the year given the economic conditions that the council is operating in.

There has been increased inflationary pressure on utility bills (and associated items) recently and due regard has been given to this when setting the draft budget figures. To provide the council with some added flexibility, a one-off additional contingency budget has been included for 2022/23 to provide some additional protection against any further increases in this area.

To help the local economy recover from the challenging economic conditions, the council has decided to keep any increases in fees and charges to a minimum for 2022/23. This is considered manageable for 2022/23 however it is likely that increases will be required in future years to ensure a sustainable income position is maintained into the medium term. Should the council budget come under pressure during 2022/23, the position with fees and charges may need to be re-visited.

The budget position for 2022/23 does not require the council to identify additional savings. However, the council still needs to ensure that the savings items that were identified for the previous budget setting process (for 2021/22) are delivered because these are inbuilt into the base budget going forward.

The revenue budget includes appropriate provision for the financing impacts of the capital programme. The proposed financing of the capital programme is clearly shown in the budget report – the actual financing will be dependant on what is the most financially beneficial measures to use at the time (in accordance with the approved policies of the council).

2022/23 is likely to be the final year of Craven District Council, before local government re-organisation takes place in North Yorkshire. Accordingly, the main focus when preparing the budget has been on ensuring that the council has a robust position for

2022/23. Projections have been included for the medium term so that members can gain an appreciation of this position, however in reality the new council will need to determine its own policies and priorities and therefore the medium term position for the new authority is not something that we are able to predict in this report. The focus has quite rightly been on setting a budget for 2022/23. Members are advised to note the medium term indicative forecasts and take them into account when deciding what level of council tax to set for 2022/23 – in line with good practice guidance.

### **3. RESERVES & BALANCES**

#### General Fund Working Balance

As outlined in the budget report, the strategy of maintaining a minimum level of working balance of £995k is being maintained.

This is an appropriate level of working balance pursuant to the risks faced by the council.

#### Earmarked Reserves

The council has a number of earmarked reserves. These have been created over time to help deal with specific issues / projects in the future.

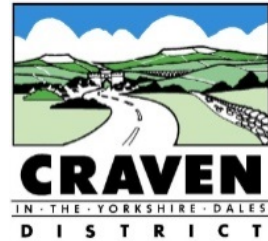
Having reviewed the earmarked reserves, I can confirm that they have all been created for specific reasons, all of which seem reasonable. Specific reserves have been created over time to help provide funding for future capital infrastructure projects (eg, through the New Homes Bonus Reserve) and more recently to deal with newer pressures (eg, short term budget pressures, and local government restructure). There will be some draw down during 2022/23 however in reality a significant proportion of the earmarked reserves will transfer to the new unitary council in April 2023 – to deal with the same issues and risks.

### **4. OVERALL OPINION**

In preparing the Revenue Budget for 2022/23, I consider that the proposed budget is robust, and reflects a realistic and prudent view of all anticipated expenditure and income.

In formulating my view on the adequacy of the Council's General Fund Unallocated Reserve and level of Earmarked Reserves, I consider that they are appropriate for the overall level of risks / issues faced but that they need to be monitored over time to ensure that they remain relevant.

G Soulsby  
Chief Finance Officer  
January 2022



# **Craven District Council**

## **Budget Consultation**

2022/23

Analysis of responses

(page intentionally left blank to enable double-sided printing)



**Contents**

Introduction	4
Summary	4
Q1 – Do we provide value for money?	5
Q2 – Would you be willing to accept an increase in Council Tax?	6
Q3 – How should we prioritise our spending on statutory services?	7
Q4,Q5 – How should we prioritise spending on discretionary services?	8
Feedback from qualitative questions	10

## Introduction

This report describes the results of Craven District Council's budget consultation, held between October and December 2021 to support the setting of the 2021/22 budget.

Direct contact was made by email/letter to around 400 individuals or organisations across:

- The Council's Residents Panel
- Parish/Town Councils
- Local voluntary/community organisations and partners listed on Council contact lists
- Local Chambers of Trade

Details were advertised in the local press, both in print and online. Regular posts promoting the consultation were made to social media sites Twitter and Facebook. The survey was made available in both print and online versions, however due to restrictions resulting from the Covid-19 pandemic, hard copies were not made available at the Council's main contact points or at local libraries this year.

This year's survey contained a reduced question set, in light of the reorganisation of Local Government in North Yorkshire.

There were 90 responses, a decrease of more than 50% on the 206 responses received last year. This is likely to be due to the combined impact of public awareness of the forthcoming Local Government Reorganisation, and challenges for public engagement caused by the ongoing Covid-19 pandemic. The survey sample is closely representative of the gender balance in the District, and of the views of those in urban/rural areas, as well as of the views of people aged over 65. The number of responses received from people belonging to ethnic minority groups, was particularly small (<5 responses); the views of residents from ethnic minority groups are unlikely to be accurately represented in these survey results.

## Summary

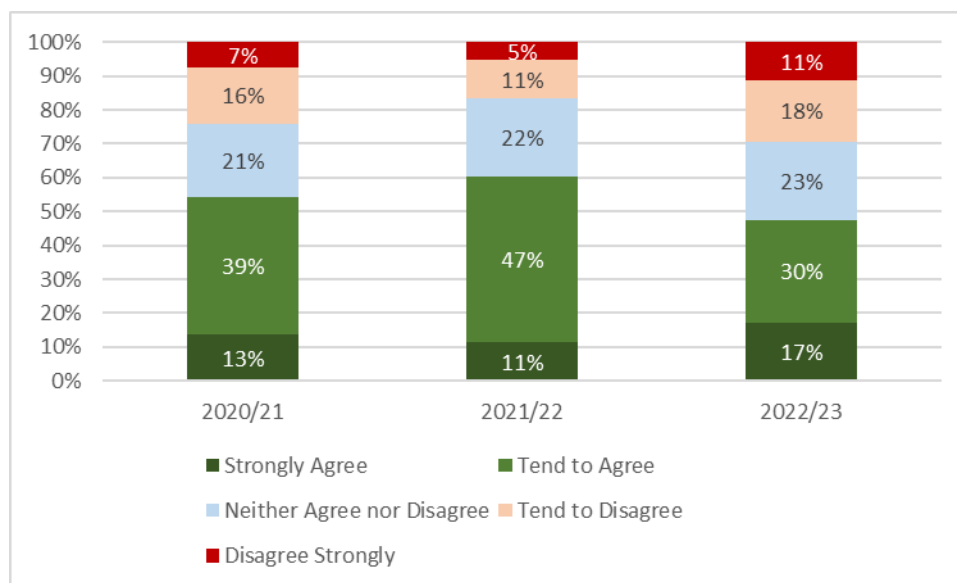
- 47% of those responding said that they believe that the Council provides value for money. 29% disagreed.
- 49% of those responding said that they would be prepared to accept a 2% increase in Council Tax. 31% of those responding said they would accept a £5 per year increase in Council Tax. This is lower than the response for 2021/22, and the lowest level of acceptance for an increase in Council Tax over the past 5 years. This may indicate an increasing awareness of forecasted increases to the cost of living in 2022/23.
- Overall, a majority of those responding said that spending should stay the same for a majority of statutory areas with the exceptions of Planning & Building Control Services, and Revenues & Benefits Services. For Planning & Building Control Services, 38% of responses said that spending should remain the same, 15% said that the council should increase or introduce fees and charges and 29% said that the council should consider reducing spending. For Revenues & Benefits Services, 49% of responses said that spending should remain the same, 10% said that the council should increase or introduce fees and charges and 36% said that the council should consider reducing spending.

- A majority of those responding support maintaining current spending in most discretionary areas. There were two areas where the most common response was to suggest a reduction in spending: Arts Development (49%) and Partnerships and Communications (49%).
- A small proportion of those responding (around 21% on average) supported an increase in fees and charges for CDC's chargeable services.
- There were 20 additional comments and suggestions. Note that this compares to 214 comments and suggestions made in the previous year's survey and is likely to reflect the low level of public engagement at this present time. The most frequent comments were that a greater balance of spending should be focused away from Skipton (5 comments in total); that the Council should look to improve efficiency (4 comments in total) and that street cleaning activity could be improved (3 comments in total).

## Q1

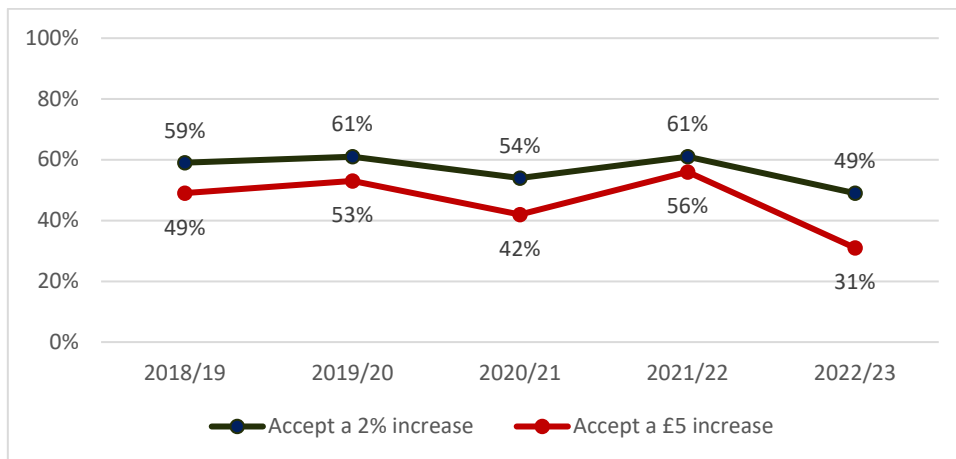
Bearing in mind Craven householders only pay £177.21 per year (about £3.40 per week) for services provided by the Council (based on average Band D Council Tax 2021/22).

**To what extent do you agree or disagree that Craven District Council provides value for money?**



Almost half of responders to this question (47%) say that Craven District Council provides good value for money.

- There was a decrease in the proportion of responses stating that they strongly agree or tend to agree that Craven District Council provides good value for money. In 2021/22, 58% of responses said that Craven District Council provides value for money.
- Overall, 70% of responses were either positive or neutral about CDC's value for money, a 10 percentage point decrease on 2021/22 (80%).

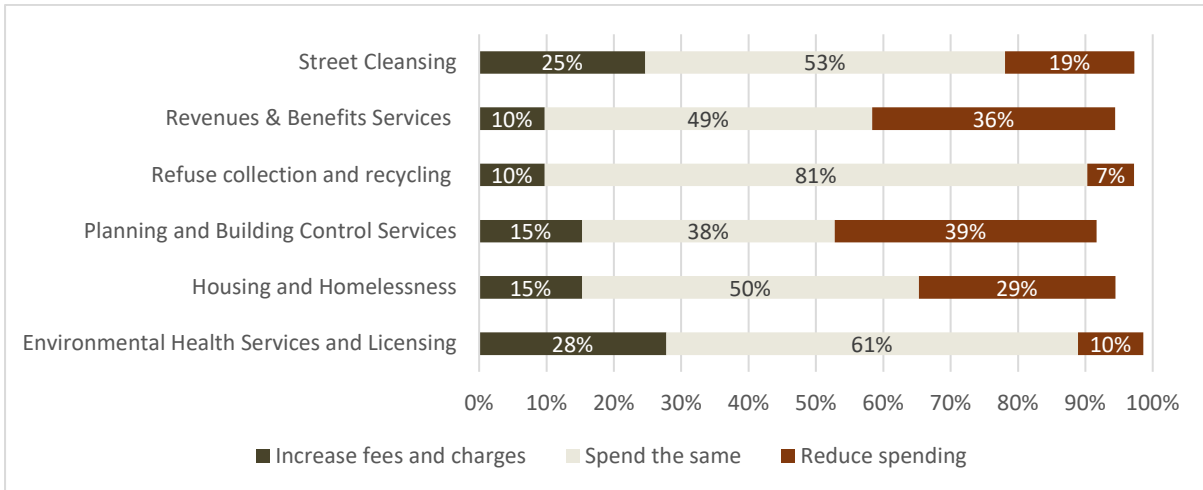
**Q2 - Would you be willing to accept an increase in Council Tax?**

Around half of responders (49%) would be prepared to accept a 2% increase in council tax. This is the lowest level of support for a 2% increase in Council Tax in the past 5 years. Fewer than a third of responders (31%) also said that they would be prepared to accept a £5 increase in council tax. This is a 25 percentage points lower than in 2021/22, and the lowest level of support for a £5 increase in Council Tax in the past 5 years.

**Q3**

Below is a list of statutory services. We have shown in simple terms the amount of the £177.21 (based on average Band D) received in Council Tax from a Craven Council Tax payer spent on each service.

**For each service please tell us what you think we should do.**

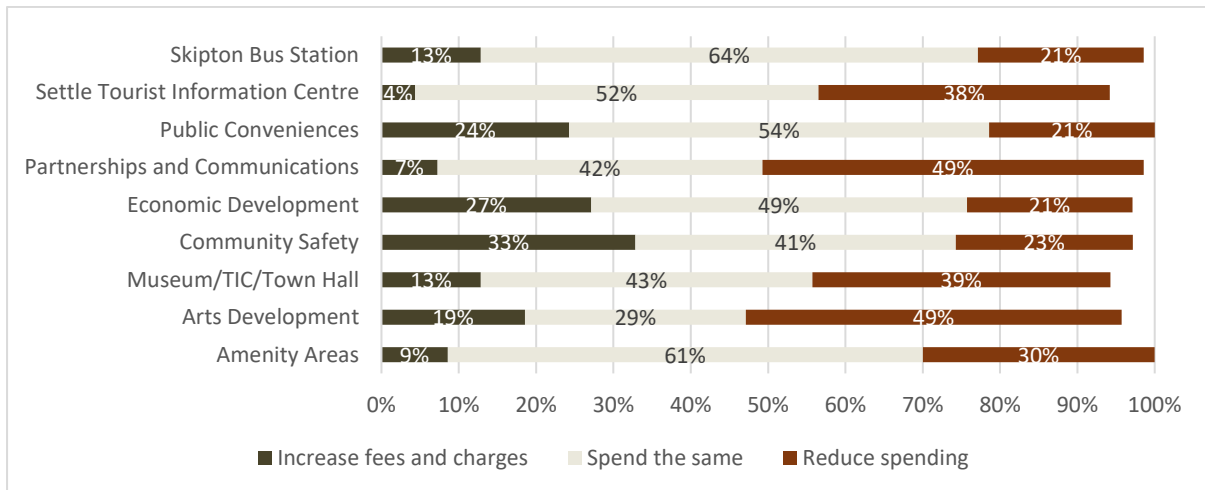


- More than half of responses suggested that spending should stay the same for every statutory areas with the exceptions of Planning and Building Control services (38%) and Revenues and Benefits Services (49%).
- ‘Spend about the same’ was the most common response for every area apart from Planning and Building Control Services, where ‘reduce spending’ was 1 percentage point higher.
- Responses were most likely to say that spending on Refuse Collection and Recycling should stay the same (81%).
- The service areas with the highest levels of support for increasing or introducing fees and charges were Environmental Health Services & Licensing (28%), and Street Cleansing (25%).

**Q4**

Below is a list of discretionary services. We have shown in simple terms the amount of the £177.21 (based on average Band D) received in Council Tax from a Craven Council Tax payer spent on each service.

**For each service please tell us what you think we should do.**

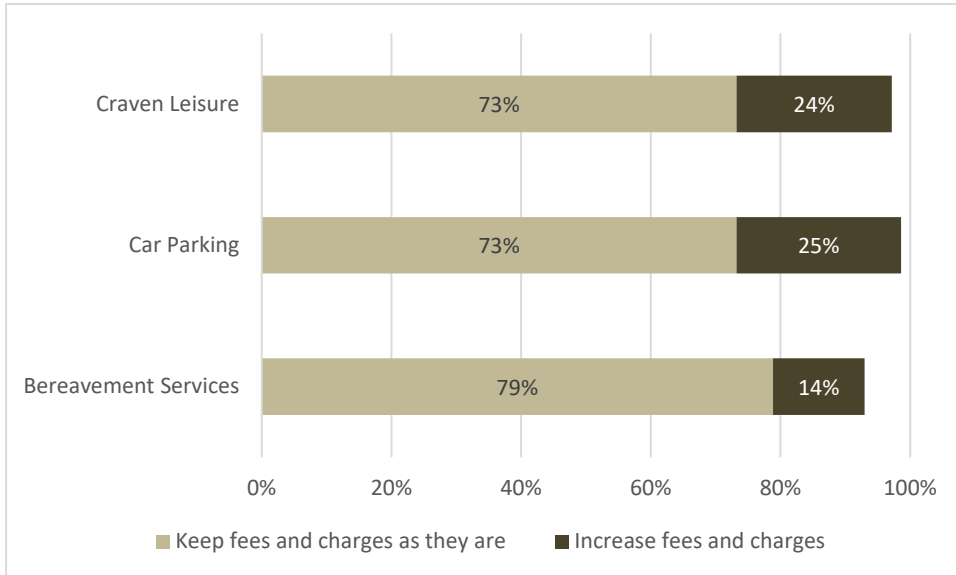


- Support for reducing spending was higher than support for maintaining spending in two areas – Partnerships and Communications, and Arts Development.
- Support for maintaining existing levels of service was particularly strong for Public Conveniences, Community Safety, Economic Development, Public Conveniences, Skipton Bus Station and Amenity Areas. Over 75% of responses supported either maintaining existing spending or introducing fees and charges for these services.

**Q5**

Below is another list of discretionary services. Whilst we do not have to provide these services, the additional fees and charges paid to use these services generates income which covers the cost of providing them and is reinvested to support the delivery of these and other services. We could increase fees and charges for these services to help make the savings we need.

**For each service please tell us what you think we should do.**



A small proportion of responses (around 21%) supported the increase of fees and charges for these services. There was a slight preference for increasing fees and charges at Craven Leisure and for Car Parking, compared to Bereavement Services.

**Q6**

In total, 20 qualitative comments were received. This is a substantial reduction on the 214 comments received for 2021/22. The comments are summarised below.

<b>Comment</b>	<b>No.</b>
Ensure fair spending across the District (i.e. more spending away from Skipton)	5
Increase efficiency of administration	4
Improve street cleaning activity	3
Spend less on tourism	1
Spend less on leisure services	1
Reissue the consultation with an option to express a preference to increase council tax by more than 5%	1
Keep taxes as they are given that there will be harmonisation next year	1
Increase volunteering options	1
Raise the profile of green issues	1
Invest in activities for young people	1
Encouraging businesses to take on / fill empty shops	1



## Policy Committee – 1<sup>st</sup> February 2022



### CAPITAL PROGRAMME 2022/23

Report of the Chief Finance Officer (s151 Officer)

Lead Member – Financial Resilience: Councillor Mulligan

Ward(s) affected: All

#### 1. Purpose of Report

- 1.1 To seek approval of the proposed capital programme for 2022/23 - 2025/26, subject to there being sufficient capital resources.

#### 2. Recommendations – Members are recommended to:

That the following be recommended to Council: -

- 2.1 Members note £60,000 of continuing projects from the 2021/22 programme. No slippage has been confirmed at this stage.
- 2.2 Members approve new capital programme projects of £6,242,500.
- 2.3 Members approve a total capital programme for 2022/23 of £6,302,500.
- 2.4 That the final allocation of funding for the 2022/23 capital programme is confirmed once the outturn position of the 2021/22 revenue budget is finalised.

#### 3. Report

- 3.1 The CIPFA Code for Capital Finance in Local Authorities states (as a minimum):

“In considering the affordability of its capital plans, the authority is required to consider all of the resources currently available to it/estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the following two years”.

This authority aligns its rolling capital programme with the Medium-Term Financial Plan of three years.

- 3.2 The process for determining the capital programme is:
- All services are requested to review ongoing capital projects and submit new or amended capital spending proposals on ‘bid documents’.
  - The bid documents are presented to CLT for prioritisation. CLT holds delegated

power to revise the content of the programme and therefore the financing requirement.

- CLT held a budget workshop and review priorities for capital projects.
- The proposed capital programme is submitted for Member consideration alongside the proposed revenue budget for the following financial year.
- Capital resources are identified to meet the agreed proposals and potential slippage should Members choose to proceed with all of them.
- Projects for which no resource is currently identified are held on a reserved list awaiting funding availability.
- Recent, significant projects that have been presented to Policy Committee will be recognised in the 21/22 programme and as such are not presented here as new projects for 22/23.

- 3.3 The proposed capital programme and its funding for 2022/23 of £6,243k is attached at Appendix A. This also details the continuing commitments of £60k, from the 2021/22 programme. The total proposed Capital programme for 2022/23 equals £6,303k.
- 3.4 A summary of the outline capital programme is shown at Appendix B for 2022/23 to 2025/26. The information for 2023/24 onwards is indicative only and is included in the programme ahead of LGR.
- 3.5 The draft capital programme for 2022/23 includes budget provision for the ESL Link Road scheme. This scheme was considered by Policy Committee at its October 2021 meeting and is part of the Policy Committee approvals that are being considered elsewhere on the agenda of the Council meeting on the 22<sup>nd</sup> February 2022.
- 3.6 The Council has predominantly used capital receipts or borrowing to fund its capital programme. However, Capital Receipts are a finite resource and the projects identified exceed the resources available. As part of the Medium-Term Financial Planning process consideration is therefore being given to the options available to the Council to continue to fund its capital programme to remove the reliance on capital receipts. Further detail of the capital resources forecasted use can be found in Appendix C – Table 1.
- 3.7 The council has borrowing capacity available for use in either the capital programme or to repay external loans. This borrowing capacity arises through the Minimum Revenue Provision (MRP) charge to the revenue account each year. The use of the borrowing capacity is flexible and can be carried forward to future years. In addition, the Council can decide to increase borrowing capacity, through raising new external loans to fund its Capital programme. This however has revenue implications associated with repayment of the external debt. Borrowing is generally assigned to assets with the longest useful life.
- 3.8 The total contribution to reserves cannot be confirmed until the final outturn position of the 2021/22 revenue budget is assessed as part of the annual accounts process.

#### **4. Financial and Value for Money Implications**

- 4.1 The updated capital programme costs and its resources are summarised in Appendix C - Table 2.
- 4.2 The 2022/23 to 2025/26 programme will utilise funds within the IT Reserve, the

Enabling Efficiencies Reserve and Buildings Reserves. Therefore, consideration will need to be given for further in year contributions to these reserves to ensure a sustainable capital programme.

## 5. **Legal implications**

None as a direct result of this report. The Council has a balanced budget for 2022/23, and going forward it is a further requirement that the budget is balanced.

## 6. **Contribution to Council Priorities**

6.1 The delivery of a balanced and managed budget is critical to the well being of the Authority. Investment in the Council's assets underpins the delivery of all Council priorities.

### 6.2 **Impact on the declared Climate Emergency**

The projects within the capital programme are undoubtedly going to impact on the Climate Emergency. In particular the installation of EV charging points in the outlying Car Parks will act as a facilitator to ensure electric vehicle use by residents is accessible in the less urbanised areas of Craven.

## 7. **Risk Management**

7.1 The Capital programme provides vital funding to ensure that the Council maintains its assets in good order to provide a safe environment for staff and users of the facilities and ensure appropriate delivery of Council Services. It also allows investment in future assets that will bring economic benefits to the Council.

### 7.2 **Chief Finance Officer (s151 Officer) Statement**

The programme for 2022/23 demonstrates a fully financed position. The council will have to adapt as the funding position becomes clearer.

### 7.3 **Monitoring Officer Statement**

The Council has a statutory obligation to agree a balanced budget each year.

## 8. **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed.

## 9. **Consultations with Others**

CLT have assessed the proposed projects for inclusion in the programme.

## 10. **Access to Information : Background Documents**

None

## 11. **Appendices**

Appendix A – Capital Projects and Proposed Funding 2022/23.

Appendix B – Indicative Capital Programme 2022/23 to 2025/26  
Appendix C – Forecast of Capital Resources, Programme Summary and Reserve  
balance forecast

**12. Author of the Report**

James Hordern – Finance Manager

Telephone: 01756 706316

E-mail: [jhordern@cravendc.gov.uk](mailto:jhordern@cravendc.gov.uk)

*Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions*

**Capital bids 2022/23 - onwards**

Appendix A

Ref.	Service Unit	Description	2022/23 £	External Contributions 2021/22 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2023/24 £	2024/25 £	2025/26 £	External Contributions in 22/23 to 24/25 £	Proposed Funding / Reserve
<b>New Bids for 22/23</b>											
CAP01 22/23	Leisure Services	Disabled Pool access Doors	10,000	-	10,000	300	-	-	-	-	Building
CAP02 22/23	Leisure Services	Group Indoor Cycling Bike - Replacement	27,500	-	27,500	(19,200)	-	-	-	-	Building
CAP03 22/23	Assets & Commercial Services	EVCP Charging Points - OZEV Funding Bid Phase 2	140,000	(105,000)	35,000	-	-	-	-	-	FY Support
CAP04 22/23	Assets & Commercial Services	High Street Toilets	40,000	-	40,000	-	-	-	-	-	Building
CAP05 22/23	Assets & Commercial Services	Section 106 Shared Ownership Acquisitions	1,145,000	(1,010,000)	135,000	(18,975)	1,121,000	-	-	(1,470,000)	Funding proposed is S106 receipts and/or sales of S106 acquisitioned properties under Shared Ownership
CAP06 22/23	Waste Management	Vehicle Replacement Programme	592,000	-	592,000	-	-	-	-	-	Vehicle Reserve
CAP08 22/23	Assets & Commercial Services	ESL Business Units	1,510,000	-	1,510,000	(66,000)	-	-	-	-	Capital Receipts and NHB
CAP09 22/23	Assets & Commercial Services	Langcliffe Quarry - Phase 2 development	1,000,000	-	1,000,000	(29,000)	-	-	-	-	Capital Receipts / Borrowing
CAP10 22/23	Assets & Commercial Services	Skipton Crematorium extension	20,000	-	20,000	-	150,000	-	-	-	Building
CAPDFG 22/23	Environmental Services & Housing	Disabled Facilities Grants	557,000	(557,000)	-	-	557,000	557,000	557,000	(1,671,000)	Grant
CAPESL 21/22	Economic Dvelopment	LOCAL GROWTH DEAL: HIGHWAY IMPROVEMENTS – ENGINE SHED LANE LINK ROAD	1,201,000	-	-	-	-	-	-	-	NHB
<b>Total 22/23 Bids</b>			<b>6,242,500</b>	<b>(1,672,000)</b>	<b>3,369,500</b>	<b>(132,875)</b>	<b>1,828,000</b>	<b>557,000</b>	<b>557,000</b>	<b>(3,141,000)</b>	
Ref.	Service Unit	Description	2022/23 £	External Contributions 2021/22 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2023/24 £	2024/25 £	2025/26 £	External Contributions in 22/23 to 24/25 £	
<b>Continuing Commitments from 21/22 Bids</b>											
CAP03 19/20	ICT & Transformation Services	Integrate Systems and review service areas, including improvements to Virtual working	30,000	-	30,000	(10,000)	10,000				Enabling Efficiencies Reserve
CAP02 21/22	ICT & Transformation Services	Replace Computer, Server and Appliance equipment.	30,000	-	30,000	-	30,000	30,000	30,000	-	ICT Reserve
			-	-	-						
<b>Total 21/22 Bids Continuing</b>			<b>60,000</b>	<b>-</b>	<b>60,000</b>	<b>(10,000)</b>	<b>40,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>	
<b>Total 21/22 &amp; 22/23 Bids</b>			<b>6,302,500</b>	<b>(1,672,000)</b>	<b>3,429,500</b>	<b>(142,875)</b>	<b>1,868,000</b>	<b>587,000</b>	<b>587,000</b>	<b>(3,141,000)</b>	

**CAPITAL PROGRAMME 2022/23 to 2025/26**

	Proposed Programme 2022/23	Indicative Programme 2023/24	Indicative Programme 2024/25	Indicative Programme 2025/26
<b>CORPORATE PRIORITY/SCHEME:</b>	£	£	£	£
<b>Strategic Housing Services</b>				
- Disabled Facilities Grants	557,000	557,000	557,000	557,000
<b>Waste Management Services</b>				
- Replacement Vehicles	592,000	-	-	-
- Skipton Crematorium Extension	20,000	150,000	-	-
<b>Asset &amp; Commercial Services</b>				
- High Street Toilets	40,000			
- Section 106 Shared Ownership Acquisitions	1,145,000	1,121,000		
- ESL Business Units	1,510,000			
- Langcliffe Quarry - Phase 2 development	1,000,000	-	-	-
- Local Growth Deal: Highway Improvements - Engine Shed Lane Link Road	1,201,000			
- Electric Vehicle Charging Points in Outlying Car Parks	140,000	-	-	-
<b>Leisure &amp; Community Facilities</b>				
- Disabled Pool access Doors	10,000	-	-	-
- Group Indoor Cycling Bike - Replacement	27,500			
<b>Information Services</b>				
- Replacement programme	30,000	30,000	30,000	30,000
- Integrate Systems and review service areas.	30,000	10,000	-	-
<b>TOTAL</b>	<b>6,302,500</b>	<b>1,868,000</b>	<b>587,000</b>	<b>587,000</b>

**Table 1: Forecast Capital Resources:  
2021/22 and also indicative for 22/23 to 24/25**

	2021/22 Estimated (At Q2)	2022/23 Indicative	2023/24 Indicative	2024/25 Indicative
Capital Receipts at Start of Year (CRR)	2,187	1,885	1,780	1,780
In Year resources - (Capital Grants/receipts received)	1,255	657	857	857
Use of in Year Capital grants	1,256	557	557	557
Use of Commuted Sums/S106	1,378	1,010	-	-
Use of Capital Receipts	302	105	-	-
Total Use of Capital Resources	2,936	1,672	557	557
Contribution From NHB Reserve	65	1,201	-	-
Contribution From Enabling Efficiencies Reserve	10	20	10	-
Contribution From FY Support	0	35	0	-
Contribution From Vehicles Reserve	254	0	0	0
Contribution from IT Reserve	61	40	20	30
Contribution from Buildings Reserve	350	98	-	-
Underwrite the Capital relating to Skipton Depot Project and JV Development Projects	5,176	-	-	-
Potential utilisation of Borrowing for Shared Ownership, ESL Link Road and CDC Developments.	3,159	3,237	0	0
Total Use of Reserves/Borrowing	9,075	4,631	30	30
Forecasted Capital expenditure in year	12,011	6,303	587	587
Capital Receipts at end of Year (CRR)	1,885	1,780	1,780	1,780

**Table 2: Summary New Capital Programme & Resources:  
22/23 to 25/26**

	2022/23 Estimate £'000	2023/24 Indicative £'000	2024/25 Indicative £'000	2025/26 Indicative £'000
Capital Programme Costs	6,303	1,868	587	587
Funding Resources				
Capital Receipts / grants	4,804	1678	557	557
Earmarked Reserves	1,499	190	30	30
Potential Borrowing subject to Capital Receipts	0	0	0	0

## Policy Committee – 1st February 2022

### 2022/23 Treasury Management Strategy Statement, Minimum Revenue Provision Statement, and Annual Investment Strategy



Report of the Chief Finance Officer (s151 officer)

Lead Member – Financial Resilience: Councillor Mulligan

Ward(s) affected: All

#### 1. Purpose of Report

- 1.1 This report presents for approval the proposed Treasury Management Strategy together with the Minimum Revenue Provision Statement, Prudential Indicators and the Annual Investment Strategy for 2022/23 as required by the Department of Communities and Local Government and CIPFA.

#### 2. Recommendations

2.1 It is recommended to Council that:

- The Operational Boundary for 2022/23 is set at £15.00m
- The Authorised Limits for 2022/23 is set at £16.00m
- Councillors delegate authority to the Chief Finance Officer (s151 Officer) to effect movement within the agreed operational boundary and authorised limits for long-term borrowing for 2022/23 onwards.
- The Treasury Management Strategy Statement 2022/23, incorporating the Minimum Revenue Position Policy Statement and the Annual Investment Strategy, is approved.
- The prudential indicators for 2022/23, which reflect that the capital expenditure plans are affordable, prudent and sustainable, be approved.

#### 3. Background Information

##### 3.1 The Council's Obligations

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.



The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

This authority has not engaged in any commercial investments and has no non-treasury investments.

## **3.2 Reporting Requirements**

### **3.2.1 Capital Strategy**

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- A high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

### **3.2.2 Treasury Management reporting**

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

1. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:

- The capital plans, (including prudential indicators);
- A minimum revenue provision (MRP) policy, (how residual capital expenditure is

- charged to revenue over time);
- The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- An investment strategy, (the parameters on how investments are to be managed).

2. A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. If applicable. In addition, this Council will receive quarterly update reports.

3. An annual treasury report – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### **3.3 Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Policy Committee.

### **3.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The training needs of treasury management officers are periodically reviewed. Training is provided by the council's treasury management consultants as required.

### **3.5 Treasury Management Strategy for 2022/23**

The strategy for 2022/23 covers two main areas:

#### Capital issues

- The capital expenditure plans and the associated prudential indicators;
- The minimum revenue provision (MRP) policy.

#### Treasury management issues

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and
- The policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

**3.6 Treasury management consultants**

The Council uses Link Group as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

**4. Financial and Value for Money Implications**

Approved counterparties, investment vehicles, lending limits and prudential indicators are reviewed periodically to enable the Council to take full advantage of investment opportunities while maintaining a sufficient level of security of capital, and to help make informed decisions with regard to borrowing requirements.

**5. Legal implications**

The council is required to report its treasury management position during the year in compliance with the CIPFA code.

**6.1 Contribution to Council Priorities**

The Treasury Management function does not contribute directly to the Council's Corporate Priorities albeit the delivery of the Treasury Management Strategy supports the Council's budget strategy which in turn is a fundamental element of the Council's service and financial planning approach to achievement of the Council Plan.

**7.1 Risk Management**

Approval of the Treasury Management Strategy enables the Council to comply with Government guidelines. It also contributes to its business and service objectives, and to the effective management of the risks associated with Treasury Management activities.

**8. Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure has been followed. An Equality Impact Assessment has not been completed on the proposals as completion of Stage 1- Initial Screening of the Procedure identified that the proposed policy, strategy, procedure or function does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

**9. Consultations with Others**

None

**10. Access to Information: Background Documents**

Working papers held in Financial Services.

**11. Author of the Report**

Elliot O'Shea – Finance Officer

Telephone: 01756 706422

E-mail: Eoshea@cravendc.gov.uk

**12. Appendices**

Appendix A – Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

Appendix B – Approved Countries for Investments

Appendix C – Treasury Management Scheme of Delegation

Appendix D – Economic Background

## **Treasury Management Strategy Statement**

### **1. Introduction**

The strategy statement comprises:

- Capital prudential indicators and MRP statement 2022-2025
- Borrowing policy and strategy
- Annual investment strategy
- Treasury Indicators

### **2. CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2023/24**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators which are designed to assist members' overview and confirm capital expenditure plans.

#### **2.1 Capital Expenditure**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators which are designed to assist members' overview and confirm capital expenditure plans.

Table 1 Capital expenditure

<b>Capital Expenditure</b>	<b>2020/21 Actual £'000</b>	<b>2021/22 Estimate £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
<b>Total</b>	<b>9,187</b>	<b>12,011</b>	<b>6,303</b>	<b>587</b>	<b>587</b>

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2 How capital expenditure is to be financed

<b>Financing of Capital Expenditure</b>	<b>2020/21 Actual £'000</b>	<b>2021/22 Estimate £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
Capital receipts/grants	6,595	2,936	1,672	557	557
Earmarked reserves	537	740	1,394	30	30
Revenue	0	0	0	0	0
<b>Net financing need for the year</b>	<b>2,055</b>	<b>8,335</b>	<b>3,237</b>	<b>0</b>	<b>0</b>

#### **2.2 The Council's borrowing need (the Capital Financing Requirement)**

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a

measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

The Council is asked to approve the CFR projection below:

Table 3 Capital Financing Requirement

	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
<b>Capital Financing Requirement</b>					
<b>Total CFR</b>	<b>6,865</b>	<b>8,831</b>	<b>17,036</b>	<b>19,982</b>	<b>19,690</b>
<b>Movement in CFR</b>	<b>1,966</b>	<b>7,833</b>	<b>(291)</b>	<b>(292)</b>	<b>(292)</b>
<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	2,055	8,335	3,237	0	0
Less MRP/VRP and other financing movements	(89)	(131)	(291)	(292)	(292)
<b>Movement in CFR</b>	<b>1,966</b>	<b>8,204</b>	<b>(291)</b>	<b>(292)</b>	<b>(292)</b>

### 2.3 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales, etc.). Table 4 below shows estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Table 4 Year end resource

Year End Resources	2020/21 Actual £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
General Fund balances and reserves	9,012	6,235	5,973	5,961	5,857
Capital receipts	2,184	2,936	1,024	1,057	557
Provisions	0	0	0	0	0
Other	2,245	906	906	906	906
<b>Total core funds</b>	<b>13,442</b>	<b>10,077</b>	<b>7,903</b>	<b>7,924</b>	<b>7,320</b>
Working capital*	9,624	11,555	12,092	12,092	12,092
<b>Expected investments</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>	<b>13,000</b>

\*Working capital balances shown are estimated year end; these may be higher mid-year.

## 2.4 Minimum Revenue Provision (MRP) Policy Statement.

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, MRP will be provided over a 50-year period on an annuity basis. The annuity method considers the time value of money and tries to ensure each year's payment is consistent in real terms.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will make a provision based on the estimated life of the assets, in accordance with the regulations. This option provides for a reduction in the borrowing need over approximately the asset's life.

## 3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### 3.1 Current portfolio position

The overall treasury management portfolio as at 31st March 2021 and for the position as at 31st of December 2021 are shown below for investments and borrowing.

Table 5 Treasury portfolio

<b>Treasury Portfolio</b>				
	Actual	Actual	Current	Current
<b>Treasury Investments</b>	31.03.21	31.03.21	31.12.21	31.12.21
	£000	%	£000	%
Banks (incl current account)	3,717	25	2,502	9.81
Building societies – unrated	2,000	14	6,000	23.53
Building societies – rated	0	0	1,000	3.92
Local Authorities	8,000	54	7,000	27.45
Money market fund	0	7	7,000	7.84
Other	1,000	0	2,000	27.45

<b>Total treasury investments</b>	14,717		25,502	
<b>Treasury external borrowing</b>				
PWLB	5,988		5,488	100
<b>Total external borrowing</b>	<b>5,988</b>		<b>5,488</b>	<b>100</b>
<b>Net treasury investments/(borrowing)</b>				

The council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 6 External debt

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>External Debt</b>					
Debt at 1 April	5,988	5,488	13,823	17,060	16,560
Expected change in Debt	0	8,335	3,237	(500)	0
Actual gross debt at 31 March	<b>5,988</b>	<b>13,823</b>	<b>17,060</b>	<b>16,560</b>	<b>16,560</b>
The Capital Financing Requirement	<b>8,831</b>	<b>17,036</b>	<b>19,982</b>	<b>19,690</b>	<b>19,398</b>
Under / (over) borrowing	<b>2,844</b>	<b>3,213</b>	<b>2,922</b>	<b>3,130</b>	<b>2,838</b>

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### **3.2 Treasury indicators: limits to borrowing activity**

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.



Table 7 Operational boundary for external debt

	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
<b>Operational boundary £m</b>	14.00	17.50	17.50	17.50

The authorised limit for external debt. This represents a control on the maximum level of borrowing - a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Table 8 Authorised limit for external debt

	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
<b>Authorised limit £m</b>	15.00	18.00	17.50	17.50

### 3.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view. These are forecasts for certainty rates, gilt yields plus 80 bps.

Table 9 Interest rate forecast

Link Group Interest Ra 20.12.21													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>BANK RATE</b>	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30
<b>Bank Rate</b>													

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings. It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in

the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons:

- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low. The current supply shortages could exacerbate this issue.
- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.
- Consumers are sitting on £160bn of excess savings left over from the pandemic so they may increase demand over usual levels.
- It is estimated that there were around 1 million people who came off furlough at the end of September. These people may now enter the job market easing supply side pressures, hence curbing inflationary pressures.
- New rules introduced to combat the spread of the Omicron variant may impede economic growth.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no deal Brexit.

### Investment and borrowing rates

- Investment returns are expected to improve in 2022/23. However, while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The new margins over gilt yields are as follows:
  - **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
  - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
  - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
  - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)
- Borrowing for capital expenditure. Our long-term (beyond 10 years), forecast for Bank Rate is 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.
- While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### **3.4 Borrowing Strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered. As the CFR grows and brings an increased borrowing requirement, this position may change over time and will be kept under review.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022/23 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

### **3.5 Policy on borrowing in advance of need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **3.6 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100-bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If rescheduling was done it will be reported to the council at the earliest meeting following its action.

## **4. Annual Investment Strategy**

### **4.1 Investment policy**

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). In accordance with the above guidance from MHCLG and CIPFA and in order to minimise the risk to investments, the council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long-Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix B under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices.

This authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

### **4.2 Creditworthiness Policy**

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators

covering the maximum principal sums invested.

The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 – good credit quality:
  - i) UK banks;
  - ii) Non-UK and domiciled in a country which has a minimum sovereign rating of AAA and have, as a minimum, the following Fitch, Moodys and Standard and Poors credit ratings (where rated):
    - i) Long term A-
- Banks 2 - Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 - The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operation - The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies and challenger banks – The Council will use all institutions which
  - i) Meet the ratings for banks outlined above, or
  - ii) Have a minimum asset holding of £1bn
- Money market and other pooled funds which are rated AAA
- UK Government (including gilts and DMADF)

- Local Authorities, parish councils, etc
- Ultra-Short Dated Bond Funds
- Housing associations
- Supranational institutions
- Other organisations which pass creditworthiness tests

### Use of additional information other than credit ratings

Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

Table 10 Time and monetary limits applying to investments

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1	AAA to A-	£2m / 20%	5 yrs
Banks 2 – part nationalised	N/A	£2m / 20%	2 yrs
Banks 3 – Council's banker (not meeting Banks 1)	N/A	£3m	3 yrs
Other institutions limit	-	£1m / 10%	1 yr
DMADF	AA	unlimited	6 months
UK government, local authorities & other public bodies	N/A	£2m	5 yrs
UK Registered Social Landlords	A-	£2m	5 yrs
	Fund rating	Money and/or % Limit	Time Limit
Money market funds	AAA	£2m / 20%	liquid
Short Duration Managed Funds	AAA	£2m / 20%	liquid

### Creditworthiness

Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen,

there have been some instances of previous lowering of Outlooks being reversed.

#### 4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

Country limit. The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA-, and have banks operating in sterling markets. The list of countries that qualify using these credit criteria as at the date of this report are shown in Appendix B. This list will be added to, or deducted from, should ratings change in accordance with this policy.

#### 4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

#### Investment returns expectations

The current forecast shown in paragraph 3.3, includes a forecast for a first increase in Bank Rate in December 2021 though there is a high risk that it could be delayed until quarter 1 or 2 of 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.25%
2023/24	0.75%	0.50%
2024/25	1.00%	0.50%
2025/26	1.25%	1.00%
Long term later years	2.00%	2.00%

**Investment treasury indicator and limit** - Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Table 11 Maximum sums to invest for longer than 365 days

<b>Maximum principal sums invested for longer than 365 days</b>			
	<b>2022/23</b>	<b>2022/23</b>	<b>2023/24</b>
Principal sums invested for longer than 365 days	£6.0m	£6.0m	£6.0m

#### 4.5 **Investment performance / risk benchmarking**

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of the 6 month compounded SONIA.

#### 4.6 **End of Year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

### 5. **Treasury indicators 2022/23-2024/25**

#### 5.1 **Affordability Prudential Indicators**

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

#### **Ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

Table 12 Ratio of financing costs to net revenue stream

<b>%</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Ratio	3.54	5.27	7.06	6.62	6.16

#### 5.2 **Maturity structure of borrowing**

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing and are required for



upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table 13 Maturity structure of debt

<b>Interest rate exposures</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on variable interest rates based on debt</b>	30%	30%	30%
<b>Limits on fixed interest rates based on debt</b>	100%	100%	100%
<b>Maturity structure of fixed interest rate borrowing 2022/23</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	0.00%	
12 months to 2 years	0%	3.72%	
2 years to 5 years	0%	0.00%	
5 years to 10 years	0%	5.20%	
10 years to 25 years	0%	0%	
Over 25 years	0%	91.08%	
<b>Maturity structure of variable interest rate borrowing 2022/23</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	0%	
12 months to 2 years	0%	0%	
2 years to 5 years	0%	0%	
5 years to 10 years	0%	0%	
10 years to 25 years	0%	0%	
Over 25 years	0%	0%	

## **Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 27/03/2012 and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall number of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the treasury strategy statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months, once the remaining period to maturity falls to under twelve months. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.

3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds and short duration managed funds) that have been awarded a high credit rating by a credit rating agency.
5. A body that is considered of a high credit quality (such as a bank or building society).

*For category 5 this covers bodies with a minimum Short-Term rating of F2 (or the equivalent) as rated by Fitch, Moody's and/or Standard and Poor's rating agencies.*

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the duration and amount of monies which will be invested in these bodies. These criteria are detailed in Section 4.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any investments with:

	<b>Non-Specified Investment Category</b>	<b>Limit (£ or %)</b>
a.	<p><b>Supranational bonds greater than 1 year to maturity</b></p> <p><b>(a) Multilateral development bank bonds</b> - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g. National Rail, the Guaranteed Export Finance Company {GEFCO})</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>£1m or 10%</p> <p>£2m or 20%</p>
b.	<p><b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£2m or 20%
c.	<p><b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	£3m or 30%
d.	<p><b>Building societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings.</p>	£1m or 10%

	The Council may use such building societies which have a minimum asset size of £1bn.	
e.	Any <b>bank or building society</b> that has a minimum long-term credit rating of BBB+ for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	£1m or 10%
f.	<b>Bond funds.</b> See note 1 below.	£2m or 20%
g.	<b>Pooled property funds</b> – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	£2m or 20%

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Within categories c and d, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. These criteria are a robust balance sheet, a supportive trading and credit history, and information published by the Prudential Regulation Authority, the Financial Conduct Authority, and the Bank of England.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

### Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on the lowest available rating:

#### AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Finland
- Canada
- U.S.A.

#### AA

- Abu Dhabi (UAE)
- France

#### AA-

- Belgium
- U.K
- Hong Kong
- Qatar

## Treasury Management Scheme of Delegation

### (i) Full Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy

### (ii) Policy Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of Appointment

### (iii) Audit and Governance Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

### **Economic background**

The Bank of England raised the Base Rate for the first time in 3 years, it was increased for from 0.10% to 0.25%. The increase comes of official data showing prices rising at the fastest rate for a decade with inflation now being 5.1%. The MPC committee voted 8 to 1 for the rate rise in spite of worries over the impact that Omicron may have on the economy.

Over the next year the MPC will be doing a delicate balancing act of weighing combating inflation being higher for longer against growth being held back by significant headwinds. Those headwinds are due to supply shortages (pushing prices up and holding back production directly), labour shortages, surging fuel prices and tax increases. However, those headwinds could potentially be offset – at least partially - by consumers spending at least part of the £160bn+ of “excess savings” accumulated during the pandemic. However, it is also possible that more affluent people may be content to hold onto elevated savings and investments and, therefore, not support the economic recovery to the extent that the MPC may forecast. The MPC commented that once this winter is over and world demand for gas reduces - so that gas prices and electricity prices fall back - and once supply shortages of other goods are addressed, that inflation would return to just under the 2% target.

The Covid 19 vaccines boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is with further mutations of the virus such as Omicron as we are still waiting to see how deadly this new strain is and how effective vaccine are against it. There is also a potential for the winter flu season combined with Covid to overwhelm NHS hospitals, so the UK is not entirely in the clear yet.

Since the September MPC meeting, the economy has been impacted by rising gas and electricity prices which are now threatening to close down some energy intensive sectors of industry – which would then further impact the supply chain to the rest of the economy. Ports are also becoming increasingly clogged up with containers due to a shortage of lorry drivers to take them away. The labour market statistics for August released in mid-October showed a sharp rise in employment but also a continuing steep rise in vacancies. The combination of all these factors is a considerable headwind to a recovery of economic growth in the months ahead.

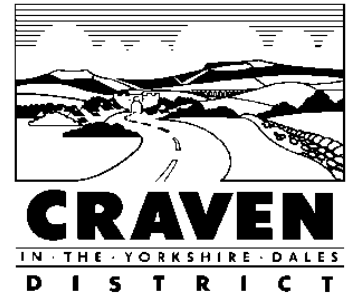
World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

The pandemic and extreme weather events, followed by a major surge in demand

after lockdowns ended, have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries.

The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.



**Name of Committee Policy Committee****Date****Pay Policy Statement 2022-2023****Report of the HR Manager****Lead Member – Councillor Metcalfe****Ward(s) affected: None****1. Purpose of Report**

- 1.1 The purpose of this report is to seek Member approval to implement the Council's 2022/2023 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.

**2. Recommendations – Members are recommended to:**

- 2.1 Give approval to implement the Council's 2022/23 Pay Policy Statement which is attached at Appendix A
- 2.2 The 2022/23 pay award has not yet been finalised, therefore the report may change slightly once the pay award has been agreed.

**3. Introduction**

- 3.1 Local Authorities are required under section 38(1) of the Localism Act 2011 (the Act) to prepare a Pay Policy Statement on an annual basis for publication. The statement must articulate the Council's policy towards the pay of the workforce, particularly senior staff and lowest paid employees.
- 3.2 Each local authority is an individual employer in its own right and has the autonomy to make decisions on pay that are appropriate to local circumstances and which deliver value for money for local taxpayers. The provisions of the Act do not seek to change this or to determine what decisions on pay should be taken but they require individual employing authorities to be more open about their own policies in relation to pay and how decisions are made in this regard.
- 3.3 Section 40 of the Act requires authorities in developing their Pay Policy Statement to have regard to any guidance published by the Secretary of State. This includes Communities and Local Government guidance on Openness and Accountability in Local Pay and the Code of Recommended Practice for Local Authorities on Data Transparency.

- 3.4 The government has taken steps to increase transparency on the pay and reward of public sector employees. The Local Authorities (Data Transparency) Code 2014, which amongst other things, asks councils to consider the way they release data on those staff who fall within the top three tiers of the organisation chart or are a senior employee.
- 3.5 In March 2011 the Hutton Review of Fair Pay was published which made several recommendations for promoting pay fairness in the public sector by tackling disparities between the lowest and highest paid in the public sector.
- 3.6 The provisions contained in the Act bring together the need for increasing accountability, transparency and fairness in the setting of pay which has culminated in the formalisation of the Council's Pay Policy Statement which outlines the pay and reward of the most senior employees set within the context of the pay of the wider workforce.

#### **4. Justification**

- 4.1 The Act sets out in detail the specific elements which the Pay Policy Statement must include as a minimum which is outlined in more detail below. A copy of the amended 2022/23 Pay Policy Statement can be found at Appendix B.
- 4.2 The Act requires that in addition to the determination of senior salaries authorities must make clear what approach is taken to awarding other elements of pay including severance payments, any additional fees eg election duties, pay increases, honoraria payments etc. This has been included within the amended policy for senior salaries.
- 4.3 The Act requires that authorities include in their Pay Policy Statements the approach to the publication of and access to information relating to the remuneration of Chief Officers. Reference to the council's Statement of Accounts where this information is published is included within the amended policy.
- 4.4 The Act requires that Pay Policy Statements are produced annually and are considered by full council. Any subsequent amendments required to the policy should also be considered by full council. This should be carried out in accordance with part 5A of the Local Government Act 1972. The Secretary of State does not consider that any of the grounds for exclusion of the public would be met for discussions around Pay Policy Statements.
- 4.5 The Act requires that full council should also be offered the opportunity to vote before large salary packages (in excess of £100k) are offered in respect of a new appointment.
- 4.6 The Act requires that the council's approach to pay, as set out in the Pay Policy Statement, is accessible for citizens for them to take an informed view of whether local decisions on all aspects of remuneration are fair therefore the approved Pay Policy Statement will be published on the council's website.

4.7 The Hutton report highlighted that there is value in ensuring decisions about senior pay are taken in the context of similar decisions on lower paid staff and the Act requires Authorities to set their policy on remuneration for the highest paid employees alongside policies on the lowest paid which has been reflected in the 2022/23 Pay Policy Statement at appendix B.

4.8 The Hutton report and The Code of Recommended Practice for Local Authorities on Data Transparency also suggest that the organisation's pay multiple is published. The 'pay multiple' is the ratio between the highest paid employee and the median average earnings across the organisation which acts as a means of illustrating the relationship between the highest and lowest paid. This ratio has been included in the 2022/23 Pay Policy Statement and will be reviewed as part of future pay policies.

**5. Financial and Value for Money Implications**

5.1 None arising from this report

**6. Legal Implications**

6.1 The Pay Policy consolidates a number of existing policies that have previously been reviewed by Legal Services.

**7. Contribution to Council Priorities**

7.1 To ensure that CDC complies with the Pay Policy Statement in accordance with section 38 of the Localism Act 2011

**7.2 Impact on the declared Climate Emergency**

None from this report

**8. Risk Management**

8.1 None from this report

8.2 **Chief Finance Officer (s151 Officer) Statement** – None required for this report.

8.3 **Monitoring Officer Statement** - The Pay Policy Statement must be approved at a meeting of Council.

**9. Equality Impact Analysis**

9.1 Staff will be informed about the revised Pay Policy Statement. The policy consolidates a number of existing policies and local agreements which the Trade Unions have previously been consulted on.

**10. Consultations with other**

The Trade Unions will be informed about the revised Pay Policy Statement. The policy consolidates a number of existing policies and local agreements which Trade Unions have previously been consulted on.

**11. Background Documents**

- 11.1 CLG Draft Guidance: Openness and Accountability in Local Pay
- 11.2 CLG Code of Recommended Practice for Local Authorities on Data Transparency
- 11.3 Hutton Review of Fair Pay in the Public

**12. Appendices**

Appendix A – 2022/23 Pay Policy Statement  
Appendix B – Remuneration of Chief Officers  
Appendix C – Other Aspects of Chief Officer Remuneration

**13 Author of the Report**

Jacquie Hodgson – HR Manager  
0756 706209  
jhodgson@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.



**CRAVEN**

IN · THE · YORKSHIRE · DALES

D I S T R I C T

# **PAY POLICY STATEMENT**

**2022/2023**

## **Craven District Council – Statement of Pay Policy for the period 1 April 2022 to 31 March 2023**

### **Introduction**

Sections 38 – 43 of the Localism Act 2011 require that the authority produce a policy statement that covers a number of matters concerning the pay of the authority's staff, principally Chief Officers. This policy statement meets the requirements of the Localism Act in this regard and also meets the requirements of guidance issued by the Secretary of State for Communities and Local Government to which the authority is required to have regard under Section 40 of the Act. This policy was considered and approved by the full Council at the Council meeting which took place on 23<sup>rd</sup> February 2021. This policy also has some connection with the data on pay and rewards for staff which the authority publishes under the Code of Recommended Practice for Local Authorities on Data Transparency and the data which is published under The Accounts and Audit (England) Regulations (2011). It should be noted that the requirements to publish data under the Secretary of State guidance, the Code of Practice and the Regulations do differ, the data requirements of the Code of Practice and the Accounts and Audit Regulations are summarised at Annex A to this policy statement.

### **Definition of officers covered by the Policy Statement**

This policy statement covers the following posts:

1. Head of the Paid Service, which in this authority is the post of Chief Executive.
2. Statutory Chief Officers, which in this authority are the posts of Chief Finance Officer (Section 151 Officer) and the Solicitor to the Council & Monitoring Officer
3. Non-statutory Chief Officers, (those who report directly to the Head of the Paid Service or a Statutory Chief Officer) which in this authority are the posts of Director of Services and the Strategic Manager - Planning & Regeneration

### **Policy on remunerating Chief Officers**

The authority's policy on remunerating Chief Officers is set out on the schedule that is attached to this policy statement at Annex B. It is the policy of this authority to establish a remuneration package for each Chief Officer post that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the authority's requirements of the post in question at the relevant time.

## **Policy on remunerating the lowest paid in the workforce**

The authority applies terms and conditions of employment that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or as a consequence of authority decisions, these are then incorporated into contracts of employment. The lowest pay point in this authority is Scale 1a, this relates to an annual salary of £17,842 and can be expressed as an hourly rate of pay of £9.2485. This pay point and salary has been determined by the authority as part of a pay scale for employees employed on Local Government Services Terms and Conditions on 1<sup>st</sup> April 2021 and will be effective on this date. The pay rate is increased in accordance with any pay settlements which are reached through the National Joint Council for Local Government Services.

## **Policy on the relationship between Chief Officer remuneration and that of other staff**

The highest paid salary in this authority is £105,669 which is paid to The Chief Executive. The average median salary in this authority is £20,889. The ratio between the two salaries, the 'pay multiple' is 5:1. This authority does not have a policy on maintaining or reaching a specific 'pay multiple', however the authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the authority as expressed in this policy statement. The authority's approach to the payment of other staff is to pay that which the authority needs to pay to recruit and retain staff with the skills, knowledge, experience, abilities and qualities needed for the post in question at the relevant time, and to ensure that the authority meets any contractual requirements for staff including the application of any local or national collective agreements, or authority decisions regarding pay.

## **Policy on other aspects of Chief Officer remuneration**

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

## **Approval of Salary Packages in excess of £100k**

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

## **Flexibility to address recruitment issues for vacant posts**

In the vast majority of circumstances, the provisions of this policy will enable the authority to ensure that it can recruit effectively to any vacant post. There may be exceptional circumstances when there are recruitment difficulties for a particular post and where there is evidence that an element or elements of the remuneration package are not sufficient to secure an effective appointment. This policy statement recognises that this situation may arise in exceptional circumstances and therefore a departure from this policy can be implemented without having to seek full Council approval for a change of the policy statement. Such a departure from this policy will be expressly justified in each case and will be approved through an appropriate authority decision making route.

## **Amendments to the policy**

It is anticipated that this policy may need to be amended during the period it covers (April 2022– end March 2023), as the 2022/2023 pay award has yet to be finalised.

## **Policy for future years**

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



## **Pay Policy Statement – Annex A**

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

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

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

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

For the above remuneration is to include:

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

For the above pension contributions to include:

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

**Pay Policy Statement - Annex B**

Post	Base Salary	Expenses	Bonuses	PRP	Earn-Back	Honoraria	Ex-Gratia Payments	Election Fees	Joint Authority Duties	Severance Arrangements
Chief Executive	£105,669	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment provide a provision for PRP up to a maximum of £5,000	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	The postholder is the Council's Returning Officer and receives payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2022/23.
Director of Services	£83,423	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide a provision for PRP	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2022/23

Chief Finance Officer (S151 Officer)	£71,692	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide a provision for PRP	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2022/23
Solicitor to the Council & Monitoring Officer (Mon – Wed) 0.59 fte  Solicitor to the Council & Deputy Monitoring Officer (Tues, Thurs, Fri) 0.59 fte	£35,052 plus £1,250 for Monitoring Officer duties  £35,052 plus £1,250 for Deputy Monitoring Officer duties	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide a provision for PRP	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2022/23

Strategic Manager Planning & Regeneration	£58,952	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide a provision for PRP	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	There are no plans for the postholder to carry out Election Duties for 2022/23	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2022/23
---	---------	---	---	--	---	---	---	--	---	--

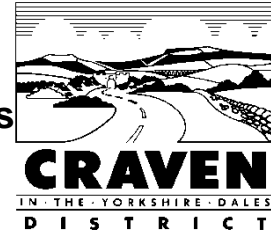
## Pay Policy Statement - Annex C

Aspect of Chief Officer Remuneration	Authority Policy
Recruitment	The post will be advertised and appointed to at the appropriate approved salary for the post in question level unless there is good evidence that a successful appointment of a person with the required skills, knowledge, experience, abilities and qualities cannot be made without varying the remuneration package. In such circumstances a variation to the remuneration package is appropriate under the authority's policy and any variation will be approved through the appropriate authority decision making process.
Pay Increases	The authority will apply any pay increases that are agreed by relevant national negotiating bodies and/or any pay increases that are agreed through local negotiations. The authority will also apply any pay increases that are as a result of authority decisions to significantly increase the duties and responsibilities of the post in question beyond the normal flexing of duties and responsibilities that are expected in senior posts.
Additions To Pay	The authority would not make additional payments beyond those specified in the contract of employment.
Performance Related Pay	The Terms and Conditions of the Chief Executive provide a provision for PRP. The authority does not operate a performance related pay system for the other Chief Officers as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.
Earn-Back ( Withholding an element of base pay related to performance)	The authority does not operate an earn-back pay system as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously. .
Bonuses	The authority does not pay bonus payments to senior officers.

Termination Payments	The authority applies its normal redundancy payments arrangements to senior officers and does not have separate provisions for senior officers. The authority also applies the appropriate Pensions regulations when they apply. The authority has agreed policies in place on how it will apply any discretionary powers it has under Pensions regulations. Any costs that are incurred by the authority regarding senior officers are published in the authority accounts as required under the Accounts and Audit (England) Regulations 2011.
Transparency	The authority meets its requirements under the Localism Act, the Code of Practice on Data Transparency and the Accounts and Audit Regulations in order to ensure that it is open and transparent regarding senior officer remuneration.
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	The authority is under a statutory duty to appoint on merit and has to ensure that it complies with all appropriate employment and equalities legislation. The authority will always seek to appoint the best available candidate to a post who has the skills, knowledge, experience, abilities and qualities needed for the post. The authority will therefore consider all applications for candidates to try to ensure the best available candidate is appointed. If a candidate is a former employee in receipt of an LGPS pension or a redundancy payment this will not rule them out from being re-employed by the authority. Clearly where a former employee left the authority on redundancy terms then the old post has been deleted and the individual cannot return to the post as it will not exist. The authority will apply the provisions of the Redundancy Payments Modification Order regarding the recovery of redundancy payments if this is relevant. Pensions Regulations also have provisions to reduce pension payments in certain circumstances to those who return to work within the local government service.

Planning Committee 1st February 2022

## Skipton Heritage Action Zone Additional Resources



Report of the Director of Services

Lead Member –Cllr Simon Myers

Ward affected: All Skipton Wards

### 1. Purpose of Report

- 1.1 To seek permission to accept additional funding from Historic England and the Arts Council for England to advance the work of the Skipton Heritage Action Zone

### 2. Recommendations

- 2.1 Accept additional funding from Historic England to increase the scope and quality of the Skipton HAZ
- 2.2 If successful accept £150k from the Arts Council for England to fit out a recording studio and rehearsal room in the Craven Arts House.
- 2.3 To grant authority to the Director Services in consultation with the Solicitor to the Council, to enter new or amended funding agreements

### 3. Background

- 3.1 In 2020 Historic England established the Skipton High Street Heritage Action Zone and awarded Skipton £1.2m to support the delivery of a programme of activity. In addition, funding was made available from Craven DC, Skipton Town Council and Skipton BID and other external fund was to be sought including from Arts Council for England. The projects within the programme include:
  - The redevelopment of Skipton Town Hall
  - The creation of the Craven Arts House
  - Improvements to the public realm in on Coach Street, Otley Street, and some ginnels
  - Support improvements to Skipton Market
  - Deliver a cultural programme
- 3.2 Historic England receive an annual grant from the Government, so they need each town to spend to an annual profile. If a town does not spend in year, then there is the risk that the funding for that town will be reallocated to



## AGENDA ITEM 9

another town or returned to the Treasury. To date Skipton has been able to deliver the programme spend as expected.

- 3.3 In 2020/2021 national underspends allowed Historic England to provide an additional £260k to Skipton HAZ to offset CDC expenditure on the Town Hall rather than return the funding to Government. The agreement with Historic England was that any additional budget that offset CDC expenditure is retained within the overall HAZ Programme so that the range and/or quality of activities can increase.
- 3.4 In the current year 2021/22 there is again a national underspend on the Heritage Action Zone programme, so Historic England have approached us to see if we are able to spend any more money. The funding needs to be spent within the financial year and with two months remaining this is difficult, but we can vire resources to again substitute CDC funding in the current year with Historic England funding. This released CDC funding can then be spent in future years. This ensures that we can hit our expenditure targets, but it can also allow additional resources to be brought into the programme.

### 4. Additional Historic England Funding

- 4.1 As there are again national underspends in 2021/22, Historic England hopes to be able provide additional funding for 2021/22 as below. This additional funding has not been agreed at the time of writing this report as it awaits authorisation from the central office.

	<b>Additional funds</b>	<b>Description</b>
<b>2020/21</b>		
Skipton Town Hall	£260k	Substitute CDC funding for the refurbishment of the concert hall and roof. Additional resources retained within the HAZ programme to support additional activities, improve quality, or support cost overruns
<b>2021/22</b>		
Skipton Town Hall Stonework	£20k	Additional budget to pay for new street furniture outside of Skipton Town Hall
Craven Arts House	£250 - £500k	Improve the quality of the internal finishes and the environmental sustainability of the building

### 5. Arts Council Funding Bid

- 5.1 The second phase of the Craven Arts House project is the development of the middle wing of the building, a large open space suitable to meet creative

# AGENDA ITEM 9

needs of wide range practitioners, participants, partners, and audiences. This area needs a new floor, lighting, heating, ventilation, demountable staging, a sound system, and stackable seating to become a rehearsal and performance/ temporary exhibition/workshop space. The adjacent music areas need sound proofing, to a standard high enough for band rehearsal and recording equipment.

- 5.2 To fund this we have submitted a bid to Arts Council for England (ACE) for £150k. All the match funding for this bid is to be provided from the Historic England funding and so there is not a need for additional Craven DC funding.
- 5.3 Our bid has successfully got through the first stage of the process and the announcement of the successful detailed bids is expected in April 2022. If we are given the grant, then works will be completed over the following 12 months and if unsuccessful then the area will be set aside until future rounds of funding are available.

## **6. Implications**

### **6.1 Financial Implications**

It is currently unknown if Historic England will be able to provide additional resources to the HAZ programme. If we are successful with the funding bids to Historic England and the Arts Council for England, then this will be accounted through the capital and revenue budgets as appropriate

### **6.2 Legal Implications**

There will be a need to either amend existing funding agreements or the development of new funding agreements to accept any funds. If additional resources are awarded by either Historic England or the Arts Council for England then external legal support will be required, and this will be funded from the Heritage Action Zone budget.

## **7. Contributions to Corporate Priorities**

The proposals in this report support the Council priority of “Supporting the Well-being of our Communities” and “Enterprising Craven”

### **7.2 Impact on the declared Climate Emergency**

Part of the funding will support the improvement of the air tightness of the Craven Arts House so reducing the energy and heat requirements of the building.

## **8. Risk Management**

If the funding is not received, then the additional work will be delayed until further funding is available, but the core project will not be affected.

## AGENDA ITEM 9

9. **Chief Finance Officer (s151 Officer) Statement** – Nothing to add to what is already included in the report.
10. **Monitoring Officer Statement** - A Monitoring Officer statement is not required for this report.
11. **Consultation with Others**  
None
12. **Appendices**  
None
13. **Author of the Report**  
David Smurthwaite, Strategic Manager, Planning and Regeneration  
dsmurthwaite@[cravendc.gov.uk](mailto:dsmurthwaite@cravendc.gov.uk) 01756 706409

## CRAVEN SPATIAL PLANNING SUB-COMMITTEE

13 December 2021

**Present** – The Chairman (Councillor Staveley) and Councillors Pringle and Shuttleworth.

**Officers** – Interim Spatial Planning Manager, Planning Consultant, Planning Officer (Planning Policy Team), Senior Democratic Services Officer and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillors Brockbank, Myers, Rose and Sutcliffe.

Start: 6.40pm

Finish: 7.36pm

### Minutes for Report

CSP.195

### GOOD DESIGN SUPPLEMENTARY PLANNING DOCUMENT AND RURAL WORKERS' DWELLINGS SUPPLEMENTARY PLANNING DOCUMENT: REVISED DRAFTS FOR CONSULTATION

The Strategic Manager for Planning and Regeneration submitted a report presenting two revised draft Supplementary Planning Documents and associated documents regarding good design and rural workers' dwellings. The aim of the Supplementary Planning Documents was to add further details to the Craven Local Plan and parent policies, not to establish new policy.

Following the first round of consultation during which thirteen responses were received, the documents have been revised and are now subject to a second round of public consultation.

Members were disappointed with the number of respondents and also that Historic England had not made any comments. Officers stated that they would endeavour to engage more with the farming community and landowners and that they would work with Historic England's officer to encourage a response during the second consultation period.

**Resolved** – (1) That, in terms of the draft Good Design Supplementary Planning Document, the following is approved:

- a) the Consultation Statement set out at Appendix A to the report now submitted;
- b) the revised draft Supplementary Planning Document for public consultation as set out at Appendix B to the report now submitted, and to act as a material consideration when dealing with, and determining, relevant planning applications.
- c) the Strategic Environmental Assessment: Screening Report and the Habitat Regulations Assessment: Screening Report in Appendices C and D to the report now submitted.

(2) That, in terms of the draft Rural Workers' Dwellings Supplementary Planning Document, the following is approved:

- a) the Consultation Statement set out at Appendix E to the report now submitted;

- b) the revised draft Supplementary Planning Document for public consultation as set out at Appendix F to the report now submitted, and to act as a material consideration when dealing with, and determining, relevant planning applications.
- c) the Strategic Manager Environmental Assessment: Screening Report in Appendices G and H to the report now submitted.

CSP.196

**FLOOD RISK AND WATER MANAGEMENT  
SUPPLEMENTARY PLANNING DOCUMENT AND GREEN  
INFRASTRUCTURE AND BIODIVERSITY SUPPLEMENTARY  
PLANNING DOCUMENT: DRAFTS FOR CONSULTATION**

The Strategic Manager for Planning and Regeneration submitted a report presenting two draft Supplementary Planning Documents (SPD's) on Flood Risk and Water Management and Green Infrastructure and Biodiversity. Members were asked to approve the attached drafts for a first period of consultation for four weeks' running from Tuesday 4<sup>th</sup> January 2022 until Tuesday 1<sup>st</sup> February 2022. This provided an opportunity for public participation, following which the drafts would be amended as necessary and submitted to a further meeting of the Sub-Committee.

The Craven Local Plan was adopted in November 2019. The Council's Local Development Scheme set out that the Council would produce and adopt a Flood Risk and Water Management SPD and a Green Infrastructure and Biodiversity SPD by the end of 2021. The documents added further detail to the policies in the development plan and could be used to provide further guidance for the development of specific sites or on particular issues such as design. Supplementary Planning Documents were capable of being a material consideration in planning decisions but were not part of the Development Plan.

**Resolved** – (1) That, the Flood Risk and Water Management Supplementary Planning Document and the Green Infrastructure and Biodiversity Supplementary Planning Document are approved for consultation as set out at Appendix A and Appendix B respectively to the report now submitted.

(2) That, delegated authority is given to the Strategic Manager for Planning and Regeneration to publish the draft Flood Risk and Water Management Supplementary Planning Document and the Green Infrastructure and Biodiversity Supplementary Planning Document for the first period of consultation for a four weeks' period, running from Tuesday 4<sup>th</sup> January 2022 and Tuesday 1<sup>st</sup> February 2022.

CSP.197

**DATE OF NEXT MEETING**

31<sup>st</sup> January 2022 at 6.30pm

Chairman.