

POLICY COMMITTEE

6.30pm on Tuesday 4, February 2020

Belle Vue Suite, Belle Vue Square, Broughton Road, Skipton

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

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

AGENDA

1. **Apologies for absence and substitutes** – To receive any apologies for absence and notification of substitutes.
2. **Confirmation of Minutes** – To confirm the minutes of the meeting held on 14 January 2020 (please note there are two confidential minutes (\$POL.1042 and \$POL.1043 which are considered exempt from disclosure under the Council's Access to Information Rules).
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. **Review of Planning Enforcement and Building Control** – Report of the Select Committee. Attached.

Purpose of Report – To present Select Committee's review of Planning Enforcement and Building Control.

6. **Pay Policy Statement 2020/21** – Report of the Human Resources Manager. Attached.

Purpose of Report – To seek approval to implement the Council's 2020/21 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.
7. **Craven District Council Plan 2020 and Beyond** – Report of the Chief Finance Officer (s151 Officer).

Purpose of Report – To present the Craven District Council Plan 2020 and Beyond for approval.
8. **Capital Programme 2020/2021** – Report of the Chief Finance Officer (s151 Officer). Attached.

Purpose of Report – To seek approval of the proposed capital programme for 2020/2021, subject to there being sufficient capital resources.
9. **Revenue Budget 2020-2021 and Medium Term Financial Plan (MTFP) 2020/21 to 2023/24** – Report of the Chief Finance Officer (s151 Officer). Attached.

Purpose of Report – To identify a fully funded revenue budget for 2020/21; recommend a prudent level of general fund revenue balances for the financial year; and outline the Medium Term Financial Plan (MTFP) to 2023/2024.
10. **2020-2021 Treasury Management Strategy Statement, Minimum Revenue Provision Statement and Annual Investment Strategy** – Report of the Chief Finance Officer (s151 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 2020/21 as required by the Department of Communities and Local Government and CIPFA.
11. **Capital Strategy 2020-2024** – Report of the Chief Finance Officer (s151 Officer). Attached.

Purpose of Report – The Capital Strategy is intended to give a high level overview of how capital expenditure and financing plans are decided upon and how they contribute to the delivery of the Council Plan, Long Term Financial Strategy, Medium Term Financial Plan and overall delivery of Services.
12. **Climate Emergency Strategic Plan** – Report of the Chief Finance Officer (s151 Officer).

Purpose of Report – To present the Council's Climate Emergency Strategic Plan for approval.
13. **Items for Confirmation** – The Committee is asked to indicate whether any of the above items should be referred to Council for confirmation.
14. **Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act 1972.

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- (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.

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POLICY COMMITTEE

14th January 2020

Present – The Chairman (Foster) and Councillors, Barrett, Brockbank, Ireton, Lis, Madeley, Morrell, Mulligan, Myers, Noland. Place, Rose, Solloway (substitute), Welch and Wheeler.

Officers – Chief Executive, Director of Services, Chief Finance Officer (S151 Officer), Solicitor to the Council and Monitoring Officer, Strategic Manager, Chief Information Officer and Democratic Services and Scrutiny Officer.

Also in Attendance – Alan Iveson.

Apologies for absence were received from Councillors Rose and Heseltine.

Start: 6.30pm

Finish: 8.00pm

The minutes of the Policy Committee meeting held on 29th October 2019 were confirmed as a correct record and signed by the Chairman.

Exclusion of the Public –

Resolved – That in accordance with the Council's Access to Information Procedure Rules, the press and public is excluded from the meeting during the consideration of \$POL.1035 on the grounds that it is not in the public interest to disclose Category 3 (financial or business affairs of any particular person (including the Council)) exempt information.

Minutes for Report

POL.1036

PUBLIC PARTICIPATION

The Chairman introduced Mr Alan Iveson to the meeting who addressed the Committee on his views regarding the introduction of 5g. He delivered a speech which was also circulated to Members. He emphasised the health risks associated with 5g and the lack of specific research into 5g. Mr Iveson demonstrated radiation levels omitted when making a call on a 2g network with a measuring device. Members were asked to carefully consider the contents of the speech and take into account moratoriums and push backs in place at other Town Councils such as Glastonbury and Kingsbridge.

The CIO provided a brief response. Members were informed that 5g was based on radio waves at the non-ionising end of the electromagnetic spectrum which meant it lacked sufficient energy to cause cellular damage. As the matter was more of a national concern, Craven District Council would follow Central government guidance.

POL.1037

COLLECTION FUND COUNCIL TAX SURPLUS/(DEFICIT) 2019/20

The Chief Finance Officer (s151) submitted a report which declared the estimated surplus on the Collection Fund Council Tax for 2019/20.

Members were informed that prior to the Council setting its budget it must declare whether a surplus or deficit is expected on its Council Tax Collection Fund. Any Surplus or deficit relating to the Council Tax Collection Fund is shared between County Council, Police and

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Fire and Rescue Authorities and Craven District Council in the same proportion as the amount of their precepts for the year.

The estimated surplus calculated on the Collection Fund for 2019/20 was £200k, a variance of 0.36%. Craven District Council must take into account the precept, £25,055, when setting its element of the Council Tax for 2020/21.

Members attention was drawn to the surpluses from previous years, the increase was as a result of new properties coming into the Council Tax system, the proportion of properties claiming discounts and the collection rate. The level of surplus was consistent with expectations.

Resolved – (1) That, the £200,000 estimated surplus on the Council's Collection Fund at 31st March 2020 relating to Council Tax transactions is declared.

(2) That, Members recommended as part of the budget strategy the Council's element of the estimated surplus is used in calculating the level of Council Tax for 2020/21.

POL.1038

COLLECTION FUND NNDR SURPLUS/(DEFICIT) 2019/20

The Chief Finance Officer (s151) submitted a report which declared the estimated National Non-Domestic Rates (NNDR) surplus/(deficit) on the Collection Fund for 2019/20.

The calculated surplus on the NNDR Collection Fund for 2019/20 was £35,393 which was to be shared between the precepting authorities. Craven District Council must take into account the £14,157 when it sets its element of Council Tax for 2020/21.

Members were assured that it was not unusual for a variance to be estimated on a Collection Fund, when dealing with figures in excess of £21m a surplus/deficit could occur. It was possible for surplus/deficits to occur as a result of differences between actual results and estimates made when predicting the cashflows in the NNDR1 form. The differences included movements in the provision for appeals and for bad debts, businesses closing and no one taking them over and collection rate. A trend was difficult to predict because the factors affecting rates payable were outside the Council's control.

The Chief Finance Officer (s151) clarified for Members the importance of maintain reserves especially to manage the transition to 3 yearly evaluations.

Resolved – (1) That, the £35,393 estimated surplus on the Council's Collection Fund at 31st March 2020 relating to NNDR transactions is declared.

POL.1039

NORTH YORKSHIRE REFUGEE RESETTLEMENT

The Housing Options Manager submitted a report which provided Members with an overview of the government's recently announced global resettlement scheme for refugees and sought Members approval for Craven District Council's participation in the scheme. Members were also asked to commit to resettling a minimum of 19 persons between 2020/21 and 2023/24.

Members were informed of the amalgamation of existing refugee resettlement programmes into one new 'Global Resettlement Scheme'. The aims and intentions of the new resettlement scheme were summarised which included the aim to resettle 5,000 refugees nationally in the first year of the scheme's operation and the intention to run the new programme in the long term.

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It was for each authority to decide the number of refugees they were willing to resettle, although the common approach was to agree a figure based on percentage of population size. Across North Yorkshire this equated to 200 people - approximately 19 people in Craven. It was anticipated that these people would be in family groups rather than single people and therefore be no more than 5 households in total.

As a result of the ensuing debate Members agreed the 19 persons should be viewed as a minimum and it be stated that Craven District Council was willing to rehouse more refugees under the scheme subject to demand.

Resolved – (1) That, Members agreed to support a North Yorkshire wide Global Refugee resettlement scheme;
(2) That, Members agreed to resettle a minimum of 19 persons between 2020/21 and 2023/24;
(3) That, delegated authority is given to the Chief Executive to enter into a Memorandum of Understanding with North Yorkshire County Council and other North Yorkshire District Councils concerning the scheme;
(4) That, delegated authority is given to the Director of Services to:
enter into an agreement with Migration Yorkshire to enable overall regional co-ordination and support.
vary existing nomination agreements with Registered Providers to enable the allocation of social housing to the refugees subject to private sector availability being considered in the first instance.

POL.1040

ESTABLISHMENT OF A CHARITY FOR CULTURAL DEVELOPMENT IN CRAVEN

The Cultural Services Manager submitted a report which sought Members agreement to establish a fundraising charity to support wider cultural development in Craven. It also sought Members support in using the charity to raise funds for Skipton Town Hall as a cultural hub for the District and associated village halls and venues across Craven.

The foundation for this work had already begun with the recently launched Rural Culture project for which CDC received funding from Arts Council England. Over the next two years the project officer would work with an initial group of village halls exploring co-production of creative events and activities as well as utilising the live streaming capacity at Skipton Town Hall to support Craven's rural communities.

One of the methods to raise funds for refurbishment and upgrading spaces was to apply for grants. Local authorities were able to apply for funding from Arts Council England and the National Lottery Heritage Fund (CDC had been successful in attracting capital and project funding from both). Due to not being eligible to apply to many other charitable trusts and grant giving bodies, it was therefore proposed that an independent charity was set up to raise funds for cultural projects and venue improvements across Craven. There were several options explored including, Unincorporated Association, Trust, Charitable Company limited by Guarantee and the preferred choice - Charitable Incorporated Organisation (considered fit for purpose and offered future proofing). There were two options for the type of Charitable Incorporated Organisation (CIO) and it was decided a Foundation CIO was most suited.

The next steps to be carried out by officers should Councillors, in principle, support the Foundation CIO were explained.

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Resolved – (1) That, the establishment of a fundraising charity to support wider cultural development in Craven and to support Skipton Town Hall as a cultural hub for the district is agreed.

(2) That, the governance option of a Foundation Charitable Incorporated Organisation (CIO) is supported.

(3) That, a report to Policy Committee to approve the final governance structure and other matters set out in paragraph 3.3 of the report is accepted.

POL.1041

HISTORIC HIGH STREET, SKIPTON – HERITAGE ACTION ZONE

The Strategic Manager of Planning and Regeneration submitted a report which updated Members on the progress of the Skipton High Street Heritage Action Zone and sought approval for Craven District Council to act as Accountable Body for the funding if successful.

Members were informed of the objectives for the Heritage Action Zone identified by partners which were encouraging younger residents to reengage with the town centre, re-using heritage buildings, the creation of public spaces for new and diverse activities, enhancing the links between the High Street and secondary retail areas, developing youth markets and festivals, increasing the number of young creatives working in the centre of Skipton and making Skipton more walkable and cycle friendly.

Historic England determined that there would be four key threads – community engagement, physical intervention, conservation and heritage and a cultural programme. As the programme covered four years the identified activities ranged from early well-defined projects to others that would be subject to considerable development.

It was envisaged that the Programme Board directing the programme would be comprised of the Craven Arts Trust, Craven Civic Society, Craven District Council, North Yorkshire County Council, Skipton Business Improvement District, Skipton Town Council, Tarn Moor Trust and Youth Champion. Historic England would contribute to the costs of programme management and delivery; the discussions were ongoing to agree the best approach.

Members attention was brought to Table 1 of the report which showed the budget split by project. A £1,278,480 grant was anticipated from Historic England. Due to the project's early stage the match funding from partners was based on estimates subject to further discussions. A further £25,000 had been requested from Historic England to support the development of the SMART Town concept and it was envisaged that Skipton Town Council and Craven District Council would contribute £25,000 each in order to expand coverage across the town centre.

There would be a future report on the development of the Otley Street Arts House including the purchase of the building from NYCC and proposed funding package.

Members discussed in detail the priorities of the project which included the upkeep and development of Skipton Market, the replication of the positive objectives throughout Craven and the addition of pedestrian only zones in Skipton Town Centre with a view to improve the pedestrian experience.

Resolved – (1) That, the objectives of the Skipton High Street Heritage Action Zone are noted.

(2) That, Craven DC will act as accountable body on behalf of the partnership for the Skipton High Street Action Zones funding.

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- (3) That, a grant from Historic England for the purposes of delivering the Skipton Heritage Action Zone Heritage Action Zone – anticipated to be £1,278,480 is accepted.
- (4) That, delegated authority to the Director of Service in consultation with the Solicitor to the Council (Monitoring Officer) to enter into a funding agreement with Historic England is given.
- (5) That, £25,000 from the New Homes Bonus is allocated to support the delivery of the SMART Town system.

\$POL.1042 **JOINT VENTURE - REDEVELOPMENT OF FORMER COUNCIL
DEPOT SITE, LANGCLIFFE QUARRY**

(A separate excluded minute has been prepared for this item. It is published (on pink paper) in an Appendix to Committee Members, relevant officer and others who are entitled to all details.)

\$POL.1043 **JOINT VENTURE – DEVELOPMENT OF NEW BRIDGE CAWDER
LANE TO KEIGHLEY ROAD, SKIPTON**

(A separate excluded minute has been prepared for this item. It is published (on pink paper) in an Appendix to Committee Members, relevant officer and others who are entitled to all details.)

\$POL.1044 **SHARED OWNERSHIP HOUSING DEVELOPMENT**

This item was withdrawn from the agenda - officers were asked to provide further information in terms of comparative costs for a carbon neutral housing development.

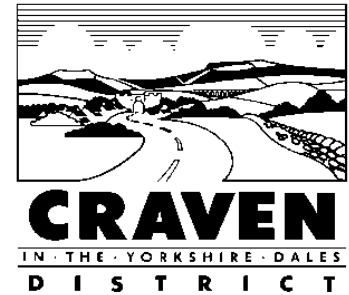
Chairman

Policy Committee – 4 February 2020

Review of Planning Enforcement and Building Control

Report of the Democratic Services Manager

Ward(s) affected: All



1. Purpose of Report

To present Select Committee's Review of Planning Enforcement and Building Control.

2. Recommendations

The Policy Committee is recommended to consider and agree Select Committee's Review of Planning Enforcement and Building Control.

3. Report

- 3.1 At the meeting of 17 July 2019, the Select Committee received an update on the latest position in relation to Planning Enforcement and Building Control. Having considered the update, the Select Committee agreed to appoint a working group to undertake an in-depth review. The aim of the review was to make an assessment of performance and, where appropriate, make recommendations on a number of key areas.
- 3.2 The review was conducted over two sessions, which took place between September and November 2019 when Select Committee received a range of evidence both written and verbal. The review included a number of recommendations, which outlined the Select Committee's expectations regarding a number of improvement measures.
- 3.3 Attached at Appendix A is a copy of the Review of Planning Enforcement and Building Control agreed by Select Committee at its meeting on 15 January 2020.
- 3.4 Progress against the recommendations will be monitored by Select Committee during the course of the municipal year. In those cases where progress has been unsatisfactory then a formal response will be sought.

4. Legal Implications

There are no legal implications arising from this report.

5. Contribution to Council Priorities

The work of Select Committee contributes to Council priorities by aiming to improve services and add value.

6. Risk Management

There are no risk management issues associated with this report.

7. Equality Analysis

There are no direct implications arising from this report.

8. Consultations with Others

Solicitor to the Council and Monitoring Officer

9. Access to Information: Background Documents

There are no background documents.

10. Appendices – Appendix 1 – Review of Planning Enforcement and Building Control

11. Author of the Report

Guy Close, Democratic Services Manager

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



Review of Planning Enforcement and Building Control

Report of the Planning Enforcement and Building Control Working Group

Report to Policy Committee on 4 February 2020

Introduction and Background

1. Following Select Committee's review of Development Control Performance, which was approved by Policy Committee in February 2019, Select Committee agreed to undertake some further work focussing on Planning Enforcement and Building Control.
2. Having considered an update at the July Select Committee meeting, it was agreed to appoint a working group to undertake an in-depth review. The aim of the review was to make an assessment of performance and, where appropriate, make recommendations on a number of key areas.
3. The review was conducted over two working group sessions, which took place in September and November 2019 when we received a range of evidence both written and verbal. Evidence was provided by the Planning Manager (Development Management) and the Planning Enforcement Team Leader. The information provided was interesting and valuable and we would like to thank officers who contributed their time and expertise to support this review.
4. This report includes a number of recommendations, which outline our expectations regarding a number of improvement measures. We hope that our findings provide a clear summary of areas that require focus and action. Ongoing monitoring of the progress of the recommendations will be undertaken by the Select Committee during the course of the municipal year.



Councillor Brian Shuttleworth,
Chair of Planning Enforcement and Building Control Working Group

The Review

5. As an introduction to our review we were presented with an overview of the issues facing the service, together with a structure of the team and how it operates.

Key issues identified by the working group were identified as follows:

Working Group – Session one

- We acknowledged the challenges associated with limited staff resources resulting in a re-active service.
- Limited staff resources often resulted in the service moving from one investigation to another. The reasons for operating this approach were not always fully understood by the public.
- Greater resources were needed to develop monitoring and enforcement of issues.

Working Group – Session two

- There was concern about how members of the public perceived planning enforcement due to limited staff resources.
- The benefits of developing a pro-active approach. An increase equivalent to two full-time planning enforcement officers (scale 5) was proposed, which would significantly enhance the level of service provided.
- We considered the potential for combining aspects of planning and enforcement roles, i.e. retrospective applications dealt with by planning enforcement.
- We highlighted the need to improve communications, especially with members of the public, parish councils and local community groups.
- As part of the review we also received an overview of the building control service and its links with planning enforcement.

Recommended approach and costs

6. The following approach, including costs, was recommended:

An increase equivalent to employing two full-time planning enforcement officers. The total cost (including national insurance and superannuation) of employing two full-time planning enforcement officers on scale 5, based at the top of the scale, would be £60,668.

The benefits of adopting the recommended approach

7. The benefits of increasing the staff establishment were identified as follows:
 - Delivering a high profile, pro-active enforcement service with the resource to deal with unauthorised adverts, untidy properties, monitor EMP9 sites (workspace with ancillary residential), dwellings with agricultural / local ties and sites that have undergone change of use.
 - Reducing the time to investigate and resolve all possible breaches of planning control.

- Releasing the Planning Enforcement Team Leader from a purely operational role to facilitate pro-active enforcement, including monitoring of section 106 agreements and the payment of commuted sums for the delivery of affordable housing, public open space, highway improvements and education facilities.
- Enabling the planning enforcement team to deal with retrospective applications resulting in efficiency savings, releasing development management case officers from enforcement-generated cases, and therefore making a positive contribution to development management performance.
- Increased resilience and added value arising from greater staff resources.
- Improved liaison with stakeholders, including elected members, parish councils, local community groups and residents.
- Improved image of the Council with active engagement on enforcement matters.

Conclusion and Recommendations

8. In concluding our review of Planning Enforcement and Building Control, it was recognised that the service was currently operating a re-active service. It was clear that greater resources were needed to develop the service and manage planning enforcement pro-actively. The recommendations below identify a way forward to deliver a more proactive and effective service.

Recommendation 1

9. To develop training provision in the planning enforcement team which enables officers to combine aspects of planning and enforcement roles.

Recommendation 2

10. An increase in staff resources equivalent to recruiting two full-time planning enforcement officers (scale 5) to support development from a re-active to pro-active service.

Recommendation 3

11. To develop a communications strategy to publicise enforcement work that the service was involved with.

Monitoring arrangements

12. Standard arrangements for monitoring the outcome of the Select Committee's recommendations will apply.
13. The decision-makers to whom the recommendations are addressed will be asked to submit a response to the recommendations.
14. Following this the Select Committee will determine any further monitoring that is required. This will be in addition to the standard bi-annual monitoring of all Select Committee recommendations.

Reports and Publications Submitted / Considered

15. The following information was submitted / considered by the Planning Enforcement and Building Control Working Group:

11 September 2019

- Report of the Planning Manager (Development Manager) which provided an overview of the following key areas:
 - How the Council investigates alleged breaches;
 - Summary of notices;
 - Immunity from enforcement action;
 - Criminal offences;
 - Matters that cannot be dealt with by planning enforcement; and
 - Other duties undertaken by the planning enforcement team.
- Development Management, Enforcement and Building Control structure chart.

20 November 2019

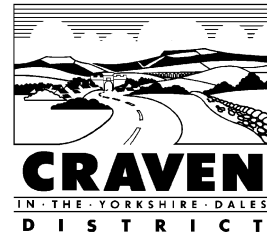
- Planning Enforcement current and proposed structure
- Details of building control applications vs approved inspector initial notices 2018/19.

Dates of Meetings and Witnesses Heard

16. The following meetings of Select Committee and the Planning Enforcement and Building Control Working Group took place:
- 17 July 2019 – Select Committee
 - 11 September 2019 – Planning Enforcement and Building Control Working Group
 - 20 November 2019 – Planning Enforcement and Development Control Working Group
 - 15 January 2020 – Select Committee.
17. The following officers attended meetings of the Select Committee and Planning Enforcement and Building Control Working Group;
- Neville Watson, Planning Manager, Development Management; and
 - Leon Hazeldine, Planning Enforcement Team Leader.

POLICY COMMITTEE

PAY POLICY STATEMENT 2020/21



Report of the HR Manager

Lead Member – Councillor Brockbank

1. **Purpose of Report:-** The purpose of this report is to seek approval to implement the Council's 2020/21 Pay Policy Statement in accordance with section 38 of the Localism Act 2011.
2. **Recommendations:-** That approval is given to implement the Council's 2020/21 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.
 - 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

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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 2020/21 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 2020/21 Pay Policy Statement at appendix B.
- 4.8 The Hutton report and The Code of Recommended Practice for Local Authorities on Data Transparency also suggest that the organisation's pay multiple is published. The 'pay multiple' is the ratio between the highest paid employee and the median average earnings across the organisation which acts as a means of illustrating the relationship between the highest and lowest paid. This ratio has been included in the 2020/21 Pay Policy Statement and will be reviewed as part of future pay policies.

5. Financial Implications

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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 – 2020/21 Pay Policy Statement

Appendix B – Remuneration of Chief Officers

Appendix C – Other Aspects of Chief Officer Remuneration

13. **Author of the report**

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Email:- jhodgson@cravendc.gov.uk



PAY POLICY STATEMENT

2020/2021

Craven District Council – Statement of Pay Policy for the period 1 April 2020 to 31 March 2021

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 £17,364 and can be expressed as an hourly rate of pay of £9.00715. 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 1st April 2019 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 £102,841 which is paid to The Chief Executive. The average median salary in this authority is £21,166. 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 2020– end March 2021), 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	£102,841	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 2020/21.

Director of Services	£81,190	Travel and other expenses are re-imbursed through normal authority procedures	The terms of the contract of employment do not provide for the payment of bonuses	The terms of the contract of employment do not provide a provision for PRP	The terms of the contract of employment do not provide for an element of base salary to be held back related to performance	Honoraria payments for any increased duties and responsibilities do not apply	There are no plans for the postholder to receive any ex-gratia payments	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2020/21
Chief Finance Officer (S151 Officer)	£58,726 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	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2020//21

Solicitor to the Council & Monitoring Officer	£57,374 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	The postholder has a specific role in the Elections and receives a payment for this role	There are no payments related to joint authority duties	The authority's normal policies regarding redundancy and early retirement apply to the postholder. No payments were made in the last year and none are anticipated for 2020/21
Strategic Manager Planning & Regeneration	£57,374	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 2020/21	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 2020/21

Pay Policy Statement - Annex C

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

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

Policy Committee – 4 February 2020

Council Plan 2020 and Beyond



Report of the Chief Finance Officer (s151 officer)

Lead Member: Leader of the Council, Councillor Richard Foster

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 To present the Craven District Council Plan 2020 and Beyond for approval

2. **Recommendations**

Members are recommended to:

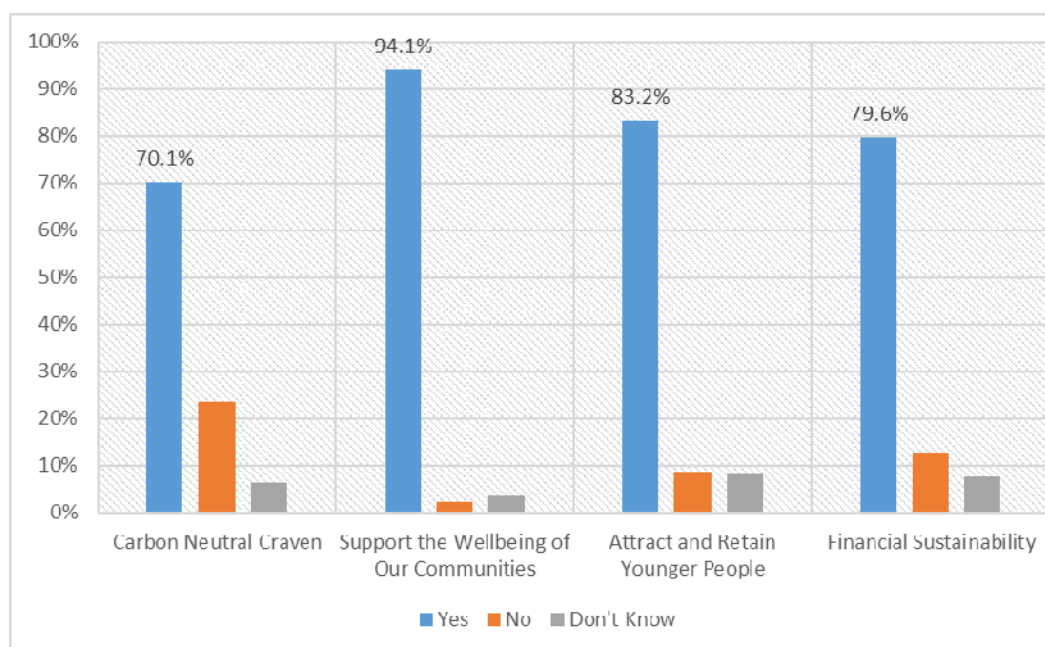
- 2.1 Approve the Council Plan 2020 and Beyond and give delegated authority to the Chief Executive to:
- a) make minor amendments including the revision of delivery mechanisms and amendments to timescales for delivery as necessary, in consultation with the Leader of the Council
 - b) agree performance 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. This plan represents a substantial change to the 2019 plan, with four new long-term priorities informed by the Peer Review process and a new strategic planning process. Although the Plan sets out our long-term vision and priorities we will continue to review and update the plan 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 2020/2021 Budget Consultation included a question on the Council's priorities. This asked consultees whether they thought the new council plan priorities were the right ones.

The budget consultation response shows substantial support for the Council's new priorities. Every one of the four new priorities achieved a higher approval score than the most popular priority in last year's consultation.



2020/21 – results of Budget Consultation – Priorities Question

- 3.4 Members are recommended to approve the Council Plan 2020 and Beyond and give delegated authority to revise delivery mechanisms and amend timescales for delivery as necessary; and agree performance indicators and associated targets for 2020/21 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 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) and supported by the proposed revenue and capital budgets for 2020/21.

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 Impact Assessment**

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.

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**

Rob Atkins – Exchequer and Performance Manager
Telephone: 01756 706493
E-mail: ratkins@cravendc.gov.uk

8. **Appendices**

Appendix A – Council Plan 2020 and beyond



Craven District Council Council Plan 2020 and beyond



A message from the Council Leader & Chief Executive

We are fortunate to live in this incredible district, with beautiful countryside, a low crime rate, wonderful people, and a rich cultural heritage.

We know we have a great responsibility to lead Craven forward, and protect what is dear to our communities, while providing more opportunities for young people and families.

This plan sets out our vision for 2020 and beyond, focusing on our key priorities which will really make a difference to the lives of our residents.

We have achieved a great deal in the last few years, with major projects including the redevelopment of Skipton Town Hall, a new playground at Aireville Park, shared ownership housing around the district, improvements to canal paths through Craven, and our Skipton Employment and Housing Growth Project, which will be crucial for economic growth in the whole district.

We must maintain this momentum as we look to the future, and a number of exciting projects are due to come to fruition in the coming years.

We also recognise the important role we must play in shaping the environmental future of our district, with a determination to create a low carbon economy in Craven.

This forms a new key priority in our Council Plan.

We believe this Council Plan will be a game-changer for Craven in the next 10 years; it involves significant amounts of external investment which will benefit everybody who lives and works here and visits the district.

Of course, we cannot deliver all these ambitions in one year; and we will need to work in collaboration with other organisations, and with our communities, to achieve our aims. We must ensure that development is sustainable, matches our values, and provides value for money, and we will continue to work hard to attract even more inward investment from external bodies.

In 2017, senior officers from other local authorities conducted a peer review for us, to find out more about our strengths, and how we could improve in the future.

The review found that we are a high-achieving, successful council, with good quality services, and we punch well above our weight.

It also highlighted the need for the council to be even more ambitious, while recognising that resources are limited, and to ensure partners and the public know and understand our considerable contribution to the local community and economy.

We were also advised to develop a corporate strategy setting out a clear vision beyond 2020 and the necessary approach to achieve this ambition. We have taken on board all the insights from this peer review as we have prepared this plan for the future. We hope you will support our Members and staff in their efforts as we continue to develop ambitious proposals to provide excellent value and high quality facilities and services for Craven.



Richard Foster
Council Leader



Paul Shevlin
Chief Executive

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 £3.31 a week per resident – based on the average Band D Council Tax.

Business and Tourism

- Supporting 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
- Running Tourist Information Centres in Skipton and Settle
- Supporting the delivery of local festivals and events across Craven
- Hosting the Green Apple Awards for environmentally-friendly businesses
- 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
- Hosting the Community Champions Awards Scheme
- Providing grants to local organisations and communities, including Ward Member Grants
- Working in partnership to reduce crime and social behaviour
- Supporting the development of dementia friendly communities across Craven
- Providing planning and building control services and administering local land charges
- Working with partners to address rural loneliness and isolation
- Managing bereavement services at Waltonwrays Cemetery & Crematorium in Skipton, and Ingleton Cemetery
- Maintaining public conveniences in Skipton and Settle



anti-so-

What your Council does for you

Culture and Recreation

- Maintaining Aireville Park in Skipton
- Supporting activity to develop the arts and sport across Craven
- Managing Craven Leisure facilities
- Running a programme of events across Craven during the Skipton Town Hall redevelopment



Democracy

- Maintaining the register of elections
- Administering elections 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



What your Council does for you

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
- Monitoring the quality and safety of private water supplies



Housing

- Preventing homelessness and providing 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
- Providing a Housing and Council Tax benefit claims service



Our Vision & Values

Our Vision

For Craven to be a prosperous place with strong and vibrant communities, where all residents enjoy a good quality of life.

Priorities for 2020 Onwards

- **Carbon Neutral Craven**
Facilitating economic growth in a low carbon Craven
- **Supporting the wellbeing of our communities**
Developing vibrant, connected and healthy communities
- **Attracting and retaining younger people**
Creating a district that attracts people of working age to live and work
- **Financial sustainability**
Ensuring a self-sustainable Council



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Create a low carbon economy

How we will do this

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

Key delivery mechanisms include

- Publication of the Local Development Plan
- Production of a masterplan to inform improvements to infrastructure in and around Skipton Railway Station that creates a sustainable economic vibrancy and an attractive gateway to the town
- Lobbying for investment in the road, rail, bus and green infrastructure serving all the District
- Implement schemes to increase walking and cycling in our towns



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Create a low carbon economy

How we will do this

Enabling the use of electric vehicle transport in Craven

Key delivery mechanisms include

- Facilitate and support initiatives to extend the Electric Vehicle Charging Network, across the main settlements
- Review the Council's commercial vehicle fleet and replace vehicles with an electric option where appropriate
- Explore options to use taxi licensing for the introduction of electric vehicles



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Create a low carbon economy

How we will do this

Acknowledge, reward and promote best environmental practice across businesses and the voluntary sector

Key delivery mechanisms include

- Writing and implementing a Climate Emergency Strategy and Plan, to ensure a planned and managed transition to carbon neutrality
- Running and promoting the Craven Green Apple Award scheme
- Promoting Business Support Services, to support and advise through national and regional provision
- Investigating options for community energy generation



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Create a low carbon economy

How we will do this

Ensure all businesses and residents in Craven have access to a high quality broadband and telecommunications connection by 2022.

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 networks



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

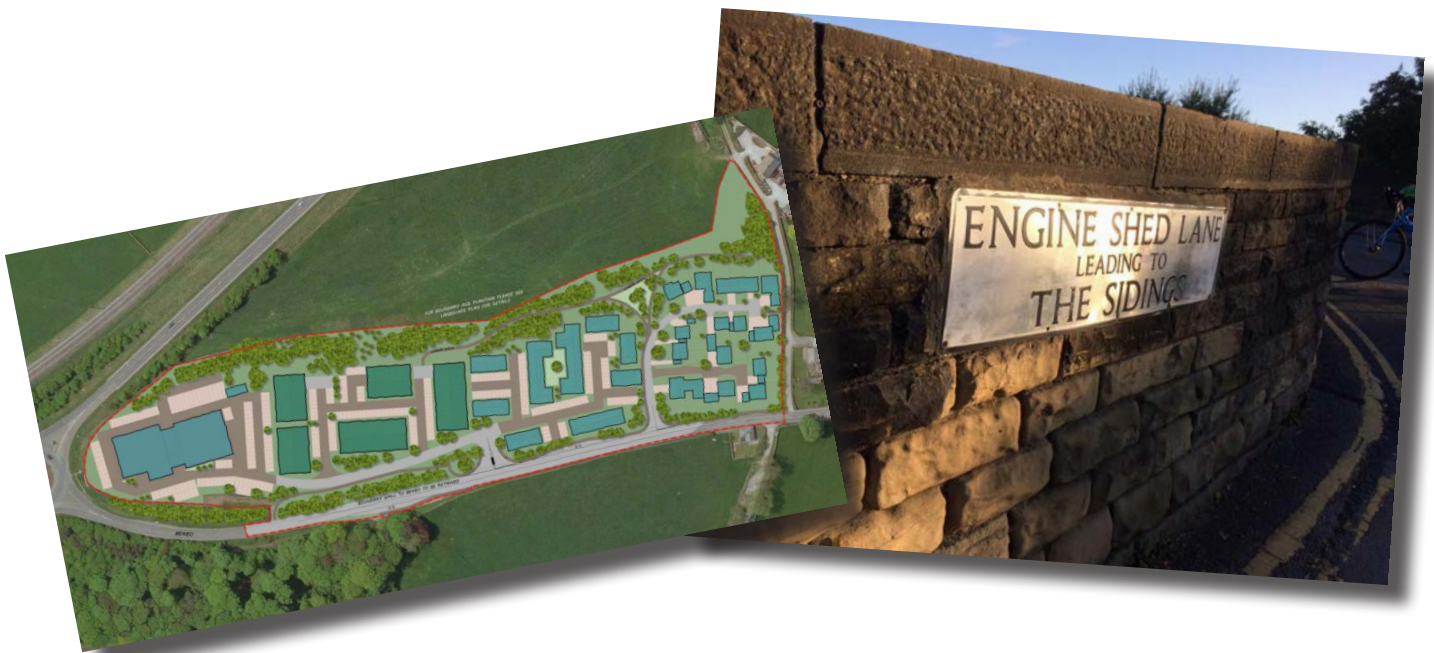
Stimulate business growth

How we will do this

Enable the development of 16 hectares of new employment land by 2030

Key delivery mechanisms include

- Development of the South Skipton Employment Zone and improvements to the Engine Shed Lane area
- Creation of new employment sites in Bentham, Ingleton and Settle (Anley Crag)
- Development of employment space at Langcliffe and Threshfield quarries.



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Stimulate business growth

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



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Low carbon housing

How we will do this

Provide affordable energy efficient homes

Key delivery mechanisms include

- Deliver the Empty Homes Strategy to bring empty homes back into use
- Design and develop a new carbon neutral housing model and roll out across the district
- Use the Council's own land to build low cost energy efficient, housing
- Use Council assets to build 25 homes per annum from 2020
- Promote and assist communities to take advantage of Community Led Housing



Our Priorities - Carbon Neutral Craven

Facilitating economic growth in a low carbon Craven

What we will do

Re-use and recycling of waste

How we will do this

Reduce waste to landfill and increase re-use and recycling

Key delivery mechanisms include

- Review the Waste Management Strategy and aim to achieve a 50% recycling rate
- Devise and deliver a Waste Education Programme to increase recycling of household and business waste
- End the use of single use plastics across all Council operations
- Explore options for the provision of anaerobic digestion facilities in Craven
- Reduce fly-tipping, littering and dog fouling through campaigns and enforcement



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

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



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

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

How we will do this

Deliver the adopted Local Plan

Review the adopted Local Plan, completed by 2025, to meet the needs of our current and future communities



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

Enable active communities and improve quality of life

How we will do this

Facilitate and deliver high quality public events that align with Council priorities

Key delivery mechanisms include

- Streaming live events into our rural communities
- Support and delivery of external festivals e.g. the puppet festival
- Use CDC assets to support larger events in the district e.g. Tour de Yorkshire, Skipton Triathlon, The Fold youth festival and the Yorkshire Dales Festival



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

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

- Actively participating in the Health and Care Partnership Board to encourage investment in prevention activities for the benefit of Airedale, Wharfedale and Craven residents including the Craven Communities Together Programme
- Identifying and implementing a range of projects to reduce health inequalities, including supporting the development of Dementia Friendly Craven
- Working in partnership with North Yorkshire Police, continue to develop the community safety hub, with a focus on prevention and anti-social behaviour
- Working with partners to provide improved support and intervention services for rough sleepers and those at risk of sleeping rough
- Support a cross sector partnership to look at the feasibility of the provision of a health and wellbeing hub for north Craven
- Reduce health and well-being inequalities of our most vulnerable residents



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

Enable active communities and improve quality of life

How we will do this

Make Craven's public spaces cleaner, safer and greener

Key delivery mechanisms include

- Working with relevant agencies and the Community Safety Hub to tackle anti-social behaviour
- Work with partners to start the development of the Northern Forest and DNAire, creating better habitats
- Develop and implement a new Aireville Park Masterplan



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

Enable active communities and improve quality of life

How we will do this

Enable community groups across the District to achieve their ambitions

Key delivery mechanisms include

- Continue to deliver the Ward Member Grant Programme providing support to a range of community groups across the District
- Enable community groups to achieve better quality facilities through planning gain and external funding opportunities



Our Priorities - Supporting the wellbeing of our communities

Developing vibrant, connected and healthy communities

What we will do

Enable active communities and improve quality of life

How we will do this

Improve access to and enjoyment of Craven's great heritage, culture and environment

Key delivery mechanisms include

- Development of Skipton Town Hall into a vibrant cultural community venue
- Enable and facilitate the development of new and existing hubs across Craven
- Establish in partnership with others a cultural apprenticeship scheme
- Deliver the Leeds & Liverpool Canal Interpretation Plan



Our Priorities - Attracting and Retaining Young People

Creating a district that attracts people of working age to live and work

Key delivery mechanisms include

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



Our Priorities - Financial Sustainability

Building a self-sustainable Council

What we will do

Create a council that is financially resilient without dependence on core government grant and able to deliver the services that reflect residents' priorities

How we will do this

Ensure financial and corporate governance arrangements are robust and support the delivery of the council's priorities

Key delivery mechanisms include

- Reviewing and implementing the Council's Medium Term Financial Strategy
- Undertaking a budget consultation with residents and stakeholders
- Setting a balanced budget annually that supports the delivery of council priorities
- Responding to consultations and changes that affect Local Government and/or the Council thus ensuring that our voice is heard
- Investigate the possibility of signing up to the Councils for Fair Tax Declaration



Our Priorities - Financial Sustainability

Building a self-sustainable Council

What we will do

Create a council that is financially resilient without dependence on core government grant and able to deliver the services that reflect residents' priorities

How we will do this

Act commercially, maximising income from services and investment to generate additional income.

Key delivery mechanisms include

- Ensure that the council's financial plans remain robust in order to maintain financial resilience
- Exploring and exploiting opportunities presented by grant funding and through devolution
- Ensuring that the medium and long term financial implications of all decisions are understood
- Ensuring that the balance between risk and reward is properly understood



Our Priorities - Financial Sustainability

Building a self-sustainable Council

What we will do

Create a council that is financially resilient without dependence on core government grant and able to deliver the services that reflect residents' priorities

How we will do this

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

Key delivery mechanisms include

- Invest in appropriate new assets to improve the financial sustainability and well-being of the district.
- Delivering a range of schemes through our Joint Venture Company that support regeneration, growth and income generation across the district.



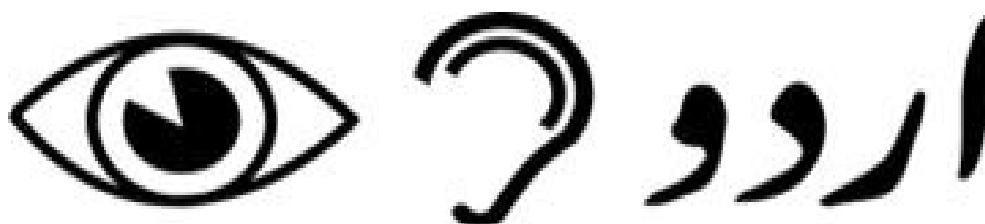
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Policy Committee – 4th February 2020

CAPITAL PROGRAMME 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 To seek approval of the proposed capital programme for 2020/21-2023/24, subject to there being sufficient capital resources.

2. **Recommendations**

That the following be recommended to Council:-

- 2.1 Members note £2,847,850 of continuing projects from the 2019/20 – 2022/23 programme. No slippage has been confirmed at this stage.
- 2.2 Members approve new capital programme projects of £1,647,524.
- 2.3 Members approve a total capital programme for 2019/20 of £4,495,374.
- 2.4 That the final allocation of funding for the 2020/21 capital programme is confirmed once the outturn position of the 2019/20 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. 2020/21 Capital Programme

- 4.1 The proposed capital programme and its funding for 2020/21 of £1,648k is attached at Appendix A. This also details the continuing commitments of £2,848k, from the 2019/20 programme. The total proposed Capital programme for 2020/21 equals £4,495.
- 4.2 A summary of the outline capital programme is shown at Appendix B for 2020/21 to 2023/24. The information for 2021/22 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 2020/21 to 2023/24.

Table 1: Planned Capital Programme

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Vehicles, Plant & Equipment	312	384	75	50
Private Sector Housing	683	683	683	683
Council Properties	596	1,463	1,340	0
IT facilities	22	0	0	0
Leisure & Recreation	35	0	0	0
Projects carried forward from 2016/17	2,848	30	30	60
Total Capital Programme Costs	4,496	2,560	2,128	793

- 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 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 either the

majority of available forecasted capital receipts or borrowing by the end of 2020/21 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.

Table 2: Forecast Capital Resources

	2019/20 Estimated (At Q2) £'000	2020/21 Proposed £'000	2021/22 Indicative £'000	2022/23 Indicative £'000
Capital Receipts at Start of 2017/18 Year (CRR)	2,070	1,095	1,195	1,495
In Year resources - (Capital Grants/receipts received)	4,265	1,310	983	983
Use of in Year Capital grants	1,349	983	683	683
Use of Capital Receipts	3,891	227	-	-
Total Use of Capital Resources	5,240	1,210	683	683
Contribution From NHB Reserve	361	-	-	-
Contribution From Enabling Efficiencies Reserve	35	10	10	10
Contribution From Vehicles Reserve	108	342	384	75
Contribution from IT Reserve	254	42	20	20
Contribution from Buildings Reserve	152	104	-	-
Underwrite the Capital Funding to cover the external funding applications	2,413	-	-	-
Potential utilisation of Borrowing for Shared Ownership and CDC Developments		2,788	1,463	1,340
Total Use of Reserves/Borrowing	3,323	3,286	1,877	1,445
Forecasted Capital expenditure in year	8,563	4,496	2,560	2,128
Capital Receipts at end of Year (CRR)	1,095	1,195	1,495	1,795

- 4.8 The council has borrowing capacity available for use in either the capital programme or to repay external loans. This borrowing capacity arises through the Minimum Revenue Provision (MRP) charge to the revenue account each year. The use of the borrowing capacity is flexible and can be carried forward to future years. In addition, the Council can decide to increase borrowing capacity, through raising new external loans to fund its Capital programme. This however has revenue implications associated with repayment of the external debt.
- 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 2020/21 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 2019/20 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; Vehicle Replacement Reserve, IT Projects Reserve, the Enabling Efficiencies and Buildings Reserve and the impact of the proposals within this report are summarised in Table 4.

Table 3: Capital Programme & Resources

	2020/21 Estimate £'000	2021/22 Indicative £'000	2022/23 Indicative £'000	2023/24 Indicative £'000
Capital Programme Costs	4,496	2,560	2,128	793
<u>Funding Resources</u>				
Capital Receipts / grants	1,210	683	683	683
Earmarked Reserves	498	414	105	110
Potential Borrowing subject to Capital Receipts	2,788	1,463	1,340	0

5.1.2 The 2020/21 to 2023/24 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 2019	338	511	459	302	2,319
Allocation To Revenue & Capital Projects 2019/20	(212)	(30)	(97)	(60)	(313)
Net Contributions Received / Planned 2019/20	30	30	52	0	340
Estimated Balance Carried Forward 31 March 2020	156	511	414	243	2,346

5.2 **Legal implications**

None as a direct result of this report. The Council has a balanced budget for 2020/21, 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 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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9. Appendices

Appendix A – Capital Projects and Proposed Funding 2020/21.

Appendix B – Indicative Capital Programme 2020/21 to 2023/24

Preliminary list of Capital bids 2020/21 - onwards

Appendix A

Ref.	Service Unit	Description	2020/21 £	External Contributions 2020/21 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2021/22 £	2022/23 £	2023/24 £	External Contributions in 21/22 to 23/24 £	Proposed Funding
New Bids for 20/21											
CAP01 20/21	Waste Management	Vehicle Replacement Programme	312,000	-	312,000	-	384,000	75,000	50,000	-	Vehicle Reserve
CAP03 20/21	Craven Leisure	Dosing System Renewal	25,000	-	25,000	-	-	-	-	-	Building
CAP04 20/21	Craven Leisure	Poolside Grates	10,000	-	10,000	-	-	-	-	-	Building
CAP07 20/21	Property Services	Town Hall Remedial Works	55,000	-	55,000	-	-	-	-	-	Building
CAP09 20/21	Bereavement Services	Re-Roof the Book of Remembrance Chapel	14,000	-	-	-	-	-	-	-	Building
CAP10 20/21	Environmental Services & Housing	Disabled Facilities Grants	683,000	(683,000)	-	-	683,000	683,000	683,000	(2,049,000)	DFG Grant
CAP11 20/21	Assets & Commercial Services	SECTION 106 SHARED OWNERSHIP ACQUISITIONS	300,000	-	300,000	(9,220)	-	-	-		Grant
CAP12 20/21	Assets & Commercial Services	Development of CDC Land	226,824	-	226,824	-	1,462,579	1,339,755	-	(1,000,000)	Cap Rec
CAP13 20/21	Financial management	Agresso Upgrade	21,700	-	21,700	-	-	-	-		ICT Reserve
Total 20/21 Bids			1,647,524	(683,000)	950,524	(9,220)	2,529,579	2,097,755	733,000	(3,049,000)	
Ref.	Service Unit	Description	2020/21 £	External Contributions 2018/19 £	CDC capital resources [including Split of resource if given] £	Revenue impact - detrimental (+) favourable (-) £	2021/22 £	2022/23 £	2023/24 £	External Contributions in 20/21 to 22/23 £	
Continuing Commitments from 19/20 Bids											
CAP01 19/20	ICT & Transformation Services	Replace Computer, Server and Appliance equipment.	20,000	-	20,000	-	20,000	20,000	60,000	-	ICT Reserve
CAP02 19/20	Property Services	Replace Maintenance Vehicles	30,000	-	30,000	-			-	-	Vehicle Reserve
CAP03 19/20	ICT & Transformation Services	Integrate Systems and review service areas.	10,000	-	10,000	(10,000)	10,000	10,000			Enabling Efficiencies Reserve
CAP09 19/20	Assets & Commercial Services	Shared ownership development	2,787,850		2,787,850						Cap Rec / Borrowing
			-	-	-						
Total 19/20 Bids Continuing			2,847,850	0	2,847,850	(10,000)	30,000	30,000	60,000	0	
Total 19/20 & 20/21 Bids			4,495,374	(683,000)	3,798,374	(19,220)	2,559,579	2,127,755	793,000	(3,049,000)	

CAPITAL PROGRAMME 2020/21 to 2023/24

	Proposed Programme 2020/21 £	Forecasted Programme 2021/22 £	Forecasted Programme 2022/23 £	Forecasted Programme 2023/24 £
<u>CORPORATE PRIORITY/SCHEME:</u>				
Strategic Housing Services				
- Disabled Facilities Grants	683,000	683,000	683,000	683,000
Waste Management Services				
- Replacement Vehicles	342,000	384,000	75,000	50,000
- Maintenance works to the Book of Remembrance Chapel	14,000	-	-	-
Asset & Commercial Services				
Shared Ownership	2,787,850	-	-	-
- Shared Ownership Development and the Development of Council Land	526,824	1,462,579	1,339,755	-
- Town Hall remedial Works	55,000	-	-	-
Leisure & Community Facilities				
-Dosing System Renewal	25,000	-	-	-
- Poolside Grates	10,000	-	-	-
Information Services				
- Replacement programme	20,000	20,000	20,000	60,000
- Agresso Financial Managemnet System Upgrade	21,700	-	-	-
- Integrate Systems and review service areas.	10,000	10,000	10,000	-
TOTAL	4,495,374	2,559,579	2,127,755	793,000

Policy Committee – 4th February 2020

Revenue Budget 2020/21 and Medium Term Financial Plan (MTFP) 2020/21 to 2023/24



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 2020/21
- Recommend a prudent level of General Fund Revenue Balances for the financial year.
- outline the Medium Term Financial Plan (MTFP) to 2023/24

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 2020/21 of £7,042,116 detailed at Appendix A is approved.
- 2.3 The schedule of growth bids of £152,195 as identified in Appendix C be approved.
- 2.4 The savings of £68,000 in Appendix D is incorporated into the budget.
- 2.5 A contribution from New Homes Bonus Reserve of £225,000 is made to support the 2020/21 budget, subject to the realisation of the Amber Savings identified in Appendix D. This is in addition to £137,000 for approved projects. Giving a total of £353,000.
- 2.6 The assessment of the Robustness of the Budget and Adequacy of Reserves in Paragraph 10 and Appendix F is agreed and that the Section 25 report is noted.
- 2.7 The estimated sum of £995,000 as identified as the General Fund Balance as at 31 March 2020 in Paragraph 10 and Appendix F be approved.
- 2.8 That Council Tax is increased at Band D by £5 to £177.21
- 2.9 The Revenue Budget incorporates the net contributions to/(from) earmarked based as detailed in Tables 1 & 2, Appendix A and Annex 1).

2.10 That

- (a) as part of the Budget setting report to Council an update is provided on the estimated Craven DC allocation of retained business rates North and West Yorkshire
- (b) any significant variance to the figures included within the budget report proposals are adjusted through contributions (to)/from the business rates equalisation reserve.

2.11 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.

2.12 The Funding sources identified in the report and Appendix A be approved as follows:

		£'000
a)	Revenue Support Grant	-
b)	Rural Services Grant	280
c)	Housing Grants	46
d)	New Homes Bonus	564
e)	Retained Business Rates	1,720
f)	Business Rates Collection Fund (Deficit)	14
g)	Council Tax Collection Fund Surplus	25
h)	Council Tax	4,008
i)	Contribution from General Fund Balance	0
j)	Contributions (to)/from Earmarked Reserves	385
	Total Funding	7,042

2.13 That the attached Medium Term Financial Plan and the estimates of future years' budgets contained therein are noted.

3. Background Information

3.1 This report presents a balanced budget for Members to approve for 2020/21 and sets out the likely requirements to achieve a balanced budget over the medium term. 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 2020/21 budget is based on the draft grant settlement announcement in December 2019. It is expected that there will be little change to the figures. As part of the announcement, by the Secretary of State for Communities and Local Government, permission was given for Councils, in 2019/20, to increase their Council Tax by 1.99%, without triggering

a referendum or £5 (if Band D is less than £250), whichever is the greater. In calculating estimates of council spending for 2020/21, the government assumes the maximum rise will be applied.

- 3.3 A £5 increase gives a Council tax of £177.21 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 is due to be completed for the deadline of 31 January 2020. The information on the NDR1 is an estimate and the actual financial position will normally vary from the estimate.
- 3.5 A budget consultation exercise has been undertaken and a summary of the feedback is noted in paragraph 11 below and more detail included at Appendix G.

4.0 Revenue Budget Proposals 2020/21

- 4.1 Appendix A, attached, identifies the proposed budget for 2020/21 at £7.042m. (£6.691m 2019/20). Indicative budgets are also shown for 2021/22 and 2022/23. The budget includes £152k of revenue bids (£67k 2019/20) and £498k (£365k 2019/20) of support to the Capital Programme which will be funded from earmarked reserves. Overall the Net Cost of Services has increased by £351k.
- 4.2 The summary budget for 2020/21 and indicative future budgets are shown in Table 1 below.

Table 1: Summary Budget 2020/21 and indicative budget for 2021/22-2022/23

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Enterprising Craven	1,075	835	706
Resilient Communities	1,986	2,186	2,299
Financial Sustainability	2,871	2,952	3,058
Net Cost of Services	5,932	5,973	6,063
Revenue Growth Bids	152	147	152
Capital Costs & Investment Income	385	461	491
Revenue Contribution to Capital Programme	498	414	105
Corporate Contingency	75	75	75
Net Revenue Expenditure	7,042	7,070	6,886
CTax & NDR Collection Fund (Surplus) / Deficit	(39)	(30)	(30)
Government Grants*	(326)	(326)	(326)
New Homes Bonus	(564)	(135)	(69)
Non Domestic Rates & Grant	(1,720)	(1,600)	(1,600)
Funding required from Tax & Reserves	4,393	4,978	4,861

	2020/21 £'000	2021/22 £'000	2022/23 £'000
Contributions to/(from) Reserves	28	(380)	(153)
Budget Support required (subject to amber savings)	(413)	-	-
Council Tax (proposed £5.00 increase)	(4,008)	(4,142)	(4,277)
Savings Required	-	456	431

- 4.3 Appendix B gives a subjective analysis of the net cost of service by cost centre.
- 4.5 Further information on the indicative 2021/22 and 2022/23 budgets is included within the Medium Term Financial Plan included as part of Appendix A.
- 4.6 The budget provides for contributions to reserves of £686k and contributions from reserves of £658k giving net contributions to reserves of £28k as detailed in Table 2 below.

Table 2: Contributions to/(from) Reserves 2020/21

Reserve	Contribution To £'000	Contribution From £'001	Net Movement £'000
New Homes Bonus	564	(137)	427
Business Rates Contingency	-	-	-
Insurance Fund	10	-	10
Buildings	52	(104)	(52)
IT Projects	30	(42)	(12)
Vehicles	30	(342)	(312)
Enabling Efficiencies	-	(17)	(17)
Elections	-	(16)	(16)
Future Year Budgets	-	(0)	(0)
Total	686	(658)	28

- 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 ongoing impact of the reduction or removal of sources of financial support from government. The plan is regularly reviewed and updated. Savings and additional income achieved in 2019/20 equates to £188k and is included within the 2020/21 budget. This information is shown at Appendix D.

5. Review of 2019/20

- 5.1 Corporate monitoring of the budget has taken place through monthly income and staffing costs reported to the Corporate Leadership Team (CLT) and Senior Leadership Team, quarterly reporting to this Committee and Value for Money

clinics with services throughout the year.

- 5.2 Based on the Quarter 2 Budget Monitoring Report to Policy Committee in December 2019, an underspend of £306k was forecast.
- 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 2019/20. These underspends reflect the target savings and other service expenditure variances. These in-year savings will be used to contribute to certain reserves to support the council's short-term financial position and to help support the delivery of important council projects in future years. Identification of savings, without detriment to public service provision, is becoming extremely challenging and the council is continuing to seek to deliver balanced budgets through maximising income generation opportunities, commercial ventures and careful cost management, whilst continually seeking to find additional savings.
- 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 2020/21 Revenue Budget and MTFP

- 6.1 Figures released by the Office of National Statistics showed that CPI inflation for the year to December 2019 was 1.5%.

Pay and Prices Inflation

- 6.2 The budget for 2020/21 and beyond includes an estimated impact of future national pay awards and ranges from 2-3%. Recent pay awards have tended to be weighted towards providing greater increases to lower salary bands, rather than a standard increase across all grades. For example, such increases have recognised the impact of the National Living Wage and the related impact on salary bandings.
- 6.3 The pay budgets also allow for the impact of the triennial revaluation of the pension fund. The latest triennial valuation from 2020/21 to 2022/23 provides a reduction overall in the council's pension liabilities as the Pension Fund has now recovered previous pension deficits. Current service costs are increasing (by 7.8%) over the next three years but the removal of the deficit liability means that costs over the coming three years will be approximately £381k less in total. The profile of the current service costs is higher in 2020/21 then it reduces for the subsequent two years. The budget therefore has been set at the average position for the coming three years, which means a cash contribution (already identified) is required to support part of the liability for 2020/21, rather than build it into the base budget.
- 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.
- 6.5 In total cost pressure of £82k arising from inflation has been incorporated into the 2020/21 budget.

6.6 Fees & Charges

Increases to fees and charges were agreed by Policy Committee at its meeting on

3rd December 2019. 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 £60k of additional income.

6.7 Financing of Capital Expenditure

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 2020/21. Consequently, there is no need to increase the Revenue Budget in respect of increased external loan costs. However, if schemes develop during the year that require additional borrowing, the implications will be reported to Policy Committee and supplementary approval requested.

- 6.8 The council's capital programme has to be financially sustainable and fully financed. Significant schemes can only progress with the support of external funding. To deliver its investment priorities, the use of capital receipts, revenue reserves and contributions, grants and external borrowing (which will have a revenue impact) will be evaluated. In addition, investment in or acquisition of assets with revenue generating potential will also be considered where appropriate. A summary of the Capital Programme forecasts is shown in Table 3

Table 3: Capital Programme Forecast 2020/21 – 2023/24

	2020/21 Estimate £'000	2021/22 Indicative £'000	2022/23 Indicative £'000	2023/24 Indicative £'000
Capital Programme Costs	4,496	2,560	2,128	793
<u>Funding Resources</u>				
Capital Receipts / grants	1,210	683	683	683
Earmarked Reserves	498	414	105	110
Potential Borrowing subject to Capital Receipts	2,788	1,463	1,340	0

7. **2020/21 Revenue Budget Funding**

Grant Settlement and Specific Grants

- 7.1 The Draft Local Government Finance Settlement for 2019/20 was announced on 20th December 2019. The date of the final settlement is as yet not confirmed and so the budget report has been based on the draft announcement as little change is expected to the final figures.
- 7.2 The Council has previously accepted the government's Four Year Settlement Offer which was made as part of the 2016/17 funding announcements and runs to March 2020. The settlement for 2020/21 could be viewed as an additional year of this agreement and is very much one-year in nature introduces no material changes to the methodology and approach. There is no clarity nationally beyond the next financial year and it is assumed that the previously planned funding formula review, review/resetting of business rates and changes to or removal of the New Homes Bonus (NHB) will all continue. Individually and collectively, each of these will have a significant impact to the council's funding position.

- 7.3 The key elements of the provisional settlement announcement and associated notification regarding New Homes Bonus, which have been incorporated into the budget proposals for 2020/21 are:
- No Revenue Support Grant
 - 1.6% increase to the Settlement Funding Assessment (around £24k)
 - Rural Services Delivery Grant remains at £280k
 - The methodology to distribute NHB continues for a further year, with funding of £564k
 - Continued support to councils to manage the impact of the change from RPI to CPI indexation on Business Rates (£59k)
- 7.4 The Fair Funding Review first announced in February 2016 is still unresolved. The review should set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The outcome will likely result in redistribution of funding (winners and losers) and so the impact will have to be carefully managed nationally, with, it is hoped, a sensible transition period to mitigate the impact on individual councils.
- 7.5 No new discounts or reliefs have been included in the provisional settlement. New discounts were proposed in the Conservative Party manifesto and confirmed in the Queen's Speech. These proposals are a further one-year retail discount will be available in 2020-21 and an extension of the discount to music venues, cinemas and pubs from 2020-21 through to 2023-24. It is assumed that councils will be compensated for this via s.31 grant funding or other grants.
- 7.6 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. Not doing so will result in a permanent weakening of the council's finances.
- 7.7 Retained Business Rates
For 2020/21 the Council estimates that it will collect around £18m (£18.207m 2019/20) in business rates. The Government has allocated to the Council £116k (£118k 2018/19) for the cost of administering the rates system. Members will be aware that the Council is part of the North and West Yorkshire 50% business rates retention scheme for 2020/21. The exact financial benefit/impact of the pilot is not known at the time of writing the report, however, the key benefit of pool membership is the pooling of tariffs (£600k v £96k) absorbed by the pool and the redistribution of growth across a much wider area. The estimated impact of the pool for 2020/21 should be known just prior to the meeting of Policy Committee in 4th February and there may be an adjustment required to the estimated figures for business rates income included in the budget. Any amendments to the income from rates will be adjusted as part of the Council Tax setting report due to be presented to Council on 25th February 2020.
- 7.8 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 the expected reset of business rates in 2021 which will review our baseline target and (presumably) increase it, meaning that the benefits the Council has derived from collections above baseline

to that date will disappear. In addition, the Queen's speech delivered in December 2019, highlighted that the government is committed to a 'fundamental review' of business rates. Such a review, alongside the funding formula review highlighted above and noting the national debate to address how the care system is funded, means that medium term funding picture for local government remains very uncertain.

- 7.9 The application for Business Rates pool membership for 2020/21 with the North and West Yorkshire authorities was successful. The pool is intended to be "fiscally neutral" at baseline, but authorities will gain from retaining 50% of any above-baseline growth, note, we retained 75% as part of the pilot arrangement in 2019/20.
- 7.10 An estimate of the business rate income based around the current position is included in the budget. 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 and reviewed if necessary in the new financial year.
- 7.11 The Council has declared that there will be a £35k surplus on the NDR collection fund at the end of 2019/20 and that its share will be £14k. this forms part of the budget for 2020/21.

Localisation of Council Tax

- 7.12 Financial support to assist the Council with the Localisation of Council Tax Scheme is contained within the assessment by MCHLG of the Council's funding needs. The amount however is not identifiable.
- 7.13 The Council has agreed that for 2020/21 the Localisation of Council Tax Support Scheme will remain at 2019/20 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%.
- 7.14 New Homes Bonus
The indicative New Homes Bonus (NHB) allocation for 2020/21 is £564k. There were no additional changes to the scheme for 2020/21 over those announced in 2017/18, where the award period was reduced to four years of payments rather than the previous six.
- 7.15 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. The 20/21 figure is yet to be released but for 19/20, for Craven, this equated to an increase of approximately 109 new properties each year out of an annual needs allocation of 230, before NHB would be paid.
- 7.16 Remember that NHB is not new money - it has been top sliced from RSG for redistribution. The Council unlike many others has, on the whole, been utilising NHB grant to fund specific projects within the District and to date over £3m has been allocated to such projects. The choice on how to utilise NHB is at the discretion of the Council as it is an unhypothecated funding stream. It can therefore be applied to support capital or revenue investment.

- 7.17 In view of the current funding 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. Once the identified amber savings (£188k) are taken into account there is still a need for budget support from the reserve of around £220k. However, this is subject to the outcome of the 2019/20 year, and savings could be set aside to mitigate this draw on reserve.

8. Financial Standing and Governance

- 8.1 Subject to the agreement of the Budget, the Council's 2020/21 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 2020/21 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.
 - Managing the continued uncertainty around key funding sources, such as business rates and going forward, NHB.
- 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 2020/21. Regular 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 provisional Settlement announcement confirmed that the referendum limit for Council Tax rises in 2020/21 is 1.99% (reduced from 2.99% last year). 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 2020/21 by £5 to give a Council Tax at Band D of £177.21. 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.

During 2019/20, the Council declared a climate emergency. The actions the council will take to respond to this are still being developed. In anticipation of financial commitments that will likely be required to invest in this priority, a new reserve will be established to begin to set aside funds to support the council's commitment.

- 10.3 This budget report shows that the estimated position on the General Fund Balance at 31 March 2020 will be £995k. No further contribution will be made to it in 2019/20. 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 proposals set out are robust and will deliver a balanced budget in 2020/21, 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 October 2018. The consultation focussed on areas of expenditure, income, savings and Council priorities. The Council received 160 responses compared to 164 for 2018/19. A summary of the feedback from the Consultation is attached at Appendix G.

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 2020/21 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. The proposals for 2020/21 are very much in the context of a 'one-year' budget. The future of key funding sources remains uncertain beyond 2020/21 and if cost pressures continue to grow faster than can be absorbed through local funding, difficult decisions will be required to balance the budget in future years.

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**

Fees & Charges 2020/21 – Policy Committee December 2019
Council Tax Base Report
Collection Fund reports

15. **Authors of the Report**

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16. **Annexes**

Annex 1 – Medium Term Financial Plan - 2020/21 – 2023/24

17. **Appendices**

Appendix A – Summary Revenue Budget 2020/21 – 2022/23
Appendix B – Subjective Analysis 2020/21
Appendix C – Summary Revenue Growth Bids
Appendix D – Income & Savings Plan
Appendix E – Budget Risk Assessment
Appendix F – Robustness of Budget and Adequacy of Reserves and Balances Assessment
Appendix G – Budget Consultation

CRAVEN DISTRICT COUNCIL**Medium Term Financial Plan 2020/21 – 2023/24****1. Introduction and Background**

- 1.1 The Medium Term Financial Plan (MTFP) provides a financial framework for the Council's strategic planning and decision making over the next four years. This enables a longer term strategic view to be taken when decisions are made that have a financial impact beyond the annual budget. The MTFP spreadsheet is regularly reviewed and formally updated on an annual basis to provide a rolling longer term financial strategy and forecast. Given the number of variables and uncertainties that can impact the council's financial position (some significantly), there is limited value in extending the period of the MTFP beyond four years. For example, the continuing volatility and uncertainty around Government funding as a consequence of Business Rates Retention, Revaluation and Reset, the Fairer Funding Review and the range of impacts associate with the consequences of the UK's withdrawal from the European Union.
- 1.2 Previous versions of the council's Longer Term and Medium Term Financial plans have taken a cautious and prudent view of the Council's finances given the uncertainty within the wider economy and the Government's on-going resource review. This paper presents the annual update taking into account changes to the key assumptions within the strategy as a consequence of known and anticipated external factors.
- 1.3 The MTFS sets out the latest estimated funding resources that will be available to the Council over the period 2020/21 to 2023/24, the demands on those resources, and the level of savings or additional income that is likely to be needed to keep a balanced budget and to keep Council Tax affordable. Anticipating financial pressures now enables the Council to plan ahead to meet the significant challenges that local government continues to face over the medium term. In this way we can ensure that financial resources are targeted to the Council's highest priorities within the Council Plan and maintain financial stability.
- 1.4 The MTFP covers all revenue and capital spending plans of the Council.
- 1.5 The MTFP seeks to achieve the following objectives.
 - a) Budgets are prudent and sustainable in the long term.
 - b) Financial plans recognise corporate priorities and objectives.
 - c) The capital programme and its resource requirements are factored into forecasts (including the revenue consequences of capital decisions).
 - d) Constraints on revenue and capital resources are recognised and taken into account.
 - e) Significant risks are identified.
 - f) Prudent levels of general balances, reserves and contingencies are

maintained in the context of an assessment of the risks facing the Council.

- g) Cash identified to support the revenue budget position is applied only in a carefully managed and prudent way.

2. Update on Financial Assumptions

General Inflation (Prices)

- 2.1 The Government has set a target to maintain the CPI measure of inflation at 2%. During 2019, it has not gone beyond 2% and as of November, is 1.5%. The rate in September, which is used for setting many government revenues for the following year (and is the base assumption for the Council's level of fees and charges increase) was 1.7%. The Bank of England's Monetary Policy Committee (MPC) in its November report, forecasts CPI to be 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021.
- 2.2 For the purposes of the MTFP, an assumption for general price inflation of 2% is included but this is revised annually to account for any in-year or known variances, for example, in the cost of utilities. This should give enough flexibility for above average increases in relation to items like utility costs. Price inflation will only be allocated to service budgets as required, not as a general rule.

Inflation – Pay

An inflationary allowance of 3% for pay increases has been included for next and subsequent years. The national award for 2020/21 has not yet been agreed but 3% allows for growth above the 'standard' 2% assumption to account for likely distribution of pay awards to favour greater increases to lower pay bands, meaning the overall cost increase is likely to be greater than 2%.

- 2.3 Fees and charges, where appropriate, were increased by at CPI for 2020/21 which is in line with the Council's policy. The MTFP assumes that this will continue. However, with the need to ensure a sustainable Council the policy will need to be kept under review to ensure that it remains appropriate going forward. Any exceptions to this will require an adjustment to the MTFP.

Interest Rates

- 2.4 The bank base rate has been maintained at 0.75% since August 2018. Latest forecasts are that rates will remain at 0.75% until September 2020, increasing to 1% thereafter, this of course can change as economic and political factors change.
- 2.5 Changes to bank interest rates impact the level of return on council investments and on the cost of borrowing, particularly when the borrowing is not from the government. Borrowing rates from the government are driven by the demand for Government Gilts and these have been at record low

levels for a number of years. HM Treasury increased the cost of local authority borrowing recently by 1%, though the rates still remain low by historical standards. The difference between the rates the council can achieve on investment yield and the cost of existing borrowing currently is around 2.5%. The Council will need to take some additional long term external borrowing in future to ensure that its capital programme is adequately funded. The MTFP currently assumes that long term borrowing will continue in the short-term at its existing level of £5.988m. However, going forward the Council will be in an 'under-borrowed' position when compared to the value of capital projects funded from borrowing. This means the council is 'internally borrowing', using its working capital position and reserved cash to finance capital in the short term.

Projects currently being planned and requiring financing via long term borrowing in the next few years will be evaluated along with current projects to ascertain the optimum time-frame for securing this funding. Borrowing may however be required to fund capital projects in the short term to bridge temporary funding gaps (although this has not been required as yet), in particular to provide cash-flow support for the housing and regeneration projects developing through the council's joint venture company.

- 2.6 If the Council decides to borrow to fund the Capital programme then the estimated additional cost of borrowing £1.0m next year would be approximately 3.4% from the government (via the PWLB) for 25-year money, meaning the annual cost would be approximately £75k.

Expenditure Assumptions

- 2.7 Budgets are cash limited – The MTFP reflects this policy, making no provision for service growth, which will require a revenue bid. Inflation has only been allowed on external contracts and in respect of pay, pensions and business rates. A corporate contingency of £75k has been provided to manage unexpected service pressures during the year.
- 2.8 Borrowing – In the long term the Council's current external borrowing of £5.988m is forecast to increase. There may also be a need in the short-term to undertake temporary borrowing to assist with cash flows to fund projects. Any additional borrowing will have an impact on the revenue account, and will be assessed as part of the financial viability of the proposed project. This and the rules governing the council's borrowing and investments are included in the council's treasury management strategy and statement (TMSS).
- 2.9 Pensions – The latest triennial valuation of the Council's contribution rate for the North Yorkshire Pension Fund will come into effect from April 2020 and run until March 2023. This contribution is based upon the returns of the fund investments, contributions and achieving a 100% funding position (rather than a deficit position). The latest valuation reports that there is no deficit payment to make as the funding position has improved, indeed funding is now in excess of 100%. The surplus that has built up will not be paid back but will be kept as a buffer to protect against future funding level volatility.

Pension fund policy is to return any excess over 110%, this will be reviewed at the next valuation. The estimated funding level for the Craven DC element of the fund has improved from 77.1% to 103.2%. However, to maintain stability in the fund, based on the latest actuarial assumptions, the 2020/21 service contribution has increased to 25.5% from 17.7%, although this is a significant increase it is somewhat mitigated by the removal of the deficit payments.

- 2.10 Pay awards & National Minimum Wage – A standard 2% increase is assumed in the MTFP from April 2020 with an additional 1% added to allow for weighted inflationary increases (in line with recent pay awards and the impact of changes to the national living wage). Adding an additional 1% gives some cover to allow for inflationary awards and makes some provision for movement within pay spinal columns as a consequence. Members' allowances are also increased in line with standard pay awards and 2% has been allowed for those.
- 2.11 Election Costs – The Council currently elects one-third of its members for three years out of four. There are elections in 2020/21; an elections reserve has been established so that the costs are spread over four years rather than three.

Income Assumptions

- 2.12 External Income – The model assumes that approximately 53% of external income will be subject to inflationary or growth increases. Planning assumptions apply an average rate of 2% growth to these income streams. Fees and charges should generally increase in line with cost inflation, unless there is a case made to deviate from this approach.
- 2.13 Interest on Surplus Funds – With the forecasts for the bank rate to remain at 0.75% in the short term, possibly increasing to 1% before the end of 2020/21, it is prudent for the MTFP to assume an average yield of 1% on investments.

3. Government Grants & Business Rates

- 3.1 The changes to the funding for Local Government are continuing with less and less support being made available from central government grants and more emphasis on funding generated locally, through Council Tax, fees and charges and retained Business Rates. The latter and other funding streams such as the New Homes Bonus (NHB) are designed to deliver central government objectives through local infrastructure – i.e. to financially incentivise councils to deliver new business growth and housing. It is very unlikely that these funding models will continue in their current form beyond 2020/21, with proposed changes to the business rates system planned and a tapering of New Homes Bonus with no replacement model yet announced.

Revenue Support Grant (RSG)

- 3.2 RSG was removed from 2019/20 and is unlikely to be reintroduced.
- 3.3 The Council receives an allocation of Rural Services Delivery Grant (RSDG). The MTFP has assumed that this will continue for the life of the Plan at £280k (based on the current and next year's allocation).
- 3.4 The provisional amount of the Council's grants and base line funding allocation from Business Rates was announced on 20th December 2020. This information has been included in the MTFP where appropriate.

Business Rates

- 3.5 Recent changes to the Business Rates system continue to unwind. The change from using CPI rather than RPI to uplift the rates multiplier means that baselines (and tariffs and top-ups) are adjusted to reflect the lower increase in the multiplier. Authorities will not therefore lose out if they are collecting business rate at baseline. But, for authorities above baseline, their gains will be lower, and the yield gap will be compounded over time. Craven has tended to collect at rates above baseline so the change will reduce the amount of income collected (and therefore able to retain above baseline) compared to what it would have been using RPI. It is assumed that authorities will receive a section 31 grant payment to compensate for any losses in income
- 3.6 The second fundamental change to the operation of the business rates system is the change in the pattern of revaluations: after the next revaluation (scheduled in 2022-23 but may be brought forward to 2021/22), revaluations will take place every 3 years. There is broad support for this change because it will reduce the volatility in the system and the scale of changes that occur with each revaluation. The introduction of 3-yearly revaluation will cause more regular upheaval – but the shorter periods ought to lessen the financial impact of revaluations when they occur, both for businesses and for the Council. The vast scale of increases in rateable value in some parts of the country in the 2017 revaluation undermined the credibility of the business rates system, and required huge transitional payments operating over many years to stabilise the system.
- 3.7 Other measures include 100% business rates relief for stand-alone public conveniences. The continuation of the £1,500 business rates discount for office space occupied by local newspapers. The reduction by one third (subject to state aid issues) of bills for retailers including shops, cafes and restaurants with a rateable value below £51,000. This scheme will last for 2 years from April 2019 and is expected to benefit up to 90% of retail properties. Note that within the Queen's Speech delivered in December 2019, the government committed to increasing the discount to 50%.
- 3.8 Under the Retention of Business Rates Scheme the Council retains a portion of business rates collected based on an assumed business rates income and the balance it pays to central government in the form of a tariff (which is now subject to CPI uplift rather than RPI).

- 3.9 The impact of rating appeals and other movements continues to be a volatile area of the rating system over which the Council has little influence.
- 3.10 The Council has been part of various Business Rates Pools since April 2014. Membership has been of benefit with the Council securing additional income (compared to what would have been achieved not being in a pool). Regional pools have also generated funding to support LEPs, that can and do provide further funding to projects that benefit the district. The Council was part of the successful North and West Yorkshire Bid for a Rates Retention (75%) Pilot in 2019/20 and has applied to be part of a similar arrangement in 2020/21 – albeit it a 50% retention scheme. The arrangements for 2020/21 are for one-year only.
- 3.11 The MTFP takes the estimated business rates income for 2020/21, based on modelled growth and distribution, but then takes a more pessimistic view for future years to allow for potential impacts of resetting and other changes to the rates system that are still being developed nationally. Forecasting future years' income is complicated by having to estimate the impact of the business rates reset planned and other potential changes to the system. It must be assumed that there will be a ceiling and floor mechanism to ensure the impact on councils is manageable over a reasonable period of time, as not to have some form of transition, when taken in the context of other fundamental changes to council funding, would cause some councils significant financial pressure. The year on year increase in business rates within the MTFP beyond 2020/21 an estimate of the impact of reset from April 2021 and indexation of retained elements going forward.
- 3.12 The Government as part of the settlement gives a baseline of rates income that it thinks the Council needs for funding services. Since localisation of business rates the actual income that the Council has collected as its share has exceeded this level. However the shared liability for appeals and other valuation fluctuations has meant in previous years all of this additional income has been required to be set aside to pay for this share.
- 3.13 The impact of the business rates revaluation which came into effect from April 2017 is still unwinding. The impact of appeals is still an area of uncertainty and a cautious estimate of the Council's share of business rates at just above baseline level for 2020/21, with some allowance for distributed retained growth, is included within the budget. Therefore, forecasts are that the Council will continue to generate rateable income above its baseline funding need for 2020/21 and under the business rates retention is able to keep its share of this, noting the arrangements for 2020/21 are for one-year only.
- 3.14 A reset of the Business Rates system was scheduled for April 2020 but has been deferred until at least April 2021. It is possible that the Government will take the opportunity to redistribute the "national surplus" towards adult social care or may take measures to ease the burden on businesses, particularly within the retail sector. Either approach will reduce the level of

rates income that the Council can retain and therefore it is prudent to forecast availability of rates from 2021/22 at a similar level to 2017/18 for budget purposes and place any additional rates income into the Business Rates or other reserve for use on one-off projects, until such time as there is more stability around the longer-term funding position.

New Homes Bonus (NHB)

- 3.15 This funding started in 2011/12 and provided Authorities grant based on the number of new properties completed and long-term empty properties brought back into use. It is based on the amount of extra Council Tax revenue raised. There is also an additional payment for providing affordable homes. In 2018/19 the payments for each eligible property were reduced from five years to four years the second reduction from the previous scheme of six years. The national baseline for housing growth introduced from April 2017 of 0.4% remained in 2019/20, for Craven this equates to approximately 107 properties. An assumption has been made in the MTFP that the building of new homes will match the target in the proposed local plan of 214 a year and an estimate net of the baseline for NHB is based on this going forward.
- 3.16 NHB is an unhypothecated grant, which means local authorities are free to decide how to spend it, as they are in the best position to make decisions about local priorities. As unhypothecated grant, NHB funds can therefore be spent on either revenue or capital, strategic projects, or placed in a local authority's reserves.
- 3.17 The majority of NHB that the Council has received has been placed in an earmarked reserve and it is being used on specific regeneration and capital projects, although some of the funding has been prudently used to support the revenue budget position. The general assumption within the MTFP is that expenditure – including assumed contributions to reserves - matches the funding available. This de-risks reduction to or the removal of NHB going forward to some extent, from a day to day budget perspective, as the revenue budget does not rely on the funding to support the base. However, removal or significant reduction without replacement would severely restrict the council's opportunities for future capital investment and risk delivery of the council's priorities.
- 3.18 The MTFP includes the impact of projects approved to commence with funding from the NHB reserve and continuation of the Member Grants for their wards. Going forward some NHB will continue to be required to support the budget in a prudent way, whilst income generation projects and other savings are implemented.

Fair Funding Review

- 3.19 The Fair Funding Review (FFR) has revealed that there are so many moving parts in the Review that changes will not be implemented before 2021/22 at the earliest, thus making the outcome and impact of the FFR difficult to assess. The Implementation of the Review will be linked with the review of business rates and so both will not happen before 2021/22.

- 3.20 Cost drivers are critical in getting the funding formula right and the criteria are felt to be that they should be:
- Relevant – with evidence to show that it has a significant impact on the cost of providing services
 - Objective – measurable using robust data that is collected on a consistent basis across England
 - Distinct – must explain a good degree of unique variation in the need to spend and not overlap
 - Stable – should not exhibit unpredictable or large changes year on year
 - Future proof – expected to drive the ongoing costs of providing services; not one-off events.
- 3.21 The FFR outcomes the government wants to achieve will:
- Set new baseline funding allocations for local authorities;
 - Deliver an up-to-date assessment of the relative needs of local authorities;
 - Examine the relative resources of local authorities;
 - Focus initially on the services currently funded through the local government finance settlement; and
 - Be developed through close collaboration with local government to seek views on the right approach.
- 3.22 Since the Business Rates Retention system was introduced in April 2013, additional layers of complexity and uncertainty have been added to the system to a point where there are significant challenges which numerous working groups are trying to resolve.
- 3.23 The FFR continues by suggesting that ‘the design and operation of the system has reached a point where it is arguably now unfathomable to anyone beyond the specialists and practitioners who work with the system on a day to day basis’. It identifies several the issues that have led to these complexities:
- Appeals – No-one quite envisaged just how much variability appeals would have upon annual levels of revenues and no-one has yet found an acceptable solution that mitigates the need for Billing Authorities to set aside revenues which could otherwise be used to fund local services or compensate Councils for actual (realised) appeal losses that they have little or no ability to mitigate;
 - Policy Announcements – A complex suite of s31 grants has been built up to compensate local authorities for losses resulting from policy announcements relating to business rates since April 2013;
 - Revaluation – The last revaluation exercise highlighted how challenging it is to rebalance the system following such an event. Although much effort was devoted to ensuring fiscal neutrality, in some cases it was only possible to use proxy calculations to determine no better/no worse positions. The same challenges (and more) need to be overcome for the forthcoming revaluation;
 - Devolution – A series of deals covering the devolution of powers, funding arrangements and the piloting of 100% rates retention have added another layer of complexity that is challenging to accommodate following

events such as revaluation or a reset of the system.

- 3.24 The local government paper states that it seeks to eliminate some of these challenges by setting out a proposal for simplifying the administration of the rates retention system from 1 April 2021 without compromising the original policy objectives underpinning Business Rates Retention. Primary of these is the objective to encourage and reward business rate growth. It believes it represents an 'evolution' of the system based on what the MHCLG and the Local Government sector has learned since 2013 and will:
- Ensure the Local Government share of Business Rates Revenue remains 'localised' and that it is demonstrably funding the provision of local services;
 - Include a reward element for local growth in Business Rate Revenues;
 - Honour existing commitments and agreements reached as part of the devolution agenda; and
 - Operate within the existing legislative framework given there is no opportunity to revise primary legislation before the reset is due in 2020.

4. Council Tax

- 4.1 As part of the budget statement made in September 2019 and restated in the provisional settlement issued in December 2019, the government proposed that the level of increase in Council Tax above which a public referendum for 2020/21 is required at 2%. In addition, a dispensation was allowed for District Council's allowing them put up Council Tax by a maximum of £5 if this was greater than the 2% increase and the average Band D Council Tax is below £250.
- 4.2 Government calculations of council funding needs assume the highest increase allowable is applied. If it is not, the Council suffers a permanent loss of revenue capacity in the year and in all subsequent years.
- 4.3 The Council tax base for Craven District has only seen a modest growth in recent years. The Local Council Tax Support Scheme has an impact on the council tax base, as do transfers of holiday let properties from Council Tax to Business Rates. The forecasts are that the base will continue to modestly increase at less than 1% a year. The national average increase of 0.61% was used in previous years, but the growth between 2019/20 and the calculated tax base for 2020/21 is 0.41%. This has therefore been used as the estimate in the MTFP for 2020/21 and a slightly higher level of 0.5% from 2021/22.
- 4.4 In addition, within the Council Tax collection fund any surplus or deficit is shared amongst the major preceptors and billing authority. When setting the Council Tax any anticipated surplus or deficit is taken into account at that time. The MTFP includes a surplus of £25k in 2019/20 (included in the 2020/21 budget) and assumes a level of £30k in the medium term.

Localisation of Council Tax Support Scheme

- 4.5 Support provided under the Local Council Tax Support Scheme (also known as Council Tax Reduction Scheme) acts as a discount on the tax base. The Council is currently providing a maximum of 90% support to working age claimants through the scheme, meaning claimants pay at least 10% of their bill.

In accordance with regulatory requirements, the Council's scheme is reviewed annually and any changes apply only to working age claimants.

5. **Capital Programme**

- 5.1 The latest Capital Programme estimates are shown below. Capital investment has a revenue consequence if the expenditure is not fully funded from external sources. For example, external borrowing has a direct impact on the revenue position to service the interest and provision for repayment.

Table 1: Summary Indicative Capital Programme

	2020/21 Estimate £'000	2021/22 Indicative £'000	2022/23 Indicative £'000	2023/24 Indicative £'000
Capital Programme Costs	4,496	2,560	2,128	793
<u>Funding Resources</u>				
Capital Receipts / grants	1,210	683	683	683
Earmarked Reserves	498	414	105	110
Potential Borrowing subject to Capital Receipts	2,788	1,463	1,340	0

- 5.2 Contributions to specific reserves for IT, Vehicles and Building Maintenance are included as part of the MTFP forecasts. An estimate has been included within the MTFP for future years' programmes and indications are that additional funding will be required from within the Revenue Budget.

6. **Revenue Budget**

- 6.1 Taking 2019/20 as the base year, the impact of the assumptions in the section 2 to 5 on the revenue budget for the provision of services are detailed at Annex 1 and summarised in Table 2 below. The information assumes a £5 Council Tax rise in line with Government expectations.
- 6.2 The information in Annex 1 shows that whilst the 2020/21 budget has been funded the challenge going forward from 2021/22 estimates that additional income or savings of at least £366k is required rising by a further £337k in 2022/23, cumulating in £1,160k by 2023/24. The Council is clearly continuing to face financial challenges as costs grow in excess of income and funding and will require robust plans to deliver the savings to balance

the budget.

Table 2: Estimated MTFP Budget Position 2020/21 – 2023/24

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Net Expenditure Budget	7,042	6,882	7,421	7,690
Government Grants - NHB	(564)	(135)	(69)	(82)
Government Grants – RSDG & Other	(326)	(325)	(280)	(280)
NDR Allocation	(1,720)	(1,600)	(1,610)	(1,630)
Collection Fund - NDR	(14)	0	0	0
Collection Fund - CTax	(25)	(30)	(30)	(30)
Transfers to/ (from) Reserves	(385)	(75)	(243)	20
Net Budget Forecast Before CTax	4,008	4,717	5,189	5,688
Council Tax Income (£5.00 increase)	4,008	4,142	4,277	4,413
Budget Gap	0	576	912	1,275

Impact on CTax based upon increases

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Amount of CTax @ Band D based on a £5.00 increase	(4,008)	(4,142)	(4,277)	(4,413)
Amount of CTax @ Band D based on a 1.99% increase	(3,973)	(4,073)	(4,175)	(4,280)
Difference	35	69	102	133

- 6.3 The table above shows the difference between the two options allowable to raise Council Tax. Not using the provision to raise Council Tax by £5 will result in a further budget gap in 2020/21 of £35k and has a cumulative impact on the savings required in future years of £339k over the period covered by the MTFP. The council cannot afford to forgo the opportunity to raise revenue of £4m without cutting service provision and/or reducing investment in corporate priorities and the Council Plan

The Council has an income savings plan. This plan is updated regularly and monitored on a monthly basis by CLT and quarterly at Policy Committee as part of budget monitoring reporting. The MTFP includes £188k of savings projects that will be delivered in 2020/21. This represents 2.9% of the proposed net revenue budget for the year.

- 6.4 The proposed budget for 2020/21 recognises a number of additional pressures totalling £202k. The MTFP does not allow for any additional revenue bids going forward and any that emerge will increase the forecasted budget gap.
- 6.5 In addition indications are that the delivery of a sustainable capital programme will require continued contribution from the revenue budget or reserves increasing pressure further.

7. Balances & Reserves

- 7.1 The Council has a General Fund balance of £995k. The budget report for 2019/20 assessed that this was a prudent level in light of risks associated with the continuing financial uncertainties the Council is facing. The same conclusion is reported for the delivery of the 2020/21 budget.
- 7.2 As part of the 2020/21 revenue budget consideration was given to other reserves that the Council needs. The establishment of reserves enables the Council to smooth the year on year fluctuation in investment it needs for expenditure on projects (revenue and capital) and other commitments.
- 7.3 The MTFP assumes that contributions to specific reserves will continue if possible. The reserves are Building Repairs and Maintenance, IT replacement and development, replacement of the Vehicle Fleet, Insurance and Business Rates contingency.
- 7.4 Details of the Council's forecasted reserves and balances are provided at as part of Annex 1. A review of these reserves has been undertaken as part of the 2020/21 budget setting process. Whilst the level of earmarked reserves appears to be relatively healthy to 2023/24 caution needs to be exercised. The majority of the balance – 52% consists of new homes bonus and business rates contingency monies. Both of which going forward could be required to support the budget.
- 7.5 The public sector accounting body, the Chartered Institute of Public Finance & Accountancy (CIPFA) publishes an annual resilience index to help councils to assess their financial position relative to others and to comparable councils. The results published in December 2019 show that the council's overall position does not indicate a profile that would give rise to concern when compared to similar sized authorities.

8. Risks

- 8.1 The major risks for the Council continue to be sustaining income levels in the current economic climate, and implementing the savings that are required to enable the Council to operate within available resources in the future.
- 8.2 The income generated for the Council from the Business Rates Retention Scheme carries risk. The Council can benefit from business rates retention

and pooling. However, the downside is that the Council now has to share the burden of reductions in business rates through appeals, revaluations, and business ceasing trading. This volatility can only be estimated for budgeting purposes and the actual year end position could be different. Therefore, to mitigate the impact of this volatility a Business Rates Contingency Reserve was established. The MTFP continues to assume contributions where appropriate.

- 8.3 The council has an ambitious capital investment programme and ambition to deliver its corporate priorities. Some of the projects proposed require council resources, whether in staff time, financial contribution and in some cases, short-term cash flow support. The nature and proposed funding of the schemes is not risk free and will need to be carefully managed over the coming years to ensure that the capital programme remains fully and prudently financed and the financial risks of significant capital investment are understood and addressed.
- 8.4 The Council's income and savings plan captures the projects approved to deliver additional savings and income to the Council. These projects are not without risk as delivery of them requires scheduling and can be subject to a number of factors before successful delivery. The MTFP also includes the impact of achieving the projects currently identified as amber within the income and savings plan. The amber assessment means that at this stage, delivery confidence is not high.
- 8.5 It will be necessary to continue to ensure on-going savings and additional income generation in order to maintain the downward trajectory on net expenditure.
- 8.6 The Council will continue to protect front line services wherever possible. However, in the context of on-going cuts in Government funding, pressures on income from fees and charges and Government intervention on Council Tax increases, the ability to continue to reduce costs, without impacting on the Council's ability to function effectively, will become increasingly difficult.

	2020/21	2021/22	2022/23	2023/24
KEY ASSUMPTIONS				
Inflation General	2.00%	2.00%	2.00%	2.00%
Inflation Paybill	3.00%	3.00%	3.00%	3.00%
Interest Rates	1.30%	1.70%	2.00%	2.00%
Government Grant Increase RSG (Decrease)				
Business Rates Increase	0.00%	0.00%	1.00%	1.00%
Tax Base Increase	0.50%	0.50%	0.50%	0.50%
Council Tax Increase	£5	£5	£5	£5
COUNCIL TAX				
Tax Base (Number of Band D Equivalents)	22.617	22.730	22.844	22.958
Council Tax @ Band D (£)	177.21	182.21	187.21	192.21
Council Tax Income (£000's)	4,008	4,142	4,277	4,413

REVENUE FINANCING	£000's	£000's	£000's	£000's
Council Tax	4,008	4,142	4,277	4,413
Business Rates	1,720	1,600	1,610	1,630
RSG	0	0	0	0
Rural Delivery Services Grant	280	280	280	280
New Homes Bonus	564	135	69	82
Special and Specific Grants	46	45	0	0
Ctax Collection Fund Surplus/Deficit (+/-)	25	30	30	30
Rates Collection Fund Surplus/Deficit (+/-)	14	0	0	0
TOTAL EXTERNAL RESOURCES	6,657	6,232	6,267	6,434

REVENUE BUDGET	£000's	£000's	£000's	£000's
Services Revenue Budget	5,933	5,943	6,231	6,622
Adjustments to budget	(135)	153	274	282
Estimated Net Cost of Services	5,798	6,096	6,505	6,904
Interest Payable	256	256	256	256
Investment Interest	(170)	(115)	(105)	(105)
MRP	300	320	340	360
Borrowing Costs Net of Income	386	461	491	511
Capital Programme Revenue Support (RCCO)	498	250	350	200
Contingency	75	75	75	75
Parish Grant Payment re Localisation Ctax	0	0	0	0
Revenue Bids	152	0	0	0
Capital Financing	50			
Net Revenue Budget	6,959	6,882	7,421	7,690

Contributions to Reserves:	£000's	£000's	£000's	£000's
New Homes Bonus	564	135	69	82
Insurance	10	10	0	0
IT	30	30	30	30
Vehicles	30	30	50	80
Buildings	52	52	52	122
Elections		35		

Contributions from Reserves:	£000's	£000's	£000's	£000's
Enabling Efficiencies	(17)	0	0	0
New Homes Bonus	(137)	(117)	(87)	(87)
IT	(42)	(100)	(100)	(100)
Vehicles	(342)	(50)	(150)	0
Buildings	(104)	(100)	(100)	(100)
Future Year Budget Support	0	0	0	0
Elections	(16)	0	(7)	(7)
Pensions Reserve				

Forecast Net Revenue Budget	6,987	6,807	7,178	7,710
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Difference between resources and forecast budget surplus / (deficit)	(329)	(576)	(913)	(1,275)
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Amber Savings Latest Projection	188	210	210	115
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Current Net Surplus/(Deficit) within MTFP (+/-)	(141)	(366)	(703)	(1,160)
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CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2019/20

APPENDIX A

2018/19 Actual £ Col 1	2019/20 Original Budget £ Col 2	2019/20 Q1 Forecast £ Col 3	Cost Centre	2020/21 Original Budget £ Col 5	2021/22 Indicative Budget £ Col 6	2022/23 Indicative Budget £ Col 7
(14,957)	(1,961)	(14,908)	Hackney Carriages	2,575	(133)	1,224
(49,295)	(31,676)	(44,983)	Licencing	(33,130)	(31,138)	(29,781)
(64,252)	(33,637)	(59,891)	Licensing Services	(30,555)	(31,271)	(28,557)
19,926	56,382	56,497	Street Signs & GIS	45,489	47,575	49,723
7,057	4,000	4,000	Historic Buildings & Conservation	4,000	4,000	-
36,947	37,908	37,913	Building Control - Non Fee Earning	37,679	38,756	39,867
(23,331)	(37,468)	(30,092)	Building Control - Fee Earning	(23,174)	(18,968)	(14,820)
363,486	225,993	238,368	Local Plan	259,982	294,734	302,027
(101,285)	(94,510)	(94,157)	Local Land Charges	(96,609)	(96,088)	(131,869)
189,080	130,129	192,966	Development Control	123,738	116,049	136,631
-	-	-	Head of Planning & Building Control	-	-	-
471,954	266,052	348,998	Planning and Building Control Services	305,616	338,483	331,836
35,264	38,500	42,795	Arts Development	40,506	41,470	42,461
2	38,970	45,692	Great Places	77,080	-	-
17,950	21,800	21,800	Attraction of Trade & Tourists	21,800	21,800	21,800
25,689	79,540	99,027	Industrial Development & Promotion	79,840	59,140	-
28,717	29,860	30,827	Settle Tourist Information Centre	29,569	29,824	29,687
32,809	42,000	42,000	New Homes Bonus	42,000	53,000	12,000
118,625	163,216	165,894	Economic & Community Development Service Unit	171,499	176,498	181,647
259,056	413,886	448,035	Economic & Community Development Services	462,294	381,732	287,595
-	-	-	Skipton Town Hall	-	-	-
-	-	-	Museum-WW1	-	-	-
-	(26,480)	(25,624)	Museum-WW1 Home Front	-	-	-
-	-	-	Museum-Development Project - Development Phase	-	-	-
1	33,589	30,031	Museum-Development Project - Delivery Phase	49,902	(328)	-
-	-	-	Museum-Indispensable	-	-	-
212,921	228,710	197,211	Museum & Town Hall	242,680	98,682	66,136
-	-	7,424	Rural Culture: Creating a Hub for Craven	12,439	3,677	-
-	-	-	York & NY Dance Hub	-	-	-
-	-	-	Rural Steps	-	-	-
212,922	235,819	201,618	Skipton Town Hall & Museums	292,582	98,354	66,136
899,606	938,502	995,257	Enterprising Craven	1,075,426	834,873	706,733
261,339	262,245	218,570	Customer Services	265,281	276,016	284,596
186,059	184,114	186,752	Communications,Partnerships & Engagement	199,287	203,600	208,042
(6,416)	(16,200)	(15,442)	Sport Events	1,378	1,712	2,057
176,901	70,262	85,295	Elections	88,052	88,902	87,556
52,559	70,132	54,366	Electoral Registration	73,587	77,700	78,795
37,163	40,590	38,269	Craven Crime Reduction P'ship	40,784	41,972	44,495
-	-	-	Safer & Stronger Communities	-	-	-
(370,250)	(449,230)	(451,541)	Cost of Coll. & Rent Allowances	(410,880)	(410,880)	(410,880)
482,087	652,403	530,032	Revenues & Benefits Services	672,178	703,745	726,452
3,165	-	-	Community Services	-	-	-
86,638	96,139	84,444	Democratic Services	100,348	104,936	109,284
172,726	183,451	183,586	Democratic Representation	185,161	184,161	184,161
1,081,971	1,093,906	914,332	Others	1,215,176	1,271,864	1,314,558
70,564	17,730	29,831	Craven Leisure	56,836	60,187	58,409
23,124	(2,117)	38,096	Revive - Craven Leisure Café	1,301	37,349	42,282
(24,607)	3,432	4,167	Healthy Lifestyles - Craven Leisure	365	376	387
69,081	19,045	72,094	Craven Leisure	58,502	97,912	101,078
(351,797)	(441,464)	(450,970)	Bereavement Services	(457,011)	(448,560)	(440,358)
(1,243,227)	(1,180,196)	(1,182,705)	Car Parks	(1,170,655)	(1,171,467)	(1,170,243)

CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2019/20

APPENDIX A

2018/19 Actual £ Col 1	2019/20 Original Budget £ Col 2	2019/20 Q1 Forecast £ Col 3	Cost Centre	2020/21 Original Budget £ Col 5	2021/22 Indicative Budget £ Col 6	2022/23 Indicative Budget £ Col 7
(31,278)	(30,712)	(32,892)	Private Garage Sites	(19,092)	(19,092)	(19,092)
80,806	56,882	66,882	Public Conveniences	77,009	77,009	77,009
110,398	116,082	76,229	Amenity Areas	115,560	115,560	115,560
14,795	(38,100)	(32,965)	Shared Ownership Scheme	(14,688)	(20,688)	(25,688)
174,720	104,152	77,254	Assets & Commercial Services	158,789	152,789	147,789
269,264	290,927	313,788	Environmental Health Services	352,408	365,052	375,670
(15,678)	-	-	Flooding 15/16	-	-	-
253,586	290,927	313,788	Environmental Health Services	352,408	365,052	375,670
14,696	19,040	35,578	Aireview House	30,188	31,233 MK	-
193,790	229,491	271,518	Homelessness	251,238	263,057 MK	263,760
(473,442)	(13,509)	(506,316)	Private Sector & Housing Enabling	(4,767)	1,634 MK	5,531
32,593	23,090	29,111	Housing Service Unit	26,418	27,483 MK	28,741
			Homeless Prevention Support Service	(374)	120	638
(232,363)	258,112	(170,109)	Housing Services	302,703	323,527	298,670
843,198	639,797	704,184	Refuse Collection Domestic	711,239	726,073	740,402
(183,130)	(260,293)	(308,903)	Refuse Collection Commercial	(322,578)	(310,962)	(297,616)
314,107	372,998	393,178	Street Cleansing	391,200	399,629	407,579
96,213	460,260	398,586	Recycling	506,837	524,780	539,228
84,832	88,805	89,976	Cleaner Neighbourhoods	98,606	101,497	104,276
61,672	(1,313)	5,561	Mechanics Workshop	38,030	41,233	44,333
277,941	211,490	271,757	Waste Management Service Unit	274,421	282,075	288,495
(113,898)	(160,810)	(145,105)	Garden Waste Subscription Scheme	(171,563)	(169,345)	(155,172)
1,380,935	1,350,934	1,409,234	Waste Management & Recycling	1,526,192	1,594,980	1,671,525
1,132,905	1,495,416	982,918	Resilient Communities	1,986,105	2,186,098	2,298,689
158,866	860,728	858,736	Corporate Costs	236,530	240,038	318,115
467,841	495,927	481,909	CLT	494,085	511,077	525,901
433,960	518,075	455,178	Financial Services	495,824	510,179	477,600
171,229	205,906	180,950	Business Support	201,668	215,094	222,541
150,716	155,583	145,660	Human Resources & Training	135,947	138,051	140,238
159,578	125,887	118,181	Legal Services	130,481	133,239	136,112
			Health & Safety	33,943	35,277	35,889
464,885	449,644	449,613	ICT	503,908	516,928	530,091
16,530	12,646	13,268	Miscellaneous Property	12,296	12,296	12,296
23,124	13,228	15,448	Bus Station	18,628	18,628	18,628
45,365	40,192	50,672	Skipton Depot	43,244	43,244	43,244
106	70	70	Settle Depot	70	70	70
286,717	213,848	235,929	Belle View Square	260,868	260,868	260,868
-	-	-	Build to Rent	-	-	-
(82,512)	(94,074)	(91,607)	Estates Services	(89,629)	(89,629)	(89,629)
-	-	-	Skipton Developments	-	-	-
78	-	-	Joint Venture - CBR Ltd	-	-	-
411,961	403,469	326,786	Assets & Commercial Service Unit	392,399	406,892	425,892
2,708,444	3,401,129	3,240,793	Financial Resilience	2,870,261	2,952,251	3,057,855
4,740,955	5,835,047	5,218,969	TOTAL NET COST OF SERVICES	5,931,792	5,973,222	6,063,277

CRAVEN DISTRICT COUNCIL SUMMARY BUDGET 2019/20

APPENDIX A

2018/19 Actual £ Col 1	2019/20 Original Budget £ Col 2	2019/20 Q1 Forecast £ Col 3	Cost Centre	2020/21 Original Budget £ Col 5	2021/22 Indicative Budget £ Col 6	2022/23 Indicative Budget £ Col 7
Corporate Items and Financing						
Corporate Income and Expenditure						
	255,710		Interest Payable (Incl Premia/Discount)	255,710	255,710	255,710
	(120,000)		Investment Income	(170,386)	(115,000)	(105,000)
	280,000		MRP for Capital Financing	300,000	320,000	340,000
	409,248		Revenue Contributions to Capital Outlay	498,000	250,000	350,000
	75,000		Corporate Contingency	75,000	75,000	75,000
			Revenue Growth Bids to Allocate	152,000	146,766	152,023
4,740,955	6,735,005	5,218,969	NET REVENUE EXPENDITURE	7,042,116	6,905,698	7,131,010
Contributions to/(from) Reserves/Other						
	(59,600)		Contribution (from) Enabling Efficiencies Fund Reserve	(17,000)	(27,450)	(27,450)
	-		Contribution (from) Planning Reserve	-	-	-
	(176,400)		Contribution (from) New Homes Bonus Reserves	(137,000)	(265,700)	(265,700)
	-		Contribution (from) Business Rates Contingency	-	-	-
	(76,702)		Contribution (from) Future Budgets Reserve	-	-	-
	(97,000)		Contribution (from) Buildings Reserve	(104,000)	-	-
	(65,000)		Contribution (from) IT Reserve	(42,000)	(20,000)	(20,000)
	(212,000)		Contribution (from) Vehicle Reserve	(342,000)	(384,000)	(75,000)
	(7,000)		Contribution (from) Elections Reserve	(16,000)	(7,000)	(7,000)
			Budget Support required subject to Amber savings identified	(413,084)		
	444,385		Contribution to New Homes Bonus Reserves	564,000	202,000	120,000
	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
	-		Contribution to Enabling Efficiencies	-	-	-
	-		Contribution To Elections Reserve	-	-	-
	6,607,688	5,218,969	AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement)	6,657,032	6,525,548	6,977,860
Central Government Support						
	-		Revenue Support Grant	-	-	-
	(279,914)		Rural Services Delivery Grant	(279,914)	(280,000)	(280,000)
	-		Transition Grant	-	-	-
	(46,160)		Housing Grants	(46,160)	(46,160)	(46,160)
	(96,049)		Transfer from CtaxCollection Fund	(25,000)	(30,000)	(30,000)
	102,855		Transfer from NDR Collection Fund	(14,000)	-	-
	(516,385)		New Homes Bonus	(564,000)	(135,000)	(69,000)
	(1,892,855)		National Non-Domestic Rates	(1,720,000)	(1,600,000)	(1,600,000)
3,879,180	5,218,969		AMOUNT TO BE MET FROM COUNCIL TAX	4,007,958	4,434,388	4,952,700
Financed By						
	0		Revenue Support Grant	0		
	(842,459)		Other Grants	(890,074)		
	(1,790,000)		Redistributed National Non-Domestic Rates & Grant	(1,734,000)		
	(96,049)		Transfer from CtaxCollection Fund	(25,000)		
	(3,879,178)		Council Tax	(4,007,959)		
0			Deficit/(Surplus)	(0)		

Craven District Council
2019/20 Budget
Subjective Analysis

Cost Centre	Employees	Premises	Transport	Supplies/ Services	Agency/ Contracted	Transfer Payments	Internal Rcharge	Total Costs	External Income	Govt Grants	C/Tax NNDR	Reserves	Internal Income	Total Income	Net Cost of Service
Hackney Carriages	41,960		15,000	11,415			-	68,375	(65,800)					(65,800)	2,575
Licencing	42,070		-	2,300				44,370	(77,500)					(77,500)	(33,130)
Licensing Services	84,030	-	15,000	13,715	-	-	-	112,745	(143,300)	-	-	-	-	(143,300)	(30,555)
Street Naming, Numbering & GIS	67,339	8,000	150	-				75,489	(30,000)	-				(30,000)	45,489
Historic Buildings & Conservation				4,000				4,000	-					-	4,000
Building Control - Non Fee Earning	35,204		2,400	75				37,679	-					-	37,679
Building Control - Fee Earning	130,732		7,000	4,094				141,826	(165,000)					(165,000)	(23,174)
Local Plan	231,712		-	28,270				259,982		-				-	259,982
Local Land Charges	19,891	-		36,500				56,391	(153,000)					(153,000)	(96,609)
Development Control	509,378	-	6,000	70,860				586,238	(462,500)					(462,500)	123,738
Head of Planning & Building Control	-		-	-				-	-	-				-	-
Planning and Building Control Services	926,917	-	15,400	143,799	-	-	-	1,086,116	(780,500)	-	-	-	-	(780,500)	305,616
Arts Development	31,066		740	8,700				40,506	-					-	40,506
Great Places (Resilient Communities)	167,070		2,500	232,510				402,080	(325,000)					(325,000)	77,080
Attraction of Trade & Tourists (Resilient Communities)				21,800				21,800						-	21,800
Industrial Development & Promotion (Resilient Communities)				79,840				79,840						-	79,840
Settle Tourist Information Centre (Resilient Communities)	30,989	7,090	50	7,670				45,799	(16,230)					(16,230)	29,569
New Homes Bonus (Resilient Communities)				42,000				42,000						-	42,000
Economic & Community Development Unit (Resilient Comms)	162,119	10	1,000	8,570				171,699	(200)					(200)	171,499
Economic & Community Development Services	391,244	7,100	4,290	401,090	-	-	-	803,724	(341,430)	-	-	-	-	(341,430)	462,294
Museum-Indispensable	-		-	-				-	-				-	-	-
Museum-WW1			-	-				-	-					-	-
Museum-WW1 Home Front	-	-	-	-				-	-					-	-
Museum Development Project - Development Phase	-		-	-				-	-					-	-
Museum Development Project - Delivery Phase	46,464		-	78,610				125,074	(75,172)					(75,172)	49,902
Museums & Town Hall	288,676	81,774	120	91,930				462,500	(219,820)					(219,820)	242,680
Skipton Town Hall & Museums	335,140	81,774	120	170,540	-	-	-	587,574	(294,992)	-	-	-	-	(294,992)	292,582
Enterprising Craven	1,804,670	96,874	34,960	729,144	-	-	-	2,665,648	(1,590,222)	-	-	-	-	(1,590,222)	1,075,426
Customer Services	267,790	1	-	5,990				273,781	(8,500)					(8,500)	265,281
Communications,Partnerships & Engagement	140,187	-	100	64,350				204,637	(5,350)	-				(5,350)	199,287
Sport Events	11,138		-	33,500				44,638	(43,260)					(43,260)	1,378
Elections	29,622	14,000	500	45,930				90,052	(2,000)					(2,000)	88,052
Electoral Registration	40,937		220	36,830				77,987	(4,400)	-				(4,400)	73,587
Craven Crime Reduction P'ship	38,499		1,500	2,285				42,284	(1,500)				-	(1,500)	40,784
Cost of Coll. & Rent Allowances	-	-	-	14,060		7,000,000		7,014,060	(7,070,000)	(237,940)	(117,000)			(7,424,940)	(410,880)
Revenues & Benefits Services	512,018		2,300	162,860		-		677,178	(5,000)	-	-			(5,000)	672,178
Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Democratic Services	97,184		-	3,164				100,348	-					-	100,348
Democratic Representation	176,945	16	-	8,200				185,161	-					-	185,161
Others	1,314,320	14,017	4,620	377,169	-	7,000,000	-	8,710,126	(7,140,010)	(237,940)	(117,000)	-	-	(7,494,950)	1,215,176
Craven Leisure	650,105	349,191	400	230,939	-		1,501	1,232,136	(1,175,300)					(1,175,300)	56,836
Revive - Craven Leisure Café	93,234	8,436	-	73,630			1,001	176,301	(175,000)					(175,000)	1,301
Healthy Lifestyles - Craven Leisure	21,928	3,050	700	19,500				45,178	(44,813)					(44,813)	365
Craven Swimming Pool & Fitness Centre	765,267	360,677	1,100	324,069	-	-	2,502	1,453,615	(1,395,113)	-	-	-	-	(1,395,113)	58,502
Bereavement Services	176,470	140,070	1,724	68,650	21,875	-	2,500	411,289	(868,300)					(868,300)	(457,011)
Car Parks	42,092	309,569	4,100	110,770	24,164		3,650	494,345	(1,665,000)					(1,665,000)	(1,170,655)

Cost Centre	Employees	Premises	Transport	Supplies/ Services	Agency/ Contracted	Transfer Payments	Internal Rcharge	Total Costs	External Income	Govt Grants	C/Tax NNDR	Reserves	Internal Income	Total Income	Net Cost of Service
Private Garage Sites		5,508		5,400				10,908	(30,000)					(30,000)	(19,092)
Public Conveniences	33	49,856		27,120				77,009	-					-	77,009
Amenity Areas	-	29,660		1,000	94,500		400	125,560	(10,000)					(10,000)	115,560
Shared Ownership Scheme	1,000	8,312		6,000				15,312	(30,000)					(30,000)	(14,688)
Assets & Commercial Services	1,033	93,337	-	39,520	94,500	-	400	228,789	(70,000)	-	-	-	-	(70,000)	158,789
Environmental Health Services	314,030	6,520	19,030	196,550			2,370	538,500	(186,092)					(186,092)	352,408
Flooding 2015/16	-	-		-				-	-					-	-
Environmental Health Services	314,030	6,520	19,030	196,550	-	-	2,370	538,500	(186,092)	-	-	-	-	(186,092)	352,408
Private Sector & Housing Enabling				716,263				716,263	(721,030)					(721,030)	(4,767)
Aireview House	27,808	8,850	100	27,250			10,180	74,188	(44,000)					(44,000)	30,188
Homelessness	170,598	500	1,000	94,200				266,298	(60)	(15,000)				(15,060)	251,238
Housing Service Unit	20,088		1,000	13,390				34,478	(8,060)					(8,060)	26,418
Homeless Prevention Service Unit	43,070		1,000	4,431				48,501	(48,875)					(48,875)	(374)
Housing Services	261,564	9,350	3,100	855,534	-	-	10,180	1,139,728	(822,025)	(15,000)	-	-	-	(837,025)	302,703
Refuse Collection Domestic	502,430		188,733	23,200			27,376	741,739	(30,500)				-	(30,500)	711,239
Refuse Collection Commercial	154,961		56,641	464,685			13,885	690,172	(1,002,750)				(10,000)	(1,012,750)	(322,578)
Street Cleansing	280,678	1,256	92,146	42,620			15,000	431,700	(2,000)				(38,500)	(40,500)	391,200
Recycling	450,735	65	61,667	272,370			13,000	797,837	(291,000)					(291,000)	506,837
Cleaner Neighbourhoods	86,706	-	1,350	13,550				101,606	(3,000)					(3,000)	98,606
Mechanics Workshop	107,376	27,073	2,493	10,760			-	147,702	(3,500)				(106,172)	(109,672)	38,030
Waste Management Service Unit	251,010		1,893	20,150			1,368	274,421	-					-	274,421
Garden Waste Subscription Scheme	106,229		26,641	139,024			15,414	287,308	(458,871)					(458,871)	(171,563)
Waste Management & Recycling	1,940,125	28,394	431,564	986,359	-	-	86,043	3,472,485	(1,791,621)	-	-	-	(154,672)	(1,946,293)	1,526,192
Resilient Communities	4,814,901	961,934	465,238	2,958,621	140,539	7,000,000	107,645	16,448,878	(13,938,161)	(252,940)	(117,000)	-	(154,672)	(14,462,773)	1,986,105
Corporate Management	(25,100)			265,630				240,530	(4,000)					(4,000)	236,530
CLT	488,120		1,675	8,510				498,305	(4,220)					(4,220)	494,085
Financial Services	384,594	-	250	110,980				495,824	-					-	495,824
Business Support	199,688	-	1,300	3,940				204,928	(3,260)					(3,260)	201,668
Human Resources & Training	113,802		40	22,155				135,997	(50)					(50)	135,947
Legal Services	121,271		250	26,960				148,481	(18,000)					(18,000)	130,481
Health & Safety	19,303		-	14,640				33,943	-					-	33,943
Information Services	336,249	909	750	168,000				505,908	(2,000)					(2,000)	503,908
Miscellaneous Property		12,096		200				12,296	-					-	12,296
Bus Station		29,088		4,710			330	34,128	(15,500)					(15,500)	18,628
Skipton Depot	1,625	35,749		5,870				43,244	-					-	43,244
Settle Depot		70		-				70	-					-	70
Belle Vue Square	-	252,938		50,430			5,000	308,368	(47,500)					(47,500)	260,868
Build to Rent	-			-				-	-					-	-
Estates Services	-	13,631		12,440				26,071	(115,700)					(115,700)	(89,629)
Skipton Developments (Resilient Communities)				-				-				-		-	-
Joint Venture - CBR Ltd				-				-				-		-	-
Assets & Commercial Service Unit	436,780	14	775	11,830			-	449,399	(22,000)				(35,000)	(57,000)	392,399
Financial Resilience	2,076,332	344,494	5,040	706,295	-	-	5,330	3,137,491	(232,230)	-	-	-	(35,000)	(267,230)	2,870,261
TOTAL NET COST OF SERVICES	8,695,903	1,403,302	505,238	4,394,060	140,539	7,000,000	112,975	22,252,017	(15,760,613)	(252,940)	(117,000)	-	(189,672)	(16,320,225)	5,931,792

**Craven District Council
2020/21 Revenue Budget Bids**

Bid No	Bid Ref	Section	Cost Centre	Description	Description of Bid	2020/21 Amount £	2021/22 Amount £	2022/23 Amount £	2023/24 Amount £	One off / Permanent / Fixed Term
1	RB01 2021	Environmental Services & Housing	R200-R213	Waste Mgt (As a whole)	Increase Waste Mgt FTEs by 4 (made up of 2 drivers and 2 loaders). For a number of years Waste Management's Agency budget has been significantly overspent. The reasons being significant sickness levels, possible days missed because of disciplinary investigations and holidays taken by crews	79,942	82,241	84,586	86,977	P
2	RB03 2021	Environmental Services & Housing	R220	Environmental Health	Act with the programme for inspection set out in the Council's Food Service Plan. Unfortunately the current staffing levels mean the function is unable to fully meet our inspection obligations for the remaining inspections notably Cs and Ds because of insufficient capacity. This matter can be addressed by employing a suitably qualified 0.5 FTE Environmental Health Officer on a permanent basis.	20,253	21,265	22,880	24,932	P
3	RB04 2021	Craven Leisure	D105	Leisure Centre	Multi Use Games Area (MUGA) options & scheme design study; The funding request is to obtain funding for the review and a viability study in order to be able to produce a fully worked up scheme design to be put forward for funding in future years should the viability be approved.	10,000	-	-	-	O
4		Planning and Regeneration	R255	Planning	There has been as need identified for more support for the Planning service. Although the details have yet to be confirmed it is assumed that this will be at least one FTE.	42,000	43,260	44,558	45,895	P
5										
Total Revenue Bids						152,195	146,766	152,023	157,804	

Craven District Council Income & Savings Plan

APPENDIX D

Income & Savings Action Plan 2019/20 - 2022/23 v2 at Jan 2020

Reporting Spreadsheet

Key:

Green

Income / Savings achieved - low risk

Amber

Income / Savings in progress- further work required - medium risk

Income Generation/Cost Savings Ideas			RAG	Realism	Priority					Member Decision Req	Additional Resources	SLT Lead Update /Comments	CLT Lead	SLT Lead
Line No	Serv Ref	Description				2019/20	2020/21	2021/22	2022/23					
11		Back scan documents so can reduce building and retrieval costs	Amber	M	M	0	10,000	10,000	10,000	N	Y	Saving based on the Mkt rates and rents. Savings in 19/20 not likely as no tennent identified.	Paul Ellis	Darren Maycock
12	PrSe	Develop Land for Shared Ownership or Market Rent Housing	Amber	H	H	26,400	26,400	48,400	48,400	Y	N	Complete 1 in Giggleswick, 2 Sutton, 3 Glusburn. Expected 2019/20 4 Glusburn 3 Sutton Expected 2020/21 10 Skipton	Paul Ellis	Wyn Ashton
13	PrSe	Income from the space in BVS to be let out.	Amber	M	H	0	50,000	50,000	50,000	N	Y	Income only - no estimation of costs associated yet.	Paul Ellis	Darren Maycock
14	EnSe	Commercial waste - attract 50 new accounts. Resigned all existing accounts. AND ensure new model is continuing to work for Craven	Amber	M	H	0	100,000	100,000	100,000	N	N		Paul Ellis	Wyn Ashton
15	EnSe	Developers to pay for new bins on housing developments.	Amber	M	H	0	2,000	2,000	2,000	N	N	Local plan, once adopted can have a sublemenatry arrangement, that specifies developers pay for the bins.	Paul Ellis	Wyn Ashton

TOTAL AMBER SAVINGS

26,400 188,400 210,400 210,400

16	IT	IT – Contract up for renewal. Transfer of Mitel to virgin media – savings.	Green	H	H	2,000	5,000	5,000	5,000	N	N	Contract now re-negotiated, part year savings in 19/20, full year effect from 20/21 onwards	Paul Ellis	Darren Maycock
17	IT	IT – Contract up for renewal. NYNET – savings.	Green	H	H	0	8,000	8,000	8,000	N	N	Contract negotiated to relasie savings from 20/21	Paul Ellis	Darren Maycock
18	ReBe	Revs and Bens Northgate System Annual Licence Renewal 3 year £15k annual reduction & no RPI increase	Green	H	H	0	15,000	15,000	15,000	N	N	Contract negotiated to relasie savings from 20/21	Paul Ellis	Darren Maycock
19	CuSe	Customer Services – Post has been deleted from structure and looking at if possible to reduce one more post. Currently target for calls is 90% but looking to reduce it to 85%.	Green	M	M	0	40,000	40,000	40,000	N	N	Complete in 19/20. 2 posts deleted from the structure for 20/21. CSO will review the operation of the Comm. Safety Hub in 12 months now that it is in situ at the Craven DC offices.	Paul Shevlin	Sharon Hudson

TOTAL GREEN SAVINGS

2,000 68,000 68,000 68,000

TOTAL ALL SAVINGS						83,400	382,500	429,500	429,500					
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Total

Amber

26,400 188,400 210,400 210,400

Total

Green

2,000 28,000 28,000 28,000

28,400 216,400 238,400 238,400

MAJOR BUDGETS RISK ASSESSMENT 2020/21

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 39.08% of revenue expenditure with total budgets for 2020/21 being £8.696m.
- 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

2020/21 Budget	1 % Variance	5% Variance	10% Variance
8,695,903	8,782,862	9,130,698	9,565,493

Likelihood: High

Impact: Medium

Risk: High

3 Local Government Pension Scheme

- 3.1 The Local Government Pension Scheme and its funding have been and continue to be the subject of change. The main cost pressure is the under performance of the Fund, together with increases in pension fund membership, and although the latter has not been significant in the past, changes introduced in 2011/12 mean that employees who have previously opted out of the scheme will be automatically re- entered every 3 years, bringing a potential increase in cost if those employees do not choose to opt out again. 2020/21 is the first year in the cycle, so it is a possibility of the superannuation costs being greater than the 2019/20 budget.
- 3.2 The budgeted employer's contribution is based on a future service rate of 19.8%, however the actual payable contribution proposed by the Pension Provider is a stepped contribution rate of 25.5%, 22.4%, 19.4% over the next 3 years. Craven have decided to budget on a flat rate to smooth the transition from the 17.7% payable last year and the revised 25.5%. The back funding element has been removed as the deficit has been paid back. Any variation over and above this will impact as per the figures below.

3.3 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
Current Cost 1,197,931	1,209,910	1,257,828	1,317,724
Back funding -	-	-	-

Likelihood: Low

Impact: Medium

Risk: Low

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 £7m in 2020/21. The calculation takes into account Rental Price Increases and the current economic climate. Housing Benefit is estimated to equate to the Government Grant. Money recovered from over payments is estimated to be in the region of £0.70m. The recovery level is at risk in difficult economic times creating a risk factor.

4.3 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
7,000,000	7,070,000	7,350,000	7,700,000

Likelihood:	High	Impact:	Low	Risk:	High
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5 Council Tax Support

- 5.1 The estimated value of Council Tax Support for 2020/21 is £2.584m. 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
2,583,574	2,609,410	2,712,753	2,841,931

Likelihood:	Low	Impact:	Low	Risk:	Low
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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 in 2018/19 the Council is installed 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

2020/21 Budget	1 % Variance	5% Variance	10% Variance
Electricity 114,434	115,578	120,156	125,877
Gas 133,636	134,972	140,318	147,000

Likelihood:	High	Impact:	Medium	Risk:	Medium
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7 Waste Collection

- 7.1 With effect from January 2010, the Council introduced an alternate weekly bin collection system. A sum of £679k is included in the 2020/21 budgets for Council waste collection costs and waste disposal charges made by the County Council.

7.2 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
679,455	686,250	713,428	747,401

Likelihood:	Medium	Impact:	Medium	Risk:	Medium
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- 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 2019/20 this was £126.93 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 2020/21. It is assumed this will be £129.34.

8 Recycling

8.1 A sum of £373k is included in the 2020/21 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

2020/21 Budget	1 % Variance	5% Variance	10% Variance
Disposal Costs 373,294	377,027	391,959	410,623

Likelihood: Medium

Impact: Low

Risk: Medium

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 2019/20 recycling credit is £53.06 per tonne, it is estimated that this will increase by 3% to £54.65 for 2020/21. The assessment below analyses the risk of reductions in the tonnages.

8.4 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
Recycling Credits 388,338	384,455	368,921	349,504

Likelihood: Medium

Impact: Medium

Risk: Medium

9 Sale Of Recyclables

9.1 As a result of the collapse in the commodities markets for dry recyclates in 2016/17 Craven District Council (CDC) faced a significant loss of income from the sale of these materials collected at kerbside and from the Council's bring sites. As a result the Council had to pay to send these materials for processing and recycling which means that there had been a huge budget swing for this area. 2020/21 is the fifth year of this arrangement and there is no sign of it coming to an end.

10 Garden Waste Collection Service

10.1 The Council provides a garden waste collection service to householders who pay a subscription. The subscription charge for 2020/21 is remaining at £36.00 pa.

10.2 This garden waste collection scheme generated over £301k of income in 2018/19, this meant the services was able to breakeven. Because of this the subscription charge has remained the same for 2020/21. If costs can be controlled, it may mean that the service could add a contribution to the Council's overhead costs.

10.3 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
327,000	323,730	310,650	294,300

Sensitivity: Low

Impact: Medium

Risk: Low

11 Planning Application Fees

- 11.1 During 2017/18 there was a significant decrease in the planning fee income, this was thought to be caused by the increase in the applications which only attracted a smaller fee, and a reduction in the larger more expensive applications. Although lower value applications increased, there is still considerable volatility in the submission of larger applications. This unpredictability means that this area has a high degree of sensitivity and therefore should continue to be monitored closely.
- 11.2 As part of the Settlement in 2017/18, the Government have allowed a 20% increase in the Fees chargeable and 2018/19 saw a slight increase in Fee income as a result. The budget for 2020/21 has been set at £450,000 as planning fees are very dependent on economic levels of activity, and as outlined above until the situation improves considerably, income levels may remain flat. The pattern over recent years is shown in Table 1:

Table 1:

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

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
450,000	445,500	427,500	405,000

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 2019/20. The improvement in fees experienced up to 2016/17 has reduced. That coupled with the actual Fees earned in 2018/19 has meant the Budget set for 2020/21, has remained at an estimate of £165k.

Table 2:

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

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
165,000	163,350	156,750	148,500

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 2019/20.

13.2 The housing market is continuing to recover. The budget for 2020/21 has been set at with a modest increase to reflect the trend over 19/20.

13.3 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
153,000	151,470	145,350	137,700

Sensitivity: Low

Impact: Low

Risk: Low

14 Council Tax Court Costs (income)

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

14.2 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
90,000	89,100	85,500	81,000

Sensitivity: Low

Impact: Low

Risk: Low

15 Commercial And Other Property Rents

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

15.2 Table 3:

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

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
145,000	143,550	137,750	130,500

Sensitivity: Low

Impact: Medium

Risk: Low

16 Shared Ownership Scheme Income

16.1 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 or buy approximately 50 dwellings. A realistic programme of developing three to five sites per annum for 10 - 15 dwellings per year over the next two years to 2021/22 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 2020/21 is set at £30,000 as is set to increase in the subsequent years as the Council develops its portfolio, there has been small increments assumed in 21/22 and 22/23.

16.4 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
30,000	29,700	28,500	27,000

Sensitivity: Low

Impact: Low

Risk: Low

17 **Car Park Pay And Display Income**

- 17.1 Car parking income has a separate policy for increasing fees which is reviewed bi-annually in accordance with the policy agreed in July 2006.
- 17.2 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 an increase in anticipated income. For 2020/21 there has been no increase proposed.
- 17.3 There has been a proposed increase of 0.10p on all time periods at Craven Leisure Car park, to reflect the increase demand and wear and tear experienced. It is proposed to increase the costs of the long stay permits across the district.

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	1,484,844	39,844	3
2018/19	1,503,000	1,533,964	30,964	2
2019/20	1,513,000	1,513,000	-	-
2020/21	1,510,000	1,510,000	-	-

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
1,510,000	1,494,900	1,434,500	1,359,000

Sensitivity: Low

Impact: High

Risk: Medium

18 **Income From Domestic And Trade Waste Collection**

- 18.1 Income is derived from two main sources, the collection and disposal of commercial waste from non-domestic premises, and the collection of bulky household waste from domestic properties. In 2019/20 it was resolved that the way Craven DC charges for its Trade Waste be altered from a Volume based system to a Weight based one. This will be in line with how the competitors charge and so make the Council more competitive and commercially minded.
- 18.2 There should be little risk to the domestic waste income, as sales of bins and sacks, and use of the bulky refuse collection service are expected to achieve the budgets set.
- 18.3 The commercial waste budgets for 2020/21 have been set to take into account the increased disposal costs from the County Council, and an inflationary increase, the result of which are prices that offer competitive services to customers within the district. Income from trade waste collection charges is now in the region of £915k per annum. This is the same as the estimate for 2019/20. Like any other business, income from this source is subject to increasing competition from other providers, and from the tough economic conditions currently being encountered. These prices are calculated to make the service a small surplus and are agreed as part of the annual fees and charges review.

18.4 Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
915,000	905,850	869,250	823,500

Sensitivity:	Medium	Impact:	Low	Risk:	Medium
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19 **Licensing Act 2003 Income**

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

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

19.3 Table 5:

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

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
75,000	74,250	71,250	67,500

Sensitivity:	Low	Impact:	Low	Risk:	Low
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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	788,687	11,361	1
2018/19	808,852	800,185	(8,667)	(1)
2019/20	844,914	845,190	276	0
2020/21	868,300	868,300	-	-

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
868,300	859,617	824,885	781,470

Sensitivity: Low

Impact: Medium

Risk: Low

21 Craven Pool Income

21.1 Craven pool generates a significant level of income but in the last few years it has seen a rise in costs. Table 7 analyses the income compared to budget since 2013/14.

21.2 Table 7:

Year	Original Estimate	Actual/Projected Outturn	Variance	
	£	£	£	%
2013/14	1,089,800	1,155,383	65,583	6
2014/15	1,127,000	1,121,406	(5,594)	(0)
2015/16	1,127,000	1,211,120	84,120	7
2016/17	1,129,180	1,242,635	113,455	10
2017/18	1,266,720	1,212,000	(54,720)	(4)
2018/19	1,300,190	1,299,494	(696)	(0)
2019/20	1,324,630	1,324,630	-	-
2020/21	1,395,113	1,395,113	-	-

Assessment

2020/21 Budget	1 % Variance	5% Variance	10% Variance
1,395,113	1,381,162	1,325,357	1,255,602

Sensitivity: Low

Impact: Medium

Risk: Low

22 Investment Interest

22.1 The low bank base rate continues to challenge our investment returns. Investment rates are currently in the 0.3% - 1.0% range dependent on the length and counterparty involved. Due to the economic situation forecasters are not expecting a rise in the base rate until the April-June quarter of 2020. 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 2020/21 forecasted income for investments totals £170k. This is made up of investment income (£161k) and the interest from the Loan made as part of the 2017/18 Capital Programme (£9k).

22.3 Assessment

2019/20 Budget		Average 0.3%	Average 0.5%	Average 0.7%
Investment Interest	161,146	56,214	93,690	131,165
Loan	9,240	9,240	9,240	9,240

Sensitivity: Low

Impact: Low

Risk: Low

23 Localisation of Business Rates

23.1 The implementation of the Localisation of Business Rates means that the Council is now sharing the potential impact of the volatility of business rates funding and uncertainties around levels of and impact of appeals which are outside of its control. 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

2020/21 Budget		1 % Variance	5% Variance	10% Variance
	1,729,000	1,711,710	1,642,550	1,556,100

Sensitivity: High

Impact: High

Risk: High

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. However in 2019/20 there have been further significant refurbishments, which has meant that the Town Hall is mostly out of commission for the 2019/20 Financial year. This is inevitably mean that there is a significant reduction in the income it can generate. However steps are in place to promote and utilise the Town Hall and Museums attributes around the district and so still managing to earn some needed revenue. Part of the Town Hall space will still be available and now impact on the current tenants so should be no impact on the already in place rental streams.

24.2 The Concert Hall income will suffer as a result of the continued building works. The 2020/21 budget is set at £12k.

24.3 It is anticipated that the income for 2020/21 will be decreased due to the continued works. However there will be full year effects of the tenanted units generating Service charges and rental income.

24.4 Assessment

2020/21 Budget		1 % Variance	5% Variance	10% Variance
Concert Hall	12,000	11,880	11,400	10,800
Commercial units	81,690	80,873	77,606	73,521
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 2020/21

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.

1.2 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 2020. 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 2019. Income budget 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 is finite and so significant

contributions will be required from external grants and/or the revenue account to appropriate reserves or consideration given to further borrowing in order to ensure the capital programme remains fully financed.

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 2020/21 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. The supplementary information sheet at the end of this appendix sets out the projected major Funds and Reserves balances for 2020/21 to 2022/23 based on the Medium Term Financial Plan forecasts. The Council's revenue budget for 2019/20 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 2017/18 accounts which still exist, issues that have arisen in 2018/19, 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 2020/21 budget does not require support from this balance. This represents 14.13% 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 £223k.
 - b) The Council has a number of significant income streams and adverse movement of 5% would cost £435k
 - 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 £395k
 - e) Continued uncertainties for local government funding.
 - f) 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 this limits the funds available for new projects. £137k will be required in 2020/21. Additional to this and once the identified amber savings (£188k) are taken into account there is still a need for budget support from the reserve of around £220k. However, this is subject to the outcome of the 2019/20 year, and savings could be set aside to mitigate this draw on reserve.
- 2.9 **Planning**
The planning reserve is to be used for the costs of the creation of the Craven District Local Plan. The Craven Local Plan was adopted during 2019/20. There may be small residual costs which require funding and these can be accommodated from the reserve. The reserve is also available to fund challenges to planning decisions should they arise.
- 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 2020/21 budget contains net usage of £60k. 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 outweigh the resources within this fund. The 2020/21 budget contains a planned contribution of £30k. The capital programme requires £342k. The resources within this reserve are inadequate and this reserve in my opinion is a priority for additional contributions otherwise future replacements cannot be financed from this reserve.

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 2020 is adequate for the commitments of the 2020/21 revenue budget and capital programme. The 2019/20 budget contains a planned contribution of £30k and utilises £42k. 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 £50k 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 2020 is adequate for the commitments of the 2020/21 revenue budget and capital programme. The 2019/20 budget contains a planned contribution of £52k and utilises £104k. To ensure continued investment in the Council's property assets consideration should be given to increasing contributions to £100k per annum. A level of at least £550k 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 2020 is estimated at £1,132k. The 2020/21 budget has a surplus of £14k 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 2020/21 budget does not require a contribution from this reserve to support the budget. In the current climate with the unknown impact of appeals for and the impact of the proposed review of business rates and fairer funding review it is prudent to leave this reserve at its current level for budget support in future years.

2.16 Elections Reserve

The elections reserve is available to help smooth the funding of 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. A contribution to the reserve of up to £35k is made in the year there is no election.

2.17 VAT Partial Exemption

This reserve was created as part of the 2017/18 year-end to mitigate against the impact of capital programme costs associated with services that are partially exempt from VAT (i.e. they have some parts that are taxable for VAT and some that are exempt from VAT). If the Council goes above a certain threshold, then

VAT from purchases cannot be recovered and the gross amount has to be paid on all exempt items. This can impact on both the capital and revenue programme increasing costs by 20%. This reserve will be continually reviewed. The balance of £600k is considered adequate at this stage for any utilisation that will be required in 2020/21 but the risk of partial exemption breach is ongoing for Craven DC because of the nature of the income generating services provided so the level of reserve must be viewed in that context.

2.18 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. It is not proposed that any of this reserve will be used to balance the 2020/21 budget. However once the identified amber savings (£188k) are taken into account there is still a need for budget support from the reserve of around £220k. However, this is subject to the outcome of the 2019/20 year, and savings could be set aside to mitigate this draw on reserve. In year contributions to this reserve should continue from projects within the Council's Income and Savings Plan.

2.19 New Reserves Established

In response to the council's declaration of a climate emergency, a reserve is established to hold funds to help to develop projects that will contribute to the council's goal of carbon neutrality by 2030.

A specific reserve is established to manage fluctuations in the council's annual pension contribution payments over the forthcoming triennial review period. The contributions are stepped, with a higher contribution in 2020/21, reducing over the following two years. Cash savings and reassigned reserves from 2019/20 will be used to smooth the impact over the three years so that the budget can be set at an average level, rather than budgeting for a steep rise in 2020/21, which then reduces the following year.

2.20 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 2020/21 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 2020/21 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 2019/20 to 2022/23

Reserve	2019 - 20			2020 - 21			2021 - 22			2022 - 23			Estimated Balance Apr-23 £'000	Link to Council Plan / Priority	Purpose of Reserve (all reserves are revenue and their purpose is reviewed as part of the budget process each year)
	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	Budgeted in Year Receipts £'000	Utilisation £'000	Estimated Balance Apr-22 £'000	Budgeted in Year Receipts £'000	Utilisation £'000			
New Homes Bonus Projects	2,319	517	(198)	2,638	564	(137)	3,065	92	(117)	3,040	50	(117)	2,973	1,2,3	3 Overarching project areas - Infrastructure, Empty Homes & Localism. Plus support for budget.
Planning	440	0	0	440	0	0	440	0	0	440	0	0	440	1,2	To contribute towards costs of LDF and contingency for planning enquiry costs / appeals
Enabling Efficiencies	302	0	(60)	242	0	(17)	225	0	0	225	0	0	225	2,3	For use for projects to create future savings and efficiencies
Vehicles	338	30	(90)	278	30	(342)	(34)	30	0	(4)	30	0	26	2,3	Set up to fund purchase of vehicles
ICT	511	30	(65)	476	30	(42)	464	30	(40)	454	30	(40)	444	3	Set up to fund investment in IT (enabling technology)
Buildings	459	52	(97)	414	52	(104)	362	52	(90)	324	30	(90)	264	3	Set up to fund maintenance, repairs and improvements to council properties
Insurance	80	10	0	90	10	0	100	10	0	110	0	0	110	3	Fund excess on insurance claims
Business Rates Contingency	1,150	0	0	1,150	0	0	1,150	0	0	1,150	0	0	1,150	3	To mitigate against deficits in the North Yorkshire Business Rates Pool
Elections Reserve	28	0	(7)	21	0	(16)	5	27	(35)	(3)	27	0	24	3	Proposed new reserve to smooth funding of elections.
Future Year Budget Support	170	0	(77)	93	0	0	93	0	0	93	0	0	93	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	154	0	(154)	0	0	0	0	0	0	0	0	0	0	4	Contingency funding and Slippage requests
Edith Stead, Bishopdale Court, Etc	688	0	0	688	0	0	688	0	0	688	0	0	688		VAT equalisation, LABGI & ERDF & Building Control funds
Total Earmarked Reserves	6,639	639	(748)	6,530	686	(658)	6,558	241	(282)	6,517	167	(247)	6,437		
General Fund	995	0	0	995	0	0	995	0	0	995	0	0	0	3	Unallocated GF reserve acts as contingency for unexpected expenditure
Total Revenue Reserves	7,634	639	(748)	7,525	686	(658)	7,553	241	(282)	7,512	167	(247)	6,437		

KEY Council Plan Priority Area

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



Craven District Council

Budget Consultation

2020/21

Full analysis of responses

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Introduction

This report describes the results of Craven District Council's budget consultation, held between September and November 2019 to support the setting of the 2020/21 budget.

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

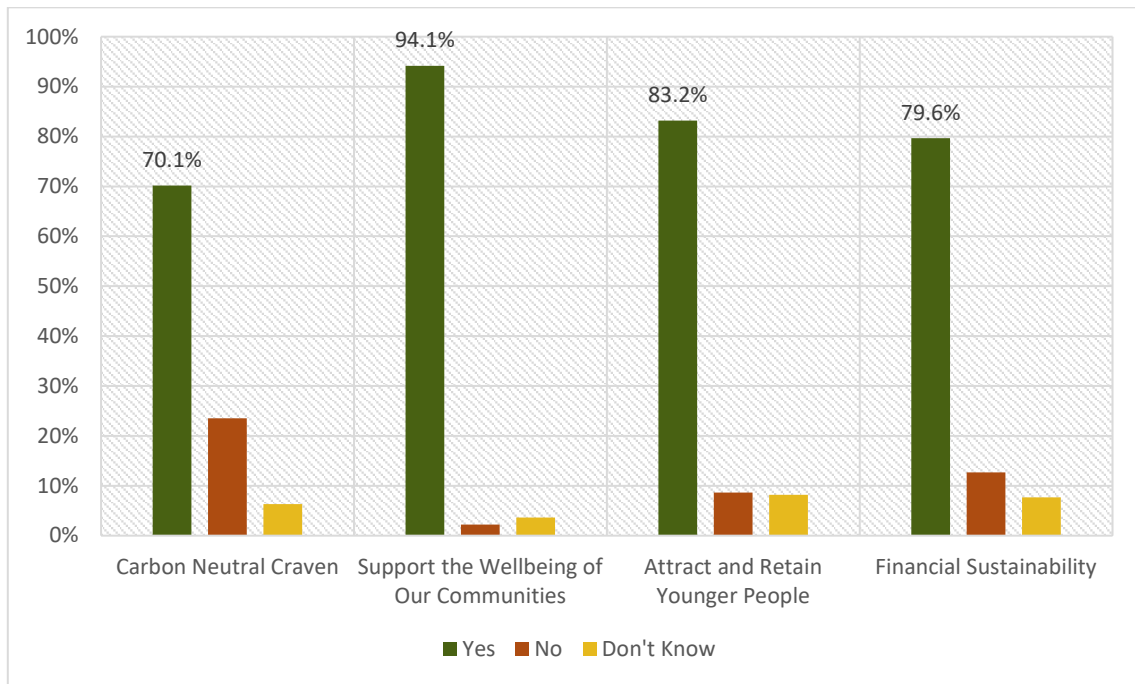
- The Council's Residents Panel
- Parish/Town Councils
- A number of local voluntary/community organisations and partners listed on Council contact lists
- Local Chambers of Trade

Details were advertised in the local press, both in print and online. Copies of the consultation document were 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. The survey was made available in both print and online versions.

There were 223 responses to the survey (an increase of nearly 40% on last year's response rate), though not all responders answered all questions. The survey sample is closely representative of the genders and ethnic groups of residents. Whilst we have increased the number of responses from of younger and older people, the total number of responses received from these groups is still low, and their views may be under-represented.

Summary

- A majority of people responding to the survey said that the council's 3 priorities are still the right ones. Support for the 3 priorities has increased significantly compared to last year.
- 52% of those responding said that they believe that the Council provides value for money. 37% disagreed.
- 54% of those responding said that they would be prepared to accept a 2% increase in Council Tax. 42% of those responding said they would accept a £5 per year increase in Council Tax. This is lower than the response to this question for 2019/20.
- Overall, a majority of those responding said that spending should stay the same for all statutory areas with the exception of Planning & Building Control Services. For Planning & Building Control Services, 23.9% said that the council should increase or introduce fees and charges and 29.4% said that the council should consider reducing spending.
- A majority of those responding support maintaining current spending in most discretionary areas. There were two areas where fewer than half of responses suggested maintaining current spending without raising fees and charges: Arts Development (37.7%), and Partnerships and Communications (46.5%).
- A small proportion of those responding (around 20% on average) supported an increase in fees and charges for CDC's chargeable services.
- There were 32 additional suggestions for saving money or generating income, and 33 other general comments on the budget.

Q1**Do you think these priorities are the right ones for 2020/22?**

	Yes		No		Don't Know	
Carbon Neutral Craven	70.1%	155	23.5%	52	6.3%	14
Support the Wellbeing of Our Communities	94.1%	209	2.3%	5	3.6%	8
Attract and Retain Younger People	83.2%	183	8.6%	19	8.2%	18
Financial Sustainability	79.6%	176	12.7%	28	7.7%	17

A majority of responses to the survey say that the council's 4 priorities are the right priorities.

The proportion of responses agreeing that these are the right priorities has increased substantially since last year. On average, support for the 4 new priorities (81.8%) is higher than any of the past 4 years and is more than 15 percentage points higher than last year's average (64.7%).

- For 2019/20, support is highest for the priority 'Support the Wellbeing of our Communities'. Over 94.1% of responses agreed that this is the right priority. This is highest level of support for a council priority in any Craven District Council budget consultation exercise.
- Support is lowest for 'Carbon Neutral Craven'. However, a large majority (70.1%) still agreed that this is the right priority. There was more support for this priority than for the most popular priority last year ('Resilient Communities', 69.9%).

Q2

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

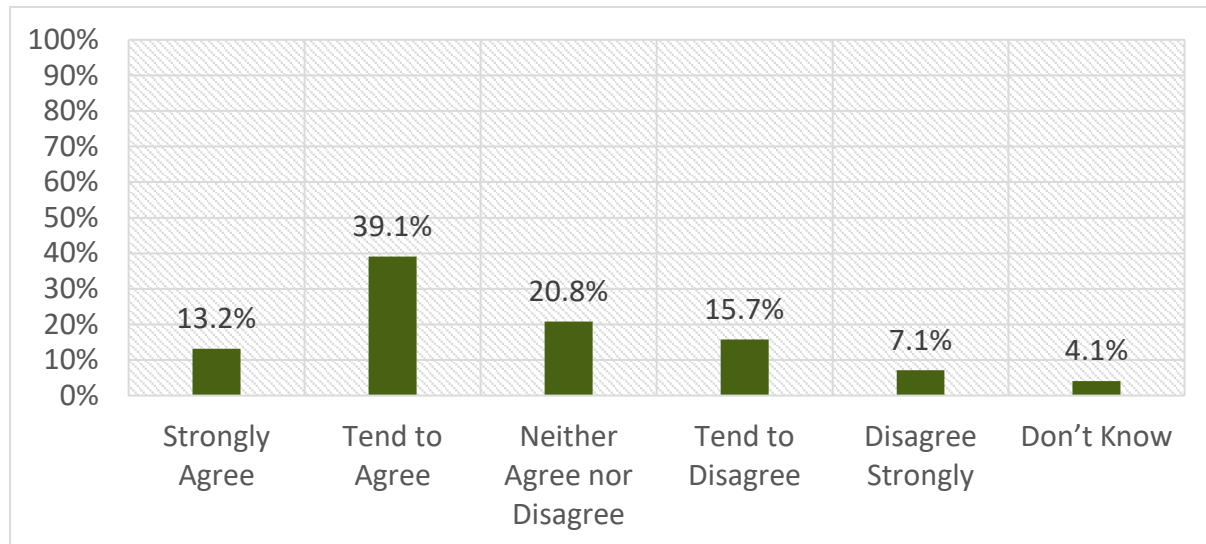
Affordable Housing	8
Improved care and support for older people	7
Protecting the environment	6
Improving public transport	5
Improving roads	5
Climate change / Carbon Neutrality	5
Improving Skipton High Street	4
Improved support for mental health	4
Cheaper and more available Parking	4
Stronger links with voluntary sector	3

In total, there were 77 responses to this question, raising 23 separate suggestions for alternative priorities. The majority of these were practical suggestions about specific concerns. There were 10 themes that appeared in more than two separate responses. These themes are listed above.

Q3

Bearing in mind Craven householders only pay £167.21 per year (about £3.22 per week) for services provided by the Council (based on average Band D Council Tax 2018/19).

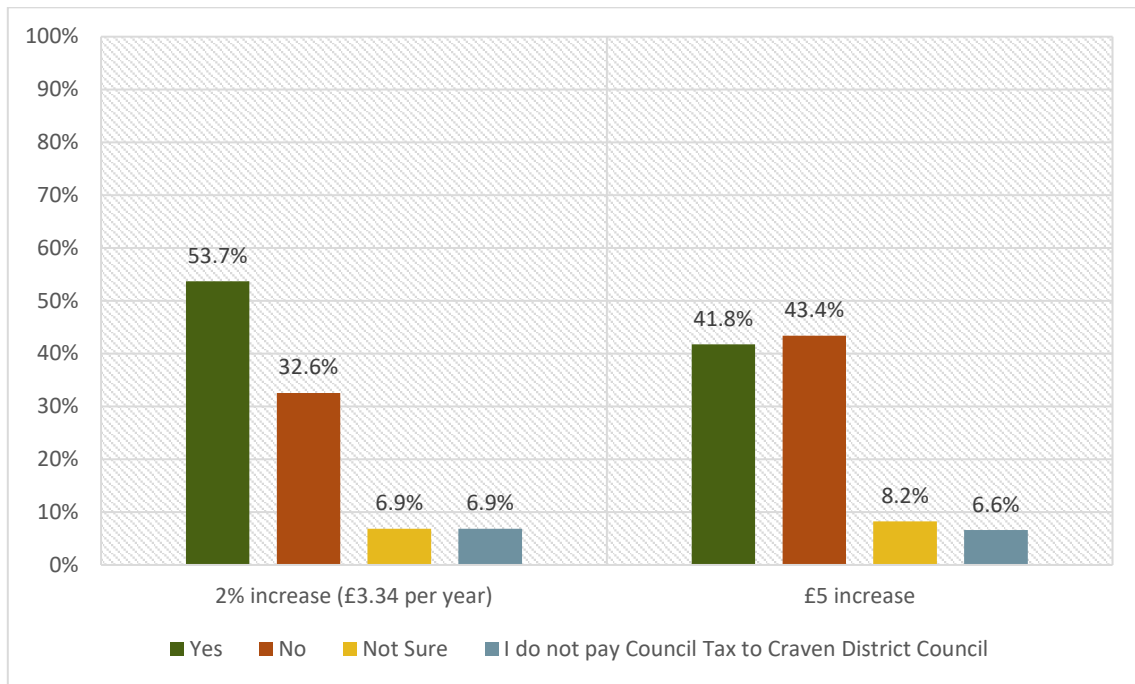
To what extent do you agree or disagree that Craven District Council provides value for money?



Answer Choices	Responses	
Strongly Agree	13.2%	26
Tend to Agree	39.1%	77
Neither Agree nor Disagree	20.8%	41
Tend to Disagree	15.7%	31
Disagree Strongly	7.1%	14
Don't Know	4.1%	8

A majority of responders to this question (52.3%) say that Craven District Council provides good value for money.

- There has been a small change in the proportion of responses saying that Craven District Council provides value for money since the last consultation, and this has now decreased slightly for two years running. In 2018/19, 60.3% of responses said that Craven District Council provides value for money.
- Overall, 73.1% of responses were either positive or neutral about CDC's value for money. This is a slight decrease on 2019/20 (76.8%).

Q4**Would you be willing to accept an increase in Council Tax?**

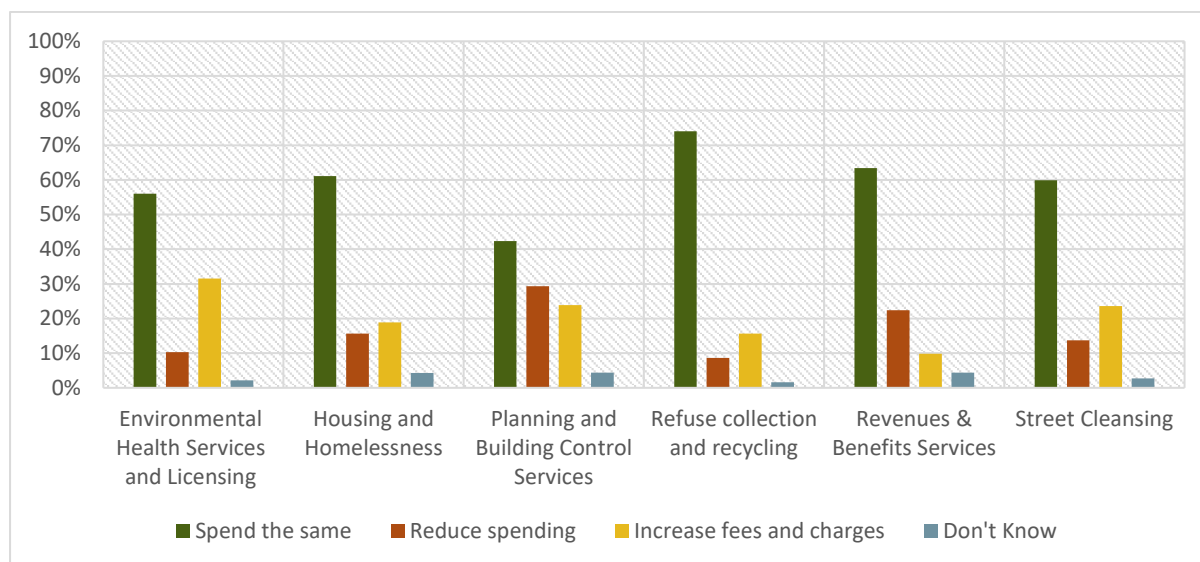
A majority of responders (53.7%) would be prepared to accept a 2% increase in council tax. This is the lowest level of support for a 2% increase in Council Tax in the past 4 years (support in 2018/19 was 59.3%).

Fewer than half of responders (41.8%) said that they would be prepared to accept a £5 increase in council tax. This is the lowest level of support for a 2% increase in Council Tax in the past 4 years (support in 2018/19 was 48.8%).

Q5

Below is a list of statutory services. We have shown in simple terms the amount of the £172.21 (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.



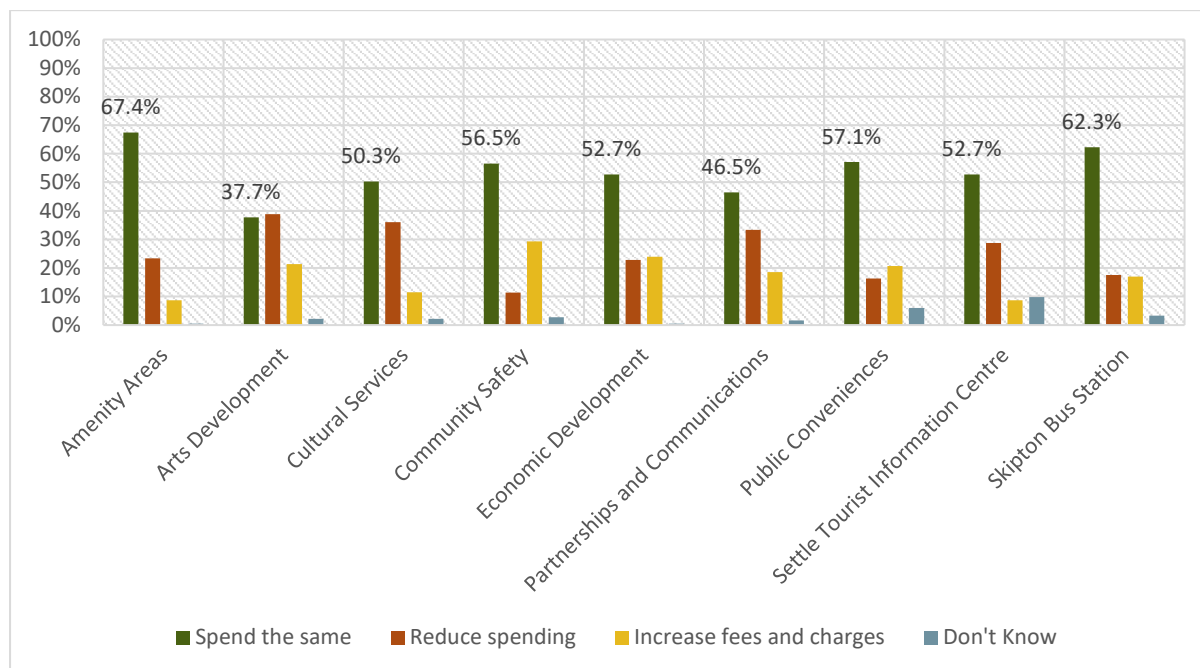
	Spend the same		Reduce spending		Increase fees and charges		Don't Know	
Environmental Health Services and Licensing	56.0%	103	10.3%	19	31.5%	58	2.2%	4
Housing and Homelessness	61.1%	113	15.7%	29	18.9%	35	4.3%	8
Planning and Building Control Services	42.4%	78	29.4%	54	23.9%	44	4.4%	8
Refuse collection and recycling	74.1%	137	8.7%	16	15.7%	29	1.6%	3
Revenues & Benefits Services	63.4%	116	22.4%	41	9.8%	18	4.4%	8
Street Cleansing	59.9%	109	13.7%	25	23.6%	43	2.8%	5

- More than half of responses suggested that spending should stay the same for every statutory areas with the exception of Planning and Building Control services (42.4%).
- 'Spend about the same' was the most common response for every area.
- Responses were most likely to say that spending on Refuse Collection and Recycling should stay the same (74.1%).
- The service areas with the highest levels of support for increasing or introducing fees and charges were Environmental Health Services & Licensing (31.5%), and Planning and Building Control Services (23.9%).

Q6

Below is a list of discretionary services. We have shown in simple terms the amount of the £172.21 (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.



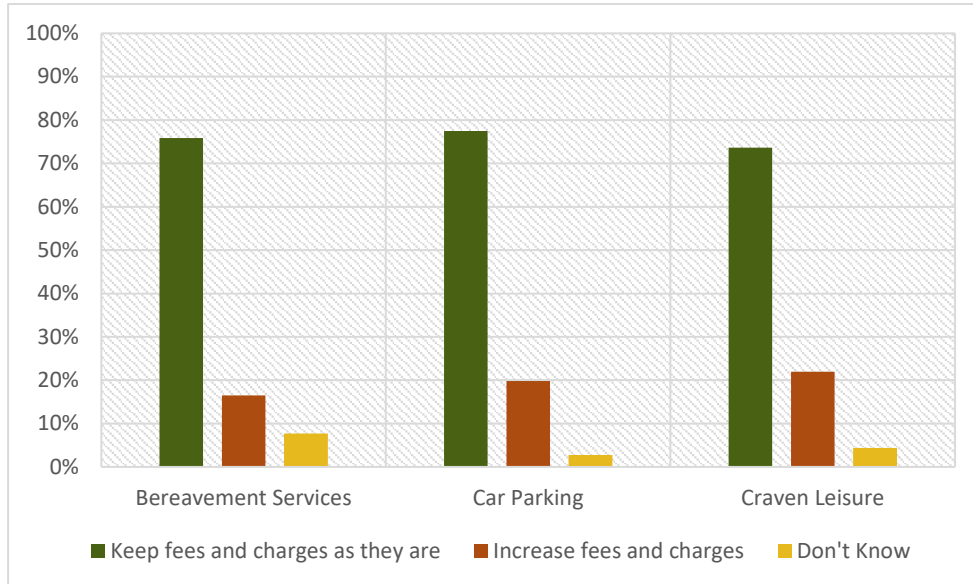
	Spend the same		Reduce spending		Increase fees and charges		Don't Know	
Amenity Areas	67.4%	124	23.4%	43	8.7%	16	0.5%	1
Arts Development	37.7%	69	38.8%	71	21.3%	39	2.2%	4
Cultural Services	50.3%	92	36.1%	66	11.5%	21	2.2%	4
Community Safety	56.5%	104	11.4%	21	29.4%	54	2.7%	5
Economic Development	52.7%	97	22.8%	42	23.9%	44	0.5%	1
Partnerships and Communications	46.5%	85	33.3%	61	18.6%	34	1.6%	3
Public Conveniences	57.1%	105	16.3%	30	20.7%	38	6.0%	11
Settle Tourist Information Centre	52.7%	97	28.8%	53	8.7%	16	9.8%	18
Skipton Bus Station	62.3%	114	17.5%	32	16.9%	31	3.3%	6

- 'Spend about the same' was the most common response for every discretionary area apart from Arts Development.
- Support for maintaining existing levels of service was particularly strong for Community Safety, Amenity Areas, Economic Development, Public Conveniences and Skipton Bus Station. Over 75% of responses supported either maintaining existing spending or introducing fees and charges for these services.

Q7

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.



	Keep fees and charges as they are		Increase fees and charges		Don't Know	
Bereavement Services	75.8%	138	16.5%	30	7.7%	14
Car Parking	77.5%	141	19.8%	36	2.8%	5
Craven Leisure	73.6%	134	22.0%	40	4.4%	8

A small proportion of responses (around 20%) supported the increase of fees and charges for these services. There was a slight but not significant preference for increasing fees and charges at Craven Leisure when compared to the other two services listed.

Q8

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

There were 67 responses to this question, raising 32 different suggestions for saving money or generating income.

The full list of suggestions for saving money or generating income is below:

Offer grounds maintenance services to the relevant Town or Parish Council
Charge for the use of public conveniences in Skipton
Borrow to invest in affordable housing
Convert and renovate surplus properties as affordable housing
Hold more Council-run events
Reduce frequency of general waste collection
Reduce council salaries/number of high wage earners
Maintain or reduce Councillors expenses
Use charitable vehicles to manage services
More effective enforcement of fines
Reduce grass cutting and encourage wild flowers in amenity areas
Support local shops and markets
Use the Ingleton Tourist Information Centre business model to reduce costs for other Tourist Information Centres
Lower parking charges
Introduce a workplace parking levy
Use new technology to prevent the contamination of recycling bins
Plant hardy native perennials in public spaces to avoid having to replant
Install renewable energy generation on Council buildings
Procure a larger number of smaller contracts rather than subcontracting
Review purchasing costs and the cost of outsourced contracts
Do more to promote the history of Craven and encourage tourists
Provide opportunities for local pop-up shops in High Streets
Build more energy efficient buildings
Seek community funding for key projects / initiatives
Collect more Council Tax
Reduce spending on cycling events
Lobby for more central government funding
Run a lottery
Don't spend more money on signs
Relax planning requirements
Introduce a tourist tax

Q9

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

There were 33 detailed comments regarding the Council budget.

These comments are shared confidentially with Councillors.

Policy Committee – 4th February 2020

2020/21 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 2020/21 as required by the Department of Communities and Local Government and CIPFA.

2. **Recommendations**

It is recommended to Council that:

- The Operational Boundary for 2020/21 is set at £10.5m
- The Authorised Limits for 2020/21 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 2020/21 onwards.
- The Treasury Management Strategy Statement 2020/21, incorporating the Minimum Revenue Position Policy Statement and the Annual Investment Strategy, is approved.
- The prudential indicators for 2020/21, 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.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

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 Reporting Requirements

3.2.1 Capital Strategy

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

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

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

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout this report.

3.2.2 Treasury Management Reporting

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

a. Prudential and treasury indicators and treasury strategy (this report)

- The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

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

3.3 Scrutiny

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

3.4 Treasury Management Strategy for 2020/21

The strategy for 2020/21 covers two main areas:

Capital issues

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

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

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

3.5 Training

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

3.6 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**
Elliot O'Shea – Finance Officer
Telephone: 01756 706422
Email: eoshea@cravendc.gov.uk
- 12. Appendices**
Appendix A – Treasury Management Practise 1 – Credit & counterparty risk
Appendix B – Approved countries for investment
Appendix C – Treasury Management scheme of delegation
Appendix D – Economic outlook

Treasury Management Strategy Statement

1. Introduction

The strategy statement comprises:

- capital prudential indicators and MRP statement 2020-2023
- borrowing policy and strategy
- annual investment strategy
- Treasury Indicators

2. Capital prudential indicators 2020/21-2022/23

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. Members are asked to approve the capital expenditure forecasts:

Table 1 Capital expenditure

Capital Expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Total	3,658	8,563	4,496	2,560	2,128

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

Table 2 How capital expenditure is to be financed

Financing of Capital Expenditure	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Capital receipts/grants	2,160	5,240	1,210	683	683
Earmarked reserves	0	3,323	498	414	105
Revenue	567	0	0	0	0
Net financing need for the year	931	0	2,788	1,463	1,340

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 Council is asked to approve the CFR projection below:

Table 3 Capital Financing Requirement

	2018/19	2019/20	2021/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement					
Total CFR	5,775	6,461	6,212	8,808	10,028
Movement in CFR	686	0	2,596	1,220	1,072

Movement in CFR represented by					
Net financing need for the year (above)	931	0	2,788	1,463	1,340
Less MRP/VRP and other financing movements	(245)	(249)	(192)	(243)	(268)
Movement in CFR	686	(249)	2,596	1,220	1,072

2.3 Core Funds and Expected Investment Balances

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

Table 4 Year end resource

Year End Resources	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
General Fund balances and reserves	7,637	6,438	6,466	6,391	6,148
Capital receipts	2,083	1,108	1,108	1,058	1,058
Provisions	0	0	0	0	0
Other	238	238	238	238	238
Total core funds	9,958	7,784	7,812	7,687	7,444
Working capital*	10,195	8,153	8,153	8,153	8,153
Expected investments	13,129	10,200	10,100	10,000	10,000

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

2.4 Minimum revenue provision (MRP) policy statement

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

MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement. For capital expenditure incurred before 1 April 2008, or which in the future will be Supported Capital Expenditure, the MRP policy will follow the existing practice outlined in former MHCLG regulations – that is cost spread equally over 25 years providing an approximate 4% reduction in the borrowing need (CFR) each year.

This policy is currently under review. The Chief Finance Officer is working with our treasury advisors, Link Asset Services, to explore alternative options to account for MRP in relation to expenditure incurred before 1st April 2008. By undertaking an alternative way to account for MRP, savings could be made which would help alleviate immediate budgetary pressures. A separate report will be sent to policy committee on the 3rd of March which will detail any proposed changes to the MRP policy that need to be approved.

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

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's

capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31st March 2019 and for the position as at 30th of November 2019 are shown below for investments and borrowing.

Table 5 Treasury portfolio

Treasury Portfolio				
	Actual	Actual	Current	Current
	31.03.19	31.03.19	30.11.19	30.11.19
Treasury Investments	£000	%	£000	%
Banks (incl current account)	828	6.31	1,917	10.14
Building societies – unrated	4,000	30.47	5,000	26.45
Building societies – rated	3,000	22.85	3,000	15.87
Local Authorities	3,000	22.85	5,500	29.10
Money market fund	1,000	7.62	2,250	11.90
Other	1,301	9.90	1,237	6.54
Total treasury investments	13,129	100	18,904	100
Treasury external borrowing				
PWLB	5,988	100	5,988	100
Total external borrowing	5,988	100	5,988	100
Net treasury investments/(borrowing)	7,141		12,916	

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

Table 6 External debt

	2018/19 Actual £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
External Debt					
Debt at 1 April	5,988	5,988	5,988	8,776	9,739
Expected change in Debt	0	0	2,788	963	1,340
Actual gross debt at 31 March	5,988	5,988	8,776	9,739	11,079
The Capital Financing Requirement	6,461	6,212	8,808	10,028	11,100
Under / (over) borrowing	473	224	32	289	21

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 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

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

3.2 Treasury indicators: limits to borrowing activity

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

Table 7 Operational boundary for external debt

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Operational boundary £m	10.5	10.5	11.5	12.5

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 8 Authorised limit for external debt

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Authorised limit £m	12.75	12.75	12.75	13.00

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 9 Interest rate forecast

Link Asset Services InterestRate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

The above forecasts have been based on an assumption that there is some sort of Brexit deal, including agreement on the terms of trade between the UK and EU, at some point in time. Given the current level of uncertainties around the result of the general election due on 12 December and then subsequent developments, this is a major assumption and so forecasts may need to be materially reassessed in the light of events over the coming weeks or months.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

In addition, PWLB rates are subject to ad hoc decisions by H.M. Treasury to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9.10.19.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. 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.

Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9.10.19. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management. Now that the gap

between longer term borrowing rates and investment rates has materially widened, and in the long term Bank Rate is not expected to rise above 2.5%. The council was not planning to borrow at the time of the PWLB rate increase.

- While this authority will not be able to avoid borrowing to finance new capital expenditure or to replace maturing debt there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4 Borrowing Strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

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

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

3.5 Policy on borrowing in advance of need

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

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

3.6 Debt rescheduling

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

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

3.7 New financial institutions as a source of borrowing and / or types of borrowing

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

4 Annual Investment Strategy

4.1 Investment policy

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

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

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

The Council's investment priorities will be security first, portfolio liquidity second and then return.

In accordance with the above guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro

and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.

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

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

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

4.2 Creditworthiness Policy

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

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

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

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

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

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

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

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

Table 10 Time and monetary limits applying to investments

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

UK banks-ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.3 Other limits

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

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

The council has determined 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 county 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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

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

Investment returns expectations.

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.00%

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:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture. The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside. In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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

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

Table 11 Maximum sums to invest for longer than 365 days

Maximum principal sums invested for longer than 365 days			
	2020/21	2021/22	2022/23
Principal sums invested for longer than 365 days	£4.4m	£4.2m	£4.2m

4.5 Investment performance / 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 Treasury indicators 2020/21-2022/23

5.1 Affordability Prudential Indicators

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

Ratio of financing costs to net revenue stream

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

Table 12 Ratio of financing costs to net revenue stream

%	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Ratio	5.42	4.09	3.93	4.56	4.13

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

5.2 Treasury Indicators for Debt

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

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

Table 13 Maturity structure of debt

Interest rate exposures	2020/21	2021/22	2022/23
	Upper	Upper	Upper
Limits on variable interest rates based on debt	30%	30%	30%
Limits on fixed interest rates based on debt	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2020/21			
	Lower	Upper	
Under 12 months	0%	10%	
12 months to 2 years	0%	15%	
2 years to 5 years	0%	20%	
5 years to 10 years	0%	25%	
10 years to 25 years	0%	40%	
Over 25 years	0%	90%	
Maturity structure of variable interest rate borrowing 2020/21			
	Lower	Upper	
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 MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime

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

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

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall 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 Section 4.

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

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

	The Council may use such building societies which have a minimum asset size of £1bn.	
e.	Any bank or building society 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.	Bond funds. See note 1 below.	£2m or 20%
g.	Pooled property funds – The use of these instruments can be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using.	£2m or 20%

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

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

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

Approved Countries for Investments

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

Based on the lowest available rating:

AAA

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

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- UK

AA-

- Belgium
- Qatar

Treasury Management Scheme of Delegation

(i) Full Council

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

(ii) Policy Committee

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

(iii) Audit and Governance Committee

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

Economic background

UK-2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January; however, even if a Conservative Government gains an overall majority in the general election on 12 December, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020.

The Bank of England produced a quarterly Inflation Report, (now renamed the Monetary Policy Report), in November but it's very questionable how much all the writing and numbers are worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that is worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery.

Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence the MPC views inflation as causing little concern in the near future.

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and both of the largest parties have made significant promises in their election manifestos to increase government spending.

The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure. In addition, it has to be borne in mind that even if the post-election Parliament agrees the deal on 31 January 2020, the current transition period for negotiating the details of the terms of a trade deal with the EU only runs until 31 December 2020. This could prove to be an unrealistically short timetable for such major negotiations which leaves open two possibilities; one the need for an extension of negotiations, probably two years, or a no deal Brexit in December 2020.

As for inflation itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in October to 1.5%. It is likely to remain close to or under 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the labour market, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. The unemployment rate fell back again to a 44 year low of 3.8% on the Independent Labour Organisation measure in September, despite the fall in numbers employed, due to numbers leaving the work force. Wage inflation has been edging down from a high point of 3.9% in July to 3.8% in August and now 3.6% in September, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 1.9%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

In the political arena, a general election could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

WORLD GROWTH-Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors.

This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products. This is likely to produce a backdrop in

the coming years of weak global growth and so weak inflation. Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates

The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US).

There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

Policy Committee 4th February 2020



Capital Strategy 2020 – 2024

Report of the Chief Finance Officer (S.151 Officer)

Lead Member Finance – Councillor Mulligan

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 The Capital Strategy is intended to give a high level overview of how capital expenditure and financing plans are decided upon and how they contribute to the delivery of the Council Plan, Medium Term Financial Plan (MTFP) and overall delivery of services.

2. **Recommendations**

- 2.1 That Members approve the Capital Strategy 2020 – 2024 and confirm that it will be refreshed as part of the MTFP in future on an annual basis alongside the Treasury Management and Investment Strategies.

3. **Background Information**

- 3.1 The Council has had a Capital Strategy in place for a number of years. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 2017 now requires the Capital Strategy to be approved annually alongside the Treasury Management and Investment Strategies.
- 3.2 The strategy is additionally required to incorporate the revised Ministry for Communities, Housing and Local Government (MHCLG) statutory guidance on Local Government Investments, which is included in the updated CIPFA Code of Practice on Treasury Management and the Prudential Code.
- 3.3 The approval of the Capital Strategy and a refresh on an annual basis rather than every four years will enable it to remain consistent with the Council Plan which is reset periodically and refreshed in the intervening years. This strategy covers a four-year period that is consistent with the MTFP and may therefore be included within it in future years, unless the strategy changes substantially.

4. The Report

- 4.1 The Capital Investment Strategy gives a framework for the budget considerations for the next four years and gives an indication of the likely factors that will have an impact in the budget setting process. The strategy overarches the more detailed capital programme.
- 4.2 The capital programme and its financing will play an ever more important role in shaping future budget considerations due to:
- An increasing requirement to fund the capital programme with borrowing
 - Additional capital investment decisions will in all probability require revenue funding either as a direct contribution from the budget, or via revenue reserves or through funding additional borrowing costs.
- 4.3 Although the Council has a forecast for its borrowing requirement to fund capital projects, there are factors that will affect this estimate. These include:
- Asset sales generating receipts, will reduce the borrowing requirement.
 - Opportunities to acquire or develop assets to assist in the delivery of the council's priorities.

5. Implications

5.1 Financial and Value for Money Implications

There are no direct financial implications as a consequence of this report. All prudential indicators associated with the Capital Strategy and the Capital Programme are contained in the Treasury Management Strategy.

5.2 Legal implications

The Prudential Code applies to all local authorities which in England and Wales are defined in legislation for the purposes of Part 1 of the Local Government Act 2003. The code underpins the system of capital finance and it is a requirement of the Code that all Local Authorities have due regard to it.

5.3 Contribution to Council Priorities

The Capital Strategy supports all council priorities.

5.4 Risk Management

Risk assessments are undertaken for specific projects within the Capital Programme. Prior to approval of the projects an assessment is undertaken to ensure that the project fits council priorities and that it is affordable and

deliverable within the resources available 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**

None

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

None

8. **Author of the Report**

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9. **Appendices**

Appendix A – Capital Strategy 2020 – 2024



Craven District Council

Capital Strategy

2020 – 2024

Submitted to Policy Committee 4 February 2020

1.0 **INTRODUCTION**

- 1.1 Capital expenditure is a significant part of the Council's annual expenditure. The programme for 2019/20 provided for capital expenditure of £8.645m. The capital programme for 2020/21 and the indicative programme up to 2023/2024 sets out further capital expenditure requirements of approximately £1.648m for new capital schemes over the next four years. The Council Plan for 2020 and beyond will inform the Capital Strategy for the next five to ten years.
- 1.2 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Council, such as land, buildings, and major items of plant, equipment or vehicles, where the cost is equal to or greater than £10,000. It also includes grants to people and other organisations towards their own capital expenditure, where the cost is equal to or greater than £4,000. Capital expenditure is concerned with the medium to long term issues affecting the Council, unlike revenue expenditure which covers the day to day operations of the Council.
- 1.3 Capital assets shape the way services are delivered in the long term, providing the infrastructure for service delivery. They also create financial commitments for the future in the form of financing costs and/or revenue running costs. Some may also generate revenue streams.
- 1.4 This Strategy is a high level summary of the Council's approach to capital investment. It sets out how the Council will allocate, maximise and manage the capital resources available for its plans and programmes, ensuring that capital investment is directed to the Council's Corporate Priorities. The strategy outlines the basis for the prioritisation of all capital bids put forward for inclusion in the rolling four-year programme, and the monitoring of that programme.
- 1.5 The Strategy covers the period from 2020/21 to 2023/24 and it will be refreshed on an annual basis in line with the Medium Term Financial Plan (MTFP).

2 **THE CORPORATE FRAMEWORK**

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

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

- 3.1 The aims of the Capital Strategy are:
- to provide an effective policy framework for deploying the Council's capital resources for between four and ten years;
 - to set out how the Council will maximise the capital resources available for its plans and programmes.
- 3.2 The objectives of the Strategy are:
- to ensure that the capital resources available to the Council support delivery of the Council's priorities;
 - to guide the production of the capital programme;
 - to assist in determining priorities between various services;
 - to ensure Value For Money (VFM)

4 BACKGROUND

- 4.1 Opportunities for capital investment by a district council such as Craven are limited. The constraints on the Council's financing capacity mean that capital expenditure must form part of an investment strategy and should be carefully prioritised in order to maximise the benefit of scarce resources. The Council can deliver capital investment either directly through the use of its own capital or revenue resources, or indirectly through influencing partners and other external bodies.
- 4.2 The development and implementation of the Council's Capital Strategy involves:
- Working with partners to maximise the effect of capital investment in the District in the achievement of agreed priorities;
 - Maintaining the Council's assets to achieve priorities, consistent with the Council's Asset Management Plan (AMP);
 - Rationalising the Council's assets to achieve priorities, consistent with the Council's Asset Management Plan (AMP);
 - Developing new initiatives and continuing current initiatives, including proposals arising through reviews of services to ensure they remain relevant;
 - Seeking to maximise investment in the District through external funding sources;
 - Responding to relevant Government initiatives (e.g. carbon reduction, waste management, green energy) within the resource constraints;
 - A careful assessment of any revenue implications of capital proposals (both in relation to capital financing costs and running costs).
- 4.3 The model of delivery for capital projects will vary. Options could include direct investment and delivery by the Council, partnership working within the joint venture or through other partnering mechanisms, or an enabling approach, with delivery the responsibility of others, supported by the Council.
- 4.4 The Council's capital programme only reflects expenditure incurred directly by this Council for its own account and the resources raised to meet that expenditure. It does not reflect investment made directly by partners.
- 4.5 The Council's capital programme is set in accordance with the Prudential Code for Capital Finance in Local Authorities, under the principles of affordability, sustainability and prudence.
- 4.6 The prudential indicators required under the CIPFA 'Code' which relate to the capital strategy will be included within the Annual Investment Strategy which is part of the Treasury Management suite of

reports.

5 INVESTMENT PRIORITIES

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

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

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

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

- Enable provision of 230 homes per year, including 25 built with council assets
- Stimulate business growth – developing new employment land
- Provision of business support services and facilities
- Enhance the quality of the trading environment within the District's core retail centres
- Reduce health and wellbeing inequalities
- Enable community groups across the District to achieve their ambitions

5.3 Attracting and Retaining Younger People

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

5.4 Financial Sustainability – ensuring a self-sustainable Council

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

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

6 FURTHER CONSIDERATIONS

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

7.0 2010 – 2024 CAPITAL PROGRAMME

- 7.1 A summary of the 2020 – 2024 capital investment programme is set out below.

Table 1: Rolling Capital Programme

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Vehicles, Plant & Equipment	312	384	75	50
Private Sector Housing	683	683	683	683
Council Properties	596	1,463	1,340	0
IT facilities	22	0	0	0
Leisure & Recreation	35	0	0	0
Projects carried forward from 2016/17	2,848	30	30	60
Total Capital Programme Costs	4,495	2,560	2,128	793

8 CAPITAL RESOURCES

Capital Funding Sources And Principles

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

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

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

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

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

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

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

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

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

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

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

Funding Sources For The 2020/21 – 2023/24 Capital Programme

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

Table 2: 2020/21 to 2023/24 Summary of Estimated Capital Resources

	2020/21 Estimate £'000	2021/22 Indicative £'000	2022/23 Indicative £'000	2023/24 Indicative £'000
Capital Programme Costs	4,496	2,560	2,128	793
<u>Funding Resources</u>				
Capital Receipts / grants	1,210	683	683	683
Earmarked Reserves	498	414	105	110
Potential Borrowing subject to Capital Receipts	2,788	1,463	1,340	0

Maximising Resources

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

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

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

9 **ALLOCATION OF CAPITAL RESOURCES**

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

- 9.6 The basis of the cost assessment is also considered.
- 9.7 The Capital Bid Form is submitted on an annual basis and used to assess capital schemes. Details are submitted for a four-year period to enable the full financial impact to be assessed and to facilitate the rolling financial programme. Any schemes put forward during the year, outside the annual bidding process, would be assessed against the same criteria.
- 9.8 Bids are evaluated and initially prioritised by the Corporate Leadership Team (CLT). The bids are then subject to further evaluation and prioritisation through a joint workshop with Senior Leadership Team (SLT).
- 9.9 The Council's AMP and Vehicle replacement schedule and IT replacement schedule inform the capital programme on a rolling basis. With scarce resources to fund the programme this enables decisions to be made as to whether or not the replacement and or refurbishment of an asset should be undertaken according to the schedule, delayed or in some cases pulled forwards.

10 REVENUE IMPLICATIONS

- 10.1 It is important that the revenue implications of capital investment are clearly identified, these may include:
- Interest charges arising from existing or additional borrowing
 - Investment income foregone when capital receipts are used
 - Leasing costs
 - Running costs of capital projects
 - Depreciation costs
 - Revenue (income) streams
 - Efficiency gains
- 10.2 It is also essential that any increases in capital expenditure are limited to a level whereby the corresponding impact on revenue is containable within projected resource levels over the term of the MTFP.
- 10.3 The revenue effects of capital programme schemes and the assumptions on which they are based have been reflected in the 2020/21 annual budget and the forward forecast.

11 PROCUREMENT

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

12 ROLES AND RESPONSIBILITIES

- 12.1 The Chief Finance Officer (S151 Officer) is responsible for policy development and ensuring financial monitoring and management of the Capital Programme.

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

13 PERFORMANCE MANAGEMENT

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

14 PARTNERSHIP WORKING

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

15 LINKS TO ASSET MANAGEMENT

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

15. CLT to together with key Elected Members (as determined by Policy Committee) considers significant
2 new asset acquisitions, as well as significant asset disposals. This corporate approach seeks to ensure
that the Council gets value for money from all its assets.

16 RISK

16. The identification, evaluation, management and monitoring of risk is an important element of a robust
1 Capital Strategy.

16. The Council has a well-established Risk Management Framework. The Corporate Risk Register is
2 monitored and updated regularly and presented to the Corporate Leadership Team and the Audit &
Governance Committee. For capital projects, any associated risks and opportunities are identified,
monitored and reviewed. Large capital schemes should feature on the Corporate Risk Register as well
as on a detailed separate register, to ensure effective risk management.

17 CONCLUSIONS AND REVIEW

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



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

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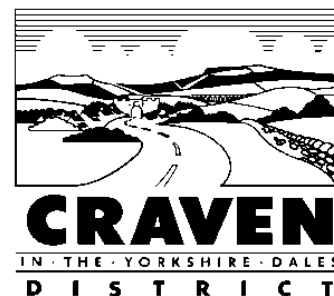
INVESTOR IN PEOPLE

Policy Committee – 4 February 2020

Climate Emergency Strategic Plan

Report of the Chief Executive

**Lead Member: Lead Member for Greener Craven,
Councillor Carl Lis**



Ward(s) affected: all

1. Purpose of Report

- 1.1 To present the Council's Climate Emergency Strategic Plan for approval

2. Recommendations – Members are recommended to:

- 2.1 Approve the Climate Emergency Strategic Plan and give delegated authority to the Chief Executive to:
- a) make any minor amendments to the plan including revision of the delivery mechanisms and amendments to timescales as necessary, in consultation with the Leader of the Council
 - b) oversee the regular monitoring and reporting of progress in achieving the actions defined within the plan, as part of the Council's Performance Management process

3. Background

- 3.1 On 6th August 2019, Craven District Council declared a Climate Emergency. The Council resolved that a Strategic Plan setting out how a carbon neutral district can be achieved should be presented to members within six months. This plan is our response to that commitment. Compiled in partnership with many organisations and community groups across the District, it describes how the Council will work towards becoming carbon neutral by 2030 both for its own operations and, together with partners, across the District of Craven.
- 3.2 The report identifies 7 strategic priorities, and 46 individual activities. The strategic priorities are:
- Carbon Neutral Energy
 - Carbon Neutral Development
 - Travel & Transportation
 - Low Carbon Waste
 - Land & Nature
 - Use of Materials
 - Our Council

- 3.3 The report also describes economic and social considerations for the Council's carbon reduction activity, and a strategy to address adaptation to climate change.

4. Financial and Value for Money Implications

- 4.1 None arising directly from this report. However, the successful achievement of the actions described within the Climate Emergency Strategic Plan is dependent on the financial and other resources available to the Council and its partners.

5. Legal Implications

- 5.1 The Climate Emergency Strategic Plan is subject to approval by Members in accordance with the Council motion declaring a Climate Emergency on 6th August 2019.

6. Contribution to Council Priorities

- 6.1 This plan sets out the Council's activity to achieve the 2020/24 plan priority 'Carbon Neutral Craven'.

7. Risk Management

- 7.1 None directly arising from this report.

8. Equality Analysis

- 8.1 An Equality Impact Assessment Initial Screening Assessment was completed for this plan. It is considered that the Climate Emergency Strategic 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.

9. Consultations with Others

- 9.1 A large number of partner organisations and community groups have been consulted in the preparation of this plan, including:
- Other Local Authorities
 - The Yorkshire Dales National Park Authority
 - The Environment Agency
 - YNYER and LCR LEAs
 - Local charities and voluntary organisations
 - Local community and climate action groups
 - Universities and research organisations
 - Local business representatives

9.2 'Carbon Neutral Craven' is a Council Plan priority for 2020/24. 70.1% of responses to CDC's 2020 budget consultation were in favour of this priority.

10. Background Documents

10.1 None

11. Appendices

- Appendix A – Climate Emergency Strategic Plan 2020/2030

12. Author of the Report

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



Craven District Council

Climate Emergency Strategic Plan

2020-2030

Updated 17/01/2020

Contact:

Lead Member for Greener Craven – Councillor Carl Lis (Cllr.Clis@Cravendc.gov.uk)

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Craven District Council - Climate Emergency Strategic Plan, 2020-2030



Introduction

On 6th August 2019, Craven District Council unanimously declared a Climate Emergency. The council has committed to work towards becoming carbon neutral by 2030.

The Council resolved that a Strategic Plan setting out how a carbon neutral district can be achieved should be presented to members within six months. This plan is our response to that commitment. It describes how the Council will work towards becoming carbon neutral by 2030 both for its own operations and, together with partners, across the District of Craven.

Background

Humans have already caused irreversible climate change, the impacts of which are being felt around the world. Global temperatures have already increased by 1 degree Celsius from pre-industrial levels. Atmospheric CO₂ levels are above 410 parts per million (ppm). This far exceeds the 350 ppm deemed to be a safe level for humanity; In order to reduce the chance of runaway Global Warming and limit the effects of Climate Breakdown, it is imperative that we as a species reduce our CO₂eq (carbon equivalent) emissions from their current 6.5 tonnes per person per year to less than 2 tonnes as soon as possible.¹

Individuals cannot be expected to make this reduction on their own. Society needs to change its laws, taxation, infrastructure, etc., to make low carbon living easier and the new norm. Carbon emissions result from both production and consumption. Unfortunately, our current plans and actions are not enough. The world is on track to overshoot the Paris Agreement's 1.5°C limit before 2050²

¹ Fossil CO₂ & GHG emissions of all world countries, 2017: <http://edgar.jrc.ec.europa.eu/overview.php?v=CO2andGHG1970-2016&dst=GHGpc>, retrieved 16/01/2020

² World Resources Institute: <https://www.wri.org/blog/2018/10/8-things-you-need-know-about-ipcc-15-c->, retrieved 16/01/2020

Craven District Council – Climate Emergency Strategic Plan 2020-2030

The IPCC's Special Report on Global Warming of 1.5°C, published in October, describes the enormous harm that a 2°C rise is likely to cause compared to a 1.5°C rise, and told us that limiting Global Warming to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society, the private sector, indigenous peoples and local communities³,

Councils around the world are responding by declaring a 'Climate Emergency' and committing resources to address this emergency.⁴

Research completed for Craven District Council by the University of Leeds shows the rate at which emissions across the District need to continue to reduce for the District to meet a commitment to Paris Agreement targets. The District will need to reduce scope 1 and scope 2 emissions at a rate of around 12% per year to meet these targets.⁵

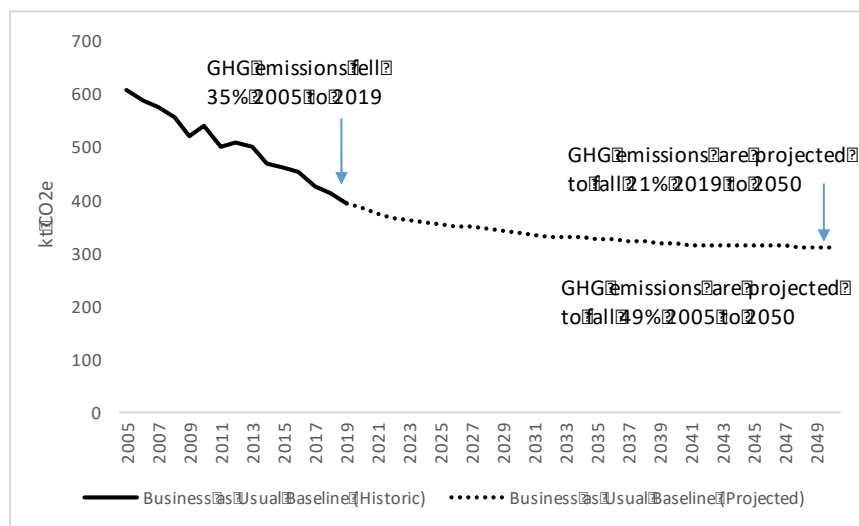


Figure 1. - Scope 1 and 2 GHG emissions 2005 to 2050 for Craven

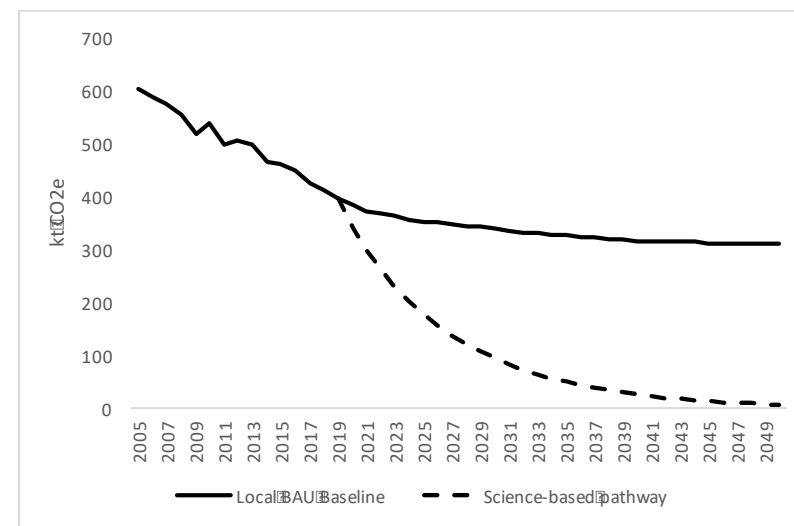


Figure 2. BAU and science-based emissions pathways

³ The IPCC's Special Report on Global Warming of 1.5°C: <https://www.ipcc.ch/report/sr15/>, retrieved 16/01/2020

⁴ Including councils across the UK: <https://www.climateemergency.uk/blog/list-of-councils/>, US cities Berkeley: <https://www.theclimatemobilization.org/blog/2018/6/13/berkeley-unanimouslydeclares-climate-emergency> and Hoboken: <https://www.theclimatemobilization.org/blog/2018/4/25/hoboken-resolves-to-mobilize>, and the C40 cities: <https://www.c40.org/other/deadline-2020>, all retrieved 16/01/2020

⁵ Gouldson, A. Sudmant, A. Duncan, A. (2019). "A summary carbon roadmap for Craven". Place-based Climate Action Network, <https://pcancities.org.uk/>

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Craven District Council first introduced a Carbon Reduction Strategy in 2009, addressing a range of areas from the use of fuel across our operations, buildings efficiency, flood mitigation and biodiversity improvement. The use of carbon for our own operations (against Scope 1 and Scope 2) peaked in 2011, at 2106 tonnes of CO₂ equivalent. Over the past 8 years CDC's use of carbon has reduced by an average of 2.1% per year. In 2018, CDC's use of carbon against Scope 1 and Scope 2 was estimated to be 1798 Tonnes, an overall reduction of 14.6% since 2011.

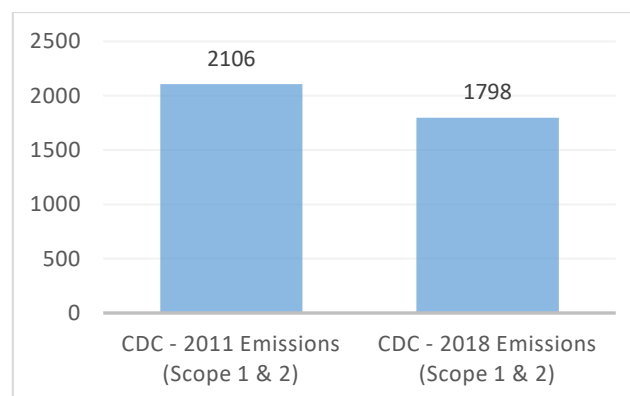


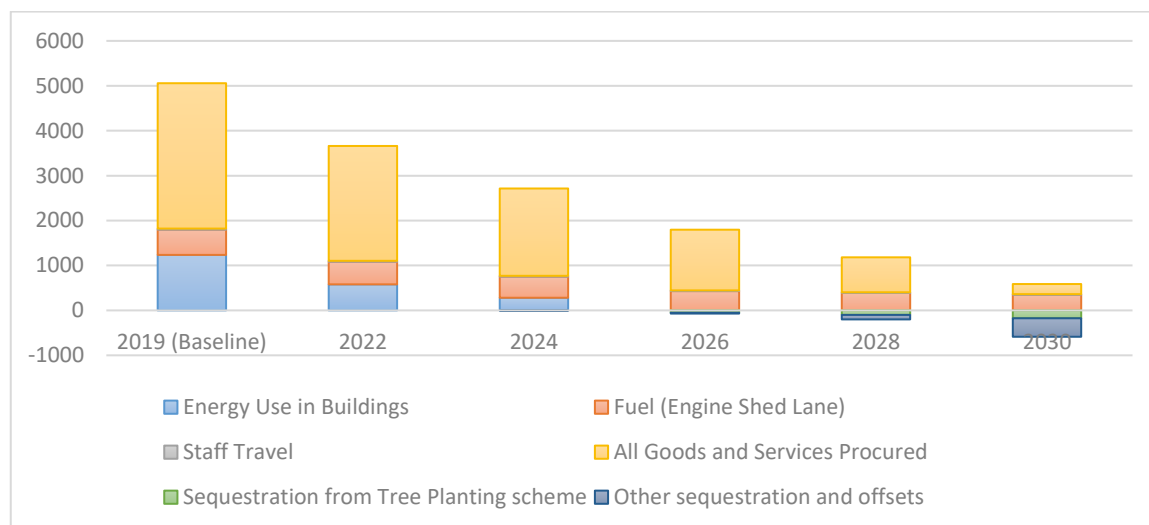
Figure 3. – CO₂ equivalent emissions for CDC operations (local estimates)

For energy use, our estimates have been provided by an expert in buildings efficiency contracted to the CDC Assets team. Other estimates are local estimates calculated by CDC's Finance Team based on fuel use and typical carbon values for categories of spending. The West Yorkshire Combined Authority have been awarded £100,000 from the regional Business Rates Pool to compile a Climate Emergency evidence base for Local Authority work in North and West Yorkshire.⁶ We expect this work to include more detailed estimates of the baseline carbon cost of Local Government Operations. The intended delivery date for these estimates is May 2020.

⁶ <https://democracy.leeds.gov.uk/ieListDocuments.aspx?CId=1140&MId=9856&Ver=4>, retrieved 16/01/2020

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Our 2020 commitment to Carbon reduction includes scope 3 emissions, including addressing the carbon cost of goods and services procured by the council and of staff travel. The total remaining annual emissions from CDC operations are equivalent to c. 5050 Tonnes of CO₂ per year.



Source	2019 (Baseline)	2022	2024	2026	2028	2030
Energy Use in Buildings*	1236	580	282	0	0	0
Fuel (Engine Shed Lane)	562	504	470	430	390	350
Staff Travel	24	20	18	16	14	12
All Goods and Services Procured	3236	2557	1944	1351	778	225
Sequestration from Tree Planting scheme	0	0	0	-50	-100	-175
Other sequestration and offsets	0	0	-3	-20	-100	-412

* through a combination of renewable energy and reduced energy use

Figure and table 4 – proposed emissions reduction pathway for CDC operations

Craven District Council – Climate Emergency Strategic Plan 2020-2030

CDC has committed to work towards becoming Carbon Neutral across the District of Craven, including scope 3 emissions. Estimate data supplied by the Tyndall Centre for Climate Change Research⁷ shows that the three largest areas to address in Craven are:

- Residential energy use
- Road Travel and Transportation
- Land-based Industries (particularly livestock rearing)

We will need to work with residents and with partner organisations to achieve at least a 65% reduction in emissions across these areas, and ensure that the ambitious plans for carbon sequestration activity in the District are realised, to achieve Carbon Neutrality by 2030.

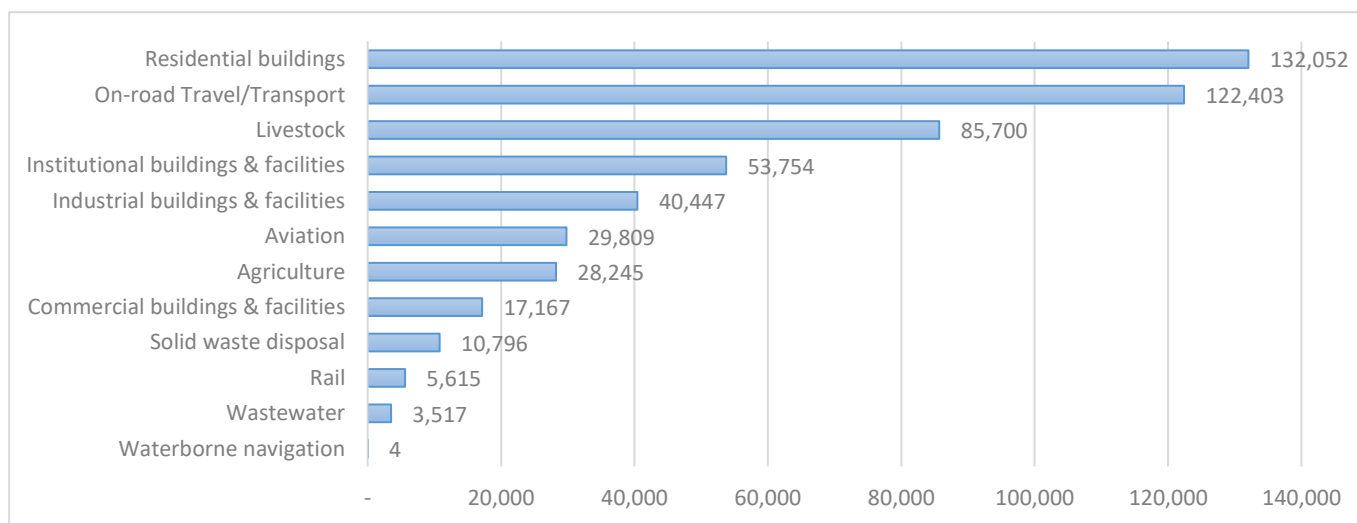


Fig. 5 – Scope 1-3 emissions estimates for the District of Craven, by source sub-sector⁸

⁷ Data retrieved from SCATTER Online - <https://scattercities.com/>, 16/01/2020

⁸ Ibid.

Our progress so far

Craven District Council has already taken action to reduce our Carbon Footprint and to improve the District's environment. During 2018 and 2019 the Council approved a range of measures that will reduce the impact of greenhouse gases.

These include:

- Approving the installation of Electric Vehicle charging points in Skipton's High Street Car Park
- Approving the planting of 7,000 trees on CDC land
- Increasing the support available to low-income households in Craven for measures to improve home insulation and energy efficiency
- Agreeing the Leeds City Region Statement of Common Ground, including a shared commitment to the development of Green and Blue infrastructure with all other authorities in the region
- Encouraging sustainable travel by approving the Skipton Railway Station growth bid and lobbying for improved rail connectivity towards Manchester and the West
- Improving the Leeds-Liverpool canal towpath to a standard appropriate for casual cycling and for users with limited mobility
- Increasing the level of fixed penalty notices for littering
- Implementing the Green Apple Awards in Craven, recognising the contributions made by businesses and other partners
- Agreeing a CDC contribution to a range of measures to protect and improve biodiversity, including the DNAire project and the Forest of Bowland AONB Management Plan
- Approving new flood resilience measures
- Adopting and endorsing the 'Close the Door' campaign to reduce retail energy wastage

In addition to these policy measures, the Council has considered its impact on the climate in a range of buying decisions including:

- Purchasing the Council's first fully electric vehicle (a Nissan E-NV 200 van, used by our maintenance team)
- Upgrading street lighting to efficient LED lighting and starting to improve lighting efficiency across our estate
- Purchasing IT equipment with lower power consumption
- Installing dual-use public refuse and recycling bins in public spaces
- Agreeing a Disabled Facilities Grant installation contract which includes the re-use of stairlift components wherever possible
- Trialling biodegradable dog waste bags as an alternative to single-use plastics

Many of our partner organisations in the District are making strong progress, for example:

- The Yorkshire Dales National Park Authority (YDNPA) has already surpassed Carbon Neutral in its day-to-day operations. The YDNPA have introduced a range of measures including the installation of biomass boilers and other renewable energy technologies, retro-fitting of energy saving measures in all buildings and direct investment in tree planting schemes.
- The Environment Agency (EA) are advancing plans to plant 2 million trees in the Aire Valley basin, providing natural flood defences for the Leeds City Region as well as sequestering carbon. The EA plan to plant 60% of these trees in Craven.
- The Yorkshire Peat Partnership have completed restoration work on over 500 hectares of blanket bog in Craven, with over 5000 further hectares under restoration.

Carbon Reduction Strategy

Our strategy for achieving carbon neutral Craven is based on seven key themes:

Carbon Neutral Energy	<p>Ensure that the net impact of energy used by Craven District Council reaches Carbon Neutral by:</p> <ul style="list-style-type: none">• Ensuring that the design and use of buildings owned by Craven District Council minimises energy use• Ensuring the use of renewable energy both by the Council and by our suppliers <p>Support residents and partner organisations to reduce the use of energy across the District, with a particular focus on residential energy use</p>
Carbon Neutral Development	<p>Maximise the use of our planning and development powers to ensure that the energy efficiency of development in the District is as close to carbon neutral as possible</p>
Travel & Transportation	<p>Reduce the carbon impact of travel and transportation across the District by improving and promoting reduction in travel and take up of zero and low carbon transport options.</p>
Low Carbon Waste	<p>Ensure that the impact of our activity to collect, manage and dispose of waste is minimised by:</p> <ul style="list-style-type: none">• Identifying and acting on opportunities to reduce the volume of waste we collect• Ensuring that opportunities for re-use and recycling are designed in to council activities• Reviewing our waste collection and management arrangements to ensure that our operations are as low-carbon as possible <p>Work with residents and partner organisations to reduce waste and the impact of waste across the District</p>
Land & Nature	<p>Work with partners across the District to ensure that our extensive natural resources are used in a carbon-efficient way, sequestering carbon wherever possible and with consideration for adaptation measures and biodiversity improvement.</p>
Use of Materials	<p>Take conscious steps to reduce the environmental impact of the material resources we use, and in particular single-use plastics.</p>
Our Council	<p>Ensure that our policies and procedures result in the most efficient use of Council resources, including carbon-efficient procurement and investment activity.</p>

Carbon Reduction Action Plan

This section of the plan describes the action that we will take to address the Climate Emergency and to work towards becoming carbon neutral, both for our operations and (with partners) across the District of Craven.

Key to symbols

Financial cost/risk to Craven District Council: £ - under £10k ££ - £10k-£100k £££ - £100k-£500k ££££ - over £500k

Time to realise carbon benefit: ⌚ - 0-2 years ⌚⌚ - 3-5 years ⌚⌚⌚ - greater than 5 years

Potential carbon impact for Council operations: ◇ - under 1% of our emissions ◇◇ - between 1% and 5% ◇◇◇ 5% or over

Potential carbon impact for Craven District: 🌐 - under 1% of emissions 🌐🌐 - between 1% and 5% 🌐🌐🌐 5% or over




























































Potential social impact/s of this action: 👤 - potential positive social impact/s 👤 - potential negative social impact/s

Potential economic impact/s of this action: 💰 - potential positive economic impact/s 💰 - potential negative economic impact/s

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Carbon Neutral Energy

The use of energy for heat, light and power is the area resulting in our highest emissions of Greenhouse Gas. Estimates from the Tyndall Centre for Climate Change Research indicate that 132,000 tonnes of Greenhouse Gas are currently produced every year as a result of domestic energy use in Craven. This is also a key area for reducing the carbon cost of our local government operations, by further increasing our efficiency and moving to the consumption and production of energy from renewable resources.

CNE01	Renewable Energy Contracts	Move to a 100% renewable electricity and gas supplies for all Council operations	££	 - 	   
CNE02	Improve energy use in buildings	Understand where energy is used in the council and take effective steps to reduce it	£	 - 	  
CNE03	Low Energy Lighting	Ensure all Council lighting (both internal and external) meets the highest possible standards of efficiency	£££		 
CNE04	Low Energy Appliances	Ensure all appliances used by the Council meet the highest possible standards of efficiency	££	 - 	 
CNE05	Insulation of Council Buildings	Ensure that all Council properties meet the highest possible standards of insulation	£££	 	 
CNE06	Renewable Energy for CDC Operations	Install renewable energy generation facilities on Council-owned land and buildings	£££-£	 	  
CNE07	Low Carbon Rural Development	Roll out and promote a new low carbon housing model for rural housing	£££	  	  
CNE08	High Planning Standards for Energy	Require highest enforceable standards of energy efficiency in new homes in the district	££	 - 	   
CNE09	Support and Promote Renewable Energy	Maximise the development of renewable energy in Craven	££-££	  	      
CNE10	Increase Home Energy Efficiency	Increase warm homes advice and ensure funding is available for basic energy efficiency improvements to bring all homes in Craven up to a high minimum standard of efficiency	£££  	 -  - 	  
CNE11	'Close the Door'	Continue with the 'Close the Door' campaign to reduce retail energy use	£-£		

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Carbon Neutral Development

The LGA Environment, Economy, Housing and Transport board estimate that at least 80% of the UK housing stock likely to be in place in 2050 has already been constructed.

The remaining 20% represents a significant opportunity to build carbon neutrality into our housing, protecting future householders against the rising costs of energy as well as safeguarding the environment.

A particular challenge in Craven is reconciling our local requirement and priority to provide affordable housing with the need to achieve carbon neutral development.

CND01	Zero Carbon Housing	Review the Council's development portfolio; identify and act on opportunities to move towards the Zero Carbon housing model	££-£	⌚⌚-⌚	◊◊🌐	👤👤
CND02	Zero Carbon Regeneration	Work with our Joint Venture partners to include energy efficient options in our construction plans wherever possible and ensure that our regeneration projects are as close to zero carbon as possible	££	⌚⌚⌚	🌐🌐	👤👤
CND03	Lower Carbon Planning	Work with developers as any new sites across Craven are approved to ensure that opportunities for efficiency and carbon reduction are maximised.	££	⌚⌚⌚	🌐🌐-🌐	👤👤

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Travel and Transportation

In Craven, the carbon cost of travel and transportation is second only to domestic energy use. The Tyndall Centre for Climate Change Research estimate that 122,000 tonnes of Greenhouse Gas emissions are produced from road travel and transportation in Craven each year.

TRT01	EV Charging Network	Review the availability of charging points across the District and support the installation of a complete and coherent network, including installing EV charging points in Council car parks	£££-£	⌚⌚⌚	📍🌐🌐🌐🌐👤💰
TRT02	EV Charging in Developments	Require electric vehicle charging points linked to new buildings wherever possible	£-£	⌚⌚⌚	🌐🌐🌐🌐👤💰
TRT03	Safer Walking and Cycling Network	Develop safe walking and cycling routes to ensure that the district is accessible for commuting and leisure	£££-£	⌚⌚⌚	📍🌐🌐🌐🌐👤💰
TRT04	Support Staff Transition to ULEVs	Revise the structure of subsidised parking for staff to increasingly incentivise the take-up of Ultra Low Emissions Vehicles for commuting	£	⌚-⌚	📍🌐👤💰
TRT05	Improve Car-free access to Skipton	Improve the Skipton Station area to ensure a higher proportion of journeys by train, continue to update Skipton's walking and cycling infrastructure and considering options for park & ride schemes.	££-££	⌚⌚⌚	📍🌐🌐🌐🌐👤💰
TRT06	A coordinated approach to Public Transport improvement	Implement a District transport plan containing a co-ordinated series of improvements to public transport into and around Skipton & The Dales, using Craven's network of railway stations as local travel hubs.	££-££	⌚⌚⌚	🌐🌐🌐🌐👤💰
TRT07	Incentivise active staff travel	Provide and promote incentives and alternatives for employees to walk and cycle to work and on business	£-£	⌚-⌚	📍🌐👤💰
TRT08	Car sharing and car clubs	Support and promote a coherent approach to lift-sharing and car clubs which maximises coverage	£-£	⌚-⌚	📍🌐👤💰
TRT09	Incentivise Low Emissions Taxis	Use taxi licensing arrangements to encourage and incentivise Low Emissions Vehicles	££	⌚⌚⌚	🌐🌐👤💰
TRT10	Low Carbon Fleet	Replace Council vehicles with Electric Vehicles as part of the rolling replacement programme	£££-£	⌚⌚⌚	📍📍📍🌐👤

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Low Carbon Waste

For Craven District Council, one of our most significant challenges is reducing the amount of fuel used by our Waste Management fleet. It is likely that some Refuse Collection Vehicles will be still be diesel vehicles in 2030; we must aim to reduce this to a level where these emissions can be sequestered or offset by other activity.

Across Craven, reducing the amount of waste produced and collected, and finding new ways to sustainably use and process waste, will help us to reduce our carbon footprint.

LCW01	Efficient Route Planning	Review routes to increase efficiency through reduced fuel/energy use	£	⌚	📦📦🌍
LCW02	Electric RCV Components	Replace RCV hydraulic and pneumatic components requiring engine use with electric components	£££	⌚⌚-⌚	📦📦🌍
LCW03	Reduce average fuel consumption	Replace some vehicles with small compaction vehicles to optimise fuel use	£££	⌚⌚-⌚	📦📦🌍
LCW04	ULEV Vans	Replace vans with Ultra Low Emissions Vehicles	£££	⌚⌚-⌚	📦📦📦🌍
LCW05	Anaerobic Digestion Facilities	Build or support the building of anaerobic digestion facilities for food waste and/or agricultural products	££-££	⌚⌚-⌚	🌍🌍-🌍💰👤
LCW06	Workplace Recycling	Ensure recycling facilities are available for all staff	£	⌚	📦🌍
LCW07	Reduce Waste in the Workplace	Staff awareness campaign to reduce waste	£	⌚	📦🌍
LCW08	Retail Waste Reduction	Communicate and work with local retailers to minimise the impact of plastic and other non-recyclable waste for products sold in Craven	££-££	⌚-⌚-⌚	🌍🌍👤
LCW09	Circular Craven	Work with Towns and Villages across Craven to create local circular economies	£££-£	⌚⌚-⌚	🌍🌍-🌍👤💰
LCW10	Waste reduction advice	Produce practical waste reduction tips that can be shared across business in the region	£	⌚	🌍

Land and Nature















In Craven, we are lucky to have access to a wealth of natural resources. The effective management of land across the District has a key role to play, both in sequestering carbon emissions and in mitigating the effects of climate change. The Environment Agency's natural flood defence programme, including an intention to plant over 1 million trees in Craven, is a key example of this.

LAN01	Increase Tree Cover across Craven	Supporting the Northern Forest scheme by supporting and accessing investment in tree planting across the District; Supporting large-scale planting by the Environment Agency and by the Woodland Trust	££-££	⌚⌚⌚	🌍🌍🌍	👤💰
LAN02	Increase Tree Cover across our estate	Identifying opportunities for tree planting and increasing tree cover across Craven District Council's estate	££-£	⌚⌚⌚	📦📦📦🌍	👤
LAN03	DNAire	Complete the DNAire biodiversity scheme	£	⌚⌚⌚	🌍-🌍	👤💰
LAN04	National Park Habitats	Accelerate the restoration of natural habitats in the Craven area of the Yorkshire Dales National Park including meadows, woodland and peatland	££-££	⌚-⌚-⌚	🌍🌍🌍	👤
LAN05	Diversify Land Use	With partners, put in place and implement a plan to support land use diversification and impact reduction whilst maximising economic development opportunities for local land-based businesses	££-££	⌚⌚-⌚	🌍🌍-🌍	👤💰
LAN06	Woodland Memorial Site	Reducing the environmental impact of our Bereavement Services by offering a Woodland Memorial site	£££	⌚⌚-⌚	📦📦🌍	👤
LAN07	Promote native species	Adopt and support planting and land management approaches that support native species and pollinating insects	£-£-£	⌚-⌚	📦🌍	👤

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Use of Materials

A more intelligent use of our material resources is a key part of achieving sustainability. In particular, we will focus on reducing the use of single-use plastics which are fossil-fuel intensive to produce and recycle, and result in long-term environmental pollution.

UOM01	Stop using Plastics at CDC	Remove the use of single-use plastics across Council operations	££-£		 	
UOM02	Reduce plastic use across the District	Work with partners to reduce the use of single-use plastics across the District	££-£	  		
UOM03	Reduce retail plastics	Contact and work with retail partners to reduce the amount of packaging sold across the District	££-£	  		

Craven District Council – Climate Emergency Strategic Plan 2020-2030

Our Council

Careful use of Craven District Council's funds for procurement and for investment will reduce our carbon impact. We will also work collaboratively with local government partners as well as other organisations and community groups, and regularly review our policy decisions to ensure we are monitoring our changing carbon impact.

CDC01	Low Carbon Procurement	Consider carbon cost as part of procurement scoring, working towards near zero carbon procurement by 2030	££-££	⌚-⌚-⌚	◊◊◊	🌐	🧑🧑
CDC02	Low Carbon Investments	Update our investment portfolio to include Carbon Neutral and Carbon Negative investments	£-££-£	⌚-⌚-⌚	◊◊-◊	🌐	🧑
CDC03	Sustainable Skipton	Support and promote Skipton Town Council's activity to meet the UN Sustainable Development Goals and become Britain's first Sustainable Development Town	£	⌚-⌚-⌚	🌐🌐	🧑💰	
CDC04	Review policies for carbon impact	Review upcoming policy decisions to ensure that the full carbon cost of the Council's activity is accounted for					
CDC05	Support Local Partnerships	Support local partnerships for climate improvement, to ensure that community and civic organisations receive the backing and resources they need to lead on change					
CDC06	Respond to surveys and consultations	Ensure that where Central Government agencies consult on issues relating to the Climate Emergency, CDC presents a clear, evidence-based response					
CDC07	Events Programme	A programme of awareness-raising and information-sharing events across the district					

Value for Money – Activities reducing the carbon cost of Council Operations

Low Cost, High Carbon Impact

These activities are each likely to cost below c. £50,000 in total and to realise a carbon saving of at least 500 tonnes by 2030. They should be prioritised unless there is a disproportionate economic or social risk from doing so.

CDC02	Low Carbon Investments
CND02	Zero Carbon Regeneration
CNE02	Improve energy use
LCW01	Efficient Route Planning

Low Cost, Low Carbon Impact

These activities are each likely to cost below c. £50,000 in total, but are unlikely to realise a carbon saving above 500 tonnes by 2030. Given their low cost and their contribution to the plan, they should be completed unless there is a strong social or economic reason for not doing so.

CNE04	Low Energy Appliances
LCW06	Workplace Recycling
LCW07	Reduce Workplace Waste
TRT04	Support Staff Transition to ULEVs
TRT07	Incentivise active staff travel
UOM01	Stop using Plastics at CDC

High Cost, High Carbon Impact

These activities are each likely to cost over c. £50,000 by 2030. Each activity is likely to each realise a total carbon saving of at least 500 tonnes of carbon by 2030.

CDC01	Low Carbon Procurement
CNE01	Renewable Energy Contracts
CNE06	Renewable Energy for CDC
LCW02	Electric RCV Components
LCW03	Reduce fuel consumption
LCW04	ULEV Vans
TRT10	Low Carbon Fleet

High Cost, Low Carbon Impact

These activities are each likely to cost above c. £50,000 in total, and are unlikely to realise a carbon saving above 500 tonnes by 2030. These may still be good options for improvement, particularly if grant funding is available, if they have wider social or economic benefits, and if further benefits will be realised in the longer term.

CND01	Zero Carbon Housing
CNE03	Low Energy Lighting
CNE05	Insulation of Council Buildings
LAN02	Increase Tree Cover
LAN06	Woodland Memorial Site

Value for Money – Activities reducing the impact of carbon across the District of Craven

Low Cost, High Carbon Impact

These activities have the potential to reduce the carbon footprint of the district by over 10,000 tonnes by 2030 and are likely to cost CDC below c. £100,000 in total.

CND03	Lower Carbon Planning
CNE08	High Planning Standards for Energy
TRT02	EV Charging in Developments

Low Cost, Low Carbon Impact

These activities are unlikely to realise a total carbon benefit to Craven of above 10,000 tonnes by 2030, but are likely to cost CDC below c. £100,000 (in most cases well below this amount).

CDC03	Sustainable Skipton
CNE11	'Close the Door'
LAN03	DNAire
LAN07	Promote native species
LCW10	Waste reduction advice
TRT08	Car sharing and car clubs
TRT09	Incentivise Low Emissions Taxis
UOM02	Reduce plastic use across the District
UOM03	Reduce retail plastics
LCW08	Retail Waste Reduction

High Cost, High Carbon Impact

These activities have the potential to reduce the carbon footprint of the district by over 10,000 tonnes by 2030 but are likely to cost above c. £100,000 in total. It is likely that other sources of funding may be available to support many of these activities.

CNE07	Low Carbon Rural Development
CNE09	Support and Promote Renewable Energy
CNE10	Increase Home Energy Efficiency
LAN01	Increase Tree Cover across Craven
LAN04	National Park Habitats
LAN05	Diversify Land Use
LCW05	Anaerobic Digestion Facilities
LCW09	Circular Craven
TRT01	EV Charging Network
TRT06	A coordinated approach to Public Transport improvement

High Cost, Low Carbon Impact

These activities are unlikely to realise a total carbon benefit to Craven of above 10,000 tonnes by 2030 and are likely to cost above c. £100,000 in total. It is likely that other sources of funding may be available. These activities may also realise wider social and economic benefits.

TRT03	Safer Walking and Cycling Network
TRT05	Improve Car-free access to Skipton

Adaptation Strategy

Even if the global increase in temperatures is restricted to 1.5 degrees above pre-industrial levels, this is likely to present serious risks to the lives and livelihoods of our residents. Our strategy for adaptation is based on the national adaptation programme.⁹ We will work with residents and partners to minimise the following risks:

Flooding	Working with partners to review and update information about flood risk; supporting and implementing flood defence and flood risk minimisation measures; support the Environment Agency's flood risk management programme
Health, wellbeing and productivity risks from high temperatures	Using planning powers and responsibilities to ensure that local development considers future needs including appropriate building insulation measures and shade in public spaces; working with the Leeds City Region on the development of blue-green infrastructure; continuing to work with local NHS partners to ensure that future provision meets local need
Water supply for agriculture, energy generation and industry	Support and promote work by the Environment Agency, local water companies and ecological organisations to protect and enhance water storage capacity; continually review our statutory role in private water supply testing to ensure that issues resulting from climate adaptation are considered
Natural capital – ecosystems, soils and biodiversity	Working with partners to maximise the ecological, economic and adaptation benefits of the Environmental Land Management scheme; protect natural carbon stores within the District
Food production	Work with partners, particularly local communities and the National Farmers Union, to ensure that food production in Craven is resilient to the effects of a changing climate
New and emerging pests and diseases and invasive non-native species	Support the protection and management of native habitats and tackle invasive non-native species on our sites

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727252/national-adaptation-programme-2018.pdf, retrieved 16/01/2020

Communities and the impact of Climate Change

Residents on low incomes

Our approach to addressing the Climate Emergency will help to improve circumstances for residents on low incomes, and not further disadvantage them. Our energy efficiency advice scheme and access to funded efficiency improvements through Better Homes Yorkshire offer low income households the opportunity to reduce their energy bills at the same time as reducing their impact on the environment.

Constructing energy-efficient affordable houses will allow young people and families on low incomes to access the housing ladder whilst helping to reduce their bills and reduce their carbon impact.

Local renewable energy projects reduce local vulnerability to fluctuating prices in energy markets. Electric vehicles have lower running and servicing costs than conventional vehicles.

One risk of requesting higher energy efficiency standards is the potential trade-off between higher standards and affordability of housing for local residents. We will closely monitor the impact of energy efficiency policies on the affordability of suitable housing.

Health and Wellbeing

Many measures addressing climate change also have benefits for the health and wellbeing of residents. The Better Homes scheme helps to ensure that vulnerable residents are warm and well, and is available via social prescribing.

A move away from petrol and diesel vehicles, towards electric vehicles, public transport and active travel, will result in improvements in air quality for all residents. The 'Close the Door' scheme also helps to protect the health of retail workers by reducing air pollution in retail environments. Enabling active modes of travel (particularly walking and cycling) also helps to improve the level of public health by increasing exercise rates.

Increasing the availability of public transport helps to reduce the risk of social isolation, which has many associated health and wellbeing benefits.

Tree planting and biodiversity schemes increase access to natural resources for residents; this is found to have particular benefits for mental health and wellbeing.

Developing a thriving green economy

Implementing the Climate Emergency Strategic Plan presents many potential opportunities for Craven's local economy:

- Expanding markets in energy efficient technologies, low carbon construction, electric vehicles and small-scale energy generation will provide new opportunities for local businesses.
- Many actions resulting in carbon reduction also offer efficiency and cost savings to businesses (for example, direct renewable energy generation, waste reduction, the reduced cost of fuel and servicing for vehicles, and better insulation).
- Reduced energy bills for consumers should result in more disposable income, and more money spent on local goods and services.
- Health benefits related to improvements in air quality and to increased exercise from active modes of travel should reduce ill-health and increase productivity.
- The local economy should also benefit from the retention of younger people, who are likely to cite environmental sustainability as a high priority, particularly as the Council begins to offer lower carbon affordable housing units.

Some of the commitments in this plan may result in an increase in the cost of goods and services purchased by the Council. For example, the cost of energy is likely to increase slightly as a result of purchasing energy from 100% renewable sources. This may introduce some additional pressures on the Council budget. However, some activities (and particularly those which increase efficiency) may result in a reduction in the revenue budget requirement and a long-term saving for the Council. Each activity will need to be assessed on a case-by-case basis, to ensure a balanced approach which maximises carbon reduction within the Council's available budget.

Conclusion

This Strategic Plan describes Craven District Council's approach, priorities and activities to address the Climate Emergency.

Working towards Carbon Neutral by 2030 will require hard work and persistence from CDC and its partners across the District and beyond. Over the next 10 years, technology will develop, our understanding and experience will improve and there are likely to be challenges that we have not yet considered.

As well as regular monitoring via the Council's performance management process, a full annual update and review of the plan will be presented to Council.

With particular thanks to the many groups and organisations who have contributed to the development of this plan, and continue to work together with us to address the Climate Emergency.