

## POLICY COMMITTEE

**6.30pm on Tuesday 6<sup>th</sup> February 2018**  
**Belle Vue Suite, Belle Vue Square, Broughton Road, Skipton**

**Committee Members: The Chairman (Councillor Foster) and Councillors Barrett, Brockbank, Dawson, Heseltine, Hull, Ireton, Jaquin, Lis, Madeley, Morrell, Mulligan, Myers, Rose and Welch.**

Substitutes : Conservatives – Councillors Graham, Thompson and Whitaker;  
Independents – Councillors Pighills, Solloway and Shuttleworth; Labour – Councillor Mercer.

## AGENDA

1. **Apologies for absence and substitutes**
2. **Confirmation of Minutes** – 16<sup>th</sup> January 2018.
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.

(Note: 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. **Pay Policy Statement 2018/19** – Report of the Chief Executive. Attached.

Purpose of Report – To seek approval to implement the Council’s 2018/19 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.

6. **Council Plan 2018-2021** – Report of the Chief Finance Officer. Attached.

Purpose of Report – To present the Council Plan 2018 – 2021 for approval.

7. **Capital Programme 2018/19** - Report of the Chief Finance Officer. Attached.

Purpose of Report – To seek approval of the proposed capital programme 2018/19 0 2021/22, subject to there being sufficient capital resources.

8. **Revenue Budget 2018/19 and Medium Term Financial Plan 2018/19 to 2020/21**– Report of the Chief Finance Officer. Attached.

Purpose of Report – To identify a fully funded revenue budget for 2018/18; recommend a prudent level of general fund revenue balances for the financial year; and outline the Medium Term Financial Plan (MTFP)to 2020/2021.

9. **2018/19 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 together with the Minimum Revenue Provision Statement, Prudential Indicators and the Annual Investment Strategy for 2018/19 as required by the Department of Communities and Local Government and CIPFA.

10. **Transfer of land at Mealbank Quarry, Ingleton** – Report of the Director of Services. Attached.

Purpose of Report – To seek approval for the transfer of land at Mealbank Quarry, Ingleton to the Yorkshire Wildlife Trust as a “wildlife area” under a 50 year lease with no break clauses.

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.

Agenda Contact Officer: Vicky Davies, Committee Administrator

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29<sup>th</sup> January 2018

If you would like this agenda or any of the reports listed in a way which is better for you, please telephone 01756 706494.

**Recording at Council Meetings** - Recording is allowed at Council, committee and sub-committee meetings which are open to the public, subject to:

- (i) the recording being conducted with the full knowledge of the Chairman of the meeting; and
- (ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Agenda Contact Officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

**Emergency Evacuation Procedure** - In case of an emergency or if the alarm sounds, leave the committee room and exit the building using the nearest available door. The assembly point is in the main square at the front entrance. An officer will take a roll call at that point. Please do not leave without telling the Chairman or the Democratic Services Section's representative.

## POLICY COMMITTEE

16<sup>th</sup> January 2018

**Present** – The Chairman (Foster) and Councillors Dawson, Jaquin, Madeley, Morrell, Mulligan and Myers.

**Officers** – Chief Executive, Director of Services, Solicitor to the Council (Monitoring Officer), Chief Finance Officer, Environmental Services and Housing Manager, Business Services Manager and Committee Administrator.

Apologies for absence were received from Councillors Barrett, Brockbank, Heseltine, Hull, Ireton, Lis and Rose.

Start: 6.30pm

Finish: 7.20pm

**Exclusion of the Public** - That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded from the meeting during consideration of Minutes POL.905 below on the grounds that it is not in the public interest to disclose the Category 3 (financial or business affairs of any particular Person (including the Council)) exempt information therein.

### Minutes for Report

POL.898

#### PARKING ENFORCEMENT ARRANGEMENTS

The Director of Services submitted a report asking for approval to enter into a new five year agreement with Harrogate Borough Council to undertake the Council's civil parking enforcement within car parks belonging to the Council.

As the Council's current contract for undertaking off-street parking enforcement was to end in May 2018 the Authority could either bring the parking enforcement back in-house; procure via the private sector; or renew the contract with Harrogate Borough Council. The Director of Services' report had considered the three options and proposed that the efficient and most cost effective option for the Council was to renew the current contract with Harrogate Borough Council.

During the ensuing debate, Members mentioned some examples of situations where people felt aggrieved as when using the Council's car parks they felt that their individual circumstances had not been taken account. Members requested that Harrogate Borough Council were asked to ensure that their enforcement personnel used common sense and courtesy when dealing with car parking issues in Craven.

**Resolved** – That, authority is delegated to the Director of Services to enter into a new five year contract with Harrogate Borough Council to provide Craven District Council's civil parking enforcement within car parks belonging to the Council.

POL.899

#### NORTH YORKSHIRE ADULT WEIGHT MANAGEMENT SERVICE

The Director of Services submitted a report informing Members that the Council was to enter into a funding agreement with North Yorkshire County Council for the delivery by Craven Leisure of the North Yorkshire Adult Weight Management Service. The programme would be cost neutral to the Council.

In September 2015, along with all other councils in the North Yorkshire area, grant funding had enabled a pilot scheme to be introduced, which was principally to support overweight and obese adults to lose weight and sustain that loss. The service was based around nutritional workshops

and facilitated activity/exercise sessions. Whilst the programme took some time to gather momentum, it had proved very successful in the latter stages of the delivery.

The new contract period was for 4.5 years with an option to extend by 2 years. The maximum annual budget comprised an upfront payment of £18,185 at the beginning of each year followed by performance related pay up to £18,185, giving a total annual funding of £36,370. The maximum contract value was £236,405.

**Resolved** – That, it is noted that the Council is entering into a funding agreement with North Yorkshire County Council for the delivery by Craven Leisure of the North Yorkshire Adult Weight Management Service.

POL.900

**ANIMAL BOARDING LICENCE CONDITIONS INCLUDING HOME  
BOARDING AND DOG DAY CARE**

The Director of Services submitted a report setting out details of a review of the Council's conditions of licences for dog and cat boarding establishments including that of home boarding and day care. The review had included a six week consultation period and the majority of responses were in support of the revised conditions. Members were asked to consider the adoption of new licensing conditions for such establishments, together with new licensing fees.

The revised conditions reflected legislative changes and the recent trend for dogs to be boarded during the day only i.e. dog crèches. To date, the Council had not licenced any dog day boarding establishments and the model licence conditions which applied to traditional commercial kennels and home boarders were not suitable for day boarding.

**Resolved** – (1) That, the license conditions for dog boarding establishments set out in Appendix A to the report now submitted, are approved.

(2) That, the licence conditions for cat boarding establishments set out in Appendix B to the report now submitted, are approved.

(3) That, the licence conditions for home boarding (dogs) establishments as set out in Appendix C to the report now submitted, are approved.

(4) That, the license conditions for dog day care establishments as set out in Appendix D to the report now submitted, are approved.

(5) That, the fees for the licences for 2018/19 are set at:

(a) Dog boarding establishments	£132.00
(b) Cat boarding establishments	£132.00
(c) Home boarding (dogs) establishments	£115.00
(d) Dog day care establishments	£115.00

(6) That, delegated authority is given to the Director of Services to review the fees annually and make any necessary adjustment provided that the increase/decrease does not exceed 5% as set out in Appendix E to the report now submitted.

(7) That, delegated authority is given to the Director of Services to make minor amendments to the adopted licence conditions.

(8) That, delegated authority is given to the Director of Services to add/delete a condition as appropriate to a particular application.

### **COMMUNITY GOVERNANCE REVIEW – PARISH COUNCILS**

Further to Minute number POL.872/17-18, the Chief Executive submitted a report setting out the final consultation on recommendations to increase the number of parish councillors on several parish councils following a community governance review and seeking approval to make an Order to implement the proposals.

Threshfield, Farnhill, Draughton and Thornton-in-Craven had requested an increase in the number of parish councillors in the interests of effective and convenient local government. The remaining small parishes either indicated that they were content with current arrangements or did not respond.

**Resolved** – (1) That, it is noted that no objections have been received to the recommendations approved by the Policy Committee, for final consultation, on 31<sup>st</sup> October 2017.

(2) That, approval is given to increase the number of councillors from 5 to 7 in respect of the following councils: Threshfield; Farnhill; Draughton and Thornton-in-Craven, with implementation from the next ordinary dates of election.

(3) That, the Solicitor to the Council is authorised to make an Order to give effect to (2) above.

### **Minutes for Decision**

### **POL.902 COLLECTION FUND COUNCIL TAX SURPLUS/(DEFICIT) 2017/18**

The Chief Finance Officer submitted a report declaring an estimated surplus of £750,000 on the Council's collection fund in respect of council tax for the financial year 2017/18.

There was a statutory requirement to declare an estimate of the surplus or deficit likely to occur. The calculated surplus would be shared between the precepting authorities as follows:

• North Yorkshire County Council	£522,593
• Police and Crime Commissioner North Yorkshire	£99,141
• North Yorkshire Fire and Rescue Authority	£30,098
• Craven District Council	£98,168

Craven District Council was required to take the £98,168 in account when setting its element of the council tax for 2018/19.

**RECOMMENDED** – (1) That, an estimated surplus of £750,000 on the Council's collection fund at 31<sup>st</sup> March 2018 relating to council tax collections is declared.

(2) That, as part of the budget strategy, the Council's element of the estimated surplus is used in calculating the level of council tax for 2018/19.

### **POL.903 COLLECTION FUND NATIONAL NON-DOMESTIC RATES SURPLUS/(DEFICIT) 2017/18**

The Chief Finance Officer submitted a report declaring an estimated deficit of £50k on the Council's collection fund at 31<sup>st</sup> March 2018 relating to national non domestic rates (NNDR) transactions.

Under the rates retention scheme, local authorities were allowed to keep a proportion of the business rates collected, giving authorities a direct financial interest and therefore an incentive to work with businesses to grow local economies.

Any surplus or deficits had to be shared in prescribed proportions and based on estimated deficit, the amount that had to be distributed between the precepting authorities was as follows:

• North Yorkshire County Council	£4,500
• Central Government	£25,000
• North Yorkshire Fire and Rescue Authority	£500
• Craven District Council	£20,000

Members were advised that Craven District Council had to take the £20,000 into account when it set its element of the council tax for 2018/19.

**RECOMMENDED** – (1) That, an estimated deficit of £50k on the Council's collection fund at 31<sup>st</sup> March 2018 relating to NNDR transactions is declared.

\$POL.904

### **COMMERCIAL WASTE COLLECTION SERVICES OPTIONS REVIEW**

The Director of Services submitted a report outlining the options that had been considered as part of the Council's commercial waste collection service review together with recommendations for the future delivery or otherwise of the service.

The Council currently collected approximately 35% of the market share of commercial waste but this was under threat from the commercial sector and failure to review the Service's business model and practices risked year on year business shrinkage. This could potentially undermine the Council's aim of providing a better service and increasing revenue streams to support the future delivery of services.

Waste was currently collected by volume i.e. the size of the container provided, with prices fixed regardless of location or type of waste produced. Private sector charges were based on the weight collected. However, the Council would shortly be taking delivery of two vehicles that had a weighing capacity which would enable the introduction of collections by weight and volume.

The options for future delivery of the service were:

- (a) Sell the service;
- (b) Retain the existing service model and actively promote the current service; or
- (c) Completely re-design the commercial waste service to one of collection by weight and volume.

The report set out in details the financial implications and viability of each option and it was recommended to Members that the preferred option was to re-design the commercial waste service and base the collections by weight and volume. This would not only give the Council the opportunity to recover full disposal costs but would also improve the service to existing customers with the aim of being more competitive and therefore increasing the Council's business share from the present 35% to 60% in five years' time.

**RECOMMENDED** – (1) That, the introduction of weight/volume collection process based on charges for maximum weights from the 1<sup>st</sup> April 2019 is approved in principle.

(2) That the Director of Services is asked to draft a framework for future consideration by this Committee on the charging mechanisms for the

collection of commercial waste from businesses in rural communities that does not disadvantage those businesses.

\$POL.905

**REDEVELOPMENT OF SKIPTON TOWN HALL – HERITAGE  
LOTTERY FUND STAGE 2 APPLICATION**

A separate excluded Minute has been prepared for this item. It is published (on pink paper) for Members, relevant officers and other agencies only, who are entitled to know the outcome prior to the embargo being lifted. This version is for all those who are not entitled to the exempt version of the Minute.

Chairman

## EXEMPT MINUTE

### Policy Committee

16<sup>th</sup> January 2018

### EXCLUSION OF THE PUBLIC

**Resolved** – That, in accordance with the Council's Access to Information Procedure Rules, the public is excluded for the purposes of Minute \$POL.905 below (marked \$) on the grounds that it is not in the public interest to disclose the Category 3 exempt information (relates to the financial or business affairs of any particular person).

\$POL.905

### REDEVELOPMENT OF SKIPTON TOWN HALL – HERITAGE LOTTERY FUND STAGE 2 APPLICATION

Further to Minutes POL.864/17-18, the Director of Services submitted a report informing Members of the decision of the Heritage Lottery Fund on the Council's funding application for the redevelopment of Skipton Town Hall and requesting approval to accept the grant offer.

The grant of £1,500,700 was pivotal to the continued development of the Town Hall as a new cultural hub for the whole of the District to enjoy for generations to come. The cultural hub would be designed to deliver a modern museum and associated learning space, contemporary white box gallery and restored concert hall suitable for hosting a range of high quality performances. The museum would signpost out to sites of historical interest across the District and live streaming of performances would be relayed to village halls throughout Craven.

The Committee congratulated and thanked all the officers who had been involved in developing the project and their confidence that Craven could deliver the scheme in-house. Thanks were also expressed for the professionalism of the officers involved in putting together the bid itself which had resulted in the HLT awarding a grant for the Town Hall's continued development. The Committee also thanked the Lead Member, Councillor Myers for all his efforts and hard work which had been essential in securing the grant monies.

Members expressed their pride in what had been achieved thus far and were excited about the prospect of the Town Hall becoming a thriving hub of culture and entertainment with an increasing programme of events.

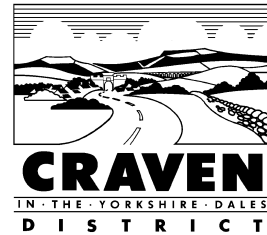
**RECOMMENDED** – (1) That, Members give their thanks to the Heritage Lottery Fund and accept the HLF grant of £1,500,700 for the redevelopment of Skipton Town Hall.

(2) That, delegated authority is given to the Director of Services in discussion with the Monitoring Officer to accept the terms of the HLF stage two grant.

(Councillor Jaquin declared an Appendix B interest in the above item as he was a trustee of Skipton Museum.)

END.





## POLICY COMMITTEE

### PAY POLICY STATEMENT 2018/19

Report of the HR Manager  
Lead Member – Councillor Dawson

1. **Purpose of Report:-** The purpose of this report is to seek approval to implement the Council's 2018/19 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.
2. **Recommendations:-** That approval is given to implement the Council's 2018/19 Pay Policy Statement attached at Appendix A.
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.

## AGENDA ITEM 5

- 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 2018/19 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 2018/19 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

## AGENDA ITEM 5

been included in the 2018/19 Pay Policy Statement and will be reviewed as part of future pay policies.

### 5. **Financial Implications**

None arising from this report

### 6. **Legal Implications**

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

### 7. **Contribution to Corporate Priorities**

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

### 8. **Employee Implications**

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.

### 9. **Risk Management**

None

### 10. **Consultation with others**

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. **Access to information**

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 Sector

### 12. **Appendices**

Appendix A – 2018/19 Pay Policy Statement

Appendix B – Remuneration of Chief Officers

Appendix C – Other Aspects of Chief Officer Remuneration

### 13. **Author of the report**

J. Hodgson, HR Manager - Tel:- 01756 706209

## **AGENDA ITEM 5**

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# **PAY POLICY STATEMENT**

**2018/19**

## **Craven District Council – Statement of Pay Policy for the period 1 April 2018 to 31 March 2019**

### **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 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 £15,014 and can be expressed as an hourly rate of pay of £7.78. 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 2017 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 £98,847 which is paid to The Chief Executive. The average median salary in this authority is £20,138. The ratio between the two salaries, the 'pay multiple' is 4.9:1. 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 will not need to be amended during the period it covers (April 2018 – end March 2019), however if circumstances dictate that a change of policy is considered to be appropriate during the year then a revised draft policy will be presented to full Council for consideration.

## **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	£98,847	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 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 2018/19.

Director of Services	£78,037	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 2018/19	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 2018/19
Chief Finance Officer (S151 Officer)	£57,746 plus £2,500 for Section 151 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	There are no plans for the postholder to carry out Election Duties for 2018/19	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 2018/19

Solicitor to the Council & Monitoring Officer	£53,845 plus £2,500 for 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	There are no plans for the postholder to carry out Election Duties for 2018/19	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 2018/19
Strategic Manager Planning & Regeneration	£55,146	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 2018/19	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 2018/19

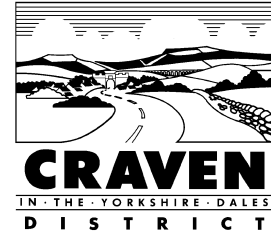
## Pay Policy Statement - Annex C

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	<p>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.</p>
Transparency	<p>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.</p>
Re-employment of staff in receipt of an LGPS Pension or a redundancy/severance payment	<p>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.</p>

## Policy Committee – 6 February 2018

### Council Plan 2018 – 2021



Ward(s) affected: All

Report of the: Chief Finance Officer (Section 151)

Lead Member: Councillor Patrick Mulligan

#### **1. Purpose of the Report**

- 1.1. To present the Council Plan 2018/2021 for approval

#### **2. Recommendation Members are recommended to:**

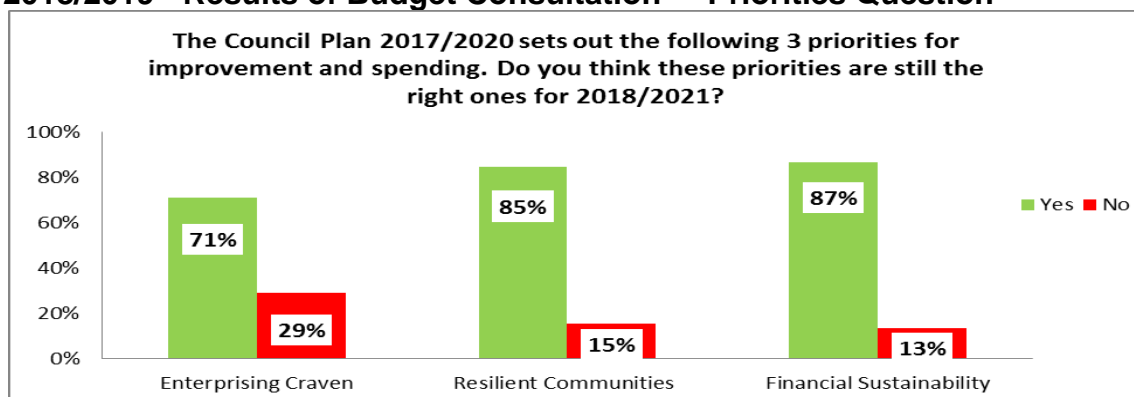
- 2.1. Approve the Council Plan 2018/2021 and give delegated authority to the Chief Executive to:
- a) revise delivery mechanisms and amend timescales for delivery as necessary
  - b) agree performance indicators and associated targets that will be used to measure progress against the achievement of the priorities and objectives set out in the Plan .

#### **3. Council Vision, Priorities and Delivery Mechanisms**

- 3.1. The Council Plan sets out the Council's agenda for improving service delivery to Craven communities, and organisational change. It is a three year plan reviewed annually.
- 3.2. The Plan sets out the Council's vision and Priorities for Craven, and the intended outcomes against these priorities. It set outs the delivery mechanisms and projects we will implement to achieve these outcomes. It focuses on the top priorities for improvement. It does not include everything the Council will do.
- 3.3. The Plan was subject to detailed review for 2016/2019, and a new vision, priorities, and longer term outcomes were agreed at this time. A high level review has been undertaken for 2018/2021.
- 3.4. The 2018/2019 Budget Consultation included a question on the Council's current priorities. This asked consultees whether they thought the current priorities for 2017/20 were still the right ones for 2018/21. The majority of respondents indicated that they were.

3.5. The results are illustrated below.

### 2018/2019 - Results of Budget Consultation - Priorities Question



3.6. The detailed delivery mechanisms that will help us to achieve our intended outcomes have been subject to review. Minor wording updates have been made to a small number of delivery mechanisms where necessary to improve clarity of our intentions, or to ensure they remain relevant going forward. Others have been subject to deletion as it has been determined that they are no longer feasible or have been fully delivered in the 2017/18 financial year.

3.7. The following more significant changes are proposed under the Enterprising Craven priority.

Outcome	Current 2017/20 Plan Objective	Revised Objective for 2018/21 Plan	Delivery Mechanisms
Improve the economic vitality of Craven's market towns and villages	Collaborate with tourism partners to attract more working age households to the District	Collaborate with partners to attract more working age households to the District	Delivery of the Great Place Scheme  Development and delivery of a rural housing scheme

3.8. The following performance indicators are currently utilised to monitor progress against the achievement of the priorities and objectives set out in the Plan. Progress is reported to Policy Committee on a quarterly basis.

<p><b>PRIORITY - ENTERPRISING CRAVEN</b></p> <ul style="list-style-type: none"> <li>• Number of affordable homes delivered</li> <li>• Net additional homes provided</li> <li>• Percentage change in the number of unemployed when compared with the position 12 Months previously</li> <li>• Number of businesses assisted to improve their performance</li> <li>• The number of new business formations</li> <li>• The area of land made ready for the construction of employment space in hectares</li> <li>• Visitor spend in previous year to 31st December ( not adjusted for inflation )</li> </ul> <p><b>PRIORITY- RESILIENT COMMUNITIES</b></p> <ul style="list-style-type: none"> <li>• Residual household waste per household in Kgs.</li> <li>• Percentage of household waste sent for reuse, recycling and composting - new definition</li> </ul> <p><b>PRIORITY- FINANCIAL SUSTAINABILITY</b></p> <ul style="list-style-type: none"> <li>• Forecasted net expenditure against budget</li> <li>• Additional savings and income generated</li> </ul>
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- 3.9. Members are recommended to approve the Council Plan 2018/ 2021 and give delegated authority to revise delivery mechanisms and amend timescales for delivery as necessary; and agree performance indicators and associated targets for 2018/2021 that will be used to measure progress against the achievement of the priorities and objectives set out in the Plan.

#### **4. Implications**

##### **4.1. Financial and Value for Money (vfm) Implications**

None arising directly from this report. However, the successful achievement of the Council Plan is dependent on the financial and other resources available to the Council. The Council aims to ensure that resources are targeted to deliver its priorities through its service and financial planning processes and ongoing development of the Council's Medium Term Financial Plan (MTFP).

##### **4.2. Legal Implications**

The Council Plan is subject to approval by Members in accordance with the Council's Constitution.

##### **4.3. Contribution to Council Priorities**

The Council Plan sets out the Council's intentions in relation to the delivery of its priorities.

##### **4.4. Risk Management**

None arising directly from this report.

##### **4.5. Equality Analysis**

It is considered that the Council Plan does not have the potential to cause negative impact or discriminate against different groups in the community based on age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation. Equality issues arising from the implementation of each action/project contained in the Plan will be further considered as required by those responsible at implementation stage.

A number of actions contained within the plan focus on eliminating inequalities within Craven communities.

#### **5. Consultations with Others**

Local residents/partners via Budget Consultation

Corporate Leadership Team (CLT) and Lead Officers responsible for Council Plan actions

Lead Members

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

Consultation Results

#### **7. Author of the Report**

Claire Hudson, Exchequer and Performance Manager

Telephone 01756 706493

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

#### **8. Appendices**

Appendix A - Council Plan 2018/2021



# Craven District Council Council Plan 2018 – 2021

Approval version –  
Policy Committee 6 February 2018

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***Craven District Council  
Council Plan  
2018 – 2021***

## A message from the Council Leader and Chief Executive



**Richard Foster**  
**Council Leader**

Welcome to the Council Plan 2018 – 2021.

The Plan explains the Council's future priorities for improving the services it offers Craven's communities and their residents. It spans three financial years commencing 1 April 2018, but is reviewed annually to reflect any changes in and additions to our priorities over that period.

The Council believes the priorities and actions set out in the plan will have the most positive impact upon the lives of residents, and those who work in or visit Craven. We will of course continue to deliver the many other services we provide that are not featured as part of our priorities set out in the Plan.

The Council continues to successfully manage budget cuts by finding significant savings and generating additional income. A balanced budget of £6.653 million has been set for 2018/19, which includes a further £185,010 of savings and income.

This means that services delivered by Craven District Council will cost the Craven taxpayer just £3.22 a week in 2018/19.\*

The delivery of the Council Plan is vital in meeting more demanding government targets and balancing our budget in the face of continued cuts in Government funding. If we succeed Council taxpayers will benefit even more.

Your Council hopes you will support its Members and staff in their efforts to bring about the required changes.



**Paul Shevlin**  
**Chief Executive**

\*Based on average Band D Council Tax of £167.21

## What your Council does for you

The Council provides a wide range of services and facilities throughout the Craven District.

**We provide all the below and more to our communities for just £3.22 a week – based on average Band D Council Tax.**



Settle Tourist Information Centre

### Business and Tourism

- Activity to support the growth of new and existing businesses across Craven
- Providing car parks across the District
- Working with partners to increase the contribution of tourism to the local economy
- Tourist Information Centres in Skipton and Settle
- Supporting the delivery of local festivals and events across Craven
- Liquor, entertainment and hackney carriage (taxi) licensing
- Food safety inspections of local restaurants and takeaways
- Working with partners to improve access to higher speed broadband

### Community

- Working with local communities and supporting local voluntary and community groups such as the Friends of Aireville Park to deliver local plans and initiatives
- Community Champions Award Scheme
- Providing grants to local organisations and communities
- Working in partnership to reduce crime and anti-social behaviour
- Supporting young people across Craven through funding initiatives such as the Craven Dragon's Den
- Planning and building control services and local land charges
- Bereavement services at Waltonwrays Cemetery & Crematorium Skipton, and Ingleton Cemetery
- Public conveniences in Skipton and Settle



Community Champions Award 2017  
Winners and Sponsors





### Culture and Recreation

- Aireville Park in Skipton
- Activity to support the development of the arts and sport across Craven
- Craven Museum & Gallery
- Craven Leisure
- Facilities and events at Skipton Town Hall



### Democracy

- Maintaining the register of elections
- Election administration for local Parish, District, County, UK Parliamentary, European Parliamentary, Police and Crime Commissioner elections and referendums
- Supporting Council Members and the Chairman of the Council to undertake their duties as democratically elected representatives
- Administering meetings of the Council's committees and Council

### Environment

- Cleaning streets and public places to maintain high standards of street cleanliness
- Dealing with noise nuisance issues
- Monitoring and improving air pollution, contaminated land and flood prevention
- Collecting trade and household waste and recycling including bulky items and garden waste
- Private water supply sampling



### Housing

- Homelessness and housing advice
- Providing advice on disabled adaptations and energy efficiency
- Working in partnership to increase the supply of affordable housing
- Improving private sector housing conditions for people in Craven through initiatives such as advice to homeowners, tenants and landlords, and licensing of homes in multiple occupation and
- Housing and Council Tax benefit claims service

## Our Vision

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**‘For Craven to be an increasingly prosperous place with strong, vibrant communities that celebrate their unique rural and urban settings, and where all residents enjoy a good quality of life.’**

## Our Values

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**We believe our first responsibility is to the people and communities who live in,  
work in or visit Craven**

In serving those communities everyone within Craven District Council will:

- Treat everyone with respect
- Act with integrity and honesty
- Show commitment and flexibility
- Strive for improvement and excellence

Our values are at the heart of everything we do, they influence the way we work and help us to continually improve performance.

## Our Priorities

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### **ENTERPRISING CRAVEN** **- facilitating economic growth across Craven**

What we will do:

- Enable the provision of 230 homes per year across Craven to meet the needs of our current and future communities
- Stimulate business growth
- Improve the economic vitality of Craven's market towns and villages

### **RESILIENT COMMUNITIES** **- creating sustainable communities across Craven**

What we will do:

- Enable active communities and improve quality of life
- Create greener communities

### **FINANCIAL SUSTAINABILITY** **- ensuring a self-sustainable Council**

What we will do:

- Eliminate the reliance on Government Revenue Support Grant by 2020



### ENTERPRISING CRAVEN

#### - facilitating economic growth across Craven

#### What we will do

**Enable the provision of 230\* homes per year across Craven to meet the needs of our current and future communities**

##### How we will do this

- **Allocate a suitable supply of land for all types of residential development and increase the supply of affordable housing**

##### Key delivery mechanisms include:

- Publication of the Local Development Plan
- Implementation of Shared Ownership Schemes to create a minimum of 45 shared ownership homes by April 2020
- Use of policies to enable the provision of 69 affordable homes per year \* (30% affordable housing of 230 homes)



#### Stimulate business growth

##### How we will do this

- **Enable the development of 8 hectares of new employment land by 2020**

##### Key delivery mechanisms include:

- Development of the South Skipton Employment Zone
- Creation of new employment sites in Bentham, Ingleton and Settle
- Development of employment space at Threshfield Quarry and Skipton Rock Quarry
- Undertaking activity to raise the profile of the Craven District as an attractive location for businesses



Image courtesy of R.Martlew /Threshfield Quarry Development Trust

\* Figures based on Publication draft of Craven Local Plan -2<sup>nd</sup> January 2018  
**Council Plan 2018 - 2021**

### How we will do this

- **Improve the quality and capacity of the transport infrastructure serving the District**

#### Key delivery mechanisms include:

- Development of Skipton Railway Station
- Lobbying for investment in the road and rail infrastructure serving the District as part of the central pennine corridor to the main roads to within the District

### How we will do this

- **Ensure new and existing businesses have access to, and are able to benefit from business support services**

#### Key delivery mechanisms include:

- Delivery of the Ad-Venture Enterprise Growth Programme in collaboration with partners
- Continuing with the role of SME Growth Manager in collaboration with Leeds City Region Local Enterprise Partnership
- Delivery of the Digital Enterprise Business Support Programme in collaboration with partners
- Support for delivery of the Yorkshire Dales LEADER Programme

### How we will do this

- **Ensure all businesses and residents in Craven have access to a high quality broadband connection by 2020**

#### Key delivery mechanisms include:

- Support for the delivery of Broadband Delivery UK funded activity through the Superfast North Yorkshire programme
- Working with businesses and communities to support delivery of alternative broadband technologies including wireless and fibre to the home network
- Investigation and delivery of municipal Wi-Fi networks in market towns



### Improve the economic vitality of Craven's market towns and villages

#### How we will do this

- **Enhance the quality of the trading environment within the District's core retail centres**

#### Key delivery mechanisms include:

- Development and delivery of actions plans for Bentham, Cross Hills, Ingleton and Settle
- Working with partners to support delivery of the Skipton (BID) Business Improvement District



Street scene Settle



Street scene Bentham

#### How we will do this

- **Improve access to and enjoyment of Craven's great heritage and culture**



Skipton Town Hall

#### Key delivery mechanisms include:

- Development of Skipton Town Hall into a vibrant cultural community venue
- Delivery of the Access Development Plan for the Leeds & Liverpool Canal

#### How we will do this

- **Collaborate with partners to attract more working age households to the District**

#### Key delivery mechanisms include:

- Delivery of the Great Place Scheme
- Development and delivery of a rural housing scheme

### RESILIENT COMMUNITIES

- creating sustainable communities across Craven

#### What we will do

**Enable active communities and improve quality of life**

#### How we will do this

- **Reduce health and wellbeing inequalities**

#### Key delivery mechanisms include:

- Supporting the new models of care programme being developed by the Accountable Care Board, a cross sector partnership involving partners across health, social care, the voluntary sector, Craven District and North Yorkshire County Council
- Identifying and implementing a range of projects to reduce health inequalities, including supporting the development of Dementia Friendly Craven
- Working with partners to provide improved support and intervention services for rough sleepers and those at risk of sleeping rough

#### How we will do this

- **Enable community groups across the District to achieve their ambitions**

#### Key delivery mechanisms include:

- Delivering the Member ward grant programme launched in 2016
- Providing support to a range of community groups across the District and facilitating community projects including working with the Friends of Aireville Park (FOAP) to fundraise for a new playground
- Maximising the use of Planning Gain to provide funding for community projects



### Create greener communities

#### How we will do this

- **Reduce waste to landfill and increase re-use and recycling**

##### Key delivery mechanisms include:

- Promoting and increasing take up of the Council's commercial recycling scheme
- Encouraging residents to recycle more of their household waste to achieve household recycling targets and maximise income from recycled waste
- Exploring the option of a joint waste authority with North Yorkshire Partners



#### How we will do this

- **Make Craven's public spaces cleaner, safer and greener**

##### Key delivery mechanisms include:

- Working with relevant agencies to implement the powers contained in the Anti-Social Behaviour, Crime and Policing Act 2014 to better protect communities from anti-social behaviour.



## FINANCIAL SUSTAINABILITY

### - ensuring a self-sustainable Council

#### What we will do

#### Eliminate the reliance on Government Revenue Support Grant by 2020

##### How we will do this

- Ensure expenditure is prioritised, regularly reviewed and reflects resident's priorities

##### *Key delivery mechanisms include:*

- Reviewing and implementing the Council's Long Term Financial Strategy 2018/2022
- Undertaking a budget consultation with residents and stakeholders



##### How we will do this

- Improve the Council's commercial acumen and generating additional income

##### *Key delivery mechanisms include:*

- Implementing the Council's Income and Savings Plan
- Exploring and exploiting opportunities to the Council presented through devolution

##### How we will do this

- Maximise the Council's assets for the long term sustainability of the Council and the District

##### *Key delivery mechanisms include:*

- Implementing the Council's Acquisition and Regeneration Investment Strategy to provide a framework for the acquisition of property assets to improve the well-being of the District
- Implementing key projects in the Asset Management Plan
- Delivering a range of schemes through our Joint Venture Company to make best use of Council owned marginal land sites to support regeneration and growth across the District





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@cravendc.gov.uk](mailto:contactus@cravendc.gov.uk)**

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



## Policy Committee – 6<sup>th</sup> February 2018

### CAPITAL PROGRAMME 2018/19



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 2018/19-2021/22, subject to there being sufficient capital resources.

#### 2. **Recommendations**

That the following be recommended to Council:-

- 2.1 Members note £2,036,290 of continuing projects from the 2017/18 – 2020/21 programme. No slippage has been confirmed at this stage.
- 2.2 Members approve new capital programme projects of £1,127,550.
- 2.3 Members approve a total capital programme for 2018/19 of £3,163,840.
- 2.4 That the final allocation of funding for the 2018/19 capital programme is confirmed once the outturn position of the 2016/17 revenue budget is finalised.

#### 3. **Background Information**

- 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 and SLT hold 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 2018/19 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.

#### **4. 2018/19 Capital Programme**

- 4.1 The proposed capital programme and its funding for 2018/19 of £1.128m is attached at Appendix A. This also details the continuing commitments of £2.036m, from the 2017/18 programme. The total proposed Capital programme for 2018/19 equals £3.164m.
- 4.2 A summary of the outline capital programme is shown at Appendix B for 2018/19 to 2021/22. The information for 2019/20 onwards is indicative only and will be subject to confirmation when project details are available.
- 4.3 Table 1 Summarises the estimated capital programme for 2018/19 to 2021/22.

**Table 1: Planned Capital Programme**

	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
Vehicles, Plant & Equipment	0	100	220	-
Private Sector Housing	517	564	615	670
Council Properties	318	0	-	-
IT facilities	68	-	50	-
Economic Development	225	-	-	-
Projects carried forward from 2016/17	2,036	84	0	0
<b>Total Capital Programme Costs</b>	<b>3,164</b>	<b>748</b>	<b>885</b>	<b>670</b>

- 4.4 As part of the monitoring of the of the capital programme, a business case to CLT will be required for each, project prior to release of the funding. This will then inform the progress update presented to members on a quarterly basis.
- 4.5 Table 2 summarises the current estimated capital resources available to fund the capital programme.
- 4.6 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 and Longer 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.

- 4.7 The capital programme currently indicates it will be necessary to utilise the majority of available forecasted capital receipts by the end of 2019/20 unless alternative funds are identified from revenue. Consideration is therefore given to funding projects from revenue or reserves, as well as capital receipts and borrowing. An indicative allocation of current resources to projects in 2018/19 is shown in Appendix A.

**Table 2: Forecast Capital Resources**

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>Estimated £'000</b>	<b>Indicative £'000</b>	<b>Indicative £'000</b>	<b>Indicative £'000</b>
Capital Receipts at Start of Year (CRR)	1,294	636	636	636
In Year resources - (Capital Grants/receipts received)	923	564	615	670
Use of in Year Capital grants	923	564	615	670
Use of Capital Receipts	658	-	-	-
Total Use of Capital Resources	1,581	564	615	670
Contribution From NHB Reserve	361	-	-	-
Contribution From Enabling Efficiencies Reserve	16	-	-	-
Contribution From Vehicles Reserve	-	100	220	-
Contribution from IT Reserve	157	40	50	-
Contribution from Buildings Reserve	49	44	-	-
Utilisation of Borrowing (MRP Capacity)	1,000	-	-	-
Total Use of Reserves/Borrowing	1,583	184	270	-
Forecasted Capital expenditure in year	3,164	748	885	670
Capital Receipts at end of Year (CRR)	636	636	636	636

- 4.8 The council will have £1.539m of borrowing capacity in 2018/19 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. It is proposed that £1,000k of the MRP capacity is utilised to fund the programme. The use of the borrowing capacity is flexible and can be carried forward to future years. The borrowing capacities for future years are estimated to be £601k in 2019/20, £656k in 2020/21 and £860k in 2021/22.
- 4.9 In addition the Council can choose to increase its borrowing capacity however this has to be affordable to the revenue account going forward. Borrowing is generally assigned to assets with the longest useful life.

- 4.10 It is expected that there will be revenue savings generated within the 2017/18 revenue budget that are available to contribute to reserves which can then be used to support the capital programme and other projects. The total contribution to reserves cannot be confirmed until the final outturn position of the 2017/18 revenue budget is assessed as part of the annual accounts process.

## 5. **Implications**

### 5.1.1 **Financial and Value for Money Implications**

The updated capital programme costs and its resources are summarised in Table 3. The forecasted balance on the following earmarked reserves; NHB Reserve, Vehicle Replacement Reserve, IT Projects Reserve and Buildings Reserve and the impact of the proposals within this report are summarised in Table 4.

**Table 3: Capital Programme & Resources**

	2018/19 Estimate £'000	2019/20 Indicative £'000	2020/21 Indicative £'000	2021/22 Indicative £'000
Capital Programme Costs	3,164	748	885	670
<b><u>Funding Resources</u></b>				
Capital Receipts	658	-	-	-
Capital Grants	923	564	615	670
Earmarked Reserves	583	184	270	-
Borrowing	1,000	-	-	-

- 5.1.2 The 2018/19 to 2021/22 programme will utilise funds within the IT Reserve, the Vehicles 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.

**Table 4: Earmarked Reserves**

	Vehicles £'000	IT £'000	Buildings £'000	Enabling Efficiencies £'000	NHB £'000
Estimated Balance Brought Forward 1 April 2018	501	584	442	356	2,269
Allocation To Revenue & Capital Projects 2018/19	0	(157)	(49)	(19)	(1,257)
Contributions Received / Planned 2018/19	30	30	52	0	431
Estimated Balance Carried Forward 31 March 2019	531	457	445	337	1,443

### 5.2 **Legal implications**

None as a direct result of this report. The Council has a balanced budget for 2018/19, and going forward it is a further requirement that the budget is balanced.

5.3 Contribution to Council Priorities

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

5.4 Risk Management

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.

5.5 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.

6. Consultations with Others

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

7. Access to Information : Background Documents

None

8. Author of the Report

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E-mail: jhordern@cravendc.gov.uk

9. Appendices

Appendix A – Capital Projects and Proposed Funding 2018/19.  
Appendix B – Indicative Capital Programme 2018/19 to 2021/22

## Preliminary list of Capital bids 2018/19 - onwards

Ref.	Service Unit	Description	2018/19 £	External Contributions 2018/19 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2019/2020 £	2020/21 £	2021/22 £	External Contributions in 19/20 to 21/22 £	Proposed Funding
<b>New Bids for 18/19</b>											
<b>CAP01 18/19</b>	Communication & Engagement	New Playground at Aireville Park	181,820	(166,010)	15,810	-	-	-	-	-	Enabling Efficiencies
<b>CAP02 18/19</b>	Environmental Services & Housing	Disabled Facilities Grants	517,400	(517,400)	-	15,560	563,970	614,730	670,060	(1,848,760)	DFG Grant
<b>CAP03 18/19</b>	Waste Management	InCab Communications and Web Portal Systems	24,780	-	24,780	13,160	-	-	-	-	ICT Reserve
<b>CAP04 18/19</b>	Assets & Commercial Services	Integrated Asset Management System	16,550	-	16,550	-	-	-	-	-	ICT Reserve
<b>CAP07 18/19</b>	Waste Management	Vehicle Replacement Programme	-	-	-	-	100,000	-	-	-	Vehicle Reserve
<b>CAP08 18/19</b>	Waste Management	Web Portal Systems	26,000	-	26,000	-	-	-	-	-	ICT Reserve
<b>CAP09 18/19</b>	Economic Development	Leeds Liverpool Canal - Improving Connectivity in the Southern Dales	225,000	-	225,000	-	-	-	-	-	NHB
<b>CAP10 18/19</b>	Assets & Commercial Services	Redevelopment of Town Hall/Museum HLF	136,000	-	136,000	-	-	-	-	-	NHB
<b>Total 18/19 Bids</b>			<b>1,127,550</b>	<b>(683,410)</b>	<b>444,140</b>	<b>28,720</b>	<b>663,970</b>	<b>614,730</b>	<b>670,060</b>	<b>(1,848,760)</b>	
Ref.	Service Unit	Description	2018/19 £	External Contributions 2018/19 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2019/2020 £	2020/21 £	2021/22 £	External Contributions in 19/20 to 21/22 £	
<b>Continuing Commitments from 17/18 Bids</b>											
<b>16/17 - BR 05</b>	Bereavement Services	Cremator replacement	1,000,000	-	1,000,000	-	-	-	-	-	Borrowing
	Assets & Commercial Services	- Skipton Town Hall - Phase III Works * year two subject to grant funding	672,290	(240,000)	432,290	-	-	-	-	-	Subject to Funding - Currently assumed as Cap.Rec
<b>16/17 - PK 01</b>	Parking Services	Parking payment machine replacement	40,000	-	40,000	-	40,000	-	-	-	Buildings Reserve
	Parking Services	- 4 Year programme of maintenance of the Council Car Parks	9,000	-	9,000	-	4,000	-	m	-	Buildings Reserve
<b>CPF 01</b>	Craven Pool	To refurbish and replace existing fitness kit	225,000	-	225,000	-	-	-	-	-	TBC - Currently assumed as Cap.Rec
<b>16/17 - IS 02</b>	Information Services	Network & Firewall Replacement 2016-2020	70,000	-	70,000	-	-	-	-	-	ICT Reserve
<b>16/17 - IS 01</b>	Information Services	Computer Replacement Programme	20,000	-	20,000	-	20,000	-	-	-	ICT Reserve
<b>16/17 - IS 04</b>	Information Services	UPS & Environment Monitoring Replacement 2016-2020	-	-	-	-	20,000	-	-	-	ICT Reserve
<b>Total 17/18 Bids Continuing</b>			<b>2,036,290</b>	<b>(240,000)</b>	<b>1,796,290</b>	<b>0</b>	<b>84,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total 17/18 &amp; 18/19 Bids</b>			<b>3,163,840</b>	<b>(923,410)</b>	<b>2,240,430</b>	<b>28,720</b>	<b>747,970</b>	<b>614,730</b>	<b>670,060</b>	<b>(1,848,760)</b>	

**CAPITAL PROGRAMME 2017/18 to 2021/22**

	Current Programme 2017/18 £	Proposed Programme 2018/19 £	Forecasted Programme 2019/20 £	Forecasted Programme 2020/21 £	Forecasted Programme 2021/22 £
<b>CORPORATE PRIORITY/SCHEME:</b>					
<b>Strategic Housing Services</b>					
- Disabled Facilities Grants	517,400	517,400	563,970	614,730	670,060
- Refurbishment / reconfiguration Aireview House * <i>including slipped programme from 2016/17</i>	750,000	-	-	-	-
<b>Waste Management Services</b>					
- Replacement Vehicles * 18/19 element Removed in 18/19 Bid Process	350,000	-	100,000	220,000	
- 4 Post Vehicle Lift for Vehicle Workshop	20,000	-	-	-	-
- InCab communications & Web Portal Systems	-	50,780	-	-	-
<b>Projects &amp; Facilities Management</b>					
- Refurbishment of Garages and Outbuildings, Waltonways	13,000	-	-	-	-
- Maintain walls around the cemeteries	10,000	-	-	-	-
- Cremator Replacement	-	1,000,000	-	-	-
<b>Asset &amp; Commercial Services</b>					
- 4 Year programme of maintenance of the Council Car Parks	15,000	9,000	4,000		
- Skipton Town Hall Bar & Café improvements	181,000	-	-	-	-
- Parking payment machine replacement	-	40,000	40,000	-	-
- Skipton Town Hall - Phase III Works * Year 2 (18/19) <i>subject to grant funding</i>	100,000	672,290	-	-	-
- Burnrold Avenue - Shared Ownership	325,000	-	-	-	-
- Intergrated Asset Management System		16,550			
- Redevelopment of Town Hall/Museum HLF	-	136,000	-	-	-
<b>Economic Development</b>					
Leeds Liverpool Canal - Improving Connectivity in the Southern Dales	-	225,000	-	-	-
<b>Leisure &amp; Community Facilities</b>					
- Install a controller (access gate)	11,000	-	-	-	-
- Replacement of Building Energy Management System (BEMS)	21,500	-	-	-	-
- Replacement of moveable floor (floor panels) to "learner pool"	45,000	-	-	-	-
- To refurbish and replace existing fitness kit	-	225,000	-	-	-
- New Playground at Aireville Park	-	181,820	-	-	-
<b>Information Services</b>				50,000	
- Replace the current Web hosting arrangements	20,000	-	-	-	-
- Replacement programme	20,000	20,000	20,000	-	-
- Replacement Planning Software	60,000	-	-	-	-
- SAN replacement	80,000	-	-	-	-
-Network Firewall Replacement	-	70,000			
- UPS & Environment Monitoring Replacement 2016- 2020	-	-	20,000	-	-
- Public Sector Network (PSN) Code of Connection (CoCo)	5,000	-	-	-	-
<b>TOTAL</b>	<b>2,543,900</b>	<b>3,163,840</b>	<b>747,970</b>	<b>884,730</b>	<b>670,060</b>

## **Policy Committee – 6<sup>th</sup> February 2018 Revenue Budget 2018/19 and Medium Term Financial Plan 2018/19 to 2020/21**



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:

- identify a fully funded Revenue Budget for 2018/19
- Recommend a prudent level of General Fund Revenue Balances for the financial year.
- outline the medium term financial plan (MTFP) to 2020/21

### **2. Recommendations**

That the following be recommended to Council:-

- 2.1 Revenue Budget assumptions as detailed in the report be noted
- 2.2 The Revenue Budget for 2018/19 of £6,788,689 detailed at Appendix A is approved.
- 2.3 The schedule of growth bids of £128,980 as identified in Appendix C be approved.
- 2.4 The savings of £185,010 in Appendix D is incorporated into the budget.
- 2.5 A contribution from New Homes Bonus Reserve of £100,000 is made to support the 2017/18 budget, in addition to £317,160 for approved projects. Giving a total of £417,160.
- 2.6 The assessment of the Robustness of the Budget and Adequacy of Reserves in Paragraph 10 and Appendix F is agreed.
- 2.7 The estimated sum of £995,000 as identified as the General Fund Balance as at 31 March 2017 in Paragraph 10 and Appendix F be approved.
- 2.8 That Council Tax is increased at Band D by £5 to £167.21
- 2.9 The Revenue Budget incorporates the net contributions to/(from) earmarked based as detailed in Tables 1 & 2, paragraph 4.8, Appendix A and Appendix F (annex 1).

- 2.10 That should additional resources be available through the Retained Business Rates scheme a matching contribution to the Business Rates Contingency Reserve is made to mitigate against future uncertainties.
- 2.11 That the Section 25 report on the robustness of the budget contained at Section 10 of this report and Appendix F be noted.
- 2.12 The Funding sources identified in the report and Appendix A be approved as follows:

		£'000
a)	Revenue Support Grant	141
b)	Rural Services Grant	225
c)	Housing Grants	46
d)	New Homes Bonus	513
e)	Retained Business Rates	1,600
f)	Business Rates Collection Fund (Deficit)	(20)
g)	Council Tax Collection Fund Surplus	98
h)	Council Tax	3,755
i)	Contribution from General Fund Balance	0
j)	Contributions (to)/from Earmarked Reserves	431
	<b>Total Funding</b>	<b>6,789</b>

### 3. **Background Information**

- 3.1 This report presents a balanced budget for Members to set for 2018/19 and prepares the Council to achieve a balanced budget over the medium term to 2020/21. The Revenue Budget proposals are set out in Section 4 and details of net service budgets are included at Appendix A.
- 3.2 As the final settlement has not yet been confirmed the 2018/19 budget is based on the draft grant settlement announcement on 19 December 2017. It is expected that there will be little change to the figures. As part of the announcement on 19 December by the Secretary of State for Communities and Local Government permission was given for Councils, in 2018/19, to increase their Council Tax by 2.99%, without triggering a referendum or £5 whichever is the greater.
- 3.3 A £5 increase gives a Council tax of £167.21 at band D.
- 3.4 In relation to retained business rates income, the figures in this report have been taken from the information that will be used to complete the NDR1 which was due to be completed for the deadline of 31 January 2018. The information on the NDR1



is an estimate and the actual financial position may vary from the estimate.

- 3.5 A budget consultation exercise has been undertaken and a summary of the feedback is included at Appendix G.

#### **4.0 Revenue Budget 2018/19 – Proposals**

- 4.1 Appendix A, attached, identifies the proposed budget for 2018/19 at £6.789m including support to parishes (£6.962m 2017/18). Indicative budgets are also shown for 2019/20 and 2020/21. The budget includes £129k of revenue bids (£282k 2017/18), £583k (£711k 2016/17) of support to the Capital Programme which will be funded from earmarked reserves. Overall the Net Cost of Services has increased by £226k.
- 4.2 The summary budget for 2018/19 and indicative budget for 2019/20-2020/21 are shown in Table 1 below.

**Table 1: Summary Budget 2018/19 and Indicative Budgets 2019/20-2021/22**

	2018/19 £'000	2019/20 £'000	2020/21 £'000
Enterprising Craven	713	731	611
Resilient Communities	1,498	1,697	1,868
Financial Sustainability	3,377	3,487	3,561
<b>Net Cost of Services</b>	<b>5,588</b>	<b>5,915</b>	<b>6,040</b>
Revenue Growth Bids	129	125	126
Capital Costs & Investment Income	410	450	476
Revenue Contribution to Capital Programme	583	184	270
Corporate Contingency	75	75	75
Support to Parishes	4	0	0
<b>Net Revenue Expenditure</b>	<b>6,789</b>	<b>6,749</b>	<b>6,987</b>
Contribution General Fund Balance	0	0	0
Tax & NDR Collection Fund (Surplus) / Deficit	(78)	(50)	(30)
Government Grants*	(412)	(271)	(116)
New Homes Bonus	(513)	(560)	(317)
Non Domestic Rates & Grant	(1,600)	(1,600)	(1,638)
<b>Funding required from Tax &amp; Reserves</b>	<b>4,186</b>	<b>4,268</b>	<b>4,886</b>

	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b><u>Proposed £5.00 Increase in Tax</u></b>			
Contributions to/(from) Reserves	(431)	32	(203)
Council Tax	(3,755)	**(3,891)	**(4,028)
Savings Required	0	**409	**655

- 4.3 Appendix B gives a subjective analysis of the net cost of service by cost centre.
- 4.5 Information on the indicative 2019/20 and 2020/21 budgets are included as part of Appendix A. This information will be used to inform the LTFS when it is refreshed in 2018/19.
- 4.6 The budget provides for contributions to reserves of £553k and contributions from reserves of £984k giving net contributions from reserves of £431k as detailed in Table 2 below.

**Table 2: Contributions to/(from) Reserves 2018/19**

Reserve	Contribution To £'000	Contribution From £'000	Net Movement £'000
New Homes Bonus	431	(553)	(122)
Business Rates Contingency	0	(100)	(100)
Insurance Fund	10	0	10
Buildings	52	(49)	3
IT Projects	30	(157)	(127)
Vehicles	30	0	30
Enabling Efficiencies	0	(19)	(19)
Elections	0	(7)	(7)
Future Year Budgets	0	(99)	(99)
Total	553	(984)	(431)

- 4.7 The Council has developed an income and Savings plan to assist it in focussing on the projects that it needs to implement to address the reductions in Government Support. Then the plan is regularly reviewed and updated. Savings achieved in 2017/18 equate to £110k. For 2018/19 a further £185k of savings and income have been included within the budget, these are based on proposals from Service Managers in 2017/18. For 2018/19 the cumulative total savings are £185k rising to £219k in 2018/19. This information is shown at Appendix D.
- 4.8 \*\*Adjusted figures from LTFS based on impact of decisions for 2018/19. The more rapid reduction by the Government of RSG to nil by 2019/20 and then to a negative

figure in 2020/21 has meant that the Council needs to utilise NHB in the short-term to support the budget. However NHB will not be adequate to mitigate the total shortfall in the long-term. Its use is to bridge the 'gap' whilst alternative income sources are sought or additional savings and efficiencies are driven into the budget. The forecasted budgets for 2019/20 and 2020/21 assume a contribution of £200k from NHB in each year.

## **5. Review of the 2017/18 Financial year**

- 5.1 Monitoring of the 2017/18 budget has taken place through monthly income and staffing costs reports to the Corporate Leadership Team (CLT), and detailed reporting to the quarterly Value for Money Clinics and this Committee.
- 5.2 Based on the Quarter 2 Budget Monitoring Report to Policy Committee on 5 December 2017, an underspend of £161k was forecast for 2017/18. This included £15k from the Council's income and savings plan.
- 5.3 Work on the Quarter 3 position is nearing completion, and will be reported to Committee in March. This work forecasts that there will be further underspends against budget for 2017/18. These underspends reflect the target savings and other service expenditure variances. These savings will be used to contribute to certain reserves to ensure funding of Council projects in future years. Achievement of income targets is proving to be a challenge in a number of service areas.
- 5.4 The Council had an unallocated General Fund Balance of £995k at the start of the year and this is not expected to change. A review of the robustness of the Council's balances and reserves is given at Appendix F

## **6. Budget Assumptions in relation to the 2018/19 Revenue Budget and MTFP**

- 6.1 Figures released by the Office of National Statistics showed that CPI inflation for the year to December 2017 was 3.0%, whilst RPI was 4.1%.
- Pay and Prices Inflation
- 6.2 The budget for 2018/19 and beyond includes the expected impact of the Pay Award for Officers offered in December 2017, for which negotiations are still ongoing. The % increase ranges from 9.191% to 3.734% for the lower SCP and a flat 2% for SCP 20 and above. There will also be a further increase in 2019/20 which again will see a scaled % increase for SCPs below 29, and again a flat 2% for those on SCP30 and above. The additional cost, above that of the 1% assumed previously, is circa £120k.
- 6.3 The pay budgets also allow for the impact of the triennial revaluation of the pension fund and the National Living wage on the salary bands.
- 6.4 Prices inflation has been applied at a cost centre level based on known inflationary pressures, for example in relation to utility costs and changes to the NNDR multiplier. It is anticipated that insurance premium tax will remain at 12%, the rate it has been, from June 2017.

- 6.5 In total cost pressure of £132k arising from inflation has been incorporated into the 2018/19 budget.
- 6.6 In line with the Long Term Financial Strategy (LTFS) approved in September 2017 an average of 2% inflation has where appropriate been allowed within the MTFP for non-pay items for 2018/19 and 2019/20 indicative budgets.

#### Fees & Charges

- 6.7 Increases to fees and charges were agreed by Policy Committee at its meeting on 5 December 2017. The impact of these increases has been included in the relevant budget lines. It is forecast that the increase in these fees will generate an estimated £95k of additional income.

#### Financing of Capital Expenditure

- 6.8 The Capital Programme is included as a separate report. The budget assumes that no new long term external borrowing will be made to finance the programme in 2018/19. Consequently, there is no need to increase the Revenue Budget in respect of increased external loan costs.
- 6.9 However, going forward the delivery of the capital programme is not sustainable within the resources that the Council currently has allocated to the programme. Therefore consideration will need to be given to the funding of the programme through disposal of surplus assets, increased contributions to reserves, in year revenue funding to the programme, increased external loans (which will have a revenue impact), or investment in or acquisition of assets with revenue generating potential. A summary of the Capital Programme forecasts is shown in Table 3

Table 3: Capital Programme Forecast 2018/19 – 2020/21

	2018/19 Estimate £'000	2019/20 Indicative £'000	2020/21 Indicative £'000	2021/22 Indicative £'000
Capital Programme Costs	3,164	748	885	670
<u>Funding Resources</u>				
Capital Receipts	657	-	-	-
Capital Grants	923	564	615	670
Earmarked Reserves	583	184	270	-
Borrowing	1,000	-	-	-

## **7. 2018/19 Revenue Budget Funding**

#### Grant Settlement and Specific Grants

- 7.1 The Draft Local Government Finance Settlement for 2018/19 was announced on the 19 December 2017, with the information arriving over the subsequent days. Consultation on the draft settlement closed on 16 January 2018 and the final settlement will be confirmed shortly. The budget report has been based on the draft announcement as little change is expected to the figures.
- 7.2 The Council accepted the Governments Four Year Settlement Offer which was

made as part of the 2016/17 funding announcements. 97% of Council's accepted the Four Year Offer. This four year deal runs out in March 2020 and there is concern nationally that there is no clarity over funding levels, for both the national pot and local allocations after that date.

- 7.3 The figures confirmed that 2018/19 will be the last year that the Council receives RSG. In 2020/21 the Council is faced with negative RSG as part of the tariff system applied to Non Domestic Rates of approximately £150k. The Minister has said that he will consult on 'fair and affordable' options for 'negative RSG' in 2019/20 ahead of next year's settlement.
- 7.4 The draft announcement also included information regarding Rural Services Delivery Grant which currently remains as stated in the four year offer. The grant for 2018/19 will remain at £225k This was set to decrease by £52k, to £173k, but the draft settlement has confirmed this is no longer expected. The LTFS assumes for 2019/20 it will be £225 and from 2020/21 this grant or its replacement will drop to £220k.
- 7.5 The Fair Funding Review was announced in February 2016. The review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. The Ministry is considering a wide range of options for developing an updated funding formula by looking again at the factors that drive costs for local authorities. A technical working group was established in April 2016. Evidence was gathered in summer 2016 and a consultation run in spring 2017. A second consultation commenced in December 2017 and is currently running until 12 March 2018. This consultation focuses specifically on potential approaches that have been identified to measure the relative needs of local authorities.
- 7.6 The transition grant awarded to Craven in 2016/17 and 2017/18 was for two years only and there is no extension to that.
- 7.7 The revaluation for business rates were implemented in April 2017. It is still early to fully assess the impact due to changes in the way that the Valuation Office now deals with appeals. The enhanced assistance to small businesses continued with Government announcing additional grants for Pubs and Small Businesses. These grants will continue in 2018/19 although the small business grant will be reduced. Councils have been assured that once again they will not lose financially from this announcement for 2018/19, with a s31 grant to compensate. (Section 31 is the relevant part of the Local Government Act 2003 under which such grants can be issued to local authorities).
- 7.8 The Government in the calculations for the RSG and indicative business rates amounts have made an assumption made that Council Tax will increase by the maximum amount.

#### Brexit Impact

- 7.9 The presently accepted date for Brexit is set to be the 29<sup>th</sup> March 2019. Local Government now needs to effectively plan resources and policy to counteract anticipated negative impacts of Brexit. Whilst this council does not directly have services supported by EU funding thus simplifying the process for us, our partners may have services funded by the EU and provide to Craven residents. This may

impact on our residents which may require resources from the Council albeit on an interim basis.

- 7.10 It is naïve to think that any economic decline caused by Brexit will not impact on local government finances requiring more cuts to public services. That said local government is ideally situated to deliver best outcomes in partnership with its communities following Brexit.

#### Retained Business Rates

- 7.11 For 2018/19 the Council estimates that it will collect £18.633m (£18.273m 2017/18) in business rates. The Government has allocated to the Council £116k (£118k 2017/18) for the cost of administering the rates system. Members will be aware that the Council retains 40% of this net rate income. For 2017/19 it estimates it will collect, £7.453m (2017/18 £7.309m); it then pays a fixed tariff to the Government of £5.773m (£5.693m in 2017/18) giving a net £1.680m (2017/18 £1.616m). If it then has income above a pre-determined target (known as the baseline funding level) the Council keeps 50% of this sum with the remainder paid as a levy to the Government unless it is part of a business rates pool. The target for 2018/19 is £1.429m (£1.386m 2017/18). However, the actual amount that the council can retain from the business rates system is only confirmed at the year-end once all adjustments have been taken into account. Since the introduction of business rates retention the council has had to repay £1.828m from its on-account rates receipts of £8.018m (net £6.190m) and has budgeted for receipts of £6.084m.
- 7.12 The Business Rates system had further uncertainty in 2017/18 as all business were revalued for rating and this affects bills issued from April 2017 onwards. The impact of this change on the rates it will be able to collect is still being assessed, as it is not known how many businesses will successfully appeal their new rateable values. In addition the impact of the remaining unsettled appeals from rating valuations prior to April 2017 is still impacting albeit at reduced levels. These factors affect the amount of income that the council will receive.
- 7.13 Going forward business rates revaluations will now take place every three years rather than five years. Whilst this will cause more regular upheaval, the shorter periods should lessen the financial impact of revaluations when they occur for both businesses and for local authorities. There is also expected to be a reset of the business rates in 2020 which will review our baseline target and increase it meaning that the benefits the Council has derived from collections above baseline to that date will disappear.
- 7.14 The Chancellor announced in his Autumn Statement that from April 2018 the Business Rates multiplier would be uprated using the September CPI figure rather than the RPI figure. The impact of this as CPI is generally lower than RPI is a lower rate of income growth from Business Rates going forward. Our baseline and tariff amounts will be adjusted to reflect this lower increase. Craven DC rates collection has generally been above baseline so this will reduce the amount of income we collect and are therefore able to retain above baseline.
- 7.15 The Government will continue to provide grant funding to Council's to enable the measures it introduced to assist small businesses to continue for a further year in 2018/19. The rateable value threshold for small businesses is £15,000. This increases the number of business eligible for assistance. The grant in lieu of Non

Domestic Rates Income to Craven DC for this assistance is estimated at £232k (£737k 2017/18). The current £1,000 discount for pubs will be extended for one more year to 2018/19. The Council paid out £62k in grant in 2017/18.

- 7.16 The application for Business Rates Pilot status for 2018/19 from the Rates Pool members plus Selby District Council and East Riding of Yorkshire Council was not successful. Therefore, the Council will continue as member of the North Yorkshire business rates pool for 2018/19 with North Yorkshire County Council (NYCC), Hambleton District Council, Richmondshire District Council, Ryedale District Council, and Scarborough Borough Council (who act as host). The benefit of forming the pool is that the levy rate on growth above target is reduced to zero. This benefit is shared between the pool members in accordance with the agreement. There will another opportunity to apply for Pilot Status in 2019/20.
- 7.17 An estimate of the business rate income based around the current position is included in the budget. The impact of the 2017 rates revaluation is an issue for 2018/19 in addition to the ongoing issues from previous rating valuations of 2010. A prudent approach to the income receipt in respect of business rates has been included in the budget of £1.600m. The benefit of being in the business rates pool is to enhance this income further to enable investment in county wide economic development projects. Clearly though the receipt of this income is dependent not only on Craven's business rate income but that of the other pool members (excluding NYCC). Because of this and due to the business rate calculations still being finalised by the member authorities a prudent view has been taken. The budget does not include a contribution to the Business Rates Contingency Reserve. It is proposed that any additional rates income above the budgeted amount is transferred to the reserve as part of the year end processes when the actual position is known. Should the opportunity arise then further contributions may need to be considered due to the unknown impact of the 2020 business rates reset. The purpose of the contingency reserve is to help mitigate against the risk of fluctuations in rating income.
- 7.18 The Council has declared that there will be a £50k deficit on the NDR collection fund at the end of 2017/18 and that its share will be £20k to repay. The Business Rates Contingency Reserve is holding these funds pending repayment to the NDR Collection Fund. This is included as part of £100k that is proposed for a contribution to the budget from the Business Rates Contingency Reserve

#### Localisation of Council Tax

- 7.19 Financial support to assist the Council with the Localisation of Council Tax Scheme is contained within the RSG. The amount however is not identifiable and is assumed to be reducing in line with the reduction in RSG.
- 7.20 The Council has agreed that for 2018/19 the Localisation of Council Tax Support Scheme will remain at 2017/18 levels for working age claimants. That is that the maximum discount for eligible claimants towards their Council tax bill is 90%. For Pension age claimants the maximum is 100%.
- 7.21 As part of the budget setting process for 2017/18 and subsequent approval of the LTFS in September 2017 the Council confirmed that it would continue to provide grant assistance to parishes. The assistance for parishes is reducing in line with the reduction in the Council's RSG or parish need whichever is the smaller. For

2018/19 a total of £4k will be made available to parishes for assistance should they require it. This figure has been included within the budget. Grant support will cease from 2019/20.

#### New Homes Bonus

- 7.22 The indicative New Homes Bonus (NHB) allocation for 2018/19 is £513k. This is £86k above the LTFS estimate presented to Policy in September 2017. There were no additional changes to the scheme for 2018/19 over those announced in 2017/18. The award period was reduced to four years of payments, removing an estimated £88k from the Council's allocation by 2019/20.
- 7.23 As part of the settlement it was announced the NHB threshold for property numbers growth will remain at the 0.4%, below which an authority will not receive NHB. For Craven this equates to an increase of approximately 109 new properties each year out of an annual needs allocation of 230 before NHB will be paid.
- 7.24 NHB is not new money it has been top sliced from RSG for redistribution. The Council unlike many others has been utilising NHB grant to fund specific projects within the District and to date £2.958m has been allocated to such projects. The choice on how to utilise NHB is at the discretion of the Council.
- 7.24 In view of the RSG position and to avoid cuts to services whilst alternative funding sources are realised, it is proposed to utilise some of the New Homes Bonus to support the budget in the short term. £100k will be required from the reserve for 2018/19. Alternative options for funding for NHB projects need to be considered – such as utilising additional growth from business rates.

### **8. Financial Standing and Governance**

- 8.1 Subject to the agreement of the Budget, the Council's 2018/19 net expenditure base is able to be financed from within available funding sources, without reliance on contributions from the General Fund Balance.
- 8.2 The major risks for the Council in 2018/19 are:
- Sustaining income levels
  - Containing expenditure within budget parameters
  - Realising savings that have been built into the budget and delivering the projects on the income and savings plan going forward.
  - The continued uncertainty around the business rates retention scheme.
- 8.3 A risk analysis of the major budgets is included at Appendix E
- 8.4 Balances and financial performance will continue to be monitored on a regular basis. This information will be reported as an integral element of the quarterly budget monitoring reports presented to Policy Committee during 2018/19. Quarterly performance monitoring clinics will also continue ensuring that there is close scrutiny of any potential variances to financial and performance plans.
- 8.5 The budget proposed in this report includes the increases to fees and charges as already approved by Members.



## **9. Setting the Council Tax levels for the year**

- 9.1 The latest Settlement announcement confirmed that the referendum limit has increased for 2018/19 to 2.99%. In addition the Secretary of State also confirmed that Shire Districts charging less than £250 at Band D can continue to increase their charge by £5 without triggering a referendum.
- 9.2 The draft budget is based on the Council increasing the Council tax for 2018/19 by £5 to give a Council Tax at Band D of £167.21. The government in its calculations assumes that this is the option that the Council will take.

## **10.0 Robustness of the Budget and Adequacy of Reserves**

- 10.1 Section 25 of the Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer (s151 Officer) to make a report to the authority when it is considering its budget and Council Tax. Also Section 26 of the Act gives the Secretary of State power to set minimum levels of reserves for which an authority must provide in setting its budget. This report is contained in Appendix F
- 10.2 As part of the budget setting process, it is also necessary to give members an indication of the levels of the reserves and balances and comment thereon. Appendix F attached to this report sets out the projected major Funds and Reserves balances and comments upon their adequacy.
- 10.3 This budget report shows that the estimated position on the General Fund Balance at 31 March 2018 will be £995k. No further contribution will be made to it in 2018/19. The level of £995k is considered prudent. The General Fund Reserve and Earmarked Reserve levels will be kept under review to ensure that they are sufficient to manage financial risks facing the Council in future years.
- 10.4 Taking into account all of the above factors and the risks identified, the Budget identified is robust and will deliver a balanced budget in 2018/19, as required by Section 25 of the Local Government Act 2003.

## **11. Budget Consultation**

- 11.1 A budget consultation exercise was undertaken in August and September. The consultation focussed on areas of expenditure, income, savings and Council priorities. The Council received 161 responses compared to 156 for 2016/17. A summary of the feedback from the Consultation is attached at Appendix G.
- 11.2 The survey contains a number of constructive comments with the key messages being that there is a high level of support for the Council's current priorities. Many comments focused on employment, transport and affordable housing issues. We asked about spending on statutory services and respondents were in favour of leaving spend about the same as 2017/18, and introducing or increasing fees in Licensing and Environmental Health. We also asked about spending on discretionary services with 60% plus feeling that expenditure should be maintained at current levels and that fees should not be increased. We asked respondents to

prioritise reduction in spend on back office services and Corporate Costs and Senior Management spending were identified as the priority. Customer Services was seen as the lowest priority for reducing expenditure. 60% of respondents felt the Council offers value for money. There was increased support for more services being provided by voluntary and community organisations, local communities and volunteers. There was a high level of support for increasing council tax charges.

## **12. Implications**

### **12.1 Financial and Value for Money Implications**

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

### **12.2 Legal Implications**

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.

### **12.3 Contribution to Council Priorities**

The Revenue Budget for 2018/19 has been developed in support of the Council Plan. The Council's financial sustainability and resilience are crucial to delivering its priorities.

### **12.4 Risk Management**

All risks are clearly identified throughout the report.

### **12.5 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.

## **13. Consultations with Others**

Public consultation has been held via presentation and on line. Consultation with Members has been undertaken during the course of the budget setting process.

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

Long Term Financial Strategy approved in September 2017

**15. Author of the Report**

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**15. Appendices**

Appendix A – Summary Revenue Budget 2018/19 – 2020/21

Appendix B – Subjective Analysis 2018/19

Appendix C – Summary Revenue Growth Bids

Appendix D – Savings

Appendix E – Budget Risk Assessment

Appendix F – Robustness of Budget and Adequacy of Reserves and Balances Assessment

Appendix G – Budget Consultation

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2018/19**

2016/17 Actual £ Col 1	2017/18 Approved Budget £ Col 2	2017/18 Forecast Outturn £ Col 3	2017/18 Variance £ Col 4	Cost Centre	2018/19 Original Budget £ Col 5	2019/20 Indicative Budget £ Col 6	2020/21 Indicative Budget £ Col 7
(15,777)	1,370	(5,832)	(7,202)	Hackney Carriages	284	2,250	3,121
(28,483)	(27,995)	(33,121)	(5,126)	Licencing	(28,812)	(26,850)	(26,979)
(44,261)	(26,625)	(38,953)	(12,328)	<b>Licencing</b>	(28,528)	(24,600)	(23,858)
(19,256)	27,265	26,714	(550)	<b>Street Signs &amp; GIS</b>	51,514	52,981	54,242
1,950	3,000	3,000	-	Historic Buildings & Conservation	3,000	3,000	3,000
36,567	35,820	32,465	(3,355)	Building Control - Non Fee Earning	37,612	38,582	39,269
(38,343)	(67,985)	(57,858)	10,126	Building Control - Fee Earning	(48,938)	(45,603)	(43,205)
631,861	192,350	418,649	(3,701)	Local Plan	197,371	197,262	199,502
(70,803)	(80,160)	(90,838)	(10,678)	Local Land Charges	(83,888)	(83,509)	(83,119)
(61,858)	80,995	83,306	2,311	Development Control	94,832	96,067	106,403
(3,494)	10,410	11,827	1,417	Head of Planning & Building Control	-	-	-
<b>495,879</b>	<b>174,431</b>	<b>400,551</b>	<b>(3,879)</b>	<b>Planning Services</b>	<b>199,989</b>	<b>205,799</b>	<b>221,850</b>
34,510	39,160	39,160	0	Arts Development	39,740	40,340	40,960
-	-	-	-	Great Places	-	-	-
23,128	23,300	24,300	-	Attraction of Trade & Tourists	24,300	24,300	20,300
80,599	72,440	124,890	52,450	Industrial Development & Promotion	29,140	29,140	29,140
27,520	27,810	28,010	200	Settle Tourist Information Centre	29,730	29,860	31,350
15,927	-	-	-	New Homes Bonus	39,060	-	-
115,450	120,369	120,370	1	Economic & Community Development Service Unit	120,390	121,530	122,690
<b>297,134</b>	<b>283,080</b>	<b>336,730</b>	<b>52,651</b>	<b>Economic &amp; Community Development Services</b>	<b>282,360</b>	<b>245,170</b>	<b>244,440</b>
(0)	-	(13,270)	(13,270)	Museum-Indispensable	-	-	-
142,584	105,655	24,283	(70,212)	Museum & Town Hall	207,910	251,220	114,508
<b>142,584</b>	<b>105,655</b>	<b>11,013</b>	<b>(83,482)</b>	<b>Skipton Town Hall &amp; Museums</b>	<b>207,910</b>	<b>251,220</b>	<b>114,508</b>
<b>872,080</b>	<b>563,805</b>	<b>736,056</b>	<b>(47,589)</b>	<b>Enterprising Craven</b>	<b>713,245</b>	<b>730,570</b>	<b>611,182</b>
267,908	317,850	282,174	(35,676)	Customer Services	286,409	297,276	303,338
170,514	151,240	148,483	36,573	Communications,Partnerships & Engagement	181,040	187,430	189,890
-	15,550	15,550	-	Sport Events	(16,390)	(16,110)	(15,830)
44,491	48,490	47,326	(1,163)	Elections	84,975	85,873	86,502
58,810	62,540	62,762	222	Electoral Registration	69,067	70,844	71,820
2,670	8,775	49,172	22,397	Craven Crime Reduction P'ship	38,348	39,090	39,847
(8,776)	1,000	1,000	-	Safer & Stronger Communities	1,000	1,000	-
(460,672)	(487,120)	(487,697)	(577)	Cost of Coll. & Rent Allowances	(476,830)	(449,880)	(440,880)
485,721	599,530	565,168	(34,362)	Revenues & Benefits Services	603,817	622,185	636,145
-	10,000	16,585	6,585	Community Services	3,165	-	-
7,830	30,840	28,555	(2,285)	Democratic Services	94,101	96,465	98,296
230,445	253,770	239,079	(14,691)	Democratic Representation	182,242	183,861	184,986
<b>798,941</b>	<b>1,012,464</b>	<b>968,157</b>	<b>(22,977)</b>		<b>1,050,944</b>	<b>1,118,034</b>	<b>1,154,113</b>
(27,592)	(72,565)	(67,639)	4,926	<b>Craven Leisure</b>	(17,337)	12,074	23,254
(403,654)	(348,890)	(351,593)	(8,378)	<b>Bereavement Services</b>	(419,855)	(418,232)	(372,041)
(1,199,081)	(1,155,865)	(1,152,429)	(964)	<b>Car Parks</b>	(1,188,817)	(1,180,502)	(1,172,064)
(34,308)	(31,320)	(31,320)	-	Private Garage Sites	(30,712)	(30,712)	(28,592)
80,688	46,130	44,068	(2,062)	Public Conveniences	56,234	56,686	56,786
120,816	103,275	103,275	-	Amenity Areas	106,102	116,082	120,792
(2,190)	(13,430)	(13,117)	313	Shared Ownership Scheme	(38,100)	(38,100)	(41,225)
<b>165,005</b>	<b>104,655</b>	<b>102,906</b>	<b>(1,749)</b>	<b>Assets &amp; Commercial Services</b>	<b>93,524</b>	<b>103,956</b>	<b>107,761</b>

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2018/19**

2016/17 Actual £ Col 1	2017/18 Approved Budget £ Col 2	2017/18 Forecast Outturn £ Col 3	2017/18 Variance £ Col 4	Cost Centre	2018/19 Original Budget £ Col 5	2019/20 Indicative Budget £ Col 6	2020/21 Indicative Budget £ Col 7
366,953	308,590	315,400	6,810	Environmental Health Services	294,744	300,538	306,320
1,340	-	-	-	Flooding 15/16	-	0	-
<b>368,293</b>	<b>308,590</b>	<b>315,400</b>	<b>6,810</b>	<b>Environmental Health Services</b>	<b>294,744</b>	<b>300,538</b>	<b>306,320</b>
14,362	43,620	66,010	22,390	Aireview House	50,065	58,920	59,770
198,869	244,945	116,951	(127,994)	Homelessness	255,560	262,190	269,980
21,025	33,850	(24,456)	(58,306)	Private Sector & Housing Enabling	27,400	27,400	27,400
18,685	22,110	(631,310)	(653,420)	Housing Service Unit	22,824	23,160	23,566
<b>252,941</b>	<b>344,525</b>	<b>(472,805)</b>	<b>(817,330)</b>	<b>Housing Services</b>	<b>355,849</b>	<b>371,670</b>	<b>380,716</b>
783,067	691,075	670,216	(20,858)	Refuse Collection Domestic	707,620	736,111	752,746
(235,529)	(177,385)	(212,310)	(34,313)	Refuse Collection Commercial	(186,507)	(186,795)	(174,689)
268,937	311,489	304,925	(6,564)	Street Cleansing	334,850	346,892	355,759
211,730	292,440	279,540	(12,900)	Recycling	280,223	286,709	287,932
-	70,805	77,290	965	Cleaner Neighbourhoods	87,204	88,804	90,482
63,566	-	25,464	25,464	Mechanics Workshop	(2,171)	(1,076)	(716)
192,131	220,190	255,419	35,228	Waste Management Service Unit	233,242	238,782	243,028
(127,031)	(99,195)	(100,829)	(1,634)	Garden Waste Subscription Scheme	(125,637)	(119,605)	(114,327)
<b>1,283,903</b>	<b>1,309,420</b>	<b>1,299,715</b>	<b>(14,612)</b>	<b>Waste Management &amp; Recycling</b>	<b>1,328,824</b>	<b>1,389,821</b>	<b>1,440,215</b>
<b>1,238,757</b>	<b>1,502,335</b>	<b>641,713</b>	<b>(854,274)</b>	<b>Resilient Communities</b>	<b>1,497,876</b>	<b>1,697,360</b>	<b>1,868,274</b>
224,280	818,470	882,301	63,831	Corporate Costs	818,273	839,123	865,733
485,454	434,570	431,493	(3,076)	CLT	482,204	496,212	505,768
444,326	512,345	485,357	(26,988)	Financial Services	508,137	536,574	545,253
153,515	193,495	145,202	(48,294)	Business Support	199,097	202,441	206,666
159,506	154,990	174,255	(1,735)	Human Resources & Training	144,820	154,422	156,263
154,707	165,240	172,034	(2,015)	Legal Services	123,463	128,147	130,626
436,245	436,330	433,012	(3,318)	ICT	493,135	504,528	512,480
(10,664)	13,670	19,623	5,953	Miscellaneous Property	12,706	12,710	12,714
13,989	12,120	12,421	301	Bus Station	12,840	13,345	16,345
44,877	38,675	33,325	(5,350)	Skipton Depot	39,972	40,592	41,215
2,203	70	70	-	Settle Depot	70	70	70
237,007	229,655	231,786	2,131	Belle View Square	239,102	242,297	242,297
51,824	-	-	-	Build to Rent	-	-	-
(76,640)	(86,345)	(91,190)	(4,845)	Estates Services	(86,963)	(86,633)	(86,633)
-	-	-	-	Skipton Developments	-	-	-
363,199	373,015	358,524	(14,491)	Assets & Commercial Service Unit	389,703	402,948	411,826
<b>2,683,827</b>	<b>3,296,300</b>	<b>3,288,214</b>	<b>(37,896)</b>	<b>Financial Resilience</b>	<b>3,376,558</b>	<b>3,486,777</b>	<b>3,560,624</b>
<b>4,794,664</b>	<b>5,362,440</b>	<b>4,665,983</b>	<b>(939,758)</b>	<b>TOTAL NET COST OF SERVICES</b>	<b>5,587,679</b>	<b>5,914,707</b>	<b>6,040,080</b>

**Corporate Items and Financing**  
**Corporate Income and Expenditure**

255,710	255,710	255,710	-	Interest Payable (Incl Premia/Discount)	255,710	255,710	255,710
-55,000	(56,820)	(56,820)	-	Investment Income	(92,820)	(85,820)	(80,000)
318,000	324,190	324,190	-	MRP for Capital Financing	247,000	280,000	300,000
409,540	710,500	710,500	-	Revenue Contributions to Capital Outlay	583,140	184,000	270,000
100,000	75,000	75,000	-	Corporate Contingency	75,000	75,000	75,000
77,430	9,000	9,000	-	Top Up Grant to Parishes -CDC Contribution	4,000	-	-
	282,145	282,145	-	Revenue Growth Bids to Allocate	128,980	125,110	126,130
<b>5,900,344</b>	<b>6,962,165</b>	<b>6,265,708</b>	<b>939,758</b>	<b>NET REVENUE EXPENDITURE</b>	<b>6,788,689</b>	<b>6,748,707</b>	<b>6,986,920</b>

**CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2018/19**

2016/17 Actual £ Col 1	2017/18 Approved Budget £ Col 2	2017/18 Forecast Outturn £ Col 3	2017/18 Variance £ Col 4	Cost Centre	2018/19 Original Budget £ Col 5	2019/20 Indicative Budget £ Col 6	2020/21 Indicative Budget £ Col 7
				<b>Contributions to/(from ) Reserves/Other</b>			
	(35,000)			Contribution (from) Enabling Efficiencies Fund Reserve	(18,975)	(17,600)	(17,450)
	(230,000)			Contribution (from) Planning Reserve	-	-	-
	(476,201)			Contribution (from) New Homes Bonus Reserves	(553,160)	(265,400)	(265,700)
	(483,600)			Contribution (from) Business Rates Contingency	(100,000)	-	-
	(100,000)			Contribution (from) Future Budgets Reserve	(98,668)	(94,000)	-
	(111,000)			Contribution (from) Buildings Reserve	(49,000)	(44,000)	-
	(185,000)			Contribution (from) IT Reserve	(157,330)	(40,000)	(50,000)
	(190,000)			Contribution (from) Vehicle Reserve	-	(100,000)	(220,000)
				Contribution (from) Elections Reserve	(7,000)	(7,000)	(7,000)
	734,922			Contribution to New Homes Bonus Reserves	430,977	478,000	235,000
	10,000			Contribution to Insurance Fund	10,000	10,000	10,000
	52,000			Contribution to Buildings Reserve	52,000	52,000	52,000
	30,000			Contribution to IT Reserve	30,000	30,000	30,000
	30,000			Contribution to Vehicle Reserve	30,000	30,000	30,000
	20,000			Contribution to Enabling Efficiencies	-	-	-
	35,000			Contribution To Elections Reserve	-	-	-
				<b>AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement)</b>	<b>6,357,533</b>	<b>6,780,707</b>	<b>6,783,770</b>
				<b>Central Government Support</b>			
	(352,676)			Revenue Support Grant	(141,269)	-	150,000
	(224,622)			Rural Services Delivery Grant	(224,600)	(224,600)	(220,000)
	(21,134)			Transition Grant	-	-	-
				Housing Grants	(46,160)	(46,160)	(46,160)
	(98,168)			Transfer from CtaxCollection Fund	(98,168)	(50,000)	(30,000)
	483,600			Transfer from NDR Collection Fund	20,000	-	-
	(816,580)			New Homes Bonus	(512,635)	(560,000)	(317,000)
	(1,450,000)			Redistributed National Non-Domestic Rates & Grant	(1,600,000)	(1,600,000)	(1,638,000)
	<b>3,583,706</b>	<b>6,265,708</b>	<b>(939,758)</b>	<b>TOTAL AMOUNT TO BE MET FROM COUNCIL TAX</b>	<b>3,754,701</b>	<b>4,299,947</b>	<b>4,682,610</b>
				<b>Deficit/(Surplus)-Calculation</b>			
	6,063,286			Amount to be met from Govt Grant & Council Tax	6,357,533	6,780,707	6,783,770
				<b>Financed By</b>			
	(352,676)			Revenue Support Grant	(141,269)	0	150,000
	(1,062,336)			Other Grants	(783,395)	(830,760)	(583,160)
	(966,400)			Redistributed National Non-Domestic Rates & Grant	(1,580,000)	(1,600,000)	(1,638,000)
	(98,168)			Transfer from CtaxCollection Fund	(98,168)	(50,000)	(30,000)
	(3,583,706)			Council Tax	(3,754,701)	(3,890,568)	(4,027,983)
	<b>(0)</b>			<b>Deficit/(Surplus)</b>	<b>0</b>	<b>409,378</b>	<b>654,627</b>
				<b>Tax Base</b>	22,455	22,592	22730
	22,093			<b>Ctax @ Band D</b>	167.21	172.21	177.21
	<b>3,583,706</b>				<b>3,754,701</b>	<b>3,890,568</b>	<b>4,027,983</b>

**CRAVEN DISTRICT COUNCIL**  
**2018/19 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	Internal Income	Total Income	Net Cost of Service
Hackney Carriages	39,048		15,600	11,636			4,000	70,284	(70,000)				(70,000)	284
Licencing	39,188		500	2,500				42,188	(71,000)				(71,000)	(28,812)
<b>Licencing</b>	<b>78,236</b>	<b>-</b>	<b>16,100</b>	<b>14,136</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>112,472</b>	<b>(141,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,000)</b>	<b>(28,528)</b>
<b>Street Naming, Numbering &amp; GIS</b>	<b>59,514</b>	<b>7,000</b>		<b>-</b>				<b>66,514</b>	<b>(15,000)</b>	<b>-</b>			<b>(15,000)</b>	<b>51,514</b>
Historic Buildings & Conservation				3,000				3,000	-				-	3,000
Building Control - Non Fee Earning	32,687		2,400	2,525				37,612	-				-	37,612
Building Control - Fee Earning	114,582		7,000	4,480				126,062	(175,000)				(175,000)	(48,938)
Local Development Framework	191,811		1,500	4,060				197,371		-			-	197,371
Local Land Charges	18,612	-		37,500				56,112	(140,000)				(140,000)	(83,888)
Development Control	442,262	-	11,500	59,570				513,332	(418,500)				(418,500)	94,832
Head of Planning & Building Control	-		-	-				-	-	-			-	-
<b>Planning Services</b>	<b>799,954</b>	<b>-</b>	<b>22,400</b>	<b>111,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>933,489</b>	<b>(733,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(733,500)</b>	<b>199,989</b>
Arts Development	29,100		740	9,900				39,740	-				-	39,740
Great Places	196,390		2,000	506,520				704,910	(704,910)				(704,910)	-
Attraction of Trade & Tourists				24,300				24,300					-	24,300
Industrial Development & Promotion				29,140				29,140					-	29,140
Settle Tourist Information Centre	29,400	7,070	150	6,910				43,530	(13,800)				(13,800)	29,730
New Homes Bonus				39,060				39,060					-	39,060
Economic & Community Development Unit	111,060	10	1,700	7,820				120,590	(200)				(200)	120,390
<b>Economic &amp; Community Development Services</b>	<b>365,950</b>	<b>7,080</b>	<b>4,590</b>	<b>623,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,001,270</b>	<b>(718,910)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(718,910)</b>	<b>282,360</b>
Museum-Indispensable	-		-	-				-	-			-	-	-
Museum Development Project	-			-				-	-				-	-
Museums & Town Hall	233,220	98,670	120	107,220				439,230	(231,320)			-	(231,320)	207,910
<b>Museum &amp; Arts</b>	<b>233,220</b>	<b>98,670</b>	<b>120</b>	<b>107,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>439,230</b>	<b>(231,320)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(231,320)</b>	<b>207,910</b>
<b>Enterprising Craven</b>	<b>1,536,874</b>	<b>112,750</b>	<b>43,210</b>	<b>856,141</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>2,552,975</b>	<b>(1,839,730)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,839,730)</b>	<b>713,245</b>
Customer Services	281,738	1	1,500	11,670				294,909	(8,500)				(8,500)	286,409
Communications,Partnerships & Engagement	113,070	-	700	76,620				190,390	(9,350)	-			(9,350)	181,040
Sport Events	13,810	-		44,810				58,620	(75,010)				(75,010)	(16,390)
Elections	28,139	7,000	-	51,836				86,975	(2,000)				(2,000)	84,975
Electoral Registration	33,787		100	36,580				70,467	(1,400)	-			(1,400)	69,067
Craven Crime Reduction P'ship	36,063		1,500	785				38,348				-	-	38,348
Safer & Stronger Communities				1,000				1,000					-	1,000
Cost of Coll. & Rent Allowances	-	-	-	14,060		7,200,000		7,214,060	(7,310,000)	(283,890)	(97,000)		(7,690,890)	(476,830)
Revenues & Benefits Services	444,257		2,500	162,060		-		608,817	(5,000)	-	-		(5,000)	603,817
Community Services	-	-	-	3,165	-	-	-	3,165	-	-	-	-	-	3,165
Democratic Services	88,695		50	5,356				94,101	-			-	-	94,101
Democratic Representation	170,646	16	-	11,580				182,242	-				-	182,242
	<b>1,210,205</b>	<b>7,017</b>	<b>6,350</b>	<b>419,522</b>	<b>-</b>	<b>7,200,000</b>	<b>-</b>	<b>8,843,094</b>	<b>(7,411,260)</b>	<b>(283,890)</b>	<b>(97,000)</b>	<b>-</b>	<b>(7,792,150)</b>	<b>1,050,944</b>
<b>Craven Swimming Pool &amp; Fitness Centre</b>	<b>610,968</b>	<b>348,245</b>	<b>2,000</b>	<b>318,640</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>1,282,853</b>	<b>(1,300,190)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,300,190)</b>	<b>(17,337)</b>
<b>Bereavement Services</b>	<b>174,441</b>	<b>106,098</b>	<b>1,767</b>	<b>68,960</b>	<b>35,150</b>	<b>-</b>	<b>2,580</b>	<b>388,996</b>	<b>(808,852)</b>				<b>(808,852)</b>	<b>(419,855)</b>
<b>Car Parks</b>	<b>40,556</b>	<b>242,793</b>	<b>2,200</b>	<b>112,280</b>		17 of 51	<b>27,614</b>	<b>425,443</b>	<b>(1,614,260)</b>				<b>(1,614,260)</b>	<b>(1,188,817)</b>



Cost Centre	Employees	Premises	Transport	Supplies/ Services	Agency/ Contracted	Transfer Payments	Internal Rcharge	Total Costs	External Income	Govt Grants	C/Tax NNDR	Internal Income	Total Income	Net Cost of Service
Private Garage Sites		6,358		5,400			30	11,788	(42,500)				(42,500)	(30,712)
Public Conveniences	-	30,884		19,850				50,734	5,500				5,500	56,234
Amenity Areas	-	26,192		800	84,210		4,900	116,102	(10,000)				(10,000)	106,102
Shared Ownership Scheme	-	900		6,000				6,900	(45,000)				(45,000)	(38,100)
<b>Assets &amp; Commercial Services</b>	-	64,334	-	32,050	84,210	-	4,930	185,524	(92,000)	-	-	-	(92,000)	93,524
Environmental Health Services	277,254	7,520	19,020	65,110			1,360	370,264	(75,520)				(75,520)	294,744
Flooding 2015/16	-	-		-				-	-				-	-
<b>Environmental Health Services</b>	<b>277,254</b>	<b>7,520</b>	<b>19,020</b>	<b>65,110</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>370,264</b>	<b>(75,520)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,520)</b>	<b>294,744</b>
Private Sector & Housing Enabling				549,530				549,530	(522,130)				(522,130)	27,400
Aireview House	24,180	13,695	-	34,050			13,140	85,065	(35,000)				(35,000)	50,065
Homelessness	167,410		2,400	134,960				304,770	(40,060)	(9,150)			(49,210)	255,560
Housing Service Unit	16,494		1,000	5,390				22,884	(60)				(60)	22,824
<b>Housing Services</b>	<b>208,084</b>	<b>13,695</b>	<b>3,400</b>	<b>723,930</b>	<b>-</b>	<b>-</b>	<b>13,140</b>	<b>962,249</b>	<b>(597,250)</b>	<b>(9,150)</b>	<b>-</b>		<b>(606,400)</b>	<b>355,849</b>
Refuse Collection Domestic	531,514		153,190	22,940			27,376	735,020	(26,400)			(1,000)	(27,400)	707,620
Refuse Collection Commercial	170,148		48,341	394,390			19,614	632,493	(809,000)			(10,000)	(819,000)	(186,507)
Street Cleansing	237,669	1,190	71,650	32,570			31,771	374,850	(2,000)			(38,000)	(40,000)	334,850
Recycling	138,306	61	69,667	333,080			18,263	559,377	(279,154)				(279,154)	280,223
Cleaner Neighbourhoods	74,834	-	1,320	13,550				89,704	(2,500)				(2,500)	87,204
Mechanics Workshop	97,332	19,909	2,493	13,180			-	132,914	(3,500)			(131,585)	(135,085)	(2,171)
Waste Management Service Unit	209,848		1,893	20,150			1,351	233,242	-				-	233,242
Garden Waste Subscription Scheme	123,534		41,641	130,955			15,210	311,340	(436,977)				(436,977)	(125,637)
<b>Waste Management &amp; Recycling</b>	<b>1,583,185</b>	<b>21,160</b>	<b>390,195</b>	<b>960,815</b>	<b>-</b>	<b>-</b>	<b>113,585</b>	<b>3,068,940</b>	<b>(1,559,531)</b>	<b>-</b>	<b>-</b>	<b>(180,585)</b>	<b>(1,740,116)</b>	<b>1,328,824</b>
<b>Resilient Communities</b>	<b>4,104,693</b>	<b>810,863</b>	<b>424,932</b>	<b>2,701,307</b>	<b>119,360</b>	<b>7,200,000</b>	<b>166,209</b>	<b>15,527,364</b>	<b>(13,458,863)</b>	<b>(293,040)</b>	<b>(97,000)</b>	<b>(180,585)</b>	<b>(14,029,488)</b>	<b>1,497,876</b>
Corporate Management	591,060			231,383				822,443	(4,170)				(4,170)	818,273
CLT	476,824		1,600	8,000				486,424	(4,220)				(4,220)	482,204
Financial Services	408,637	-	250	99,250				508,137	-				-	508,137
Business Support	198,365	-	1,300	3,892				203,557	(4,460)				(4,460)	199,097
Human Resources & Training	108,735		110	36,075				144,920	(100)				(100)	144,820
Legal Services	111,223		250	26,990				138,463	(15,000)				(15,000)	123,463
Information Services	329,016	909	750	162,460				493,135	-				-	493,135
Miscellaneous Property		12,456		250				12,706	-				-	12,706
Bus Station		25,970		-			5,370	31,340	(18,500)				(18,500)	12,840
Skipton Depot	1,625	36,477		1,870				39,972	-				-	39,972
Settle Depot		70		-				70	-				-	70
Belle Vue Square	-	163,795		29,418			67,186	260,399	(21,297)				(21,297)	239,102
Estates Services	-	14,547		12,440				26,987	(113,950)				(113,950)	(86,963)
Assets & Commercial Service Unit	451,484	12	525	7,600				459,621	(19,918)			(50,000)	(69,918)	389,703
<b>Financial Resilience</b>	<b>2,676,969</b>	<b>254,235</b>	<b>4,785</b>	<b>619,628</b>	<b>-</b>	<b>-</b>	<b>72,556</b>	<b>3,628,173</b>	<b>(201,615)</b>	<b>-</b>	<b>-</b>	<b>(50,000)</b>	<b>(251,615)</b>	<b>3,376,558</b>
<b>TOTAL NET COST OF SERVICES</b>	<b>8,318,536</b>	<b>1,177,847</b>	<b>472,927</b>	<b>4,177,076</b>	<b>119,360</b>	<b>7,200,000</b>	<b>242,765</b>	<b>21,708,512</b>	<b>(15,500,208)</b>	<b>(293,040)</b>	<b>(97,000)</b>	<b>(230,585)</b>	<b>(16,120,833)</b>	<b>5,587,679</b>



**Craven District Council  
2018/19 Revenue Budget Bids**

Bid No	Bid Ref	Line No	Section	Cost Centre	Description	Description of Bid	2017/18 Amount £	2018/19 Amount £	2019/20 Amount £	2020/21 Amount £	2021/22 Amount £	One off / Permanent / Fixed Term	Fund from?
1	RB01 18/19		Environmental Services & Housing	R344	Private Sector Hosuing	NYCC have given notice that they will be terminating the HIA provision on 31st March 18. In essence this means that we will no longer have a delivery vehicle of the DFG element from the 1st April 2018. During the term of the current contract this Council provided £10k/annum of capital funding from its DFG allocation to support revenue expenditure of the HIA. It was allowed to do so by DCLG as the funding was minimal from its overall allocation.	-	19,060	19,370	17,630	15,640	P	DFG
2	RB02 18/19		Environmental Services & Housing	R343	Homelessness	The Government will introduce the Homelessness Reduction Act 2017 on the 1st April 2018. This Act places a new duty on local authorities to help prevent the homelessness of all families and single people, regardless of priority need, who are threatened with homelessness	-	19,600	19,860	20,170	20,530	P	GRANT
3	RB03 - 18/19		Environmental Services & Housing	R343	Homelessness	The Homelessness Reduction Act will place an increased duty on local authorities to prevent people from becoming homeless. The Act changes the way that councils work, to prevent and relieve homelessness from April 2018. This Bid is to replace the current, no longer fit for purpose ICT System. The new system will support; the efficient management of an increased caseload handled by the homelessness officer including bespoke officer and manager dashboards, unique customer interface allowing customers and their support providers to update their Personalised Housing Plan, upload documents, amend contact details and add notes, inbuilt income and expenditure forms including trigger figures provided by the Money Advice Service.	-	7,500	7,850	8,185	8,500	P	GRANT
4	RB04 18/19		Economic Development	R311	Industrial Development	Continue to partner with the Leeds City Region Business Growth Service and retain the services of the SME Growth Manager (Craven and Airedale) on a permanent basis. <b>This was originally a 2 year BID in 2015/16 - so ceased in 17/18.</b>	13,300	20,100	20,400	20,700		FT	NHB
5	RB05 18/19		Economic Development	R311	Industrial Development	To maintain provision for the Council to purchase the services of a multi-disciplinary civil engineering team to support the development and delivery of capital projects designed to make a direct contribution to achieving the Council's priority for an Enterprising Craven. Fixed Term request for at least next 4 years. <b>This was originally a 2 year BID in 2015/16 - so ceased in 17/18.</b>	30,000	30,000	30,000	30,000	30,000	FT	NHB
7	RB07 18/19		ICT & Transformation	R400	ICT	The appointment of a full time Project Manager will allow for effort to be applied to the review of the existing softwrae estate to ensure that the organisation makes effective use of existing licenses and that contracts are reviewed to ensure appropriate and proportionate costs for those licenses are being maintained. Savings in the Software & Licenses Budget to Fund the position.	-	39,760	41,264	42,886	-	P	REV SAV
9	RB09 18/19		Asset & Commercial Services	R212	Service Unit	The Council has tried in vane several times over the past two years to recruit a Building & Projects Surveyor and the lack of a suitable candidate has now become business critical. Income from the Shared Ownership project should offset the increase, as this post will project manage the scheme.	-	3,928	3,967	4,007	4,047	P	Income
10	RB10 18/19		Environmental Services & Housing	R201	Commercial Waste	The Council currently has one Commercial Waste Officer, much of this resource devoted to business retention and administration. To grow the business we need to be proactive and pursue customers by offering a bespoke service that satisfies each individual customer's needs.	-	(10,970)	(17,597)	(17,447)	(17,247)	T	EE
<b>Total Revenue Bids</b>							<b>43,300</b>	<b>128,978</b>	<b>125,114</b>	<b>126,131</b>	<b>61,470</b>		

## Craven District Council Income & Savings Plan

### Income & Savings Master Plan 2017/18 - 2020/21 Completed Projects January 2018

Income Generation/Cost Savings Ideas			RAG	Realism	Priority					Member Decision Req	Additional Resources	SLT Lead Update /Comments	Lead Member	CLT Lead	SLT Lead
Line No	Serv Ref	Description				2017/18	2018/19	2019/20	2020/21						
1	PaSe	Advertising on car parks	Green	H	H	3,000	4,000	4,000	4,000	N	N	All planning consents & contracts in place.	Patrick Mulligan	Paul Ellis	Ian Halton
2	LeSe	Establish Turnstile System past reception	Green	M	M	2,610	3,480	3,480	3,480	N	N	£1,000 included in 2017/18 budget. Capital Project completed, budget to be adjusted with balance.	Patrick Mulligan	Paul Ellis	Ian Halton
3	EnSe	Revised Collection Xmas Waste Collection	Green			2,500	2,500	2,500	2,500	Y	N	Achieved & Implemented.	Carl Lis	Paul Ellis	Wyn Ashton
4	EnSe	Housing / Env Health & Waste Management Review	Green			6,000	6,000	6,000	6,000			Achieved & Implemented	Carl Lis	Paul Ellis	Wyn Ashton
5	PaSe	Implement pay & display machines and other infrastructure upgrades to create cost effective payment options	Green			2,000	5,000	5,000	5,000	Y	N	4 more new machines installed in 16/17 which include card payment. Looking to carry out some promotions on paying by card.	Patrick Mulligan	Paul Ellis	Ian Halton
6	Fi	Payment in advance of employers back funding pension liability 2017/18 - 2019/20	Green	H	H	19,030	38,430	58,430	19,000	N	N	Additional treasury management income re pension fund discount & loan	Patrick Mulligan	Nicola Chick	James Hordern
7	EnSe	Non Statutory Advice & Revisits to Food Premises	Green	H	M	900	3,600	3,600	3,600	Y	N	Member approval given to both schemes at July Policy Meeting	Carl Lis	Paul Ellis	Wyn Ashton
8	Fi	Mini Finance team restructure following resignations and reallocation of duties	Green	H	M	6,800	9,000	9,000	9,000	N	N	Review of and reallocation of duties of the team following the resignation of the Procurement Risk & Insurance Manager	Patrick Mulligan	Nicola Chick	Claire Hudson
9	Fi	Insurance Contract Tender	Green	H	H	35,000	35,000	35,000	35,000	N	N	Savings on the contract negotiation for next 3 years from April 1st 2017 and rebasing of 2017/18 budget.	Patrick Mulligan	Nicola Chick	Claire Hudson
10	Fi	CLT Restructure	Green	H	H	25,000	36,000	36,000	36,000	M	Y	Restructure of CLT following the Senior Officer Committee Review	Richard Foster	Paul Shevlin	N/A
11	HR	Review of Car Mileage terms and conditions	Green	M	M	8,000	8,000	8,000	8,000	Y	N	Review of Budget to spend at half year to confirm saving forecast	John Dawson	Paul Shevlin	Jacque Hodgson
12	ReBe	2017 review CTR and local discount schemes	Green	H	H		20,000	20,000	20,000	Y	N	Base for Ctax setting adjusted & impact will be included in ctax income	Patrick Mulligan	Nicola Chick	David Carre
13	ReBe	To increase Ctax and NDR bases	Green	M	H		14,000	28,000	28,000	N	Y	Base for Ctax setting adjusted & impact will be included in ctax income	Patrick Mulligan	Nicola Chick	David Carre
<b>TOTAL GREEN SAVINGS</b>						<b>110,840</b>	<b>185,010</b>	<b>219,010</b>	<b>179,580</b>						

# MAJOR BUDGETS RISK ASSESSMENT 2018/19

## 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 37.16% of revenue expenditure with total budgets for 2018/19 being £8.319m.
- 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 The Service reviews in recent years have seen a reduction in employee numbers, this is seen to increase the risk on the budget, as there are less staff available to meet any subsequent pressures. Also, the size of the budget means that a minor change can result in a significant variance. However recent Service Reviews have aimed to boost the resilience of teams to deal with additional pressures or to improve Service performance.
- 2.4 Historically there has been an underspend in salaries and wages and the Council factors in a corporate vacancy allowance to its budget.

### 2.5 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
8,318,536	8,401,721	8,734,463	9,150,390

Likelihood:	High	Impact:	Low	Risk:	High
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## 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.
- 3.2 The employer's contribution is based on a future service rate of 17.7% together with a lump sum of £596k. The back funding element is a fixed lump sum contribution, and is only liable to inflationary increases. Any variation over and above this will impact as per the figures below.

### 3.3 Assessment

2017/18 Budget	1 % Variance	5% Variance	10% Variance
Current Cost 973,175	982,907	1,021,834	1,070,493
Back funding 615,000	621,150	645,750	676,500

Likelihood:	Low	Impact:	Medium	Risk:	Low
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#### 4 Housing Benefits

4.1 The national roll out of Universal Credit has been phased in from February 2015. There are doubts over the inclusion of Housing Benefit within Universal Credit and the budget has been set assuming no change. There is a potential that Universal Credit would see a reduction in workload, but there has been no evidence to suggest this. Officers are working to understand the implications of Universal Credit on the Authority.

4.2 The Budget for Housing Benefit payments is estimated to be £7.2m in 2017/18. 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 £0.110m. The recovery level is at risk in difficult economic times creating a risk factor.

##### 4.3 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
7,200,000	7,272,000	7,560,000	7,920,000

Likelihood: High

Impact: Low

Risk: High

#### 5 Council Tax Support

5.1 The estimated value of Council Tax Support for 2017/18 is £2.445m. 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 13% liability to the Council of this additional amount. The rest is covered by the NYCC, Fire and Police Authority.

##### 5.2 Assessment

2017/18 Budget	1 % Variance	5% Variance	10% Variance
2,445,021	2,469,471	2,567,272	2,689,523

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 Through its capital programme the Council is installing a new Building Energy Management System (BEMS) at the Craven Leisure. This will make savings on the annual utilities at that site.

##### 6.3 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
Electricity 124,875	126,124	131,119	137,363
Gas 126,785	128,053	133,124	139,464

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 £708k is included in the 2018/19 budgets for Council waste collection costs and waste disposal charges made by the County Council.

##### 7.2 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
707,620	714,696	743,001	778,382

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).

- 7.4 The County Council charges relate to the disposal of trade waste. In 2017/18 this was £115.06 per tonne. This is multiplied by the latest estimated tonnage figures which then form part of the pricing calculations which aim to return a small surplus. With regard to tonnage the estimates are based upon the latest information and to the extent that tonnage is not certain, there is the risk that there may be some variance to the original budget.
- 7.5 It is estimated that NYCC will increase the Disposal Charge price per tonne in 2018/19. It is assumed this will be £120.30.

## 8 **Recycling**

- 8.1 A sum of £426k is included in the 2018/19 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

2018/19 Budget	1 % Variance	5% Variance	10% Variance
Disposal Costs 425,935	430,194	447,232	468,529

Likelihood:	Medium	Impact:	Low	Risk:	Medium
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- 8.3 As the cost per tonne charged and the recycling credit per tonne are not directly related, the correlation between expenditure and income is not direct. The County Council rate for 2017/18 recycling credit was £49.52 per tonne, it is estimated that this will increase by 4% to £51.51 for 2018/19. The assessment below analyses the risk of reductions in the tonnages.

### 8.4 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
Recycling Credits 430,366	426,062	408,848	387,329

Likelihood:	Medium	Impact:	Medium	Risk:	Medium
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## 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. 2017/18 is the second year of this arrangement.

## 10 **Garden Waste Collection Service**

- 10.1 The Council provides a garden waste collection service to householders who pay a subscription. This service commenced in 2013/14 and as an introductory offer the subscription paid covered 2014/15 as well. The subscription charge for 2018/19 has been increased by £3.00 to £32.50 pa.
- 10.2 This garden waste collection scheme generated over £260k of income in 2017/18 but this did not cover the cost of running of this service after recharges. The increase in the subscription charge should mean that more income is generated, and if costs can be controlled, may mean that the service could add a contribution to the Council's overhead costs.

### 10.3 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
284,765	281,917	270,527	256,289

Sensitivity:	Low	Impact:	Medium	Risk:	Low
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## 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 However in the Settlement, the Government have allowed a 20% increase in the Fees chargeable. The budget for 2018/19 has been set at £410,000 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 Table 1:

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	350,000	(68,500)	(16)
2018/19	410,000	410,000	-	-

### Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
410,000	405,900	389,500	369,000

Sensitivity:	High	Impact:	Medium	Risk:	High
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## 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 2017/18 however the improvement in fees experienced within development control is also being reflected within Building Control which would indicate the market is improving albeit slowly. The streamlining of the Service will also reduce this deficit for 2018/19. Table 2 below shows estimated and actual income levels since 2013/14.

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	175,000	-	-
2018/19	175,000	175,000	-	-

### Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
175,000	173,250	166,250	157,500

Sensitivity:	Medium	Impact:	Low	Risk:	Medium
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## 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 2018/19.

13.2 The housing market is continuing to recover. The budget for 2018/19 has been set at with a modest decrease to reflect the trend over 16/17 and 17/18.

13.3 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
140,000	138,600	133,000	126,000

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

2018/19 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	150,700	-	-
2018/19	153,950	153,950	-	-

Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
153,950	152,411	146,253	138,555

Sensitivity: Low

Impact: Medium

Risk: Low

**16 Shared Ownership Scheme Income**

16.1 In 2014 the Council took the decision to allow investigation into the possibility of implementing a Shared Ownership Scheme. 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 approximately 50 dwellings. A realistic programme of developing three to five sites per annum for 10 - 15 dwellings per year over the four years to 2019/20 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 2018/19 is set at £45,000 as is set to increase in 2017/18 and into 2018/19.

16.4 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
45,000	44,550	42,750	40,500

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 A review of the Car Parking Charges in 2016/17, ahead of the 2017/18 financial year along with a consistent level of Car park usage, has resulted in a increase in anticipated income. For 2018/19 there has been no increase proposed.

17.3 As part of the review it was resolved to introduce charges to the Craven Pool & Fitness Centre car park, in line with the approval granted by Policy Committee, December 2015. Also in 2107/18 the residents and non-residents parking permit scheme was amalgamated. In 2018/19 a staged increase, approved in 2017/18, for the Short and medium stay permits has been applied. An assesment of the Car Parking Income is below.

17.4 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	1,450,000	5,000	0
2018/19	1,503,000	1,503,000	-	-

Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
1,503,000	1,487,970	1,427,850	1,352,700

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. The commercial waste budgets for 2017/18 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.

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 Income from trade waste collection charges is now in the region of £811k per annum This is a £47k increase of the original 2017/18 estimate. 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 There has been a review of Fess and Charges in 2017/18 ahead of the 2018/19 financial year. This has resulted in a average increase of 2.6% in the charges for residual waste collection and disposal. The risk is that the significant increase may lead to the loss of the residual contracts.

18.5 Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
809,250	801,158	768,788	728,325

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	69,000	-	-
2018/19	69,000	69,000	-	-

### Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
69,000	68,310	65,550	62,100

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. The Council is required to pay mercury abatement costs which are 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	777,326	-	-
2018/19	808,852	808,852	-	-

### Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
808,852	800,763	768,409	727,967

Sensitivity: Low

Impact: Medium

Risk: Low

## 21 Craven Pool Income

21.1 Craven pool generates a significant level of income thus ensuring that it only generates a modest deficit before capital charges. 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	1,261,469	(5,251)	(0)
2018/19	1,300,190	1,300,190	-	-

Assessment

2018/19 Budget	1 % Variance	5% Variance	10% Variance
1,300,190	1,287,188	1,235,181	1,170,171

Sensitivity:	Low	Impact:	Medium	Risk:	Low
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## 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 2019. 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 2018/19 forecasted income for investments totals £93k. This is made up of investment income (£57k), Pension Fund Discount (£19k) and the interest from the Loan made as part of the 2017/18 Capital Programme (£17k).

22.3 Assessment

2018/19 Budget	Average 0.3%	Average 0.5%	Average 0.7%
Investment Interest 56,820	19,821	33,035	46,249
Loan 17,000	17,000	17,000	17,000
Pension Fund 19,000	19,000	19,000	19,000

Sensitivity:	Low	Impact:	Low	Risk:	Low
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## 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. The impact is being mitigated by the creation of an earmarked reserve however this may not be adequate to cover the Councils liability.

23.2 Assessment

2017/18 Budget	1 % Variance	5% Variance	10% Variance
1,600,000	1,584,000	1,520,000	1,440,000

Sensitivity:	High	Impact:	High	Risk:	High
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## 24 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. Issues with tennating and delays have meant that the income generated in 2017/18 has fallen short of the expectations set at the start of the year. This has the potential to make substantial income streams in 2018/19 and onwards.

24.2 It is expected that the Concert Hall income will suffer as a result of the continued building works. The 2018/19 budget is half that set in 2017/18, £81k.

24.3 It is anticipated that the income for 2018/19 will be significantly decreased due to the continued works. However there will be full year effects of the tennanted units generating Service charges and rental income.

24.4 Assessment

2018/19 Budget		1 % Variance	5% Variance	10% Variance
Concert Hall	40,500	40,095	38,475	36,450
Commercial units	81,580	80,764	77,501	73,422
Service Charges	26,610	26,344	25,280	23,949

Likelihood: Medium

Impact: High

Risk: High

## **ROBUSTNESS OF THE BUDGET and ADEQUACY OF RESERVES ASSESSMENT 2018/19**

### **1.0 Robustness of the Budget – Local Government Act 2003 – Section 25 Report**

#### **1.1 Background**

- 1.1.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (section 151 Officer) to report to the Authority when it is making the statutory calculations 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.
- 1.1.2 What is required is the professional advice of the Chief Finance Officer on these two questions. Both are connected with matters of risk and uncertainty. They are interdependent and need to be considered together. In particular, decisions on the appropriate level of reserves should be gained by advice based on an assessment of all the circumstances considered likely to affect the Authority.
- 1.1.3 In each Authority the Chief Finance officer alone must prepare the Section 25 report.
- 1.1.4 Section 25 requires the report to be made to the Authority when the decisions on the calculations are formally being made (i.e. Council). However, those decisions are the conclusion of a process involving consideration of the draft budget by various parts of the organisation, including Policy Committee and other member meetings / briefings and officers. During this process appropriate information and advice has been given at the earlier stages on what would be required to enable a positive opinion to be given in the formal report.
- 1.1.5 DCLG guidance states that “it should be possible to identify the sections of a composite report that are made under section 25, so that the Authority is able to discharge its duty to take account of the statutory report under section 25(2)”.

#### **1.2 Section 25 Report (Report of the Chief Finance Officer (s151 officer))**

- 1.2.1 Inflationary pressures – an appropriate estimate has been included for the provision of the impact of the national pay award which is expected to take effect from 1 April 2018. Budgets have been prepared at out-turn prices to take account of inflationary and usage pressures.
- 1.2.3 Income – increases to fees and charges were approved by Policy Committee in December 2017. Income budgets fee increases delegated to officers under the Council's fees and charges policy have been reviewed. Income budgets have been reviewed to take into account both the increases in price and forecasted changes to usage.
- 1.2.4 Savings – the savings proposals from the Council's Income and savings plan are not without risk. Therefore only those identified as green are contained within the budget all projects still identified at Amber and Red status (those requiring additional resources, member approval and robust planning) have not been included. The additional income proposals for on-going services also carry risk but they are prudent. A risk assessment has been undertaken of the council's major expenditure and income budgets.

1.2.5 Capital Programme Revenue Effects and Financing – The revenue budget includes all the effects of capital schemes. The Capital plan and capital programme are reviewed regularly. The availability of capital receipts are finite and the balance that the council currently holds will be spent by 2020/21. If the Council wishes to continue with funding its capital programme beyond 2020/21 then significant contributions will be required from the revenue account to appropriate reserves.

1.2.6 The overall level of reserves is considered in detail as part of this paper.

1.2.7 **S151 Officer Statement**

In setting the Revenue Budget for 2018/19 I consider that the proposed budget is robust, and reflects a realistic and prudent view of all anticipated expenditure and income.

**2.0 Adequacy of Funds & Reserves**

2.1 As part of the budget setting process it is necessary to give members an indication of the levels of reserves and balances and comment thereon. Annex 1 to this appendix sets out the projected major Funds and Reserves balances for 2018/19 to 2020/21 based on the Long Term Financial Strategy forecasts and Medium Term Plan. The Council's revenue budget for 2018/19 assumes no draw on the General Reserve to support the budget.

2.2 The rationale for each of these reserves and the level required in each has been reviewed. Recommendations regarding reserves are made within the body of the Budget Report.

2.3 The CIPFA guidance on reserves does not recommend a statutory minimum level of reserves. It states that "Local Authorities should make their own judgements on such matters taking into account all the relevant local circumstances which will vary between Authorities". The CIPFA Local Authority Accounting Panel (LAAP) has issued a guidance note on Local Authority Reserves and Balances (LAAP 77) to assist Council's in this process. This guidance is not statutory, but compliance is recommended in CIPFA's 2003 Statement on the Role of the Finance Director in Local Government. It would be considered best practice to follow this guidance.

2.4 The guidance states that no case has yet been made to set a statutory minimum level on general reserves, either as an absolute amount or a percentage of the budget. Each local authority should take advice from its Chief Finance Officer and base its judgement on local circumstances. A well run Council, with a prudent approach to budgeting should be able to operate with a relatively low level of general reserves.

2.5 Reserves can be held for three main purposes:

- a) general fund reserve to meet the potential costs of emergencies or unexpected events, including a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing.
- b) a contingency to meet the costs of events that are possible but whose occurrence is not certain – this also forms part of the general fund reserve. For example the planning reserve which is to be used to help fund the work on the local development framework.
- c) earmarked reserves to meet known or predicted liabilities over a period of time usually more than one year. These earmarked reserves protect the Council against specific financial risks and this is a factor to be taken into account when assessing

the adequacy of the totality of balances and reserves and the level of the General Fund Balance.

- 2.6 In formulating my view on the adequacy of the Council's General Fund Unallocated Reserve and level of Earmarked Reserves, I have taken into account the risks facing the council, which includes items identified in closing the 2016/17 accounts which still exist, issues that have arisen in 2017/18, funding of the capital programme, prospects for inflation and the risks surrounding the budget as identified in the risk assessment in Appendix E and provision for bad debts.

#### **General Fund Unallocated Reserve**

- 2.7 The Council's unallocated General Fund Balance is currently at £995k. The 2018/19 budget does not require support from this balance. This represents 14.95% of the net revenue budget. Whilst this may seem high there are a number of risks which the Council faces some of which are identified below and therefore the balance in the current climate is appropriate.
- a) An adverse movement of 1% pay and prices on the budget estimates would cost the council an additional £208k.
  - b) The Council has a number of significant income streams and adverse movement of 5% would cost £378k
  - c) The council budgets contain no allowance for emergencies such as flooding, the council is expected to 0.2% of its budget available (£14k) and whilst there would be access to the Bellwin scheme it does not cover 100% of costs. It is prudent to have £50k.
  - d) The localisation of business rates is volatile and a movement of 5% would result in a reduction of £367k
  - e) Continued uncertainties for local government funding.
  - f) The Council has a reserve for the costs of its LDF however this assumes that there will be no unexpected (such as judicial reviews) costs over and above those already identified for its completion.
  - g) The Council along with other Local Authorities still faces a risk that the national litigation in respect of Land Charges fees will continue with currently unidentified claimants submitting requests for refunds. These costs are at present unknown, but could be substantial.

#### **Significant Earmarked Reserves**

##### **2.8 New Homes Bonus**

This reserve contains the grant received from the government and is being utilised for support of the revenue budget and specific projects under the headings of Infrastructure, Localism and Empty Homes. Use of the reserve is subject to reports to members. The reserve is adequate for the purpose for which it was set up and the projects that have already been approved. Going forward New Homes Bonus is required to support the budget and only limited funds are available for new projects.

##### **2.9 Planning**

The planning reserve is to be used for the costs of the creation of the Craven District Local Plan (LDF). The forecasted balance at April 2018 will be £446k. The Council expects to submit its Local Plan to the Inspector for the start of the new financial year. The very nature of the inspection process will incur costs for the Council which will need to be funded from the reserve. Should the costs exceed the reserve the Council will need to provide funds from other sources. The reserve is also available to fund challenges to planning decisions should they arise. The balance is considered adequate at this time, but will need to be reviewed during 2018/19.

2.10 Enabling Efficiencies

This reserve is used to fund revenue and capital projects that will generate efficiencies or additional income for the council. The 2018/19 budget contains net usage of £19k. A balance of between £200k and £300k is considered adequate for this reserve.

2.11 Vehicle Replacement

This reserve has been set up to provide resources for funding replacement vehicles. The current costings within the replacement programme far outweigh the resources within this fund. The 2018/19 budget contains a planned contribution of £30k. The resources within this reserve are inadequate and this reserve in my opinion is a priority for additional contributions of at least £150k per annum.

2.12 ICT Projects

This reserve has been set up to provide resources for funding ICT projects both revenue and capital. The estimated balance at April 2018 is adequate for the commitments of the 2018/19 revenue budget and capital programme. The 2018/19 budget contains a planned contribution of £30k and utilises £157k. To ensure continued investment in IT the resources within this reserve are inadequate and this reserve in my opinion is a priority for additional contributions of at least £75k per annum.

2.13 Buildings

This reserve has been set up to provide resources for funding works to the Council's property portfolio both revenue and capital. The estimated balance at April 2018 is adequate for the commitments of the 2017/18 revenue budget and capital programme. The 2018/19 budget contains a planned contribution of £52k and utilises £49k. To ensure continued investment in the Council's property assets consideration should be given to increasing contributions to £200k per annum. A level of at least £750k should be the target.

2.14 Insurance

In order to keep insurance premiums at an affordable level the council agreed to increase its excess on public liability claims up to £5k per claim. Based on the current claim history, the contributions and forecasted balance on this reserve are adequate.

2.15 Business Rates Contingency

The forecast balance on the business rates contingency at April 2018 is estimated at £610k. The 2018/19 budget has a deficit of £20k declared for the Non Domestic Rates Collection Fund. The localisation of business rates has identified a number of issues of the volatility of the rates system which will impact on the council. The 2018/19 budget plans to utilise £100k to support the budget. In the current climate with the unknown impact of appeals for the 2017 rating list it is prudent to consider contributions in year if resources permit.

2.16 Elections Reserve

The elections reserve was created as part of the 2017/18 budget to fund the costs of the District Council elections. The Council currently has one third of its members standing for election for three years out of four. This causes a yoyo effect within the revenue budget. It is therefore proposed that a contribution to the reserve of up to £35k is made in the year there is no election. This reserve can then help mitigate the costs of elections in future years.

2.17 Future Year Budget Support

This reserve has been created to capture in-year savings from projects within the Council's Income and Savings Plan. The resources within the reserve are being held to support future years where there is a delay in a project coming on stream. Use of up to £99k of funds from this reserve will be required to balance the 2018/19 budget. In year contributions to this reserve should continue from projects within the Council's Income and Savings Plan.

2.18 S151 Officer Statement

I am satisfied that:-

Having conducted a review of the Council's requirement for the minimum General Fund Balance and taking into consideration various matters including:-

- a) the Council's spending plans for 2018/19 and the medium term financial position;
- b) a risk assessment of the main items of income and expenditure;
- c) a risk assessment of the savings plan;
- d) adequacy of estimates of inflation, interest rates
- e) treatment of demand led pressures;
- f) the need to respond to emergencies, and
- g) other potential calls on balances.

The balance of £995k on the General Fund is considered adequate for this purpose.

In addition that the Council's earmarked reserves are adequate for the Council's 2018/19 financial plans and to meet any known or predicted liabilities over the period which are expected to become due for payment.



**Forecasted Balances and Reserves 2018/19 to 2021/22**

Reserve	2018 - 19			2019 - 20			2020 - 21			2021 - 22		Purpose of Reserve (all reserves are revenue and their purpose is reviewed as part of the budget process each year)
	Estimated Balance Apr-18 £'000	Budgeted in Year Receipts £'000	Utilisation & Commitments £'000	Estimated Balance Apr-19 £'000	Budgeted in Year Receipts £'000	Utilisation & Commitments £'000	Estimated Balance Apr-20 £'000	Budgeted in Year Receipts £'000	Utilisation & Commitments £'000	Estimated Balance Apr-21 £'000	Link to Council Plan / Priority	
New Homes Bonus Projects	2,269	431	(1,257)	1,443	478	(265)	1,656	235	(266)	1,625	1,2,3	3 Overarching project areas - Infrastructure, Empty Homes & Localism. Plus support for budget.
Planning	446	0	0	446			446			446	1,2	To contribute towards costs of LDF and contingency for planning enquiry costs / appeals
Enabling Efficiencies	356		(19)	337			337			337	2,3	For use for projects to create future savings and efficiencies
Vehicles	501	30		531	30	(100)	461	30	(220)	271	2,3	Set up to fund purchase of vehicles
ICT	584	30	(157)	457	30	(40)	447	30	(50)	427	3	Set up to fund investment in IT (enabling technology)
Buildings	442	52	(49)	445	52	(44)	453	52		505	3	Set up to fund maintenance, repairs and improvements to council properties
Insurance	70	10	0	80	10		90	10		100	3	Fund excess on insurance claims
Business Rates Contingency	610		(100)	510			510			510	3	To mitigate against deficits in the North Yorkshire Business Rates Pool
Elections Reserve	35		(7)	28		(7)	21		(7)	14	3	Proposed new reserve to smooth funding of elections.
Future Year Budget Support	193		(99)	94		(94)	0			0	3	Savings achieved as per savings plan in year to support future year budgets. 2017/18 utilisation is maximum available to contribute to budget.
Contingency & Revenue Expenditure	25		0	25			25			25	4	Contingency funding and Slippage requests
Edith Stead, Bishopdale Court, Etc	105	0	0	105	0	0	105	0	0	105		VAT equalisation, LABGI & ERDF & Building Control funds
<b>Total Earmarked Reserves</b>	<b>5,636</b>	<b>553</b>	<b>(1,688)</b>	<b>4,501</b>	<b>600</b>	<b>(550)</b>	<b>4,551</b>	<b>357</b>	<b>(543)</b>	<b>4,365</b>		
General Fund	995	0	0	995	0	0	995	0	0	995	3	Unallocated GF reserve acts as contingency for unexpected expenditure
<b>Total Revenue Reserves</b>	<b>6,631</b>	<b>553</b>	<b>(1,688)</b>	<b>5,496</b>	<b>600</b>	<b>(550)</b>	<b>5,546</b>	<b>357</b>	<b>(543)</b>	<b>5,360</b>		

**KEY Council Plan Priority Area**

1. Enterprising Craven. 2. Resilient Communities. 3. Financial Sustainability

# Budget Consultation 2018/2019

## Results Analysis for Budget Report

The Council undertook the budget consultation in August and September 2017.



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

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

Details were press released advertised and copies of the consultation document placed in main Council contact points, and on the Council's website. Regular posts promoting the consultation were made to social media sites Twitter and Facebook.

161 responses were received to the main survey. In addition 3 open responses were received.

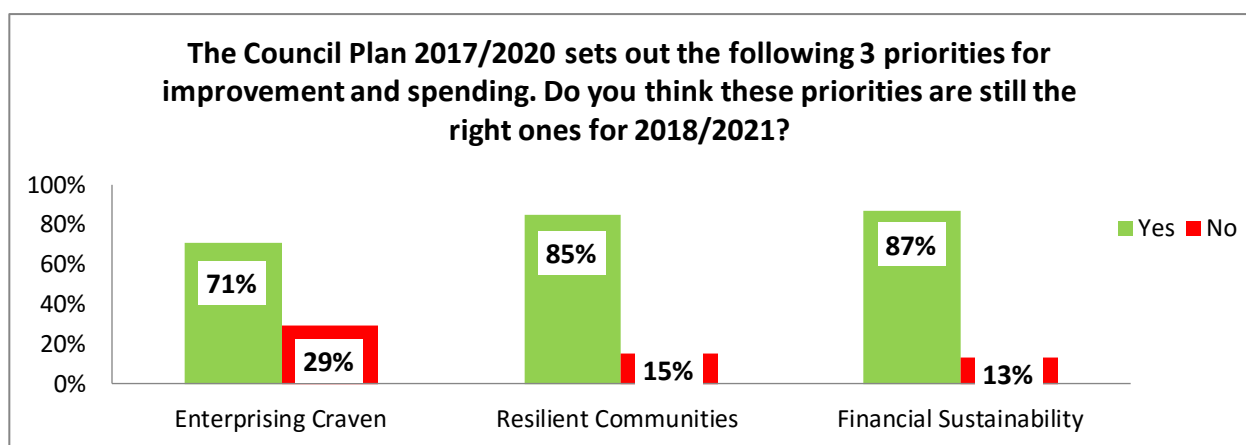
A breakdown of the respondents is shown below where responses were given.

Answer Options	Response %	Response Count
Craven District Council Resident - Council Tax Payer	84%	104
Craven District Resident - Non Council Tax Payer	2%	3
Local business representative	2%	2
Local community organisation representative	2%	2
Parish/Town Council or Meeting representative	3%	4
Craven District Council Member	1%	1
As a Craven District Council employee	4%	5
Person who works in the Craven District	2%	3
Not Answered		37

## Responses to the Consultation

### Council Priorities

High level of support for current Council Priorities – Enterprising Craven, Resilient Communities and Financial Sustainability



The following descriptors were put in the consultation document

#### **ENTERPRISING CRAVEN - facilitating economic growth across Craven**

##### **What we will do:**

Enable the provision of 214 homes per year across Craven to meet the needs of our current and future communities

Stimulate business growth

Improve the economic vitality of Craven's market towns and villages

#### **RESILIENT COMMUNITIES - creating sustainable communities across Craven**

##### **What we will do:**

Enable active communities and improve quality of life

Create greener communities

#### **FINANCIAL SUSTAINABILITY - ensuring a self-sustainable Council**

##### **What we will do:**

Eliminate the reliance on Government Revenue Support Grant by 2020

#### **We asked:**

##### **Is there a different priority you think the Council should focus on in future years?**

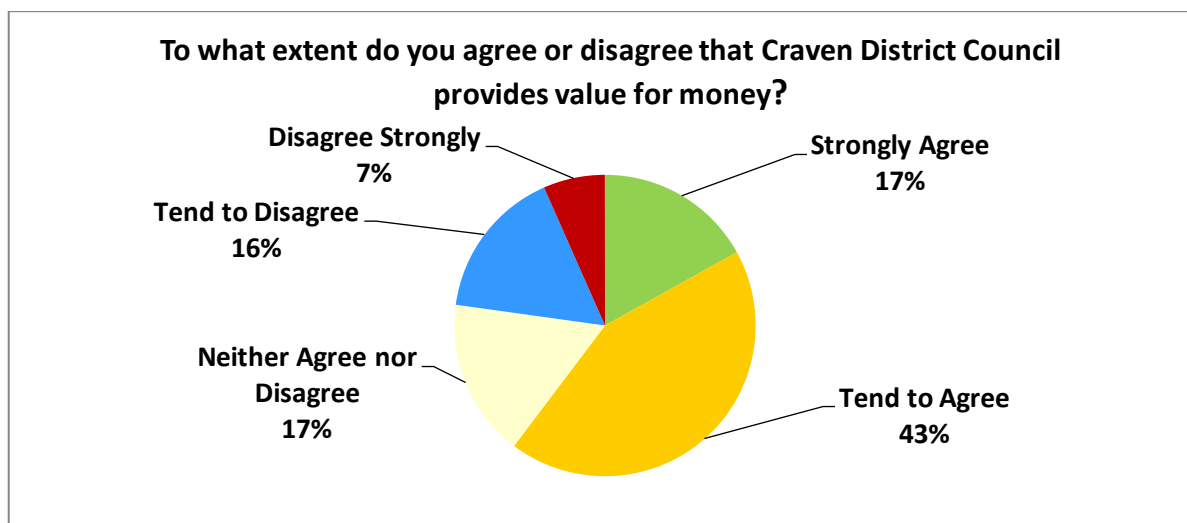
56 additional comments were made many of which related to issues that would come under the existing priorities or are dealt with as part of day to day service delivery. No common additional priority can be identified from these comments.

Many comments focus on employment, transport and affordable housing issues. These issues are encompassed in our Enterprising Craven priority.

Comments received are shown at Page 8.

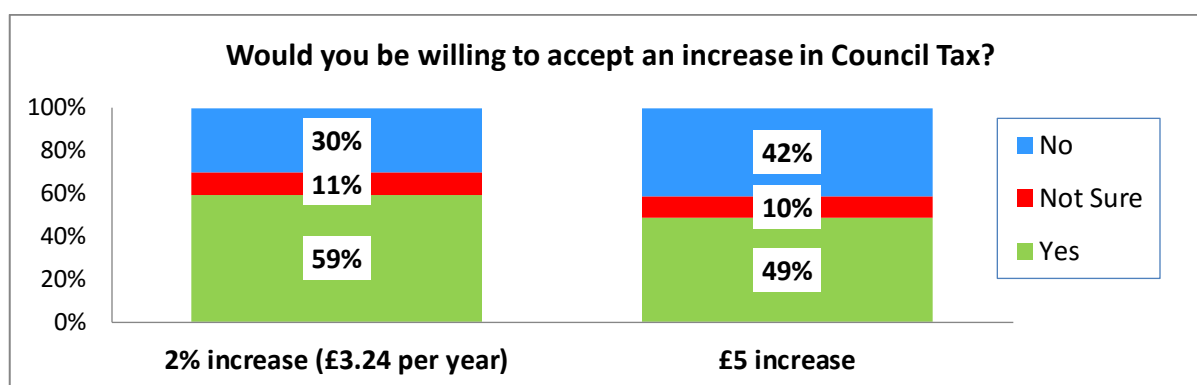
## Value for Money

60% of respondents strongly agree/tend to agree CDC provides value for money – decreased from 65% last year.



## Council Tax Increases

59% of Council Tax payers responding to the survey said they could be willing to accept a 2% increase and 49% a £5 increase (based on average Band D Council Tax)

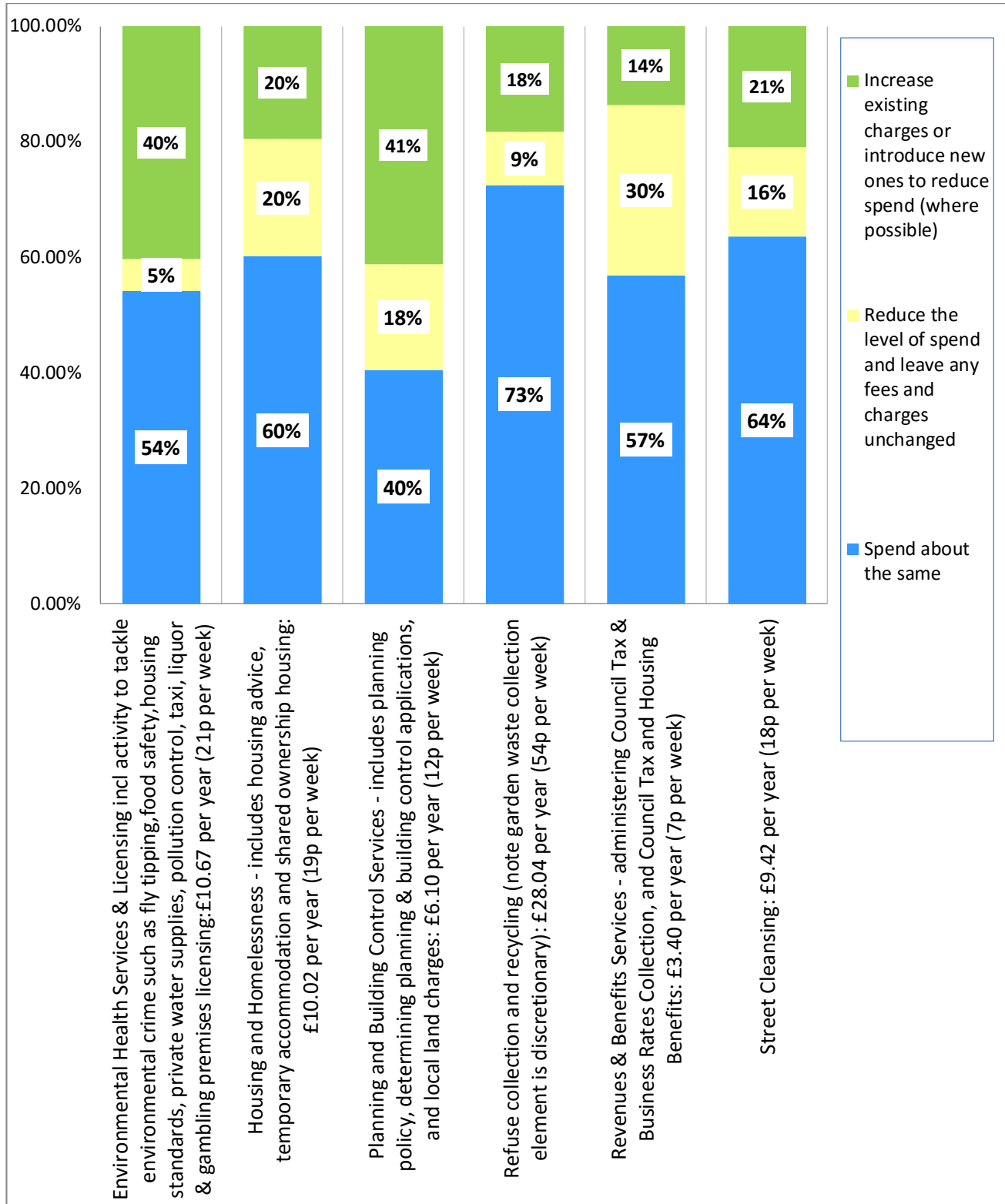


	Yes - 2018/19	Yes – 2017/18 comparison
1% increase	N/A	79%
2% increase	59%	61%
3% increase	N/A	N/A
£5 increase	49%	60%

## Statutory Services – Spending Options

We asked: Below is a list of statutory services. We have shown in simple terms the amount of the £162.21 (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.

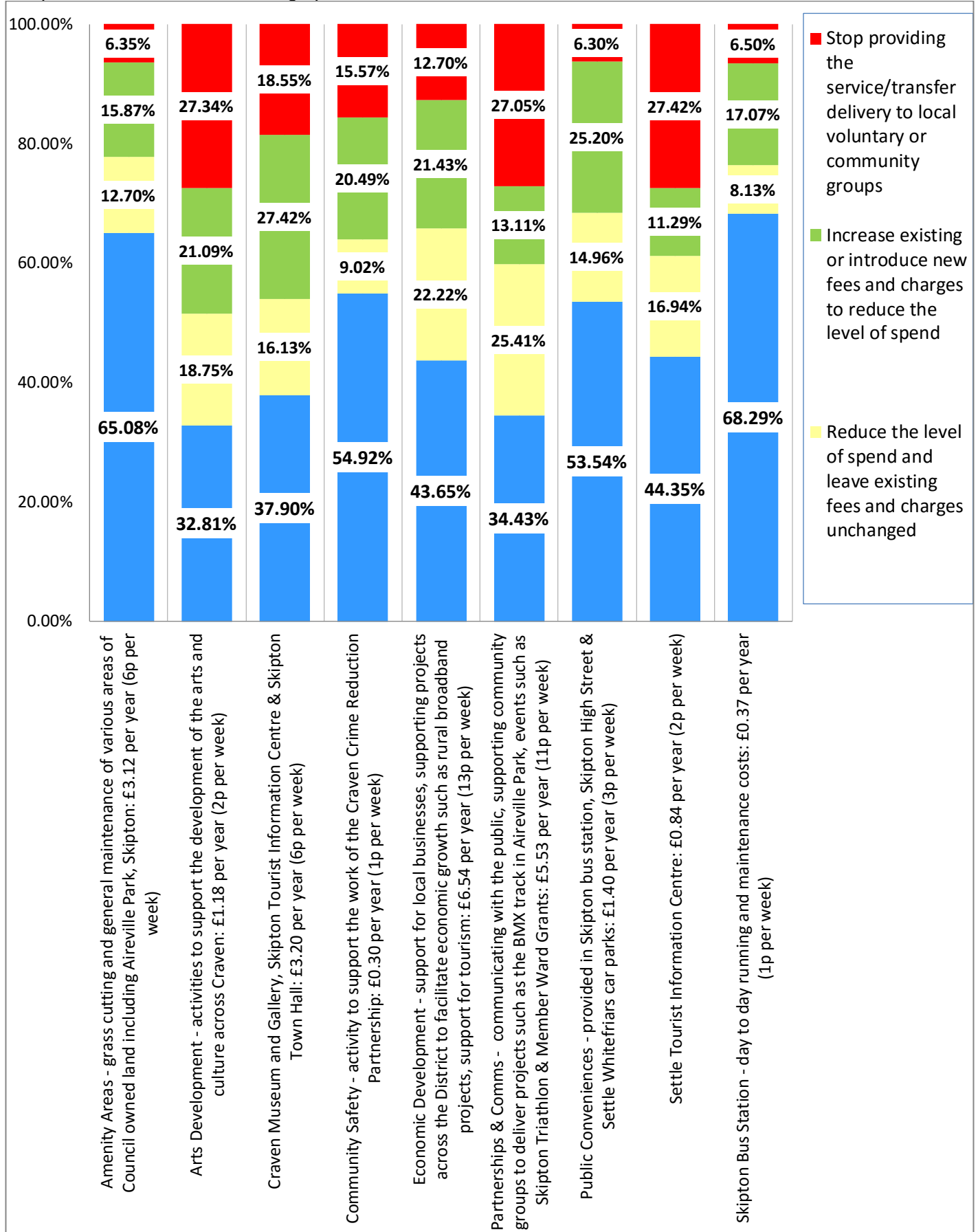
Respondents in favour of leaving spend the same across most services – % results around same as last year's result. Higher levels of support for increases in/new fees in **Environmental Health/Licensing 40% & Planning/Building Control 41%**, in comparison to other services sitting at a range between 14% and 21%



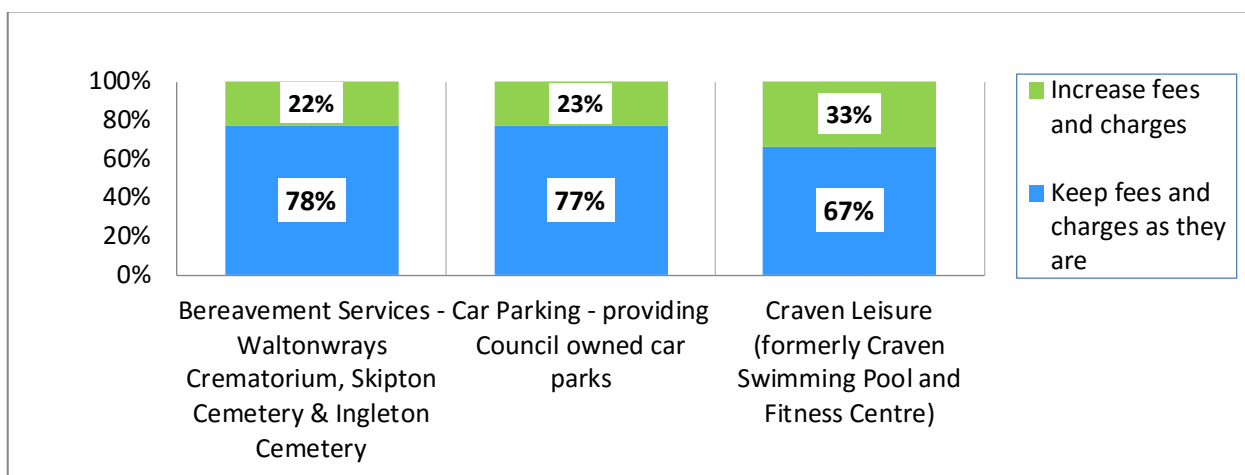
## Discretionary Services - Spending Options

We asked: Below is a list of discretionary services. We have shown in simple terms the amount of the £162.21 (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

Respondents in favour of leaving spend the same across most services.



**We asked: 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.**



### Support/Back Office Functions - Spending Options

**We asked: Below is a list of Support/Back Office functions which are needed to support the delivery of other services to our customers. We have shown in simple terms the amount of the £162.21 (based on average Band D) received in Council Tax from a Craven Council Tax payer spent on each service. Please tell us the level of priority you think we should give to reducing the spend on each service. (Note: There may be some costs included in here that the Council cannot influence)**

#### % Results by service – based on individual service responses

	High Priority to reduce spend	Medium Priority to reduce spend	Low Priority to reduce spend	Priority
Assets and Projects - includes the costs of managing Council owned land and buildings, and running costs of Belle Vue Square and the Council's waste management depots: £17.20 per year (33p per week)	35%	44%	22%	Medium
Central Business Support Services - PA support to the Corporate Leadership Team and administrative support to services across the Council: £5.85 per year (11p per week)	41%	34%	25%	High
Corporate Costs - includes external audit fees, insurance, bank charges and pension costs: £24.76 per year (48p per week)	52%	30%	18%	High
Customer Services - provision of telephone customer contact support and customer contact reception at our Belle Vue Square Offices: £9.61 per year (18p per week)	14%	34%	52%	Low
Democratic Services - includes managing democratic processes and Committee meetings, elections and Councillor allowance payments: £11.97 per year (23p per week)	38%	41%	22%	Medium
Financial Services - includes paying the Council's creditors, raising debtor invoices, payroll, procurement, performance management, cashiering, financial management and production of our statutory accounts : £15.50 per year (30p per week)	33%	39%	28%	Medium

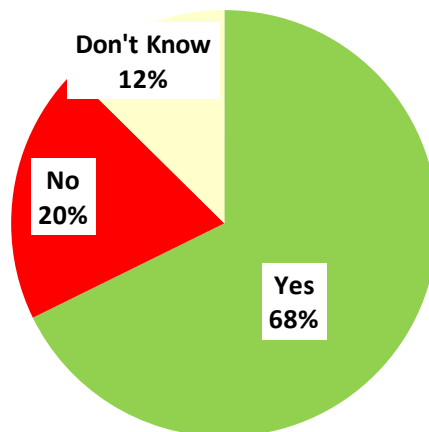
	High Priority to reduce spend	Medium Priority to reduce spend	Low Priority to reduce spend	Priority
Human Resources - includes personnel support, training and development costs, and health and safety provision: £4.69 per year (9p per week)	29%	40%	32%	Medium
Information Services - ensuring the ongoing availability, security and development of Council IT systems and telephony infrastructure, and providing the Council's website: £13.20 per year (25p per week)	24%	40%	37%	Medium
Legal Services - dealing with the Council's day to day legal matters such as contracts and leases and ensuring the range of Council services operate within the law: £5.00 per year (10p per week)	17%	46%	37%	Medium
Senior Management - the cost of the Council's Corporate Leadership Team: £13.15 per year (25p per week)	54%	28%	18%	High

### Working with Volunteers and Community Groups

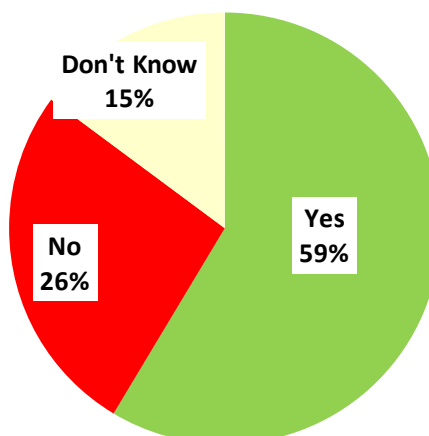
68% support the idea of the Council using more volunteers to deliver services.

59% support the idea of transferring delivery of some services to voluntary/community organisations and local communities.

**Would you support the idea of the Council using more volunteers to help deliver services it provides?**



**Would you support the idea of transferring the delivery of some of the services we deliver to voluntary and community organisations and local communities?**





## Other Views and Comments

**We asked: If you have any suggestions as to how the Council should save money or generate more income, please tell us.**

43 comments received shown at Page 11

**We asked: If you have any other comments on the Council's budget, please tell us.**

26 comments received are shown at Page 13

## Open Ended Questions – Comments Made

### Council Priorities

**If there is a different priority you think the Council should focus on in future years, please tell us.**

	Comments regarding Council Priorities
1)	Surely enabling the provision of 214 homes per year costs the council nothing. How about building council houses as in the past. Can this not be financed from new homes bonus scheme? Can communities not improve their own quality of life and create greener communities whatever that means.
2)	Does the resilient communities budget actually provide value for money? Can you show what the budget priority has provided? Resilient communities need to attract customers to shops - which requires parking and toilets .... two things Craven keep hitting. In future years Craven should focus on maintaining services at least at the current level
3)	Under Enterprising Craven: add low carbon housing Under Resilient Communities: include a priority of a transition to a low carbon economy. Financial sustainability: 2 years is a very short time to be expected to move to £0 reliance on national government funding so I would extend that priority to 5.
4)	When money is tight, go back to the fundamentals as well as trying to generate economic growth and vitality Have a RESPONSIVE Council for the locals of the area and don't overlook the basics. Clean and safe streets. Litter and waste control. More consultation opportunities on the basics, not just the jewels in the Crown (Town Hall). RESPOND to communications.....I have emailed Waste Management with requests/suggestions re litter bins . NO REPLY. I have completed the complaints process about the above, NO RESPONSE. This is totally unacceptable, particularly when we are being told that the Council is about to underwrite £1.6 million for the Town Hall
5)	Ensuring government support for statutory duties that it imposes on local councils.
6)	Infrastructure
7)	Current priorities right, provided they can be achieved within budget
8)	More focus on the traffic problems in and around Skipton. Prevent visiting buses into the town, get them to park up at the auction site and uses hopper buses into town. More facility's e.g. schools, doctors, fire service for the families in the new houses being built.
9)	Enterprising Craven
10)	The council does not need to provide new homes, there are plenty of empty houses.
11)	Many parts of the district seem neglected - poor pavements, overwhelmed with parked cars, tired infrastructure, lack of green spaces
12)	Create affordable, existing housing for young adults including those without family. Support better business opportunities for young adults including realistic pay in line with cost of independent living.
13)	The current priorities seem to be either a little too narrow or a little too broad. For example, delivering new homes is an important element of the new local plan, but there are other important economic, environmental and social elements, too. Perhaps the focus on housing is too narrow and the priority should be to support delivery of the new local plan and all that will flow from it. By contrast, the other priorities (with the exception of financial resilience) seem to be too broad, vague or generic.
14)	Reduce wasted spending, focus on things that will give a return or a dividend

	<b>Comments regarding Council Priorities</b>
15)	Twerk to the housing policy that ALL new builds should be PROPERLY affordable for first time buyers/locals - too many houses are way too expensive and do not help the local community.
16)	Community integration. "both ways"! More Self-policing and monitoring of those abusing the cdc "system". Reduce overheads for the small business and make it easier to start up.. RE-OPEN the Skipton police station and help people to feel safe again.. PLEASE PLEASE PLEASE.. Learn from our neighbours such as Keighley. Who are to all intense and purposes, are a lawless town now. Make the top cdc employees/directors/bosses, earning obscene amounts, accountable for their cockups.
17)	Locally focus on community sustainability and development with outcomes being closely monitored, especially with residents being involved in meaningful consultation. Often hiring at unaccountable costs, consultants who are text book experts with no concepts of rural communities and the pressures they encounter do not do organisations any credit. The current NHS involvement on the closure of Castleberg Hospital is a prime example.
18)	yes - please say no to fracking !
19)	Cycle paths. Green energy.
20)	Education and health provision
21)	Economic policy should focus on providing good quality, well paid jobs and not seasonal or tourism related jobs.. BID money should provide more support to independent businesses and those not on the High street to reduce the turnover of businesses due to high business rates compared to their income. CDC should also cap the number of chain cafes and restaurants in Skipton- the policy banning ground floor cafe /restaurant premises on the night street was suddenly changed for a chain coffee shop and pizza express !! This makes CDC appear to be wishing to encourage national chains to Skipton and thereby 'homogenising' Skipton rather than maintaining its character.
22)	Clean up the town and get the market sorted-it's an eyesore and a disgrace. Get the vans off the high street. Residents parking is still a huge issue. Why are there no traffic calming measures on Salisbury Street/Raikes Road-drivers use the road like a race track and it's a nightmare at school collection time.
23)	Instead of building more houses, reduce the number of second homes and force landlords/owners to sell or rent long-term empty properties. Encourage business diversity by making it financially more viable for independent businesses to set up in Craven - and not just cafés.
24)	Actively work on keeping Skipton an attractive, independent town which includes a variety of shops and opportunities(e.g. We do not need any more cafes!), the charm of the town is based around the church and the mill and the community, and all that is getting lost because we are introducing too many of the same things.
25)	Schools and cheaper housing for residents who have lived here all our lives. Also the retail in town, is lower rates so other shops can have a chance instead of charity shops n cafes.
26)	Focus on the people you represent and the facilities they need
27)	Provision of social care for elderly, disabled & those with learning disabilities.
28)	Eliminate tendering out projects and build a Council run workforce again to keep all works in house.
29)	Road improvement to sustain the community and build capacity for tourism.
30)	Stop giving into large developers who build hundreds of un-affordable homes in and around Skipton. Still baffled to what the council actual spend the funding on? Roads have been full of pot holes for years, you no longer cut the grass verges, we have lazy bin men who when rubbish goes onto the road while tipping bins won't pick it up so blows here there and everywhere. Skipton high street is dirty, the canal too is dirty and some paths are not accessible and banking eroding. Lack of clean nice parks, instead falling apart and dirty. Car parks in Skipton are way over priced and lack of public toilets and especially baby changing area. Lastly we have a huge shortage of council houses and overcrowding of many homes. And if you insist on building hundreds of family homes (overpriced) then consider not closing down Ings school, instead work hard with them as all the other schools are already over flowing.
31)	Increase in land available for business growth
32)	Being as "lean" as possible & only focussed on essential services
33)	Housing, housing & housing. We need a lot more of it, both as social housing and affordable homes for young families to buy.
34)	Solving the traffic problem

	<b>Comments regarding Council Priorities</b>
35)	Build the woodland playground in the park. Get built now no excuses find the money get the kids out of their rooms. Employee a park ranger in the park More events in the high street at weekends Raise money be putting massive fines in place for all the people that do not pick up after their dogs in the park and canal. Apparently just the minority
36)	Rather than greener spaces the council should focus on cleaner spaces especially in Skipton where people come to spend money. There are clearly not enough waste management staff as the streets are filthy. It's great to see investment in things such as the leisure centre and town hall but projects that won't make a profit should come to an end and use venues/spaces for things that will even if they are not very glamorous or exciting.
37)	The people you already have in the community. Why bring in more people when we don't have space and facilities for those around as it is. Put more into helping people and families that are going through difficulties whatever they may be!
38)	Making Craven accessible to all. Lip service is paid to the needs of people with disabilities e.g. Planning consent is granted for buildings without meaningful assessment of access for wheelchair users, of which there is a growing number in Craven.
39)	Cleaner Streets, Bobbies on the beat
40)	Parking and education
41)	Locals born here who can't afford to live here!
42)	First thing the council needs to do is stop wasting money and properly organise the various departments
43)	<ul style="list-style-type: none"> <li>- public health</li> <li>- housing</li> <li>- improving public spaces</li> <li>- greener spaces.</li> <li>- more electric car charge points.</li> <li>- make towns more cycle friendly.</li> </ul>
44)	Environmental projects: clean air, clean less car heavy street, clean parks, clean public spaces,
45)	Issues around an ageing population - There is limited housing that provides assisted living and this could be included in the housing plan. With regards to economic resilience in the town, would it be possible to use the planning system to limit the numbers of charity shops? This happened with some success for cafe's, and the proliferation of charity shops has changed the profile of the town which used to have a good number of independent retailers, many of whom are no longer trading. This also has an impact on income for the council as charity shops don't pay as much in business rates as a profit making business would.
46)	Migrating Climate change, and planning for a sustainable future for Craven
47)	You should do everything possible to oppose and defeat the government policy of austerity.
48)	I think the Council should focus primarily on exercising extreme thrift and circumspection in spending and by retracting its involvement in all peripheral activities. I think that such things as festivals, the Tour de Yorkshire, arts projects, and all non-essentials should not be funded.
49)	Provision of local services
50)	New homes cannot survive without more infrastructure ... Are there enough utility or infrastructure provisions? Without these being considered and dealt with the houses built will only increase the deterioration of the area with blocked roads, flooded overflowing drains ... underperforming schools that cannot cope with the increased numbers. These things need to be a priority
51)	Stop ripping people off with parking charges , allow people to park on sets on a Tuesday & Thursday as long as they want
52)	Councils across England need to challenge government austerity plans.
53)	I am appalled that the Conservative government has removed all revenue support grant funding for the District Council when it has strategic and operational responsibilities for planning, housing and environmental/public health. Public awareness needs to be raised about the gearing impact on Council Tax if competent funded services are to be maintained rather than cuts.
54)	Roads and supporting local communities to thrive. Such as shop local.
55)	Get a local plan in place for housing so that affordable targets have to be met.
56)	Stop using green field sites for houses, especially when the selling of land lines the pockets of the council. I do not want to live in a suburb.

## Suggestions on Saving Money/Generating Income

	Suggestions for Saving Money/Generating Income
1)	Scrap any climate change, publicity etc. departments if the Council has such. Climate change is in the government's responsibility. Concentrate on the basics that residents require.
2)	Consider NOT sending out reminders to voters regarding registration or confirmation of details for the Electoral Roll. If the reminders are sent out too soon after the original documents there is a danger of cross over with the return of the completed originals. You do not make it clear of the need to comply with the rules of the electoral roll registration and the effects of non-compliance. Beyond that the individual should be responsible for their actions and you should NOT be expected to remind them and therefore save the current costs of paper, envelopes, postage and time of your staff. If the individual ends up with no vote and/or a fine that is their problem.
3)	Seek to generate income from any premises, disused buildings or land which exist at the moment. If the old Linton residential school is council owned, this would be a prime example - it is a real eyesore and could have such potential.
4)	Perhaps the Council should look at the number of Councillors and their costs / expenses ?
5)	Where I have recorded 'Don't know' I have done so because I need to know more about practicalities of the alternatives e.g. transferring services to voluntary and community organisations may work but I would need to know more. Stimulating a low carbon economy and infrastructure would provide long term gains and provide local jobs. Refuse collection - turn this round and introduce initiatives to reduce 'waste' in the first place. There is an assumption that there needs to be no national government grant from 2020 onwards - is this mandatory or is there some flexibility in this? Is CDC able to use some of the many hours that individuals are given in community service sentencing, to provide a regular service for litter removal, street sweeping and other tasks? Also, is there a possibility that Businesses could be made to keep the area around their premises litter free, clean and tidy? Rather than CDC?
6)	Is there a way to provide some of the Statutory Services by other means, i.e., other authorities/ companies/ organisations? More creativity around car parking charges, i.e. introduce some sort of system whereby the large number of people that park on the streets around Skipton for the day as they go to work and who pay nothing into the Council or the area. Would this be an area of untapped income? Work with local businesses to develop some sort of parking scheme for their employees as above. Work with local businesses or use the BID to provide litter bins and keep the town clean. Why is Rackham's carpark such an untidy, litter strewn mess? What is the point of back office support if there is no response to e/emails to various departments, or to complaints? Who are they supporting?
7)	Ensure Skipton Town Hall becomes self-financing at the earliest opportunity. Only undertake community projects and engagement which are financially self-supporting.
8)	Finish Local Plan. Wages year on year no result. Corporate world would sack management responsible.
9)	Parking on streets should be controlled so that parking in the car parks increases.
10)	Use of volunteers is okay, but not if the service is reduced or closed as a result.
11)	Car parking charges are generally too low
12)	Increase planning application fees. Refuse collection every 10 days instead of weekly
13)	Planning applications over a certain amount should be increased in charges. Reduce the rates for small local business on the high street so there is more varied selection of shops. Once they have listed themselves then increase rates.
14)	Closely ensure value for money of Chief Exec. (expenses etc.) and all other 'high end' employees. Look at pension provision and entitlements.
15)	Keep an eye on the small items in every department, i.e. use cheaper paper, and avoid spending on new overalls when the old ones are still serviceable, freeze wages or only allow small increase each year. Use up all old stock before starting new. In winter particularly turn off unnecessary lights and close doors.
16)	Do not be too generous with redundancy payments and allowing employees to take early retirement with enhanced pensions and take up new employment elsewhere.
17)	The Parish Council, here and I suspect elsewhere, is a waste of money. The only services it provides are cutting the village green grass and some street lighting. These could be done more cheaply on a CDC basis. The audit fee, the clerks salary and room hire could be saved and CDC's income increased by the amounts of the precept.
18)	Don't vote for the Conservatives.

	<b>Suggestions for Saving Money/Generating Income</b>
19)	At £120.93, the support/back office functions account for 57% of the cost of CDC, and 75% of the net (costs - fee income). Those percentages make the council structure decidedly top heavy. Even allowing for some mis-classification, that looks to be the area where any axe should fall.
20)	Simply provide statutory services only initially and any excess income can then be spent on non-statutory services.
21)	Rather than saving by reducing expenditure, perhaps there are ways to save by working in a smarter, more organised, more focussed and more purposeful way. Abortive effort, delay, duplication and disorganisation can waste a lot of money, so savings might be found in improved leadership and working practices.
22)	Redevelop Skipton Bus Station Build more houses
23)	Charge events and event organisers for extra work, i.e. for all work entailed to close off the high street and other areas for things like the Bike Races, total waste of time and who actually benefits from the alleged massive spending that these events allegedly produce cyclists don't spend money, get no revenue from TV etc., do things that make money, charge them for everybody else's inconvenience The Bus Station is a White Elephant, hardly any buses, poor rural transport system, nothing running after about 7.30pm, facilities are very poor, although they are needed. vandalised at night and nobody patrolling the area for those ( usually children ) breaking the no smoking signs Too many taxis working in Skipton
24)	The Council and its members really need to catch up with what other Local Authorities are doing around investing huge capital sums into viable profitable schemes such as housing, retail development and business parks to generate increased revenue return. The Council should also be using its assets to generate a better return. All assets should be cost neutral or provide a surplus to the Council - if not put up the rent or fees. If this is not viable then sell the asset in re-invest the capital in a project that shows a return. The Council should be getting between 5 and 10% return on its capital assets. Good to see you have finally got this right on 9 high street. Why on earth did you sell the land to the rear of town hall and now loose the huge annual revenue receipts from this site.
25)	You say you want to encourage economic growth, how can this be possible with the appearance of yet more coffee shops/eateries and yet another charity shop. The market is going downhill too. As a lifelong resident I have seen the decline of Skipton - there is very little here for residents in terms of diverse shopping - I have to go to Harrogate , Ilkley or Keighley. There are 10 charity shops that I can think of off the top of my head and I've lost count of coffee shops/eateries. These do not encourage economic growth or tourism - what can tourists do - I wouldn't visit here. We don't need charity shops, pound shops, cheap by a load of rubbish shops or gyms nor do we need any more opticians, betting shops, hairdressers and nail bars; we need a PROPER High Street again. What happened to the Renaissance glossy brochures, talk about pedestrianising the High Street (bad idea) that you spent money on - seems to have gone by the wayside.
26)	Stop employing as many agency staff. Have equal wages across the board, including management. There's far too big a void. Investigate sickness abuse!! Charge far more for waste collections and disposals and increase fines for dumping or polluting. Have management take a cut in pay instead of squeezing the minions! Create more affordable managed parking space..
27)	Review consultancy and temporary staff spending.
28)	Partnership working across services unless statutory requirement.
29)	Make more people aware that there are many tax dodgers out there ! The companies and individuals avoiding tax in Skipton should be held to account ! We could generate lots of money through this !!! Look at the facts Craven councillors and support local businesses !
30)	A commercialisation strategy to generate income, sweat assets. More shared services with other councils or public bodies. Craven is a v small council makes sense to share more staff and service.
31)	Lobby government for more funding. The South East's economy has for too long been given a boost by central government it's about time that this was rectified.
32)	Reduce senior leadership, non-value adding bureaucracies and increase individual accountability.
33)	Be more business orientated. Craven needs new business and shops to revitalise and thus help communities. Reduce senior staff pay/ numbers as you work for public, not to get a huge salary. Reward lower staff with better salary and recruit more people with skills to promote community involvement. Cut your cloth accordingly. Maybe move over to cheaper premises and open small shop in empty retail outlet so public can find you and chat with THEIR council. We are your bosses. Remember that. Share more with other councils (more than you do) or maybe charge other councils to do some of their work. Everything should be on the table and not off limits.
34)	Stop wasting money by sending out pointless things through the post, paper, ink stamps and envelopes all cost money. Make sure staff are doing their jobs properly instead of fobbing you off which in turn stops

	<b>Suggestions for Saving Money/Generating Income</b>
	several other members of staff having to be taken from their work to sort someone's cock up out
35)	Car parks cheaper for town residents as they are far too expensive. Stop cutting cost by sacking people that work on the ground. Get rid of some managers as it's always top heavy in management and not enough people providing the services. Get to know what communities want by talking to them rather than trying to get them to vote on what you want.
36)	Fine people for allowing their dogs to foul & not picking it up. It's a big problem along the canal & in Aireville Park.
37)	Put pressure on the government to stop cutting public services. Hand out more fines for dog fouling and littering.
38)	Spend less on the housing "local plan". Literally loads of consultations have been done and obscene amounts of money spent but we still have no adopted plan. This is a ridiculous situation- not happy!
39)	I find it hard to understand how one department can give totally different information from another because they do not seem to talk to each other ... If they did that might save a lot of time and money.
40)	reduce chief executive wage and give to front line staff that actually do the work
41)	Need to stop paying for the Skipton town centre ambassador's, We do not need these in Skipton.
42)	I can't quite understand why considerable amounts of money are being spent on Skipton Town Hall as a concert hall when there are multiple other Arts venues in the area which supply a varied programme of arts based activities and concerts. Surely supporting these would be wiser.
43)	Apply for Arts grants and Sports grants for events like other organisations have to.

**If you have any other comments on the Council's budget, please tell us.**

	<b>Other Comments</b>
1)	<p>Additional comments added</p> <p>Question 4 - agree with Council Tax increase depending on how it is spent. Why do we need the extra expense of a Police and Crime Commissioner. What exactly does so do apart from, it would appear to me, increase her own income by wanting to take over Fire and Rescue as well.</p> <p>Question 5 - Statutory Services - Why does Craven DC have to deal with fly tipping? NYCC operates tips but with major restrictions thus encouraging fly tipping. The County Council should be responsible for dealing with fly tipping. Surely Yorkshire Water should check private water supplies.</p> <p>Street cleansing in my opinion is a shambles. Never see it happening and judging by the state of gutters, pavements, roads and verges it doesn't happen. But surely this is the job of the County Council.</p> <p>Question 6 - Discretionary services - the grassing cutting appears to be of a poor standard. Cuttings used to be blown off pavements, paths and roads. Doesn't seem to happen anymore.</p> <p>Community Safety - Surely any activity relating to crime should come from North Yorkshire Police budget. Skipton Bus Station - what are these running costs?</p> <p>Question 9 and 10 - Use of volunteers/ transferring Services( Answered yes) - too many people /organisations expect the Council to pay. More should be self-financing.</p> <p>Question 12 response I find along with almost everyone else, that CDC have been unable to produce a future housing development programme even yet and at, so far, great cost. I am sure that I along with other local experienced people could have produced one as I expect that the government will have set various parameters and guidelines within which to work, and quite cheaply too!</p>
2)	Do not support the idea of transferring to voluntary and community organisations and local communities because if the organisations of communities fall apart then the service would probably stop.
3)	<p>Craven needs to be more even handed in the reduction of services - why should the villages support paying more in their Council Tax to see their services and amenities cut whilst those in Skipton are maintained? For example -</p> <p>Look at the removal of grants to Settle swimming pool whilst Craven pool is maintained - how do our residents use these services????</p>

	Other Comments
4)	<p>I appreciate the opportunity to feedback and that this is an extremely difficult process. Could we have another survey before February, once options have been narrowed down, please. The question about 'value for money' - on the face of it we are getting a lot for our money but I have ticked 'don't know' because I don't know how CDC performs in comparison to other councils.</p> <p>Council tax: no-one wants to see increases in bills, but I would support this to get good local services, so I think this needs to be explained i.e. what will be lost if there is no increase and what can be gained by doing so. Also need to protect those on very low incomes so may need either to increase benefits or vary the rate according to the band - though appreciate this may not seem to be 'fair'.</p> <p>Demographic info: could you include under your gender question a 'prefer not to say' - helpful for people not wishing to gender identify. Thank you.</p>
5)	<p>Correct me if I am wrong, but it appears to me that CDC may be about to put its financial head into a noose called the The Town Hall Redevelopment Underwriting Saga? How has this happened? Does this not make this whole exercise redundant? Is there potential for the ratepayers to be supporting the Town Hall for eternity whilst everything is stretched to the limit?</p> <p>It would be terrific to receive some sort of response to my comments, from someone, somewhere.</p> <p>Thank you for the opportunity for me to have my say.</p>
6)	Parking charges are extremely expensive compared to nearby villages and towns. Ilkley is far cheaper.
7)	We have all got used to being an affluent society, we need to look back to war times to see how we managed.
8)	The impression I have is that a lot of the Council's spending is urban orientated, especially Skipton and so is not relevant to craven large rural population. If CDC supports craven leisure, it should also support Settle swimming pool. There used to be a branch office of CDC in Settle, this should be re-installed so that the Council is more accessible to rate payers in NW Craven.
9)	I think in general CDC provides value for money. This does not seem to be the case however with parish councils, NYCC and the Police.
10)	<p>Volunteers might provide mountain rescue services, or run social clubs, but they are not the answer to routine administration.</p> <p>Volunteers tend not to like rules dictated without their input; or working at necessary chores that do not greatly interest them. It is also difficult to ensure continuity of service, staff development, or succession planning within volunteer groups.</p> <p>At best, relying on volunteers is likely to be a short term expedient which simply delays loss of service - to be avoided!</p> <p>Some of the items are puzzling - e.g. in what way does CDC "support rural broadband projects"? I thought that was centrally funded.</p>
11)	Budgets are important, of course, but the council does seem a little preoccupied with this issue (which is primarily an internal one) and to some extent with its own machinations.
12)	Can you share back office costs with other neighbouring councils or the County Council?
13)	About time wages caught up with inflation, no rises and then rises that don't mean much, staff seem undervalued
14)	<p>Why not actually and physically experience what the parts of the cdc are doing; how they really work and what the workers and the people really think.. ALL OF THEM..... and, On a day to day basis..? Like an election....!</p> <p>Don't just read from a juggled agenda or spread sheet handed to you at your desk; or show up in your suits and ties and Filofaxes, and tell people how much you care and how great it's going be like an Amway rep; then disappear for another 12 months without trace..</p> <p>Go and spend a day/days on the job and with the people of your town and area..</p> <p>If I wanted to see what was going on in my business, I wouldn't just "ask" what was happening, I'd go and see first-hand and get my hands dirty as it were..</p> <p>Get out of your ivory towers eh?</p> <p>I'd always be more likely to spend money with people I know and hold them in a higher regard..</p> <p>Get my drift?</p>
15)	<p>Never do anything again as the ridiculous move to Belle Vue Mills as a Head Office.</p> <p>Do not sell anything without it going to a proper market sale with all interested parties involved to get the best value for the rate payers of Craven.</p>
16)	Allocation of resources to local communities - i.e. as been done in Settle library
17)	What is the bill for sending police up to Lancashire and North Yorkshire to "police" people who do not support fracking ? Peaceful protestors do not need so much !!!



	Other Comments
18)	I think one of the strengths of the CDC is the way that it supports our communities - working with the National Park to encourage more appropriate housing development, support for local small businesses, even encouraging the NYCC not to neglect its smaller communities and the services provided to them. As a note of encouragement, I hope, I have been impressed with the CDC in my own interactions with representatives over this past year. Thank you for initiating this consultation. And taking on board the budget limitations that you face, please don't make the mistake of NYCC in de-humanising communities and their values and concerns.
19)	Consider different charges for CDC ratepayers for using any chargeable services e.g. Craven Pool on presentation of a residents card Move disabled parking to high street in non market days! Share more back office services with other District Councils to provide economies of scale. Eh asset management, HR, and other services.
20)	I strongly believe car parking charges should not go up any further. I feel they deter visitors to the Town and thus prevent our tradespeople being able to stay in business. I also strongly believe that the Council should not indulge in high expense training/ functions and that all Council workers and Councillors should not be able to claim expenses unless absolutely necessary.
21)	You need to cut your spending but change your unitive as it is unfair to charge users more when everything is costing more and wages are not going up. Again getting rid of middle management to ensure there is enough people providing the services is a great benefit and will give you more of a budget to work with.
22)	I feel sorry for you guys. The government has slashed your budgets but the majority of the public doesn't understand. All in, I think you do a good job with what you've got. (Although you do need to crack down on irresponsible dog walkers more).
23)	Parking charges should be free for blue badge holders and increased on tourists parking
24)	I am appalled at the removal of the revenue support grant by central government, when there is a clear need for improving the infrastructure and economic development in Craven. I wonder whether there is scope for district councils to partner with other coterminous councils to share/ create development strategies and delivery of services to maximise cost efficiencies
25)	This council seems top heavy, as councils often are, the organisers think they are the most important and yet the public always see the doer's as being the most important, yet the doer's always get the least pay! Some top pruning is necessary
26)	My overall impression is that this council genuinely tries to manage cost effectively.

## Other Responses Received

3 open responses were received. 2 are noted below. 1 has been redacted from this report as the comment received would identify the respondent.

**Response 1** - "A council that has "wasted" over £1m+ on its Local Plan so far has serious problems in that area and the cost and consequences of that failure ought to be addressed as a priority. Those who have been responsible for such a waste of public money MUST pay the price as they are clearly not capable or competent to provide the residents of this District with an efficient or effective service. In this I include both key Members and senior officers. A priority must be to remove and replace them before the end of this financial year. Councillors should if they have any conscience resign and Senior Officers be removed from those key roles. Failure starts from the top, not the bottom. This is the only way that residents/Council Tax payers will regain confidence and trust in this Council.

Overall staffing levels must be looked at carefully with only those providing the highest quality, cost effective statutory services safe in their positions. All others ought to be considered as vulnerable to being made redundant. A 5% reduction in full time equivalent numbers of staff should be an objective for Members this coming year, concentrating on statutory services and the highest performing staff as becoming the benchmark against which others are matched.

It is clear from your staffing structure that reductions can be made in back office/support services. There are a number whose roles appear to be "discretionary". The question is "are they really necessary"?

A reduction in senior staff including Service Managers and Directors seems inevitable, particularly when considering the direction that Yorkshire is going as a region in the future. Sharing with a good Chief Executive in another Authority ought to be considered again.



The use of Agency staff ought to be stopped immediately as it is both expensive and not productive as those “employees” have no synergy with the Council, its residents or the area. Frequent reference to the use/advice of Consultants is obviously down to the lack of knowledgeable, skilful and high quality, competent staff. A sad reflection of where the Council has got to. Have you ever asked yourself why this is?

Councillors should set an example by reducing their allowances. Spending on grants & contributions to outside bodies should be reviewed in terms of real, demonstrable value for money.

Statutory services must be a priority with discretionary services at risk of either reduction in funding or stopping altogether. Councillors need to demonstrate publicly that this process of evaluation and review has taken place transparently.

We have seen over recent years that some (not all) projects appear to have been “politically expedient” in order to curry favour with voters, particularly in the periods leading to local elections. I remind you that you are in the roles you are to represent the residents of the District not your respective political careers. We need people who put residents interests first not politics. Doing this will help restore faith in our Council as one which is determined to provide the best service to its public that it can with the resources it has available to it.

Whilst it not an uncommon approach to increase various charges for services the Council provides in order to raise income to soften the budgetary difficulties it is facing, doing so this year will only further alienate the Council from its residents.

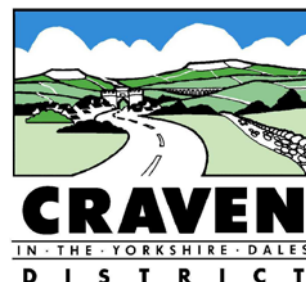
To conclude, it is YOUR role as our Councillors to set a suitable budget for the services you provide and we as residents receive. Consultation is all very good and it may allow you to say that you “consulted” but in the end this is why you are a Councillor. Yes it is getting harder year on year but that has been no secret for many, many years now and I guess will never get any easier for the remainder of the time that Craven District Council continues to exist. Just as it was created in April 1974 from the joining of Skipton UDC, Skipton RDC and Settle RDC it will be subsumed into another much larger body in due course. Whilst “local control” will recede there will be more resources in general available both financially and in terms of skilled and experienced staff to provide the services we need and that may not be a bad thing in today’s times. Perhaps that is the area you need to concentrate your thoughts on in the next financial year. I accept that you have a tough job on your hands but that comes with being an elected representative of the residents of this District, a role you volunteered to do and were duly elected for.

**Response 2** - As far as I can see on those figures the best option is too disband the Council and ask the government to appoint a commissioner to run the district on the same budget and publish monthly reports to residents on how they are doing. Doubtless their first action will be to dispose of half the staff and run services down thus making the whole situation even worse.

**Response 3** - Redacted due to ability to identify respondent based on commentary.

## **Policy Committee – 6 February 2018**

### **2018/19 Treasury Management Strategy Statement, Minimum Revenue Provision Statement, and Annual Investment Strategy**



Report of the Chief Finance Officer (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Ward(s) affected: All

#### **1. Purpose of Report**

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 2018/19 as required by the Department of Communities and Local Government and CIPFA.

#### **2. Recommendations**

It is recommended to Council that:

- The Operational Boundary for 2018/19 is set at £10.5m
- The Authorised Limits for 2018/19 is set at £12.75m
- 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 2018/19 onwards.
- The Treasury Management Strategy Statement 2018/19, incorporating the Minimum Revenue Position Policy Statement and the Annual Investment Strategy, is approved.
- The prudential indicators for 2018/19, which reflect that the capital expenditure plans are affordable, prudent and sustainable, be approved.

#### **3. Background**

##### **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.

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."*

3.2 The Treasury Management Role of the Section 151 (Responsible) Officer  
The CIPFA Treasury Management Code 2017 defines the role of the responsible officer as being:

- ♦ recommending clauses, treasury management policy/practices for approval,
- ♦ reviewing the same regularly, and monitoring compliance;
- ♦ submitting regular treasury management policy reports;
- ♦ submitting budgets and budget variations;
- ♦ receiving and reviewing management information reports;
- ♦ reviewing the performance of the treasury management function;
- ♦ ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ♦ ensuring the adequacy of internal audit, and liaising with external audit;
- ♦ recommending the appointment of external service providers

3.3 Changes to the Code, currently under consultation and likely to be implemented for 2019/20, include additional roles of the S151 Officer to provide for the treasury environment under the government's commercialisation agenda. The additional roles are:

- ♦ preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ♦ ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ♦ ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ♦ ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ♦ ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ♦ ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- ♦ provision to members of a schedule of all non-treasury investments including

material investments in subsidiaries, joint ventures, loans and financial guarantees

- ♦ ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ♦ ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- ♦ creation of Treasury Management Practices (TMP) which specifically deal with how non treasury investments will be carried out and managed, to include the following:
  - ♦ Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - ♦ Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - ♦ Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - ♦ Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
  - ♦ Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

The TMPs affected by the above will be revised for inclusion in the Treasury Management Strategy Statement for 2019/20.

### 3.4 Reporting Requirements

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

Prudential and treasury indicators and treasury strategy (this report) - The report 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).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### 3.5 Scrutiny

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

### 3.6 Capital Strategy

In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- ♦ a high-level 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 report is to ensure that all elected members on the full council fully understand the overall strategy, governance procedures and risk appetite entailed by this Strategy.

The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

This Council already has a Capital Strategy approved by Members in March 2015 which subsists until the end of 2018/19, and this will be reviewed for 2019/20 to ensure compliance with the revised codes.

### 3.7 Treasury Management Strategy for 2018/19

The strategy for 2018/19 covers two main areas:

#### Capital issues

- ♦ the capital plans and the 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, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

### 3.8 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management policies and procedures. 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 Consultants as required.

- 3.9 **Treasury Management Consultants**  
The Council uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times 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 have regard to the CIPFA code of Practice. It is a requirement that the Council sets its operational and authorised limits for borrowing before the start of the financial year.

**6. Contribution to Council Priorities**

An effective treasury strategy supports financial sustainability of the Council.

**7. 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**

Treasury strategy is reviewed by the Corporate Leadership Team.  
Link Asset Services.

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

Working papers held in Financial Services.

**11. Author of the Report**

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**12. Appendices**

Appendix A – Treasury Management Strategy Statement 2018/19

Appendix B – Treasury Management Practice 1 – Credit & Counterparty risk

Appendix C – Approved countries for investment

Appendix D – Scheme of Delegation

Appendix E – Interest Rate Forecast

Appendix F – UK Economic Background

# TREASURY MANAGEMENT STRATEGY STATEMENT

## 1. INTRODUCTION

The strategy statement comprises:

- capital prudential indicators 2018-2021
- borrowing policy and strategy
- annual investment strategy
- MRP statement and treasury indicators 2018-2021

## 2. CAPITAL PRUDENTIAL INDICATORS 2018/19 – 2020/21

### 2.1 Capital Expenditure and Financing

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.

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle:

Table 1

<b>Capital Expenditure</b>	<b>2016/17 Actual £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
<b>Total</b>	<b>1,372</b>	<b>4,813</b>	<b>3,164</b>	<b>748</b>	<b>885</b>

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

Table 2

<b>Financing of Capital Expenditure</b>	<b>2016/17 Actual £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
Capital receipts	157	1,465	658	0	0
Capital grants	665	1,283	923	564	615
Earmarked reserves	0	1,204	583	184	270
Revenue	300	0	0	0	0
<b>Net financing need for the year</b>	<b>250</b>	<b>861</b>	<b>1,000</b>	<b>0</b>	<b>0</b>



## 2.2 The Council's Borrowing Need (the Capital Financing Requirement (CFR))

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 assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently does not have any such schemes within the CFR.

The Council is asked to approve the CFR projection below:

Table 3

	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
<b>Capital Financing Requirement</b>					
<b>Total CFR</b>	<b>5,533</b>	<b>5,464</b>	<b>6,325</b>	<b>7,325</b>	<b>7,325</b>
<b>Movement in CFR</b>	<b>(69)</b>	<b>861</b>	<b>1,000</b>	<b>0</b>	<b>0</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	250	861	1,000	0	0
Less MRP/VRP and other financing movements	(319)	0	0	0	0
<b>Movement in CFR</b>	<b>(69)</b>	<b>861</b>	<b>1,000</b>	<b>0</b>	<b>0</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

<b>Year End Resources</b>	<b>2016/17 Actual £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
General Fund balances and reserves	7,591	6,631	5,496	5,546	5,360
Capital receipts	2,758	1,913	1,436	832	512
Provisions	0	0	0	0	0
Other	301	301	301	301	301
<b>Total core funds</b>	<b>10,650</b>	<b>8,845</b>	<b>7,233</b>	<b>6,679</b>	<b>6,173</b>
Working capital*	10,738	9,500	9,500	9,000	9,000
<b>Expected investments</b>	<b>10,000</b>	<b>9,800</b>	<b>9,600</b>	<b>9,800</b>	<b>9,400</b>

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

### 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 Council's treasury portfolio position at 31 March 2017, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 5

	<b>2016/17 Actual £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
<b>External Debt</b>					
Debt at 1 April	5,988	5,988	5,988	5,988	5,988
Expected change in Debt	0	0	0	0	0
Actual gross debt at 31 March	<b>5,988</b>	<b>5,988</b>	<b>5,988</b>	<b>5,988</b>	<b>5,988</b>
The Capital Financing Requirement	<b>5,533</b>	<b>5,464</b>	<b>6,325</b>	<b>7,325</b>	<b>7,325</b>
Under / (over) borrowing	<b>(455)</b>	<b>(524)</b>	<b>337</b>	<b>1,337</b>	<b>1,337</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 2018/19 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 Strategic Manager - Financial Services 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 6

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
<b>Operational boundary £m</b>	10.5	10.5	10.5	10.5

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 7

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
<b>Authorised limit £m</b>	12.75	12.75	12.75	12.75

### 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.

Table 8

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Indications for investment and borrowing rates:

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years.
- Borrowing interest rates increased sharply after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank Rate increases. Since then, borrowing rates have eased back again somewhat. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – the difference between borrowing costs and investment returns.

### 3.4 Borrowing strategy

The Council currently has a small over-borrowed position which will become an under-borrowed position in 2018/19. This means that over the medium term the capital borrowing need has not been fully funded with loan debt because cash supporting the Council's reserves, balances and cash flow has been used instead 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.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Director of Finance 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 long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and 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**

As short-term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling 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 CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.

In accordance with the above guidance from the CLG 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 5.4 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

#### 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.*

Potential investment counterparties may be rated for creditworthiness by any or all of the three rating agencies – Fitch, Moody's and Standard & Poors.

Credit rating information is supplied to the Council by Capita Asset Services, our treasury consultants, on all active counterparties that comply with Capita's minimum criteria, and this is the starting point for the compilation of a list of counterparties deemed suitable for the Council's investments.

Additional requirements under the Code require the Council to supplement credit

rating information using additional operational market information before making any specific investment decision. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

The criteria for providing a pool of high quality counterparties (for 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
- Supranational institutions
- Other organisations which pass creditworthiness tests

The Strategic Manager – Financial Services will maintain the counterparty list in compliance with the criteria set out in the Council's Treasury Management Practices (TMP1).

TMP1 is revised at least annually and is included at Appendix C.

Additionally, the Strategic Manager – Financial Services will review TMP1 should there be significant shift in financial markets or in government policy, and will submit a revised TMP1 to Council for approval as necessary.

Counterparty criteria are separate to those which determine which types of investment instrument are either specified or non-specified as the former provide an overall pool of counterparties considered sufficiently high quality which the Council may use, rather than defining what types of investment instruments are to be used.

**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 9

	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-	£1m	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

#### 4.3 Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- (which includes the UK), and have banks operating in sterling markets, as advised by Link Asset Services. The list of countries which qualify as at 15<sup>th</sup> January 2018 is included at Appendix C.

The Council has determined that it will not use sector limits (e.g. bank vs building society) so as not to overly constrain investment opportunities since the application of counterparty and country limits will provide sufficient security of its portfolio.

#### 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).

##### **Investment returns expectations.**

Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%



The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	<b>Now</b>
2017/18	0.40%
2018/19	0.60%
2019/20	0.90%
2020/21	1.25%
2021/22	1.50%
2022/23	1.75%
2023/24	2.00%
Later years	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

**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 treasury indicator and limit:

Table 10

<b>Maximum principal sums invested &gt; 364 and 365 days*</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Principal sums invested > 364 and 365 days	£4.3m	£4.4m	£4.2m

\* This takes account of the proposed change in the CIPFA Treasury Code from a 364 day limit to 365 days.

#### 4.5 **Investment risk benchmarking**

The Council will use the three-month LIBID uncompounded as its investment benchmark to assess the performance of its portfolio.

#### 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. **MRP STATEMENT AND TREASURY INDICATORS 2018/19-2020/21**

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).

CLG 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, the MRP policy will follow the existing practice outlined in former CLG regulations – that is, cost spread equally over 25 years providing an approximate 4% reduction in the borrowing need (CFR) per year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be to make a provision based on the estimated life of the assets, in accordance with the regulations. If, in the future, any expenditure is capitalised under a government direction this method will also be applied.

## 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 indicator:

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 11

%	2016/17 Actual £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Ratio	5.21	7.81	6.06	4.99	3.77

The estimates of financing costs include current commitments and the proposals in this budget report.

## 5.2 Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- 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 12

<b>Interest rate exposures</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</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 2018/19</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	10%	
12 months to 2 years	0%	15%	
2 years to 5 years	0%	15%	
5 years to 10 years	0%	20%	
10 years to 25 years	0%	40%	
Over 25 years	0%	90%	
<b>Maturity structure of variable interest rate borrowing 2018/19</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	10%	
12 months to 2 years	0%	15%	
2 years to 5 years	0%	15%	
5 years to 10 years	0%	20%	
10 years to 25 years	0%	0%	
Over 25 years	0%	0%	

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

The CLG issued Investment Guidance in 2010, 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 Strategic Manager - Financial Services 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 amount 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. 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 Appendix A.

**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.	<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.	£2m or 20%
c.	<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.	£3m or 30%
d.	<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. The Council may use such building societies which have a minimum asset size of £1bn.	£1m or 10%
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%
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*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 Capita 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 Strategic Manager - Financial Services, and if required new counterparties which meet the criteria will be added to the list.

## Approved Countries for Investments

Based on the lowest available rating:

### AAA

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

### AA+

- Finland
- Hong Kong
- U.S.A.

### AA

- Abu Dhabi (UAE)
- France
- UK

### AA-

- Belgium
- Qatar

- **Appendix D**

## **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

**GLOBAL OUTLOOK.** **World growth** looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this? The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

### KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, or, alternatively, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for

increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action. On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.
- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

**UK.** After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at

3.1% in November so that may prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare capacity in the economy was significantly diminishing** towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the shock result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right -

without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

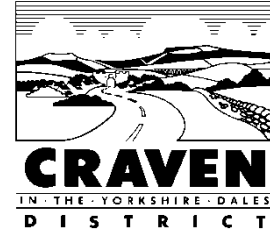
**EZ.** Economic growth in the eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.1% y/y), 0.7% in quarter 2 (2.4% y/y) and +0.6% in quarter 3 (2.6% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in November inflation was 1.5%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

## Appendix E

(PWLB rates and forecast shown have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012)

Capita Asset Services Interest Rate View														
	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	-
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	-
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	-
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	-
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	-
Bank Rate														
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	-
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%
5yr PWLB Rate														
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%	-
Capital Economics	1.40%	1.60%	1.80%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%	3.20%
10yr PWLB Rate														
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	-
Capital Economics	2.20%	2.30%	2.40%	2.55%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%	3.60%
25yr PWLB Rate														
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	-
Capital Economics	2.75%	2.90%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%	4.15%
50yr PWLB Rate														
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	-
Capital Economics	2.70%	2.80%	2.90%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%	4.10%

## Policy Committee – 6<sup>th</sup> February 2018



### Transfer of land at Mealbank Quarry, Ingleton

Report of Director of Services

Ward(s) affected: Ingleton & Clapham

Lead Member: Cllr P Mulligan (Finance)

#### **1 Purpose of the Report**

- 1.1 To seek approval for the transfer of land at Mealbank Quarry, Ingleton to the Yorkshire Wildlife Trust as a “wildlife area” under a long lease.

#### **2 Recommendations**

Members are recommended to:-

- 2.1 Approve the lease of land at Mealbank Quarry, land outlined red in Appendix A, under a 50 year lease for the sum of £1.00 per annum.
- 2.2 Authorise the Director of Services to complete the transfer of land at Mealbank Quarry, Ingleton, land outlined red in Appendix A, under a 50-year lease to the Yorkshire Wildlife Trust.

#### **3 Report**

- 3.1 The Council’s Asset Management Plan states that the Council will continuously review its property portfolio and make disposals where liabilities or under-performing assets exist. The plan also states the Council will work with the community and transfer responsibility of assets where appropriate allowing assets to be managed locally.
- 3.2 Mealbank Quarry in Ingleton is a former carboniferous limestone quarry that has been unused for a number of years. It is 10.85 hectares in size. Much of the land is uneven with areas of quarry spoil and a cliff face but there are also some areas of level ground. The north western boundary is delineated, in part, by a footpath and the south west side by the River Doe. The western side of the site truncates as a triangle. Within the site is an early Hoffman Kiln at the western edge, and just outside the west side of the site is Meal Bank Cottage that is privately owned. Quarry spoil heaps run through the site which were created from the sites previous use. There is a cinder covered access way into the site that may have once been the site of a railway track.

## AGENDA ITEM 10

The right of way from the public highway is gained from the narrow Oddie's Lane at the north of the village, turning east onto a single track unmade road past Mealbank Scout Hut, Meal Bank Cottage and the Old Weighbridge Office.

### 3.3 ***Hoffman Kiln***

Yorkshire Wildlife Trust (YWT) has shown interest and requested to take the bulk of the site that includes the Hoffman Kiln and several other features. The majority of this area is currently used by a local farmer under a full agricultural tenancy determinable on 12 months' notice that expires on 2<sup>nd</sup> February in any year. The YWT have confirmed that they are prepared to sustain this arrangement and will be held responsible for doing so.

3.4 YWT wish to create a "wildlife area" for plants, birds, and insects so as such retaining parts for agricultural grazing does not impinge upon their intention.

3.5 The section of the site to be leased to the YWT subject to the agricultural tenancy has a market value of £27,500.00 because it is not considered good quality grazing having been quarried with several bare patches, it has considerable planning restrictions including Grade II Listed status that will encompass ongoing maintenance of the Hoffman Kiln and, it has poor access along a single track vehicular access. It is therefore recommended that the land is leased for £1.00 per annum.

3.6 The annual inspection cost saving to the Council will be c£130.00 but additionally other unforeseen incremental ad hoc maintenance and repair costs will be avoided. In years gone by these have amounted to several thousands of pounds for dealing with damage to buildings and fences. A recent dilapidation survey has confirmed there is some 550m of post & barbed wire fencing that is required to be replaced and two sections of dry stone wall required rebuilding. The estimated cost of completing this work is circa £5,000.00 but the agricultural tenant is willing to incur these costs in return for an extended tenancy to be granted by YWT.

3.7 The site is historically a contaminated site but no contaminated land survey has previously been undertaken. The site was previously owned by the Imperial Chemicals Industries and was transferred to Settle Rural District Council on the 4<sup>th</sup> May 1973. The Council is therefore aware that it has a statutory liability for future remediation/clean-up costs, and for water pollution. This liability will remain with the Council throughout the terms of the lease unless the Council undertakes a contaminated land survey and carries out any remediation required.

3.8 It is also noted that an adjacent area of land (810 sqm) on the other side of the access road was also sold to the Scout Association Trust Foundation on 30<sup>th</sup> April 2008. The area has since been used to construct a brand new and purpose built scout hut. Mealbank Quarry Cottage also exists within the site and this is privately owned.

3.9 Two key caveats exist within the proposed transfer. The first is the use of the land that is restricted to recreation/public open space so any future development is prohibited and therefore prevents the Council from future remediation/clean up liabilities. The Council's permission must be sought for any proposed application for change of use.

# AGENDA ITEM 10

The second is that the site is classified as a Site of Special Scientific Interest and part of the site is an ancient monument. Natural England and English Heritage must therefore be provided continuous access to the site and the YWT have confirmed that they are prepared to sustain this arrangement and will be held responsible for doing so. YWT will also be responsible for all maintenance liabilities and costs associated with the Hoffman Kiln.

## 3.10 ***Residual Land***

The residual land responsibility for the Council will be limited to the quarry access road from the junction with the public highway known as Oddie's Lane to the boundary of the land that is recommended for transfer to the YWT. The access road is approximately 175m long and has an unbound surface. The area is highlighted blue on the site plan within the Appendix.

- 3.11 In addition two other buildings within the residual land are being leased separately to the Ingleborough Scouts and the Cave Diving Club. These are outlined in red on the site plan within the Appendix.

## **4 Financial Implications**

- 4.1 The proposed rent is £1.00 per annum.
- 4.2 The existing site and buildings are a potentially significant maintenance liability so all future costs will be transferred solely to the YWT.
- 4.3 The Council is responsible for the first £5,000.00 of any third party claim in relation to accidents on its land. This liability will be transferred solely to the YWT.
- 4.4 If the Council are to continue to hold the site, the buildings and boundary fences would need to be, where possible, permanently secured, taking account of the rights of way. Costs of securing and holding the site would continue to be incurred that in the past have been several thousands of pounds and are currently estimated at circa £5,000.00.
- 4.5 The loss of revenue from the agricultural tenancy to the Council is £180.00 per annum.
- 4.6 Other financial implications are all as noted within the body of the report.

## **5 Legal Implications**

- 5.1 The property is held by the Council for the purposes of the Local Government Act 1972 (LGA 1972). The Council has power to dispose of land, for the best price that can reasonably be obtained, under section 123 of the Local Government Act 1972 and the General Consents issued by the Secretary of State in support of that section. The Council can dispose of land at an undervalue 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.



# AGENDA ITEM 10

- 5.2 As this site was acquired for recreational/amenity purposes and is currently public open space (being used for dog walking and camping) a notice of the intended disposal of public open space under section 123 LGA 1972 will have to be published and any objections to the disposal considered by the Council.

## **6 Contributions to Corporate Priorities**

- 6.1 The proposals in this report support the Council priorities of “Financial Resilience” and “Enterprising Craven”.

## **7 Consultations with Others**

- 7.1 Consultation with both Councillors Ireton & Lis, the local ward members has taken place and both support the transfers.

## **8 Author of the Report**

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01756 706329

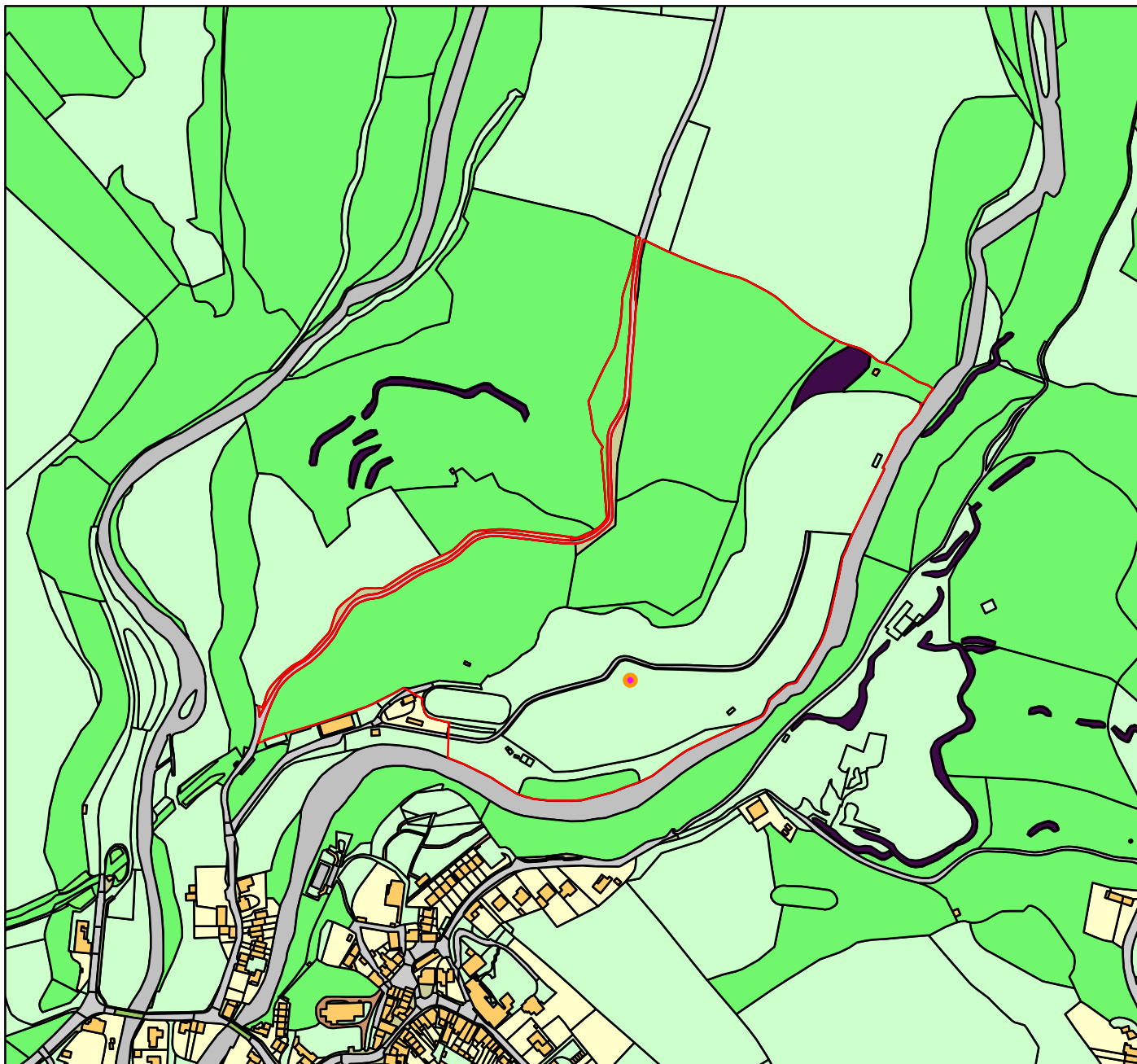
## **9 Appendix**

- 10.1 Appendix A – Site Plans:-

1. Land to be transferred to Yorkshire Wildlife Trust – Site Plan 1
2. Residual CDC land and other land ownership/tenancy – Site Plan 2

# Mealbank Quarry

Ingleton



## Legend

## Scale:

0 0.05 0.1 0.2  
KM

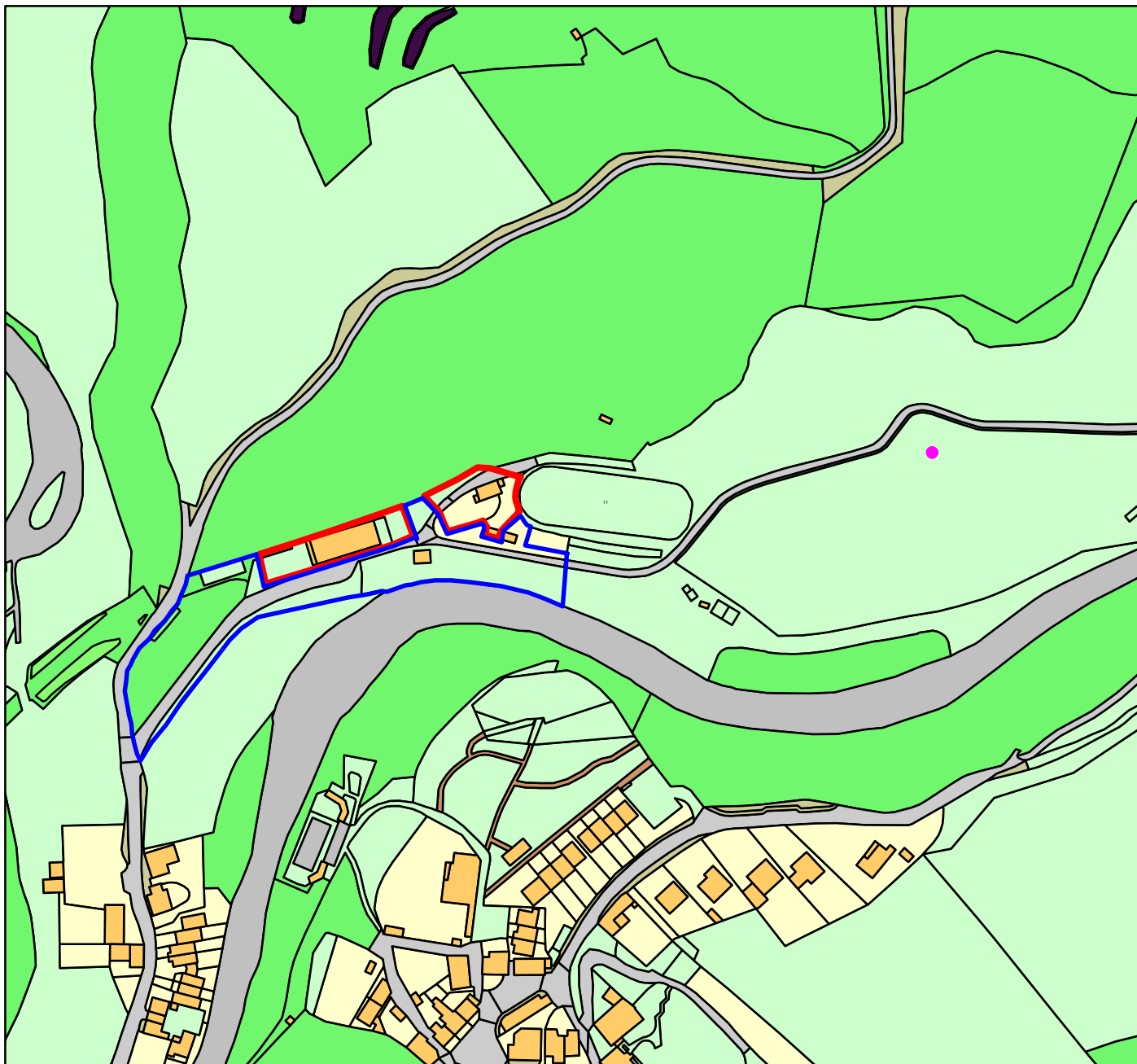
Organisation	Craven District Council
Department	Property
Comments	Proposed transfer to YWT
Date	18/08/2017
PSMA Number	100024694

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# Mealbank Quarry

Ingleton



## Legend

## Scale:

0 0.0275 0.055 0.11  
KM

Organisation	Craven District Council
Department	Property
Comments	Blue - CDC, Red - others
Date	23/08/2017
PSMA Number	100024694

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