



- Report of the Interim Deputy Monitoring Officer.
6. **Report of Independent Remuneration Panel** (Pages 99 - 124)  
Report of the Interim Deputy Monitoring Officer
  7. **Combined Authority Budget 2024-25** (Pages 125 - 252)  
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  9. **An Economic Framework for York and North Yorkshire Combined Authority** (Pages 289 - 338)  
Report of the Head of Strategy
  10. **Adult Education Budget Implementation Readiness Conditions** (Pages 339 - 342)  
Report of the Director of Economy
  11. **Combined Authority Assurance Framework** (Pages 343 - 394)  
Report of the Director of Economy
  12. **LGPS Pension Discretions Policy** (Pages 395 - 430)  
Report of the Head of Human Resources
  13. **Forward Plan** (Pages 431 - 434)  
To approve the Combined Authority's Forward Plan
  14. **Urgent business**  
Any other items which the Chair agrees should be considered as a matter of urgency because of special circumstances

James Farrar  
Interim Head of Paid Service

Barry Khan  
Interim Monitoring Officer

15 March 2024

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## York and North Yorkshire Combined Authority

### Minutes of the meeting held at West Offices, York on 23 February 2024 commencing at 3.00 pm

**Present:** City of York Councillor Claire Douglas in the Chair. North Yorkshire Councillor Gareth Dadd, City of York Councillor Peter Kilbane and North Yorkshire Councillor Carl Les.

**In attendance:** North Yorkshire Councillors Caroline Goodrick and George Jabbour,

**Officers present:** James Farrar Y&NYCA; Rachel Antonelli, Y&NYCA; Andrew Leeming, Y&NYCA; Paul Clark Y&NYCA; Barry Khan, NYC; Elizabeth Jackson, NYC; Sara Jeffs, NYC; Bryn Roberts, CYC; Helen Whiting, CYC; Jenni Newberry, OPFCC.

**Observers:** Helen Simpson, Y&NY LEP.

#### 11 Apologies for Absence

There were no apologies for absence from Members of the Combined Authority.

An apology for absence had been received from Police, Fire and Crime Commissioner Zoe Metcalfe.

#### 12 Minutes of the meeting of the Combined Authority held on 22 January 2024

The Minutes of the York and North Yorkshire Combined Authority held on 22 January 2024 were taken as read and approved unanimously as a correct record.

#### 13 Declarations of Interest

Helen Simpson declared an interest in relation to Minute no.16 and left the room for consideration of the item.

#### 14 Public participation

One public question had been received which, in accordance with Minute 05(a) of the meeting of 22 January 2024, was read out at the meeting.

Public question read out by Anne Seex:

What are the specific legislative provisions that you believe mean that Section 15 (5) of the Local Government Act 1989 does not apply to the appointments made to the MCA by North Yorkshire Council and York City Council?

Councillor Claire Douglas thanked Anne Seex for her question. Barry Khan, the Interim Monitoring Officer for the Combined Authority, responded that paragraph 1(c) of Schedule 1 of the Local Government Act 1989 stated that the provisions of section 15 did not apply to the Combined Authority when appointing to an outside body where there were two or less appointments, meaning it was not caught by the political proportionality rules.

Barry Khan also advised that whilst the Constitution did not include any provisions in relation to public participation the Combined Authority had agreed to allow public questions, and this would be clarified on the website. The provisions would be reviewed following the

election of the Mayor as it was anticipated that there would be an opportunity for the public to ask questions of the Mayor.

## **15 Governance Matters and Appointment to Committees**

Considered –

A report in the name of the Interim Deputy Monitoring Officer in relation to the appointment of Members to the Overview and Scrutiny Committee and Audit and Governance Committee, and also the Skills and Employability Working Group. Confirmation was also sought in relation to the dates of meetings.

Barry Khan introduced the report and gave an overview of the key points in relation to the committee appointments, as summarised below:

- It was important to ensure the appointments were made appropriately whilst acknowledging that the regulations referred to registered political parties, rather than registered political groups; and there were two authorities to appoint from.
- There were a number of scenarios under which North Yorkshire Council and City of York Council could appoint to those 20 places and still be politically proportionate across the whole geography. It was for the Combined Authority to determine how it wished to allocate the seats across the two councils.
- There was a proposal that the following nominations be made from each constituent authority: NYC – 6 Conservative, 1 Liberal Democrat, 1 Labour, 1 Green and 1 NY Independent and for CYC – 4 Labour, 4 Liberal Democrat, 1 Conservative and 1 non-affiliated.
- Once overall allocations had been agreed it would be for the political groups to allocate accordingly from the lists of names provided.

Councillors Carl Les and Claire Douglas confirmed that they were content with the proposals and the political balance as set out at paragraph 3.3 of the report.

On a vote being taken it was

### **Resolved (unanimously) –**

That (1) the Combined Authority appoints Members to the Overview and Scrutiny Committee and the Audit and Governance Committee in accordance with the membership of those Committees;

(2) the Combined Authority appoints Members to the Skills and Employability Working Group and notes the final list of Members of the Working Group as set out at Annex A; and

(3) the Combined Authority confirms the date of the next Combined Authority Meeting as 18 March 2024, with Audit and Governance to take place on 12 March 2024 and Overview and Scrutiny taking place on 13 March 2024.

## **16 Second Call for the Brownfield Housing Fund**

Considered –

A report in the name of the Director of Economy, detailing the extension of the Brownfield Housing Fund (BHF) to the financial year ending 31 March 2026, which had been agreed by the Department for Levelling-Up, Housing and Communities (DLUHC). Agreement was also



sought to reopen the call for further brownfield housing projects to enable the fund to be fully utilised.

Andrew Leeming introduced the report and gave an overview of the key points, as summarised below:

- This report followed consideration of the item at the Joint Devolution Committee meeting held on 18 December 2024, where an initial £9m of funding was approved. £3m remained to allocate, necessitating a further call for projects.
- For Round Two, two changes to the fund were proposed: that eligible applicants would only include Registered Providers and City of York and North Yorkshire Councils, providing an opportunity to increase the level of affordable homes submitted; and that the deadline would reflect the extension agreed by DLUHC with expenditure completed by 31 March 2026.
- Whilst the priorities would be the same, the focus would be on sites which could deliver 100% affordable homes and where planning consents were in place.
- An indicative timetable was included at paragraph 5.4, with Round Two launching on Monday, and a report being brought to the Combined Authority in July 2024 for approval of projects.

In response to a question on whether the York and North Yorkshire Housing Partnership could assist in getting Registered Providers to work together rather than competing for the funding, Andrew Leeming advised that they were working with the Housing Partnership to ensure co-ordination happened.

**Resolved (unanimously) –**

That the Combined Authority approve the reopening of a new call for projects, which will be subject to the funding deadline of 31<sup>st</sup> March 2026.

(Helen Simpson declared an interest in this item and left the room during the consideration of the item.)

**17 Pay Policy Statement**

Considered –

A report in the name of the Head of Human Resources which set out the Combined Authority's proposed Pay Policy Statement as required by the Localism Act 2011 for approval for publication on the Combined Authority's website.

Sara Jeffs introduced the report and advised that this was the first iteration of the Pay Policy, which would be reviewed as the Combined Authority grew.

**Resolved (unanimously) –**

That the Combined Authority agrees the proposed Pay Policy Statement, as set out in Appendix 1, to enable publication on the Combined Authority's website.

**18 Proposed Statutory Officers Appointment Panel Arrangements**

Considered –

A report in the name of the City of York Council Head of Human Resources which provided a progress update on the appointments for the roles of Chief Executive Officer and Director of Resources following approval to report at the Combined Authority meeting held on 22

January 2024. Formal approval was sought to establish an Appointments Sub-Committee for the two Statutory roles with delegated powers to conduct the recruitment process, select and appoint a candidate, subject to the requirements of the Combined Authority's Constitution and Local Government and Housing Act 1989.

Helen Whiting introduced the report and gave an overview of the key points:

- The Director of Resources post was currently being advertised; the Chief Executive Officer post would be advertised in early April.
- Both posts were Member appointments, the Mayor would be involved in the appointment of the Chief Executive Officer, and technical panels would also be involved for the technical interview.
- Salaries were expected to increase as the Combined Authority grew.

**Resolved (unanimously) –**

That (1) the recruitment process for the positions of Chief Executive Officer and Director of Resources be approved, including the proposal to set up an Appointments Sub-Committee enabling it to conduct the recruitment process, select and appoint a candidate to each of the roles, subject to the Standing Orders;

(2) Combined Authority Members nominate who will make up the appointment panel under separate cover after the Combined Authority Meeting. Details of the appointing panels are outlined in paragraphs 13 and 22;

(3) should either of the recruitment campaigns and / or appointment processes fail to appoint a suitable candidate, a further report will be presented to the Combined Authority with options for a way forward to resolve the particular circumstance (paragraphs 18 and 25); and

(4) the Appointments Sub-Committee be created and delegated the ability to appoint the Director of Resources and to make recommendation to the Combined Authority for the Chief Executive Officer.

**19 Forward Plan**

Considered –

The Combined Authority's draft Forward Plan was submitted for approval for publication on the Combined Authority website.

Paul Clark advised that since the agenda had been published two further items had been added to the Forward Plan for consideration at the March meeting, which were (1) pension discretions and (2) sign off of the final version of the Assurance Framework.

In response to a question from a Member it was confirmed that under the Constitution Combined Authority Members could add items to the Forward Plan.

**Resolved –**

That the draft Combined Authority Forward Plan be approved.

**20 Decisions by Officers Under Delegated Powers – Outside Body Appointments**

Considered –

A report on the use of urgency powers since the last meeting of the Combined Authority on 22 January 2024 was considered. In accordance with Part 3, Section E, paragraph 3.3 of the Constitution, the Head of Paid Service, in consultation with the Co-Chairs of the Combined Authority, was delegated power to take urgent decisions.

There were two urgent decisions, both of which related to appointments that were required to be made to the Transport for the North Board and Committees.

**Resolved –**

That the urgent decisions set out in the Appendices to the report, which were taken by the Interim Head of Paid Service, in consultation with the Co-Chairs of the Combined Authority, be noted.

The meeting concluded at 3.32 pm.

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**COMBINED AUTHORITY CONSTITUTION REVIEW**

**Report of the Interim Deputy Monitoring Officer**

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**1.0 Purpose of the Report**

- 1.1 This report deals with amendments to the constitution of the Combined Authority, made further to the Meeting of 22 January 2024 and also proposes further consequential amendments.

**2.0 Recommendations**

- 2.1 That the Combined Authority considers the points raised in the feedback of City of York Council (see Appendix A), with provision for the Interim Deputy Monitoring Officer to make any agreed amendments to the constitution arising from the feedback. In addition, North Yorkshire Council's Transition (LGR) Overview and Scrutiny Committee are considering the report and may provide feedback to the Combined Authority, their meeting is due to take place on 11 March 2024, therefore, any feedback will be reported back to the Combined Authority at the meeting.
- 2.2 That the Combined Authority ask the Audit and Governance Committee to form a working group to consider any proposed amendments within Appendix A as part of a review of the constitution, with any completed review being brought back to the Combined Authority for further consideration.
- 2.3 To approve the proposed amendments to the constitution within the section entitled Combined Authority Officer feedback within this report.
- 2.4 To approve the addition of Part 9 of the constitution, with provision for the Interim Deputy Monitoring Officer to make any amendments agreed by the Combined Authority.
- 2.5 That the Interim Monitoring Officer is delegated the ability to make amendments to the constitution which may arise from the 18 March 2024 until the Combined Authority's next Meeting in June 2024 to ensure that the Combined Authority is operating in a safe and legal manner. Such amendments will be made after the Interim Monitoring Officer has consulted with the Lead Members of the Combined Authority, and the Mayor (if such amendment is required after 7 May 2024) and then reported back to the next Combined Authority Meeting.

**3.0 Background**

3.1 The Combined Authority is the legal and accountable body for the funding devolved and awarded to it. In addition, the Combined Authority is the Local Transport Authority for York and North Yorkshire. A link to the current constitution dated January 2024 can be found at the end of this report, which includes any amendments made by the Combined Authority at their Meeting on 22 January 2024.

3.2 Members will be aware that at the January Combined Authority Meeting, some feedback from City of York Council was deferred until the March 2024 Combined Authority Meeting. In addition, Part 9, which relates to Police and Crime functions was also deferred. Finally, during the last 2 months of the Combined Authority coming into being, Officers have asked for Members to consider amendments to the constitution, which impacts upon the day-to-day workings of the Combined Authority.

#### **4.0 City of York Council Feedback**

4.1 City of York Council, at their Joint Audit and Governance and Scrutiny Committee in January 2024, provided a list of feedback upon their review of the Constitution, which at that time, was in draft form.

4.2 The Joint Committee have since convened again to complete their review and have provided further feedback for consideration by the Combined Authority. The table at Appendix A sets out the initial feedback, with their further comments outlined in green.

4.3 The Interim Deputy Monitoring Officer has also added, where necessary, further guidance for Members, in order to aid them with their decisions around the feedback.

4.4 Members will note that it is proposed that in relation to some of the comments, that the Audit and Governance Committee look to convene a working group to consider the feedback received from City of York Council and bring back recommendations relating to any proposed changes to the constitution later in the year.

#### **5.0 Combined Authority Officer Feedback**

5.1 In addition to feedback from City of York Council Members, the Interim Deputy Monitoring Officer has collated a list of constitutional matters which consists of feedback from Combined Authority Officers, which the Combined Authority are also asked to consider, which will allow the Combined Authority to continue in a manner that is regarded as safe and legal:

Reference	Proposed amendment
Part 1 – Introduction and Articles	

<b>Reference</b>	<b>Proposed amendment</b>
Section I (Officers), para 5	<p>Insertion of para 5.2 to read:</p> <p>5.2 The Combined Authority have appointed Veritau as their internal auditors. The Police and Crime and Fire and Rescue functions use RSM as their internal auditors. This arrangement will continue, with the Head of Internal Audit being appointed from either Veritau or RSM, to be determined by the Combined Authority. The Head of Internal Audit will obtain assurance from their partner internal auditor, which will then allow the Head of Internal Audit to provide overall assurance to the Combined Authority.</p>
Section I (Officers)	<p>Insertion of para 7 to read:</p> <p>7 Policing, Fire and Crime</p> <p>7.1 The Statutory Officers must make arrangements to ensure that their responsibilities in respect of the Policing, Fire and Crime elements of the Y&amp;NYCA powers and duties, are carried out robustly and effectively.</p> <p>7.2 Those arrangements must ensure compliance with all prevailing statutory and non-statutory guidance to Elected Local Policing Bodies and Fire and Rescue Authorities for the carrying out of the responsibilities of:</p> <p>7.2.1 Head of Paid Service for the staff employed by the Combined Authority deployed wholly or partly in relation to the Mayor’s PCC functions;</p> <p>7.2.2 Head of Paid Service for the staff employed by the Combined Authority deployed wholly or partly in relation to the Mayor’s FRA functions;</p> <p>7.2.3 Monitoring Officer in respect of the Mayor’s PCC and FRA functions;</p> <p>Section 73 Officer in respect of the Mayor’s PCC and FRA functions.</p> <p>7.3 Those arrangements must be set out in writing (in the form of Protocols and/or schemes of sub-delegation, delegating functions to Officers engaged by the Combined Authority deployed wholly or partly in relation to the Mayor’s PCC or FRA functions as the case may be) and subjected to regular review.</p>
Section K (Finance, Contracts and Legal Matters), para 1.1	<p>1.1 The management of the Y&amp;NYCA’s financial affairs will be conducted in accordance with the Financial Procedures set out in Part 6 of this Constitution.</p>
<b>Part 3 – Y&amp;NYCA Functions reserved to the Mayor</b>	
Section BI, subsection 6 (Fire and Rescue)	<p>6.6 The Mayor will set the Fire and Rescue element of the general precept after consultation with the public of North Yorkshire, the Police, Fire and Crime Panel and the Chief Fire Officer. The policing precept is set separately.</p>
Section D, para 3 (c) and (d) (Fire and Rescue Functions)	<p>Deletion of sub paras c and d on the basis that the local auditor for Fire and Rescue will be the same as appointed for the Combined Authority:</p>
Section E, para 2 (General	<p>Insertion of para 2.1 to read:</p>

<b>Reference</b>	<b>Proposed amendment</b>
delegations to all Chief Officers)	2.1 Any reference to these delegations in relation to the Chief Fire Officer are limited in scope to Fire and Rescue functions only. All other Chief Officers have these general delegations in respect of the Combined Authority as a whole.
Section E, para 3.13 (Delegations to head of Paid Service)	3.13 To manage investments made by the Y&NYCA which fall outside of the approved Treasury Management Strategy in consultation with the Section 73 Officer and subject to subsequent reporting to the Y&NYCA.
Section E, para 4.16 (b) (Delegations to Section 73 Officer)	Deletion of sub paragraph (b):
<b>Part 5 – Rules of Procedure</b>	
Section A (Y&NYCA Procedure Rules), para 6.1	6.1 The Annual Meeting of Y&NYCA shall be held in June on a date and at a time determined by the Y&NYCA.  6.2 ***Ordinary meetings of the Y&NYCA for the transaction of general business shall be held on such dates and at such times as the Y&NYCA shall determine.
<b>Part 7 Codes and Guidance</b>	
Section E, subsection 8 (Code of Corporate Governance, Managing Risks and Performance)	Amendment to para 8.7 to read:  8.7 An independent audit committee will operate in line with the guidance of the Financial Management Code of Practice, in relation to the Mayor’s Police and Crime functions.

## **6.0 Police and Crime Commissioner Functions – Part 9**

6.1 Members will recall that joint work has been conducted with colleagues within the Office of the Police, Fire and Crime Commissioner, in readiness for their transition into the Combined Authority on 7 May 2024. These provisions have not been reviewed by the Constituent Authorities as they are Police and Crime and Fire and Rescue functions and it is therefore a matter for the Combined Authority.

6.2 Part 9 contains the following sections:

- a. Introduction and Statement of Corporate Governance;
- b. Mayor’s PCC Scheme of Consent and Scheme of Delegation;
- c. Appendices to include terms of reference for PCC Joint Independent Audit Committee, the Fire and Rescue Independent Audit Committee and Executive Board (PCC and Fire and Rescue Functions).



- 6.3 Part 9 contains provisions which relate to a Deputy Mayor for Policing and Crime. It is not known at this stage whether the Mayor, once elected, wishes to appoint a Deputy Mayor to exercise their Policing and Crime functions, however, as the current Office of the Police, Fire and Crime Commissioner will need to be able to continue to conduct their work from 7 May 2024 onwards, delegations that would allow this to happen, should a Deputy Mayor for Policing and Crime be appointed need to be included within the constitution.
- 6.4 Another matter for the Mayor to consider, upon commencement of their office will be whether to delegate any Fire and Rescue Functions and if so, whether the delegation will be to the Deputy Mayor for Policing and Crime, or a Fire Committee.
- 6.5 A scheme of sub-delegation is contained within Part 9 and running alongside the Constitution is an appointment of Deputy Monitoring Officer and Deputy Section 73 Officer for specific functions from the Interim Monitoring Officer and Interim Section 73 Officer to allow Key Officers of the Police, Fire and Crime Commissioners Office to be able to continue working on the 7 May 2024 in a seamless manner.
- 6.6 The PCC and Fire and Rescue Functions operate currently to their own Financial Regulations and Contract Procedure Rules. Consideration has been given to whether the Combined Authority could operate effectively with 3 sets of each Rules and Regulations. The conclusion is that it could not, therefore, it is proposed that the Financial Regulations and Contract Procedure Rules within the constitution will apply to the Combined Authority and will include both the PCC and Fire and Rescue Functions.
- 6.7 Part 9 is contained within this report, at Appendix B.

## **7.0 Financial Implications**

- 7.1 The financial implications of creating the Combined Authority and the additional funding that the Devolution Deal provides have been considered in previous reports to the constituent authorities and also Meetings of the Combined Authority. This report sets out the governance structure for the operation of the Combined Authority and notes that allowances can be paid to members.

## **8.0 Legal Implications**

- 8.1 The legal implications of the constitution are contained in the body of this report.

## **9.0 Equalities Implications**

- 9.1 Any constitution specific equalities implications are contained within the document.

## **10.0 Environmental Implications**

- 10.1 The environmental including climate change implications of creating the Combined Authority and obtaining additional funding and powers under the Devolution Deal have been considered in previous reports to the constituent authorities. This report looks purely at the governance arrangements for the Combined Authority.

## **11.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

- 11.1 York and North Yorkshire Council areas.

## **12.0 Recommendations**

- 12.1 That the Combined Authority considers the points raised in the feedback of City of York Council (see Appendix A), with provision for the Interim Deputy Monitoring Officer to make any agreed amendments to the constitution arising from the feedback.
- 12.2 That the Combined Authority ask the Audit and Governance Committee to form a working group to consider any proposed amendments within Appendix A as part of a review of the constitution, with any completed review being brought back to the Combined Authority for further consideration.
- 12.3 To approve the proposed amendments to the constitution within the section entitled Combined Authority Officer feedback within this report.
- 12.4 To approve the addition of Part 9 of the constitution, with provision for the Interim Deputy Monitoring Officer to make any amendments agreed by the Combined Authority.
- 12.5 That the Interim Monitoring Officer is delegated the ability to make amendments to the constitution which may arise from the 18 March 2024 until the Combined Authority's next Meeting in June 2024 to ensure that the Combined Authority is operating in a safe and legal manner. Such amendments will be made after the Interim Monitoring Officer has consulted with the Lead Members of the Combined Authority, and the Mayor (if such amendment is required after 7 May 2024) and then reported back to the next Combined Authority Meeting.

## **13.0 Reasons For Recommendations**

- 13.1 To ensure the York and North Yorkshire Combined Authority has a governance framework to facilitate its operation in accordance with the legal requirements.

## **14.0 Contact Details**

For further information please contact the authors of this Report.

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**Background papers: Constitution of Combined Authority dated January 2024 - [YNCAConstitutionJanuary2024.pdf.pdf \(yorknorthyorks-ca.gov.uk\)](#)**

**Appendices**

**Appendix A – City of York Council Feedback on Combined Authority Constitution**

**Appendix B – Part 9 of the Constitution of the Combined Authority, Police and Crime Commissioner and Fire and Rescue Functions – Governance Documents**

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## Appendix A – City of York Council Feedback on Combined Authority Constitution

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
<b>Part 1 – Introduction and articles</b>		
Section E, para 1	amend to read “The Y&NYCA <del>usually</del> <b>ordinarily</b> meets every month, but additional meetings may take place within the monthly period should the need arise.”	
Section J, para 2.1(c)	amend to read “ <b>The advancement of</b> <del>Respect for</del> human rights <b>and equalities</b> ”	
Section J, para 2.1	insert new point (g) to read as follows: “ <b>Due consideration to be given to environmental sustainability and the climate crisis</b> ”	Propose that Audit and Governance form a working group later in the year to review this.
Section K, para 3 (b)	amend to read: “Any contract <del>with a value exceeding £50,000</del> entered into by the Y&NYCA shall be made in writing.”	Proposed wording:  A contract can be entered into via the generation of a purchase order on standard terms and conditions or via a “formal contract” in writing via the Legal section. Any “formal contract” entered into by the Y&NYCA shall be made in writing.
Section L, para 2	amend to read: “Changes to the Constitution will only be approved by the full Y&NYCA after consideration of the proposal by the Monitoring Officer <b>and the Audit &amp; Governance Committee</b> and in accordance with the Y&NYCA Rules of Procedure in Part 5 of this Constitution, provided that such delegations made by the Mayor as are included in Part 3, 4 and 9 of this Constitution appear for information only and may be revised by the Mayor following consultation with, and having given written notice to, the Monitoring Officer.”	Propose that Audit and Governance form a working group later in the year to review this.
<b>Part 2 – Functions of the Y&amp;NYCA</b>		
B. Transport, para 1.1 (c)	amend to read “The Y&NYCA must develop policies for the promotion and encouragement of safe, integrated, efficient, <b>sustainable</b> and economic transport to, from and within their area, and must prepare and	Propose that Audit and Governance form a working group later in the year to review this.

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
	publish a local transport plan containing its policies and proposals for their implementation.”	
<b>Part 3 – Responsibility for Functions</b>		
Para 6.10 (a)	<p>in relation to Fire &amp; Rescue, members felt that the wording (copied below) should be amended to reflect the expectation that the Mayor themselves would not be undertaking the calculation.</p> <p><i>6.10 The following functions are assigned as the responsibility of the Mayor and cannot be delegated:</i></p> <p><i>(a) The function of calculating a council tax requirement (see section 42A of the Local Government Finance Act 1992)</i></p>	Propose deletion of this sentence. It relates to a Policing and Crime function of the Commissioner, so not a Fire and Rescue function of the Mayor.
Section E (Scheme of Del) para 4.24	<p>(current wording copied below) – members felt that these responsibilities should sit with the Monitoring Officer, rather than the Section 73 officer.</p> <p>“To act as the Y&amp;NYCA’s Senior Information Risk Owner and to arrange for the determination of requests under the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and data protection legislation, including dealing with internal reviews, complaints and data sharing or data processing.”</p>	Propose that Audit and Governance form a working group later in the year to review this.
<b>Part 4 - Committees</b>		
Section A (A&GC), para 1.1	amend to read “The Audit and Governance Committee is a key component of corporate governance providing an independent, high-level focus on the audit, assurance and reporting framework underpinning financial management and governance arrangements <b>and is to be consulted on any proposed revisions to the Y&amp;NYCA Constitution via a report to the committee.</b> ”	The proposal amends the statement and purpose. Members may be minded to include this elsewhere in this section, perhaps in Governance, Risk and Control. Although the paragraphs in this section would include the constitution, it is not specified.
Para 2.1 third bullet	amend to read “ <b>four co-opted members</b> , who are Independent Persons, <b>and shall have no voting rights on the committee.</b> ”	The Assurance Framework of the CA provides that there will be one Independent Person on A&G, therefore, this is an officer proposed amendment. The legislation and the Framework are both silent on whether that Person is a voting, or non-voting Member.

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
		<p>Independent Members/Persons are usually non-voting in a Combined Authority setting, however, this is a matter for Members to determine.</p> <p>Proposed wording: one co-opted member, who is an Independent Person, and shall have no voting rights on the committee.</p>
Para 2.4	amend to read “The Y&NYCA will appoint the Chair of the Committee <b>who must be a member of one of the constituent councils.</b> ”	This is not always the case in Combined Authorities. Sometimes it is the Independent Person, however, recruitment may take time, therefore, the Combined Authority may be minded to not accept this proposed change to give the committee the freedom to decide to appoint who they wish to.
Section B (Business Cttee) para 4.9	request to amend the wording to support representation on the committee from employees and Trades Unions.	Propose that Audit and Governance form a working group later in the year to review this.
Section C (Overview and Scrutiny Cttee) Para 3	add a new point (n) to read “ <b>To invite members of the public to propose topics for the committee to consider at its meetings.</b> ”	Propose that Audit and Governance form a working group later in the year to review this.
<b>Part 5 – Procedure Rules</b>		
General	All public meetings of the Y&NYCA, its committees and sub-committees are to be webcast, and the recordings to remain available for six years.	<p>Further report needed on implications for Committees and Sub-committees. There is a cost implication for each Committee/webcast, therefore, this will be for the Combined Authority to determine.</p> <p>Propose that this is considered at a later date.</p>

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
General	At all public meetings of the Y&NYCA and its committees there is to be a standing agenda item for public participation under which members of the public can register to speak on matters relevant to the matters to be considered at the meeting or on any matter within the committee’s remit. There is to be the facility for public speakers to address the meeting remotely, such as via a Zoom or phone link. There is to be no requirement for public speakers to share their remarks in advance of the meeting.	Further work required on balancing using venues with appropriate facilities with public accessibility  Propose that Audit and Governance form a working group later in the year to review this.
General	Where meeting papers are restricted and not publicly available, a description of the contents of the papers must be published as part of the agenda.	
Section A (Procedure Rules) para 4.3	add new point (f) to read <b>“There must be at least one Vice Chair from each constituent local authority.”</b>	The order states that the office of the Vice Chair is to be abolished at the end of the day before the first Mayor’s term of office begins.
Section B (Access to Info PRs) para 23	members do not support the proposal that officers can withhold information from members without providing a justification. This para needs to be amended so as to enshrine the right of members of the CA and its committees to have access to information.	Propose that Audit and Governance form a working group later in the year to review this.
Para 15	there needs to be a provision for the same decision to be subject to multiple separate call-ins.	Propose that Audit and Governance form a working group later in the year to review this.
<b>Part 6, Section A – Financial Procedures</b>		
General	Reference to “Audit Committee” should be revised to read “Audit and Governance Committee”.	
Section 1 (General), para 1.3	Amend to read “The Section 73 Officer, as the officer responsible for the proper administration of the Y&NYCA’s financial affairs, shall report to the Y&NYCA and the <b>Audit and Governance Committee</b> any significant failure to comply with these Regulations which comes to their attention.	Propose that Audit and Governance form a working group later in the year to review this.



Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
Section 5 (Budgetary Control), para 5.2	<p>5.2 It is the responsibility of Chief Officers to ensure business plans reflect agreed budget estimates. Chief Officers are responsible for the continuous exercise of budgetary control and service performance throughout the year and are responsible for reporting on variations to the Section 73 Officer.</p> <p>Members commented that business plans should be available to Audit and Governance and the public for oversight.</p>	Propose that Audit and Governance form a working group later in the year to review this.
Section 6 (Capital and Revenue Budgets), para 6.2.4 and 6.2.5	<p>6.2.4 Y&amp;NYCA may veto the draft mayor's General Budget, the general component of the Mayor's Precept and associated borrowing and propose changes to the Mayor who may then submit a revised draft budget for consideration and approval.</p> <p>6.2.5 Y&amp;NYCA will approve the revised draft Mayor's General Budget, the general component of the Mayor's Precept incorporating any Y&amp;NYCA recommendations as to the relevant amounts and any associated borrowing requirements.</p> <p>Members requested clarification on the circumstances in which the Mayor's proposed budget could be vetoed and whether any subsequent revision made by the Mayor would need to meet some form of materiality threshold before the Y&amp;NYCA is obliged to approve it.</p>	This relates to the Mayor's budget and is governed by the Combined Authorities (Finance) Order 2017, therefore, this is permissible in relation to the Mayor's general budget.
Section 7 (Mayor's General Revenue Budget), para 7.3.2	Amend to read: "7.3.2 For revenue expenditure any likely overspending shall be reported by Officers to the Y&NYCA and the Audit and Governance Committee as soon as practicable to the Section 73 Officer. Where it is not possible to finance an overspending by a transfer between expenditure heads (see virements below) the matter shall be referred to the Mayor for consideration."	Propose that Audit and Governance form a working group later in the year to review this.
Section 7 (Mayor's General	7.4 Grants for capital or revenue purposes to outside organisations and persons for which provision is made in the appropriate budget shall not be paid except by agreement with the Section 73 Officer who shall make	

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
Revenue Budget), para 7.4	Proposed amendment: such arrangements as they consider necessary for this purpose. The Section 73 Officer shall keep a register of grants to outside organisations.	
Section 8 (virements), para 8.3	<p>8.3 In conjunction with Chief Officers, the Section 73 Officer is to report to and seek the prior approval of the Y&amp;NYCA or the Mayor for any revenue expenditure where it is funded by a release of earmarked sums from reserves or will have an adverse impact on a priority within the approved budget.</p> <p>Members asked for clarity about the circumstances in which prior approval would be sought from the Mayor.</p>	Propose that Audit and Governance form a working group later in the year to review this.
Section 11 (CIPFA Treasury Management Code of Practice 2011)	Members asked that the text be amended to incorporate CYC's investment policies or at the very least a commitment to "have regard to these policies".	Propose that Audit and Governance form a working group later in the year to review this.
Section 11(CIPFA Treasury Management Code of Practice 2011), para 11.1.2	<p>11.1.2 This organisation (i.e. full Y&amp;NYCA) will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in accordance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs and IMPs.</p> <p>Members asked for clarity as to who will receive reports on treasury and investment management policies.</p>	Propose that Audit and Governance form a working group later in the year to review this.
Section 13 (Asset Register), para 13.7	Amend to read: "In respect of any item acquired by lease the inventory must be marked with the value of the lease, the name of the leasing company and the date of expiry of the lease agreement. When	Propose that Audit and Governance form a working group later in the year to review this.

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
	requested by the leasing company the item must be suitably marked as the property of that company.”	
Section 13 (stock and stores) para 13.17	Amend to read: The Section 73 Officer shall be authorised to write off or make adjustments in respect of deficiencies or surpluses of stock. Requests to write off items more than £50,000 must be reported to the Y&NYCA and the Audit and Governance Committee, for information.”	Propose that Audit and Governance form a working group later in the year to review this.
Section 14 (Income), para 14.6	Amend to read: “The Section 73 Officer shall be authorised to write off bad debts. Requests to write off any individual debt more than £100,000 must be referred to the Y&NYCA and the Audit and Governance Committee for information.”  Members also queried the basis on which £100,000 had been set as a threshold value above which all requests to write off any individual debt must be referred to the Y&NYCA for information. They felt it was high.	Propose that Audit and Governance form a working group later in the year to review this.
Section 16 (Risk Management ) para 16.2	Amend to read: “Officers shall be responsible for identification, classification and control of all risks falling within their areas of responsibility. The risks identified shall be included in the Corporate Risk Register which will be subject to periodic review by the Audit and Governance Committee. Officers should notify the Section 73 officer, in writing of any loss, liability or damage or any event likely to lead to a claim.”	Propose that Audit and Governance form a working group later in the year to review this.
Section 17 (Internal Audit), para 17.1	17.1 The Section 73 Officer shall, so far as they consider necessary:  17.1.1 Arrange for the provision of an internal audit service in line with the Accounts and Audit (England) Regulations 2015. The internal audit function will be independent in its planning and operation and will conform with the United Kingdom Public Sector Internal Audit Standards (PSIAS) and associated guidance on PSIAS published by CIPFA.	Propose that Audit and Governance form a working group later in the year to review this.

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
	<p>17.1.2 Supervise security arrangements and the custody and safeguarding of Y&amp;NYCA moneys and property, including any funds entrusted to the Y&amp;NYCA or its officers.</p> <p>17.1.3 Undertake investigations to ensure that value for money is obtained and loss through wastage minimised.</p> <p>Members suggested an amendment to the wording to make it clear that the provision of an internal audit service is a necessity.</p>	
Section 19 (Payment of Accounts), para 19.1	<p>19.1 Officers shall be responsible for the certification and submission of invoices and other claims to the Section 73 Officer who shall make safe and efficient arrangements for the payment of such accounts.</p> <p>Members asked for more detail to be included here.</p>	Propose that Audit and Governance form a working group later in the year to review this.
Section 20 (Petty Cash), para 20.1	<p>20.1 The Section 73 Officer shall make such arrangements as they consider necessary for defraying petty cash and other expenses by means of an imprest system.</p> <p>Members asked that the wording used here be simplified.</p>	Propose that Audit and Governance form a working group later in the year to review this.
Section 22 (Internal Control), para 22.1	Amend to read: “The Section 73 Officer is responsible for ensuring that the financial management of the Y&NYCA is adequate and effective and that there is a sound system of internal control and sound procedures for the management of risk. The responsibility for maintaining and reviewing the system of internal control rests with the Y&NYCA, with the involvement of the Audit and Governance Committee.	Propose that Audit and Governance form a working group later in the year to review this.
<b>Part 6, Section B – Contract Procedure Rules</b>		
Section 3 (Exemptions, Collaborative and E-Procurement	<p>Members asked that a cross reference to the Scheme of Delegation is added.</p> <p>Members asked that it be made clearer what information will be shared with Audit and Governance Committee in relation to the use of waivers.</p>	Propose that Audit and Governance form a working group later in the year to review this

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
Arrangements)		
Section 5 (Steps prior to Purchase), para 5.1	Members queried why it appears that arrangements need to be put in writing only if the total value of a purchase exceeds £50,000.	A contract can be entered into via the generation of a purchase order on standard terms and conditions below £50,000.  Propose that Audit and Governance form a working group later in the year to review this
Section 7 (Advertising), para 7.1.1	Officers queried the inclusion of a reference to OJEU (Official Journal of the European Union)	Propose deletion of this reference on the basis that the UK are no longer required to follow rules outlined by the OJEU.
Section 8.1 (Purchasing – Competition Requirements), para 8.1.4	Amend to read: “Where the total value exceeds £50,000 the Procurement Team must be consulted prior to the commencement of the procedure.”  Also generally on this section, Members asked that the presentation of the information in the tables be more consistent.	
Section 8.4 (the appointment of consultants to provide professional services), para 8.4	Members queried whether the rules cater for the possibility of an individual or organisation securing multiple separate commissioners which individually area below the statutory threshold, but together would exceed it.  Also generally on this section, Members asked that the presentation of the information in the tables be more consistent.	Propose that Audit and Governance form a working group later in the year to review this
Section 18.2 (contract formalities), para 18.2.2	Members noted that this section contained a requirement that all contracts must be concluded formally in writing, which they say is not consistent with the wording used in para 18.1.4 (minimum standards for every contract or agreement).	Propose that Audit and Governance form a working group later in the year to review this

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
Section 18.3 (Sealing), para 18.3.3	Members queried whether the sealing threshold was £75,000 or £250,000	Anything over £75,000 should be sealed, unless the Monitoring Officer does not consider that sealing is necessary, however, the Monitoring Officer does not have any discretion for contracts over £250,000.
Section 23 (Grants – Transparency , award criteria, grant agreements, monitoring, evaluation and review), para 23.1	Members asked that the Audit and Governance Committee have sight of the Grant Award Procedure.	Propose that Audit and Governance form a working group later in the year to review this
<b>Part 7 – codes and guidance</b>		
General	<p>Members asked that reference be made in the contents page to behaviour requirements of officers and member/officer interactions.</p> <p>The issue was raised as to the need for clarity for members when undertaking Y&amp;NYCA duties (e.g. are they representing CYC or the Combined Authority, or both).</p> <p>Members agreed that the £100 threshold for reporting any gift or hospitality is too high.</p>	Propose that Audit and Governance form a working group later in the year to review this
Section D (Member/Officer relations guidance), para 7.1	Amend to read: “Correspondence between an individual Member and an Officer should not be copied (by the Officer) to any other Member. Where it is necessary to copy the correspondence to another member, this should be made clear to the original Member. In other words, a system of “silent copies” should not be employed.”	

Reference	Proposed amendment	Interim Deputy Monitoring Officer Comments
Section E (Code of Corporate governance), para 3.13	Amend to read: "The Y&NYCA's decision making process will adhere to the principles of good administrative law, advancement of human rights and equalities and demonstrate rationality, legality and natural justice."	
Section E (Code of Corporate Governance), para 4.2	Amend to read: "Decision taken by the Y&NYCA subject to limited exemptions, are made in public, minuted (alongside the reasons and the evidence considered) and information relating to those decisions is made available to the public. This includes access through live webcasts of the public part only of the Authority, Police, Fire and Crime Panel, Audit and Governance, Transport and Overview and Scrutiny meetings which remain online for six months."	Propose that Audit and Governance form a working group later in the year to review this.
Section E (Code of Corporate Governance), para 5.12	<p>There is reference to the adoption of a "social value framework" and Members asked if there was a cross-reference to the Contracts section of the constitution so it is clear how this is reflected in the Combined authority's procurement policies.</p> <p>Members commented that the wording used seemed very generic and needed a sense check.</p>	Propose that Audit and Governance form a working group later in the year to review this

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**PART 9**

**PCC & FRA**

**FUNCTIONS**

**GOVERNANCE**

**DOCUMENTS**

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## 1. Introduction

1.1 The office of the Police, Fire and Crime Commissioner was established as a corporation sole by the Police Reform and Social Responsibility Act 2011 to employ staff and hold funds in their official capacity. However, following the introduction of an elected Mayor for York and North Yorkshire who exercises Police and Crime Commissioner (PCC) functions, with effect from 7 May 2024, the North Yorkshire Police area no longer has a Police and Crime Commissioner.

1.2 Instead, the Mayor is to be treated as Police and Crime Commissioner for the purposes of all Police and Crime Commissioner enactments (whenever passed or made). Any PCC function exercisable by the Mayor is to be taken as a function of the Y&NYCA exercisable by the Mayor acting individually or by a person under delegated arrangements. So, whilst any property, rights and liabilities may vest legally in the Y&NYCA as the corporate entity, it is the Mayor who has public accountability for the delivery and performance of the police service, in conjunction with a statutory duty and electoral mandate to hold the police to account on behalf of the public.

1.3 The s4A Fire and Rescue Authority was transferred into the PCC's functions and responsibility on 15 November 2018. The North Yorkshire Fire and Rescue Authority (NYFRA) has also been abolished with effect from 7 May 2024, with the fire and rescue function for North Yorkshire being passed to the Y&NYCA, which is a fire and rescue authority under the Fire and Rescue Services Act 2004 and has a statutory duty and electoral mandate to ensure an efficient and effective fire and rescue service.

1.4 The purpose of this statement is to give clarity to the way the Mayor, in exercising their PCC and fire and rescue functions will be governed to do business in the right way, for the right reason at the right time and clarity in the way that the Chief Constable, the Chief Fire Officer and the Mayor will also do such business to ensure efficiency, effectiveness and value for money.

1.5 In order to conduct their PCC functions, support service collaborations are in place with Evolve Legal Services and Enable NY.

1.6 Evolve Legal Services is a collaboration with the Chief Constables of Durham, Cleveland and North Yorkshire Police Forces and each respective Police and Crime Commissioner Offices, providing legal, insurance and disclosure services to support the police and crime function. The agreement has been made in accordance with Section 22A of the Police Act 1996.

1.7 Enable NY is a collaboration which provides support services in the areas of People Services, Finance, Assets and Information Technology. The agreement has been made in accordance with Section 1 of the Policing and Crime Act 2017 and supports both the PCC functions and the Fire and Rescue functions.

## **2. Statement of Corporate Governance**

2.1 The principal statutory framework within which the Combined Authority exercising their PCC or Fire and Rescue Functions will operate is:

- Fire and Rescue Services Act 2004 (FRSA04)
- Dealing with other types of emergencies, as specified by the Secretary of State in Statutory Instruments (Orders) made under the Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004
- Police Reform and Social Responsibility Act 2011 (PRORA11)
- The Police and Crime Act 2017
- The Policing Protocol Order 2011
- Fire and Rescue Authority (Police and Crime Commissioner) (Application of Local Policing Provisions, Inspection, Powers to Trade and Consequential Amendments) Order 2017
- Regulatory Reform (Fire and Safety) Order 2005
- Crime and Disorder Act 1998
- Financial Management Code of Practice
- Strategic Policing Requirement
- Fire and Rescue National Framework for England 2018
- Local Government Finance Act 1992
- Health and Safety at Work Act 1974 and associated Regulations
- Local Government & Housing Act 1989

2.2 The core principles adopted are those highlighted by the Code of Corporate Governance, which can be found in Part 7, Section E of this Constitution.

### **3 Introduction**

3.1 This Scheme sets out the delegations by the Mayor to the Deputy Mayor for Policing and Crime and Chief and Statutory Officers. It complements the delegations by the Chief Constable, which is addressed within the Chief Constable's own scheme of delegation. It is supported by other instruments such as the Financial Regulations and contract Procedure Rules.

3.2 It aims to clarify those powers which, for the benefit of good business practice, are given to senior and statutory officers. The Mayor may limit these powers and/or withdraw delegation and the Mayor may impose reporting arrangements on any authorised powers.

3.3 Powers are given to the Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the Mayor, the Chief Constable and, in the case of police regulations, the Secretary of State for the Home Office.

3.4 The powers given to officers should be exercised in line with the Mayor's delegation and consent, the law, standing orders and financial regulations, and also policies, procedures, plans, strategies and budgets.

3.5 This Scheme does not identify all the statutory duties which are contained in specific laws and regulations.

### **4. Key Role of the Mayor**

4.1 The Mayor is the legal contracting body who owns all the assets and liabilities, and with responsibility for the financial administration of their office, the corporate support service and the Police Force, including all borrowing limits.

4.2 The Mayor will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. By law all funding for the Police Force must come via the Mayor. How this money is allocated is for the Mayor to decide in consultation with the Chief Constable, or in accordance with any grant terms.

4.3 The Police, Fire and Crime Panel is a check and balance on the Mayor through reviewing or scrutinising their decisions, including the Mayor's policing and crime precepts and police, fire and crime plans, conducting confirmation hearings and dealing with complaints against the Mayor.

4.4 The Mayor will be responsible for handling complaints and conduct matters in relation to the Chief Constable and monitoring complaints against officers and staff. Both organisations are responsible for complying with the requirements of the Independent Office for Police Conduct.

## **5. Key Role of the Chief Constable**

5.1 The legal powers and duties of the Chief Constable are set out in the Policing Protocol Order 2011.

5.2 The Chief Constable is responsible for maintaining the King's Peace, and has direction and control over the force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the Mayor.

5.3 The Chief Constable is accountable to the law for the exercise of police powers, and to the Mayor for the delivery of efficient and effective policing, management of resources and expenditure by the police force.

5.4 At all times, the Chief Constable, their Constables and staff remain operationally independent in the service of the communities they serve.

## **6. Consents to the Chief Constable of North Yorkshire Police**

### **General Powers of the Chief Constable**

6.1 The PRSRA 2011 confers wide general powers on the Chief Constable and provides that the Chief Constable may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of their functions.

### **Consent**

6.2 Section 18 of the Police Reform & Social Responsibility Act 2011 prohibits the Mayor from delegating functions to the Chief Constable (or any constable) or to staff of a constable. However the PRSRA 2011 provides for the Mayor to 'consent' to the Chief Constable and also provides for the Chief Constable to carry out their duty to assist in the exercise of the Mayor's functions.

6.3 'Consent' refers to the provision of approval and agreement, particularly and especially after due and thoughtful consideration. Transactions entered into following 'consent' by the Mayor to the Chief Constable, will be in the name of the Chief Constable as a separate legal entity, as opposed to the name of the Mayor (as would have been the case if the Chief Constable was given delegated authority).

6.3 The Mayor expects that the Chief Constable will want to delegate many of the responsibilities that are consented to them from the Mayor. The Mayor expects that a formal scheme of delegation is put in place, in writing, that is updated annually and is consistent with the contents of this scheme of consent, the financial regulations approved by the Mayor and the Contract Standing Orders approved by the Mayor.

6.5 From the 1st April 2014 there was a transfer of staff from the employment of the former Police and Crime Commissioner to the employment of the Chief Constable. Known as the 'Stage 2' transfer, this process transferred some Police Staff contracts of Employment, from the Police and Crime Commissioner to the Chief Constable. Specific details were set out and agreed with the Home Secretary in line with the legislative requirement.

6.6 The restrictions placed on Chief Constables in terms of 'contracts and other agreements' (where they need the consent of the Mayor to enter into them) do not apply to contracts of employment and therefore the Chief Constable does not need the consent of the Mayor to employ staff.

6.7 As with any organisation the Chief Constable will be expected to exercise all the powers of employer of Police Staff, including engagement and dismissal, consideration of appeals by such staff, in respect of discipline, capability, grievance and grading.

6.8 The Chief Constable will be responsible for determining all matters in relation to Pensions for both Police Officers and Police Staff, unless legislation specifically requires a decision to be made by the Mayor. The Mayor expects that given the arrangements in place for the Local Government Pension Scheme that any decisions relating to this scheme being contemplated by the Chief Constable, as a scheme employer, is discussed with the Mayor so that a consistent approach is agreed and taken.

6.9 The Chief Constable will be expected to exercise all the powers of employer of Police Officers, including engagement and dismissal, consideration of appeals by such officers, in respect of discipline, capability, grievance and grading. In line with the PRSRA 2011 the Chief Constable is required to notify and consult, as appropriate, with the Mayor in relation to the suspension and/or removal of either a Deputy Chief Constable or an Assistant Chief Constable.

6.10 The Mayor expects that wherever possible that consistent 'people' policies, processes and procedures are maintained and adopted across the Combined Authority and North Yorkshire Police. To enable this to happen, the Mayor expects that the Corporate Director for Policing, Fire and Crime be included on all policy consultations.

6.11 The Chief Constable is prevented from owning land by the PRSRA 2011 and therefore the ownership of all land remains with the Mayor. The Mayor consents to the Chief Constable using the land owned by the Mayor, which they hold for Police and Crime purposes, if they wish to do so, for the delivery of policing services in line with the Police and Crime Plan, and to enable the Chief Constable to exercise their functions.

6.12 The Mayor will not transfer the ownership of any of the buildings currently owned by the Mayor to the Chief Constable. The Mayor also does not provide consent to the Chief Constable to acquire any buildings in their own name. The Mayor does consent to the Chief Constable using any of the buildings owned by the Mayor, which they hold for Police and Crime purposes, if they wish to do so, for the delivery of policing services in line with the Police and Crime Plan, and to enable them to exercise their functions, but does so on the understanding that:

- a. The Mayor does not intend to transfer the ownership of any of the buildings to the Chief Constable.
- b. The Mayor does not intend to sell any of the buildings to the Chief Constable.

c. The use of the buildings is reviewable by both parties.

d. Any gains or losses in the value of the buildings accrue to the Mayor only.

6.13 The Mayor consents to the Chief Constable to exercise all powers, rights and duties in respect of buildings owned by the Mayor but being used by the Chief Constable (other than disposing of buildings).

6.14 The Mayor consents to the Chief Constable identifying, and disposing of, in the most economically advantageous way, any Police and Crime assets owned by the Mayor (which are not land and/or buildings) which are no longer required for the delivery of policing services and/or are no longer economically viable for providing policing services, subject to the Scheme of Delegation below and compliance with any Financial Regulations or Contract Procedure Rules.

6.15 In order to respond to the strategic objectives set by the Mayor and the wide variety of challenges faced by the police every day, the Chief Constable is charged with day-to-day management of assets used by the Force.

6.16 The Mayor does not consent to the Chief Constable entering into contracts in their own name.

6.17 The Chief Constable is prohibited from entering into credit arrangements and therefore will be unable to enter into either PFI or Finance Leases in their own name.

6.18 To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their force, the Chief Constable has day to day responsibility for financial management of the force provided that such responsibility shall be exercised in accordance with the law and within the Mayor's Financial Regulations and Contract Procedure Rules and any relevant statutory guidance and codes of practice and within the agreed budget allocation and levels of authorisation issued by the Mayor.

6.19 The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the Mayor. The Chief Constable is required by legislation to appoint a Chief Finance Officer who will have a personal responsibility for the proper financial administration of the Force and who will lead for the force on financial management.

6.20 When the Chief Constable intends to make a significant change of policy or seeks to move significant sums of their budget then the approval of the Mayor should be sought in line with the Mayor's agreed Financial Regulations.

6.21 The Chief Constable shall report to the Mayor, and inform the Mayor's Director of Resources, if it appears that expenditure is likely to exceed those resources allocated to them by the Mayor.

6.22 The Chief Constable is required to make the Mayor aware, and inform the Mayor's Director of Resources, of any decisions either made, or proposed, which they



become aware of, that might involve unlawful expenditure or are likely to cause a loss or deficiency or an unlawful entry in the Accounts.

6.23 The Mayor expects that the money provided to the Chief Constable is spent in pursuit of the objectives as set out in the Police and Crime Plan and in line with the requirements placed on the Chief Constable by the Policing Protocol Order, the PRSRA 2011 and other legislation. The Mayor prohibits using any money provided to the Chief Constable from the Mayor on reviewing or contesting any decision of the Mayor.

6.24 The Mayor consents to the Chief Constable to approve the writing off of any debt owing from the Chief Constable's Staff or Police Officers (subject to the agreement of the Mayor's Director of Resources where any debt is in excess of £5,000).

6.25 The Mayor has the responsibility via statute to make Crime and Disorder Reduction Grants, as such the Mayor does not consent to the Chief Constable making any Grants and/or Contributions of a financial nature, to any organisation without the prior approval of the Mayor.

6.26 The Mayor consents to the Chief Constable to accept income, offers of sponsorship and gifts on behalf of the Mayor, where they relate to policing and crime, provided that decisions taken in this regard are in accordance with the law and with any guidance or policy which the Mayor may from time to time determine. Acceptance of the income however does not provide automatic authorisation to spend the income.

6.27 To avoid duplication and in the interests of efficiency and effectiveness the Mayor and Chief Constable have agreed that there is no requirement for the Chief Constable to have separate bank accounts. As such the Mayor does not consent to the Chief Constable having either temporary loans or overdrafts.

6.28 The Mayor consents to the Chief Constable to authorise payments to be made from the Mayor's PCC Function bank accounts, providing that joint banking arrangements are in place.

6.29 The Mayor does consent to the Chief Constable having credit cards in the name of the Chief Constable providing there are adequate policies in place for their use and appropriate checks and balances in place to oversee their usage.

6.30 The Mayor does consent to the Chief Constable having purchasing cards in the name of the Chief Constable providing they are used in accordance with both Contract Procedure Rules and that their use is adequately controlled with appropriate policies and checks and balances.

6.31 As a result of operating under one banking arrangement, the Chief Constable will not have any separate funds to invest and as such the Mayor does not consent to the Chief Constable making any investments.

6.32 It is recognised that, unless a power or function of the Chief Constable must, as a matter of law, be exercised personally by them; such functions may be exercised

on their behalf by such officers and staff as the Chief Constable thinks fit. There are numerous functions and powers of the Chief Constable which, as a matter of everyday practice, are in fact exercised on their behalf by other officers and members of staff.

## **6. General principles of delegation**

6.1 The Mayor expects anyone exercising delegated powers or consents to draw to the attention of the Mayor any issue which is likely to be regarded as novel, contentious or repercussive before exercising such powers.

6.2 Delegations are set out in this Part. The Mayor may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation. This scheme also does not prevent an officer from referring the matter to the Mayor for a decision, for example, due to sensitivities of the matter or where there may be a significant financial implication.

6.3 These arrangements delegate powers and duties within broad functional descriptions and include powers and duties under all legislation. The scheme does not attempt to list all matters which form part of everyday management responsibilities.

6.4 When a statutory officer (or an officer with a delegation of a statutory officer) is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.

6.5 All decisions officers make under powers given to them by the Mayor must be recorded and be available for inspection. It is sufficient for this recording to be an email, signed document, notebook entry and officers should exercise their own judgement when recording decisions.

6.6 In this document, any reference made to the statutory officers include officers and staff authorised by them to act on their behalf.

6.7 The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme.

6.8 The Scheme of Delegation provides a member of staff with the legal power to carry out functions of the Mayor. In carrying out these functions the member of staff must comply with all other statutory and regulatory requirements and relevant professional guidance including:

- a. Police Reform and Social Responsibility Act 2011 and other relevant legislation issued under the Act
- b. Policing Protocol Order 2011
- c. Financial Regulations
- d. Financial Management Code of Practice
- e. CIPFA Statement on the role of the Chief Finance Officer in public service organisations
- f. APACE Statement on the role of the Chief of Staff
- g. Contract Procedure Rules
- h. The Combined Authority's employment policies and procedures

- i. The Data Protection Act 2018 and the Freedom of Information Act 2000
- j. Health and safety at work legislation and codes

6.9 This Scheme, will be reviewed as part of the review of the constitution. This scheme does not permit any person, with appropriate authority, to delegate that power further, without the prior consent of the person holding the original delegation.

6.10 To enable the Mayor to exercise their functions effectively they will need access to information, and officers and staff exercising PCC functions. This access must not be unreasonably withheld or obstructed by the Chief Constable, nor may it restrict the Chief Constable's direction and control of their force.

## Officer Scheme of Sub-Delegation – PCC and Fire and Rescue (FRA) Functions

**This scheme of sub-delegation relates to PCC functions and FRA functions only and does not relate to any other functions of the Mayor, or Combined Authority functions which are not PCC or FRA functions.**

These arrangements are to have effect from 7 May 2024 until superseded by any subsequent scheme approved by the Mayor. This Scheme of Delegation replaces previous schemes in operation and reflects the obligations and needs of the Mayor.

### 1. Introduction

1.1 This scheme of delegation provides authorised individuals with the legal authority to carry out specific Police and Crime functions (PCC Functions) and FRA Functions on behalf of the Mayor.

1.2 The PCC Functions are set out in section 1 of the Police Reform and Social Responsibility Act 2011 (the 2011 Act) as modified by the York and North Yorkshire Combined Authority Order 2023 (the 2023 Order) are specified, along with the FRA Functions, below.

1.3 The statutory powers of the Mayor to arrange for others to exercise PCC Functions are set out in section 18 of the 2011 Act. In addition, by virtue of section 14 of Schedule 1 of the 2011 Act, the Mayor may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of those functions, subject to other provisions in the 2011 Act and any other enactments concerning the exercise of PCC Functions.

1.4 With the exceptions set out in this paragraph and in paragraphs 1.5 and 1.6 below, the Mayor may delegate PCC Functions or FRA Functions to a Deputy Mayor for Policing and Crime or arrange for any person to exercise any PCC Function or FRA Functions subject to any statutory exclusion. The Mayor cannot delegate their PCC Functions to:

- A constable;
- The Metropolitan Police District Mayor's Office for Policing and Crime (as defined in the 2011 Act);
- The Metropolitan Police District's Deputy Mayor for Policing and Crime appointed by the Mayor's Office for Policing and Crime (as defined in the 2011 Act);
- A Deputy mayor under section 107C of the Local Democracy, Economic Development and Construction Act 2009;
- The Mayor of London;
- The Common council of the City of London;
- Any person or body which maintains a police force;
- A member of staff of the above;
- The Combined Authority.

1.5 The Mayor cannot delegate certain PCC Functions to anyone else. These functions are:

- Issuing the Police and Crime Plan;
- Appointing, suspending and requiring the Chief Constable to retire or resign;
- Calculating the PCC component council tax requirement.

1.6 The 2011 Act also specifies those functions which, if delegated, can only be delegated to a Deputy Mayor for Policing and Crime, namely:

- Determining police and crime objectives;
- Attending the Police, Fire and Crime Panel;
- Preparing an annual report to the Police, Fire and Crime Panel.

## 2. General principles of delegation

2.1 This scheme of delegation provides authorised officers with the legal authority to carry out specific PCC Functions and FRA Functions on behalf of the Mayor. Throughout this scheme the Mayor expects that any person carrying out the Functions on the Mayor's behalf, or making any related decision, will comply with statutory and regulatory requirements and within policies and strategies approved by the Mayor and will take appropriate professional advice as necessary, particularly legal and financial advice and where appropriate, operational advice from the Chief Constable or Chief Fire Officer.

**2.2 The Mayor expects anyone exercising delegated powers under this scheme to draw to the attention of the Mayor any issue which is likely to be regarded as novel, contentious or repercussive. In addition, the Mayor is ultimately accountable for the Police Fund, before any financial liability affecting the Police Fund that the Mayor might reasonably regard as novel, contentious or repercussive is incurred, prior written approval must be obtained from the Director of Resources. Delegations for such approval are set out in this scheme.**

2.3 It is recognised that, unless a power or PCC/FRA Function of the Mayor must, as a matter of law, be exercised personally by them, these functions may be exercised by officers that have been given delegated authority to act on the Mayor's behalf. These delegations are designed to assist the mayor in the performance of PCC and FRA Functions.

2.4 For the avoidance of doubt, any of the Mayor's statutory Functions may be exercised directly by the Mayor at any time, irrespective of whether those functions, or matters ancillary to them, have been delegated to any other person.

2.5 In the Mayor's absence or where specifically authorised to do so by the Mayor, a Deputy Mayor for Policing and Crime may exercise any of those functions (except those functions which cannot be delegated as set out in paragraph 1.5).

- 2.6 The Mayor, or the Deputy Mayor for Policing and Crime, if authorised to do so by the Mayor, may at any time issue specific delegations to any person to exercise any of the Mayor's PCC or FRA Functions (unless prohibited by law).
- 2.7 No decision will be taken on behalf of the Mayor unless the relevant person has the power to do so as set out under the terms of this scheme and in accordance with the officer scheme of delegation below. The Monitoring Officer is responsible for overall adherence to this scheme.
- 2.8 All decisions authorised officers make under delegated authority given to them must be recorded and be available for inspection by the Mayor.
- 2.9 The scheme is intended to complement the Financial regulations and the Contract Standing Orders and to be read in conjunction with the Chief Constable's Scheme of Consent, the Chief Fire Officer's scheme of delegation which can be found at part 3 of this Constitution and any other relevant arrangements adopted by the mayor. However, in the event of a conflict, the provisions of this scheme have precedence.
- 2.10 The Statutory Officers of the Combined Authority have a duty consistently to monitor the effectiveness of this scheme and to recommend changes, as necessary, to the Mayor. It will be reviewed on an annual basis by the Statutory Officers and the Chief Constable's Chief Finance Officer as part of the annual review of financial management and internal control as required by the Accounts and Audit (England) Regulations 2011 and the Financial Management Code of Practice.
- 2.11 Anyone authorised to exercise delegated PCC or FRA Functions under this scheme may make such arrangements as are necessary so as to ensure that those PCC or FRA Functions can be exercised properly by other qualified and/or experienced people and will make appropriate arrangements to cater for their absence. Those proposed arrangements must be made known to the Head of Paid Service and Monitoring Officer and also the person who has the original delegation from the Mayor prior to making such a delegation.
- 2.12 To exercise the PCC or FRA Functions of their office effectively the Mayor will be provided with timely and secure access to all relevant information and data, where a lawful basis and appropriate gateway exist.
3. Delegations to the Deputy Mayor for Policing and Crime (if appointed)
- 3.1 The Mayor may appoint a Deputy Mayor for Policing and Crime to exercise their functions (except those which cannot be delegated, listed in paragraph 1.5). The Deputy Mayor for Policing and Crime can give consent to an officer with sub-delegated authority to carry out any PCC or FRA Functions with the exception of those listed in paragraph 1.6) in their absence (defined as leave or illness).
- 3.2 Subject to the overriding requirements of paragraph 2.2, the Deputy mayor for Policing and Crime is authorised to exercise or perform any or all of the PCC

Functions of the Mayor (and FRA functions, if they have the authority to do so), with the exception of those listed at paragraph 1.5, in the Mayor's absence or as authorised by the Mayor.

Officer Scheme of Sub Delegation – PCC Functions

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
1	To provide information to the Police, Fire and Crime Panel as reasonably required to enable the panel to carry out its functions.			Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
2	To exercise all of the Mayor's powers and duties in connection with Health and Safety.			Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
3	Responsibility for the corporate budgets allocated to Policing and Crime	To be exercised in accordance with the law, Financial and Contract Regulations and any relevant statutory guidance and Codes of Practice	Director of Resources	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
4	To administer the Independent Custody Visiting Scheme, to determine the appointment and removal			Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	



Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	of Custody Visitors, and to monitor service quality issues raised through the operation of the scheme					
5	To respond to consultations on proposals affecting the Mayor		Where appropriate Mayor, Director of Resources, Monitoring Officer and Chief Constable	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
6	To make arrangements for the support of public communications and engagement.			Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
7	In connection with complaints and conduct issues against the Chief Constable:  To determine (and respond to the complainant accordingly) whether or not the Mayor is the appropriate authority to consider such a complaint;		Mayor	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	<p>To make decisions in dealing with complaints and conduct matters against the Chief Constable including:</p> <ul style="list-style-type: none"> <li>a. Recording decisions;</li> <li>b. Initial assessments;</li> <li>c. Suitability for local resolution;</li> <li>d. Referral to the IOPC;</li> <li>e. Referral to the CPS;</li> <li>f. Application to IOPC for dispensation or discontinuance;</li> <li>g. Appointment and briefing of investigator;</li> <li>h. Appointment of misconduct hearing or meeting members;</li> <li>i. Settling terms of the Mayor's</li> </ul>					

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	representations to misconduct; j. Securing representation at proceedings, meetings, appeals, hearing.					
8	To undertake the management of staff employed by the Combined Authority, in line with agreed policies and procedures.			Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
9	To consider and determine complaints against staff of the Combined Authority (except Corporate Director of Police, Fire and Crime) and Deputy Mayor) and to consider grievances made by such staff against other such staff.		Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
10	Determination of issues relating to conditions of service of staff of the Combined Authority	In accordance with law and policies adopted	Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
		by Combined Authority				
11	To appoint, suspend and dismiss staff		Mayor, Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
12	To bring national agreements on salaries, wages and conditions of staff	Any sensitive or major financial implications referred to Mayor for decision	Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
13	To approve payment under any bonus or performance-related payment schemes for staff, honoraria payments made for taking on extra duties and responsibilities, or similar special payments.		Mayor, Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
14	To negotiate with, and reach agreements with, recognised representative bodies on any matters that can be decided locally		Mayor, Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
15	To grant essential or casual car user allowances		Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
16	To approve the retirement of relevant staff on the grounds of ill-health and the payment or ordinary and ill-health pensions and other payments, as appropriate, following advice from a medical practitioner.		Mayor, Director of Resources and Head of HR	Head of Paid Service	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
17	Responsibility for identifying and disposing of, in the most economically advantageous way, assets owned by the Mayor which are no longer required for the delivery of policing services and/or are no longer economically viable for providing policing services		Head of Paid Service and Director of Resources	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
18	Provision of a rolling 5-year Estate plan incorporating and setting out the Chief Constable's estate needs.		Mayor will determine need for future asset purchases, investments and/or disposals	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
19	Provision of a rolling 5 year ICT plan incorporating and setting out the Chief Constable's ICT needs.		Mayor will determine need for future asset purchases, investments and/or disposals	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
20	Provision of a rolling 5-year Fleet plan incorporating and setting out the Chief Constable's Fleet needs.		Mayor will determine need for future asset purchases, investments and/or disposals	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships	
21	Settlement of employment tribunal cases and grievances of staff	Except "exceptional" cases: <ul style="list-style-type: none"> <li>• high-profile Claimant;</li> <li>• public interest to the case;</li> <li>• exposure to serious public</li> </ul>	Director of Resources and Head of HR  If exceptional, in addition to the above, Head of Paid Service and Mayor	Head of Paid Service		

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
		criticism or serious weakness in organisation or policies.				
22	Determination of sums to be paid from Police Property Fund towards charitable purposes.  Determination of retention of property for police purposes.		Mayor	Director of Resources	Head of Finance, Policing and Crime	
23	In accordance with the Financial Regulations to move money or budgets between budget headings.			Director of Resources	Head of Finance, Policing and Crime	
24	Approve the arrangements for the treasury management functions, including day-to-day management, production of the treasury management strategy, and supporting policies and procedures.			Director of Resources	Head of Finance, Policing and Crime	

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
25	Approve arrangements for securing and preparing Mayor's police and crime accounts and seek assurances that there are appropriate arrangements in place for the preparation of the Chief Constable's accounts.			Director of Resources	Head of Finance, Policing and Crime	
26	Seek assurances that there are appropriate arrangements in place within the force for its financial management.			Director of Resources	Head of Finance, Policing and Crime	
27	Responsibility for all banking arrangements, together with creating, closing or authorising all bank accounts within police and crime directorate.			Director of Resources	Head of Finance, Policing and Crime	
28	Day to day financial management of all income received by the Mayor and the budget <u>not</u> provided to the Chief constable.			Director of Resources	Head of Finance, Policing and Crime	



Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
29	To accept and manage any lawful grant awarded to the Mayor.			Director of Resources	Head of Finance, Policing and Crime	
30	Commit expenditure within the approved budget to meet the Mayor's police and crime policies and objectives.		Mayor	Director of Resources	Head of Finance, Policing and Crime	
31	To approve the writing off of any debt.	Subject to the Financial Regulations		Director of Resources	Head of Finance, Policing and Crime	
32	Responsible for investing and borrowing money, as necessary, in line with the treasury management strategy.			Director of Resources	Head of Finance, Policing and Crime	
33	Authorise payments, in relation to: <ul style="list-style-type: none"> <li>a. Payments to be made by law;</li> <li>b. Payments ordered by the Court;</li> <li>c. Payments due under any agreement.</li> </ul>			Director of Resources	Head of Finance, Policing and Crime	
34	Act as "Money Laundering Reporting Officer" under the			Director of Resources	Head of Finance, Policing and Crime	

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	Proceeds of Crime Act 2002 and Money Laundering Regulations 2003.					
35	Sign cheques on behalf of the Mayor.			Director of Resources	Head of Finance, Policing and Crime	
36	Determine when assets are surplus to requirements or obsolete and arrange for disposal in line with financial regulations			Director of Resources	Head of Finance, Policing and Crime	
37	To exercise responsibility for the corporate budget allocated to the Mayor's Policing and Crime functions.	Must be exercised in accordance with the law, Financial and Contract Regulations and any relevant statutory guidance and codes of practice		Director of Resources	Head of Finance, Policing and Crime	
38	Delete organisations from the list of organisations approved for the investment of monies by the Mayor.			Director of Resources	Head of Finance, Policing and Crime	

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
39	To exercise all of the Mayor's powers and duties in connection with equalities, Human Rights, Freedom of Information and Data protection legislation.			Monitoring Officer	Corporate Director Police, Fire and Crime	Director of Commissioning and Partnerships
40	To sign all contracts on behalf of the Mayor			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
41	To affix the common seal of the Combined Authority to: <ul style="list-style-type: none"> <li>a. All contracts, agreements or transactions in respect of which there is no consideration;</li> <li>b. All deeds which grant or convey an interest in land;</li> <li>c. All documents where it is determined by the Monitoring Officer there is a particular need for the seal to be attached</li> </ul>			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
42	In addition to the powers set out in the Contract Regulations and Property Procedure Rules, to sign, execute and issue all legal documents necessary to implement decisions made by the Mayor			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
43	To consider whether to provide indemnity to the Mayor and deal with or make provision to deal with other matters arising from any proceedings relating to them.		Director of Resources	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
44	To consider and approve, provision of indemnity and/or insurance to staff		Director of Resources	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
45	To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution		Director of Resources and Head of HR	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	Procedures) Regulations 1996.					
46	To review complaints of maladministration against the Mayor and to approve the provision of any remedy, financial or otherwise, should the complaint be found to have substance and should the complainant be found to have suffered injustice as a result.			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
47	To approve payment to Officers in respect of unpaid Compensation Orders awarded to any officer by an appropriate Court.			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
48	To approve the financial settlement of all claims and requests for compensation against the Mayor in accordance with the Financial Regulations.		Director of Resources	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
49	To approve all requests for financial assistance to staff involved in legal proceedings or inquests.	Except “exceptional” cases: <ul style="list-style-type: none"> <li>• high-profile Claimant;</li> <li>• public interest to the case;</li> <li>• exposure to serious public criticism or serious weakness in organisation or policies.</li> </ul>		Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
50	To authorise the institution, defence, withdrawal or settlement of any claims or legal proceedings on the Mayor’s behalf.		Director of Resources if significant financial implications  Chief Constable as necessary	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
51	To arrange for the provision of all legal or other expert advice and/or representation			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
	required for and on behalf of the Mayor.					
52	To authorise, pursuant to s223 Local Government Act 1972, any Officer of the Combined Authority to prosecute or defend or to appear in proceedings before any Magistrates Court or to conduct any such proceedings.			Monitoring Officer	Deputy Monitoring Officer	
53	To determine ex gratia payments in respect of loss or damage to the personal property of staff.		Director of Resources	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
54	To deal with all claims asserted against the Mayor.		Director of Resources if approval of financial settlement required	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
55	To initiate such proceedings or take such steps as they may consider necessary to secure the payment of any debt due to the Mayor.			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime

Ref	Function	Restrictions/ conditions	Consultation requirements	Delegation	Sub-Delegation	Further sub- delegation
56	To take such steps as they may consider necessary to enforce or comply with any judgment obtained in any proceedings.			Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
57	To issue exemption certificates to staff employed by the Combined Authority whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.		Head of HR	Monitoring Officer	Deputy Monitoring Officer	Corporate Director Police, Fire and Crime
58	Urgent decisions taken in the absence of the Deputy Mayor for Policing and Crime.		Mayor	Monitoring Officer (legal issues)  Director of Resources (finance issues).	Deputy Monitoring Officer	Corporate Director for Policing and Crime  Head of Finance, Policing and Crime (finance matters)



## Officer Scheme of Sub Delegation – FRA Functions

**This scheme of sub-delegation relates to FRA functions only and does not relate to any other functions of the Mayor, or Combined Authority functions which are not FRA functions.**

These arrangements are to have effect from 7 May 2024 until superseded by any subsequent scheme approved by the Mayor. This Scheme of Delegation replaces previous schemes in operation and reflects the obligations and needs of the Mayor.

All Chief Fire Officer delegations are contained within Part 3 of this constitution (Responsibility for Functions), within section E, including E(6).

This scheme identifies the roles of Corporate Director of the Office of Police, Fire and Crime and Head of Finance (Policing and Crime). The detailed financial management responsibilities of these roles, in particular the Head of Finance (Policing and Crime) are set out in the Financial Regulations.

<b>Functions delegated to the Corporate Director of the Office of Police, Fire and Crime</b>	
1	To prepare the Fire and Rescue Plan for submission to the Mayor.
2	To provide information to the Police, Fire and Crime Panel, as reasonably required, to enable the Panel to carry out its function.
3	To sign contracts on behalf of the Mayor including contracts which are required to be executed under the common seal of the Combined Authority.
4	To consider whether, in consultation with the Chief Fire Officer, to provide indemnity to the Mayor and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
5	To consider and approve, in consultation with the Section 73 Officer, provision of indemnity and/or insurance to individual staff of the Mayor.
6	To respond to consultations on proposals affecting the Commissioner, if necessary, after first taking the views of the Commissioner, or the Treasurer, as appropriate.
7	To consider, with the Mayor, any complaint made against the Chief Fire Officer, and where appropriate, to make arrangements for appointing someone independent to investigate the complaint.
8	To deal with strategic matters in respect of land or buildings and structures thereon, including purchase, sale, redesign and major configuration in conjunction with the Chief Fire Officer and Section 73 Officer.

9	To make arrangements for the support of public communications and engagement.
10	To make arrangements for the support to the Mayor in holding the Chief Fire Officer to account.
11	To be the Senior Information Risk Owner (SIRO) for the Office of the Police, Fire and Crime.
12	The financial management responsibilities of the Corporate Director for Police, Fire and Crime are set out in the Financial Regulations.
13	To manage the budget of the Office of the Police, Fire and Crime, along with the Section 73 Officer.
14	To appoint and dismiss staff employed by the Police, Fire and Crime Commissioner, in consultation with the Commissioner.
15	To make recommendations to the Mayor with regard to staff of the Office of Police, Fire and Crime terms and conditions of service, in consultation with the Section 73 Officer.
16	To undertake the management of staff employed by the Office of the Police, Fire and Crime in line with agreed policies and procedures.
17	To authorise, in line with staff conditions of service, the suspension of any member of staff employed by the Office of Police, Fire and Crime.
18	To bring national agreements on salaries, wages and conditions of staff of the Office of Police, Fire and Crime into effect, providing that any issues which are sensitive or have major financial implications will be referred to the Mayor for a decision.
19	To approve payment under any bonus or performance-related payment schemes for staff approved by the Mayor, honoraria payments made for taking on extra duties and responsibilities, or similar special payments for staff in the Office of Police, Fire and Crime.
20	To negotiate with, and reach agreements with, recognised representative bodies on any matters that can be decided locally. All agreements reached must be reported to the Mayor.
21	To grant essential or casual car user allowances for staff employed by the Office of Police, Fire and Crime.

22	To issue exemption certificates to staff employed by the Office of Police, Fire and Crime whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.
23	To approve the retirement of relevant staff of the Office of Police, Fire and Crime on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from a medical practitioner. All ill-health retirements must be reported to the Mayor before implementation.
24	Settlement of employment tribunal cases and grievances of staff employed by the Office of Police, Fire and Crime with the exception of those cases felt to be exceptional because: <ul style="list-style-type: none"> <li>• They involve a high profile claimant</li> <li>• There is a particular public interest case</li> <li>• There is a real risk that the Mayor will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed</li> </ul>
25	To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
26	To affix or authorise the affixing of the common seal of the Combined Authority to: <ul style="list-style-type: none"> <li>• All contracts, agreements or transactions in respect of which there is no consideration</li> <li>• All deeds which grant or convey an interest in land</li> <li>• All documents where it is determined by the Mayor there is a particular need for the seal to be attached</li> </ul>
27	To consider all requests for financial assistance to staff related or connected to the Fire and Rescue Service involved in legal proceedings or inquests, in conjunction with the Chief Fire Officer.
28	To authorise, after consultation with the Chief Fire Officer, the institution, defence, withdrawal or settlement of any claims or legal proceedings on the Mayor's behalf, including the completion of necessary documentation in pursuance of court orders, directions and or procedural rules, in consultation with the legal advisor (and Section 73 Officer if there are significant financial implications).
29	To arrange for the provision of all legal or other expert advice and/or representation required for and on behalf of the Mayor.

30	To determine the outcome of an appeal, with the support of independent advisors, in respect of dismissals, individual grievances (Principal Officers only) and awards under the Firefighters' Pension Scheme.
<b>Functions delegated to the Head of Finance (Policing and Crime)</b>	
31	The Head of Finance (Policing and Crime), as the financial adviser to the Mayor has a statutory responsibility to manage the Mayor's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988 and the Accounts and Audit Regulations 2003 (as amended).
32	To sign contracts on behalf of the Mayor, irrespective of the value once they have been approved, except those which are required to be executed under the common seal of the Combined Authority. In such cases the Corporate Director for Policing and Crime is authorised to sign and affix the seal.

## Financial Regulations

These Financial Regulations apply in relation to the Mayor's Police and Crime and Fire and Rescue Authority functions only.

Any reference to the Section 73 Officer's functions or responsibilities may be carried out by the Head of Finance, Policing and Crime, with appropriate sub-delegation/ Section 73 deputisation of roles and responsibilities.

<b>FINANCIAL REGULATIONS</b>	
<b>1</b>	<b>Introduction</b>
1.1	These Financial Regulations form part of the governing documents approved by the York and North Yorkshire Combined Authority. These regulations will be reviewed on an annual basis to ensure they remain timely and relevant. Subsequent changes will be submitted to the Executive Board for approval.
1.2	<p>The Section 73 Officer has a personal fiduciary duty by virtue of their appointment as the person responsible for proper financial administration. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (section 114 of the Local Government Finance Act 1988, as amended by regulation 6 and the schedule to SI 2018/226).</p> <p>The Section 73 Officer has a fiduciary duty to the local taxpayer as they have a responsibility for securing the efficient use of public funds (which will include revenue derived from the fire precept).</p>
1.3	<p>The statutory responsibilities of the Section 73 Officer are set out in Part 8 of the Local Government Finance Act 1988. The qualifications set out in section 113 of the Local Government Finance Act 1988 apply to the Section 73 Officer. The Accounts and Audit Regulations 2015 impose further responsibilities. The Section 73 Officer is responsible for:</p> <ul style="list-style-type: none"> <li>• ensuring that the financial affairs of the Mayor are properly administered and that the financial regulations are observed and kept up to date</li> <li>• ensuring regularity, propriety, feasibility and value for money in the use of public funds</li> <li>• ensuring that funding required to finance agreed programmes is available from central Government funding, business rates, precept, other contributions and recharges</li> <li>• reporting to the Mayor, the Police, Fire and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the Mayor or officers of the Mayor</li> </ul>

- reporting to the Mayor, the Police, Fire and Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure
- advising the Mayor on the robustness of the budget and adequacy of financial reserves
- ensuring production of the statements of accounts of the Mayor and confirming that they present a true and fair view of the financial position of the Mayor at the end of the financial year to which it relates and of the Mayor's income and expenditure for that financial year
- liaising with the external auditor
- advising the Mayor on the application of value for money principles to support the Mayor in delivering efficient and effective financial management
- advising, in consultation with the statutory officers, on the safeguarding of assets, including risk management and insurance

The Section 73 Officer has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Mayor on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Mayor's accounts.

The Section 73 Officer is the Combined Authority's professional adviser on financial matters. To enable them to fulfil these duties and to ensure the Mayor is provided with adequate financial advice, the Section 73 Officer:

- must be a key member of the Combined Authority's leadership team, working closely with the Corporate Director of the Office of Police, Fire and Crime and Chief Fire Officer, helping the team to develop and implement strategy and to resource and deliver the Mayor's strategic objectives sustainably and in the public interest
- must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Mayor, to ensure that the financial aspects of immediate and longer-term implications, opportunities and risks are fully considered, and aligned with the Mayor's financial strategy
- must lead the promotion and delivery by the Mayor of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
- must ensure that the finance function is resourced to be fit for purpose
- must be suitably experienced and ensure professional knowledge is kept current through continuing professional development

2	<b>Financial Planning, Budgeting and Reporting</b>
2.1	<p><b>Financial Planning</b></p> <p>The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.</p> <p>The planning process should be continuous and the planning period should cover at least three years. The process should include a detailed annual plan – the budget, covering the forthcoming financial year. This allows the Mayor to monitor and manage the way funds are allocated and spent.</p> <p>The Medium Term Financial Plan explains how the Mayor, the Corporate Director for the Office of Police, Fire and Crime and Chief Fire Officer will structure and manage their finances to support deliver of the aims and objectives of the fire and rescue service, as set out in the Corporate Plan, and to ensure sound financial management and good stewardship of money.</p>
2.2	<p><b>Medium Term Financial Plan</b></p> <p>The Mayor is responsible for effective financial and budget planning policing and crime and fire and rescue functions. The Mayor, in consultation with the Corporate Director of the Office of Police, Fire and Crime and the Chief Fire Officer, will identify and agree a Medium Term Financial Plan which includes funding and spending plans for both revenue and capital. The plan should have regard to affordability and take into account multiple years, the inter-dependencies of revenue budgets and capital investments, the role of reserves and the consideration of risks. It must also have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities. The plan should be aligned with the Mayor’s Fire and Rescue Plan and Risk and Resource Model and the Police and Crime Plan.</p> <p>The Section 73 Officer is responsible for submitting a Medium Term Financial Plan to the Mayor, which should:</p> <ul style="list-style-type: none"> <li>• be regularly reviewed to ensure its assumptions are appropriate</li> <li>• contain relevant sensitivity analysis</li> <li>• be reviewed when there are changes in the financial environment, for example changes in inflation and/or a change in the grant regime</li> </ul>
2.3	<p><b>Budget Preparation</b></p> <p>The Mayor should consult with the Chief Fire Officer in planning the overall budget for the fire and rescue service and the Corporate Director for the Office of Police, Fire and Crime in planning the budget for policing and crime. The budget will take into consideration funding from</p>

	<p>government and from other sources, and balance the expenditure of needs of the fire and rescue service against the levels of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Finance Act 2003) and be completed in accordance with the statutory timeframe.</p> <p>The impact of the annual budget on the priorities and funding of future years as set out in the Corporate Plan and the Medium Term Financial Plan should be clearly identified.</p> <p>As set out in section 96 of the Police Act 1996, as applied by paragraph 2 of the Schedule A2 of the Fire and Rescue Services Act 2004, the Mayor must obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.</p> <p>The Chief Fire Officer, Corporate Director for the Office of Police, Fire and Crime and the Section 73 Officer are responsible for submitting to the Mayor, a budget within the approved resource allocation framework which sets out the proposed revenue budget allocation and capital investment plans for the services within their areas of responsibility. No expenditure will be included in the budget unless it has been through the appropriate approval process.</p> <p>In addition to receiving a Medium Term Financial Plan the Mayor will consider summarised reports from the Section 73 Officer, the Corporate Director for the Office of Police, Fire and Crime and the Chief Fire Officer on the budget.</p> <p>The Section 73 Officer will make recommendations regarding approval of the revenue budget, the level of precept and allocation of financial resources to the services, provision for contingencies, the use of reserves and balances and the setting of the precept to the Mayor.</p>
2.4	<p><b>The Precept</b></p> <p>Part 1 of the Local Government Finance Act 1992 sets out the process for issuing precepts. The Policing and Crime Act 2017 (paragraph 71 (2) of Schedule 1) amended section 29 of the Local Government Finance Act 1992 to establish the s.4A FRA as a major precepting authority for the purposes of the Act.</p> <p>The Mayor will present the proposed level of the fire and police precept to the Police, Fire and Crime Panel. The remit of the Police, Fire and Crime Panel has been extended to include the scrutiny of the s.4A FRA's functions, as set out in the Policing and Crime Act 2017. The Mayor will have regard to any recommendation that is made by the panel in response to the proposed level of precept.</p>



2.5	<p><b>Budget Plans</b></p> <p>Principal Officers, in consultation with the Section 73 Officer, will ensure that Budget Co-ordinators produce Budget Statements for each budget head for which they are accountable. These statements should be prepared in line with instructions contained with the Budget Management Standing Operating Procedure.</p>
2.6	<p><b>Virement and In-year changes to the Budget</b></p> <p>The Section 73 Officer will administer the Scheme of Virement set out below. Any change to the Scheme requires the approval of the Section 73 Officer.</p> <p>Principal Officers, after consultation with the Section 73 Officer, may initiate virements between budget heads provided:</p> <ul style="list-style-type: none"> <li>a) it does not involve a new policy or policy change.</li> <li>b) it does not involve an increasing commitment in future years which cannot be contained within existing approved budget allocations.</li> <li>c) it does not create additional overall budget liability.</li> </ul> <p>Any single virement for expenditure not exceeding £20,000 shall be approved by the Chief Accountant and Administration who will notify the Section 73 Officer accordingly. Any single virement for expenditure exceeding £20,000 shall be subject to approval by the Section 73 Officer.</p>
2.7	<p><b>Power to Incur Expenditure</b></p> <p>Principal Officers have power, subject to these Regulations, to incur expenditure provided for in the revenue budget and capital programme approved by the Mayor.</p> <p>No revenue or capital expenditure can be incurred without the approval of the Mayor if it is considered a key decision or is contrary to or not wholly in accordance with the Corporate Plan or the budget. In this context contrary to the budget may be through:</p> <ul style="list-style-type: none"> <li>a) initiating a new policy.</li> <li>b) committing revenue or capital expenditure in current or future years to above the approved budget levels.</li> <li>c) transferring revenue resources between budget heads except as provided in the Scheme of Virement.</li> <li>d) entering into a capital commitment if it involves a material change in the nature of the project as set out in the original project appraisal.</li> <li>e) entering into a capital commitment if it (i) will affect the Authority's borrowing limits or (ii) involves a revenue consequence for which no specific provision has been made in the budget for that service.</li> </ul>

	<p>Principal Officers are responsible for ensuring that any increases in a project expenditure that occurs during the course of the project is reported to the Section 73 Officer and can be contained within the overall budget.</p> <p>No expenditure that requires specific approval of a government department or agency, the European Union or any other external funding organisation may be incurred until the Mayor has received such approval or written assurance that such approval will be forthcoming in due course. Expenditure funded from these sources should not be incurred without the specific approval of the Section 73 Officer where the funding organisation may refuse to pay the grant or contribution.</p> <p>No lease, hire, rental or arrangements of a similar nature that may affect the Mayor's borrowing limits may be entered into without seeking the prior approval of the Section 73 Officer.</p>
2.8	<p><b>Partnerships</b></p> <p>Principal Officers are responsible for ensuring that partnership arrangements are approved, carried out, monitored and evaluated in a satisfactory way and in accordance with guidance from the Section 73 Officer.</p> <p>Principal Officers must consider the overall corporate governance arrangements and legal issues and take appropriate action when arranging contracts with external bodies. These arrangements must be made in accordance with the requirements set out in the Contract Standing Orders.</p> <p>Principal Officers must ensure the risks have been fully appraised before arrangements are formalised. They must prepare a clear and feasible exit strategy before entering into arrangements.</p>
2.9	<p><b>Monitoring and Reporting</b></p> <p>Principal Officers are responsible for ensuring regular monitoring of revenue budgets and the capital programme in their area of business, and for ensuring that significant variations are investigated and appropriate action taken to bring any forecast overspend back into line with the budget. Monitoring of budgets should be undertaken in line with instructions contained within the Budget Management Standard Operating Procedure.</p> <p>Principal Officers, in consultation with the Section 73 Officer, must, as soon as is practicable, report to the Mayor where they are unable to balance expenditure and resources within the approved budget allocation and make recommendations to the Mayor which will address the shortfall.</p>

	<p>The Section 73 Officer is responsible for co-ordinating production of the Annual Statement of Accounts, ensuring they are prepared in accordance with statutory requirements and proper practice, and for submitting it for consideration by the Joint Independent Audit Committee and then for approval by the Mayor.</p>
2.10	<p><b>Disposal of Capital and Fixed Assets</b>  Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. All disposals of capital and fixed assets with a carrying value of £10,000 or more must be approved by the Section 73 Officer. The disposal will be recorded in the Capital Asset Register maintained by the Finance Department.</p>
<b>3</b>	<p><b>Financial Systems and Standards</b></p>
3.1	<p><b>Financial Management Standards</b>  The Section 73 Officer is responsible for setting the Authority’s financial management standards and for monitoring their compliance.</p> <p>The Section 73 Officer is responsible for ensuring proper professional practices and accounting policies are adhered to and to act as head of profession in relation to standards, performance and development of the Combined Authority’s finance staff.</p>
3.2	<p><b>Systems and Procedures</b>  The Section 73 Officer is responsible for keeping principal accounting records of the Authority. Such records will be maintained on the Authority’s central financial system. No other system will be used for the keeping of accounting or any other records relating to the Authority’s finances without the prior written permission of the Section 73 Officer.</p> <p>The Section 73 Officer, in conjunction with the Chief Accountant and Administration, will ensure that all feeder systems and processes to the principal accounting records of the Authority are fully documented with staff trained in their operation. Such systems and processes will incorporate the necessary controls to ensure that the data used to update the principal accounting records is complete, accurate, timely and not previously processed.</p> <p>The Chief Accountant and Administration must consult with the Section 73 Officer before introducing or amending any book, form, record, administrative procedure or system used for the keeping of accounting or other records relating to the finances of the Authority and should act on any advice given.</p> <p>The Section 73 Officer will jointly ensure that all accounting records are properly maintained and held securely.</p>

	<p>Function Heads, as Asset Information Owners, must ensure that all information assets are handled in accordance with the appropriate data protection legislation. This will include assurance that all systems holding personal and financial information provide the relevant technical assurance. Asset Information Owners will ensure that staff are aware of their information security responsibilities and how to process such queries as a Freedom of Information request appropriately.</p>
<b>4</b>	<b>Audit, Control and Irregularities</b>
4.1	<p>The Joint Independent Audit Committee will review the effectiveness of external and internal audit. These members should be independent of both the Office of Police, Fire and Crime, North Yorkshire Police and the Fire and Rescue Service.</p> <p>Public Sector Audit Appointments Limited (PSAA) is responsible for appointing external auditors for the Commissioner. Mazars LLP have been appointed to audit the accounts.</p> <p>The terms of reference for the Joint Independent Audit Committee are available on the Combined Authority website and are included within the constitution and are reviewed and agreed annually setting out the role of the Committee and the responsibilities of its Members.</p> <p>The Section 73 Officer is responsible for reporting to Joint Independent Audit Committee the internal control systems and the internal audit function.</p> <p>The internal audit function will be under the independent control and direction of the Section 73 Officer which shall be arranged to carry out a continuous examination of financial and other operations. An annual programme of work will be set by the Section 73 Officer in consultation with Principal Officers, and approved or otherwise amended by the Joint Independent Audit Committee.</p> <p>Principal Officers will co-operate with, and provide all necessary information for, Internal Audit and the Authority's External Auditor.</p> <p>It is the responsibility of Principal Officers to establish effective and efficient arrangements for internal control. Principal Officers will seek the advice of the Section 73 Officer in those instances of a material nature where the principles of internal control prove difficult to implement or maintain.</p> <p>The Section 73 Officer must be notified immediately of all instances of potential and actual irregularity affecting the finances of the Authority.</p>

	The Monitoring Officer is responsible for the development and maintenance of anti-fraud and anti-corruption policies which will identify who is responsible for ensuring compliance and for receiving reports of potential breaches.
<b>5</b>	<b>Expenditure</b>
5.1	<p><b>General</b></p> <p>All payments made on behalf of the Authority will be delegated to and made by the Financial Services Team on behalf of the Section 73 Officer.</p> <p>In making such payments, the Section 73 Officer will, where necessary, rely on the certification of authorised employees.</p>
5.2	<p><b>Procurement of Supplies, Services and Works</b></p> <p>Each order will conform to the Authority's Contract Standing Orders.</p> <p>Every employee involved in the procurement process will comply with the Staff Code of Conduct Policy.</p>
5.3	<p><b>Payment of Creditors</b></p> <p>Payments will be made in accordance with the Payment of Invoices Standard Operating Procedures, any proposed changes to which must be reported to the Section 73 Officer for approval.</p>
5.4	<p><b>Advance Accounts</b></p> <p>The Section 73 Officer will provide such accounts as is considered appropriate for authorised employees to defray petty cash and other expenses.</p>
<b>6</b>	<b>Income</b>
6.1	<p>Principal Officers are responsible for:</p> <ul style="list-style-type: none"> <li>a) reviewing and making recommendations to the Mayor about charges that may be made for services provided by the Authority on a non-profit making basis, in accordance with powers to charge set out in relevant legislation.</li> <li>b) reviewing and implementing all external fees and charges, to be approve by the Section 73 Officer on an annual basis.</li> </ul> <p>The establishment or variation of any such fee or charge that involves a policy change requires approval from the Section 73 Officer.</p> <p>Income Grants and Donation Standards Operating Procedures sets out management arrangements for all monies due to the Authority including:</p>

	<p>Principal Officers are responsible for ensuring that all cash and cheques received on behalf of the Mayor are banked promptly and intact and receipted.</p> <p>Principal Officers are responsible for the prompt raising of debtors accounts and for the subsequent collection of the amounts due in accordance with corporate policies on credit management as determined by the Section 73 Officer.</p> <p>The Section 73 Officer may write-off debtors' accounts up to an individual account limit of £10,000. Bad debts exceeding this figure require the approval of the Mayor.</p>
<b>7</b>	<b>Treasury Management</b>
7.1	<p><b>Banking</b></p> <p>The Section 73 Officer is responsible for arranging the Mayor's banking arrangements, including opening and closing of bank accounts. The Combined Authority is a separate corporation sole. As such, the Combined Authority should have separate banking arrangements from the Chief Constable for North Yorkshire.</p> <p>Payments from the Combined Authority's bank accounts will be authorised in accordance with the appropriate bank account mandates.</p>
7.2	<p><b>Treasury Management</b></p> <p>The Section 73 Officer is responsible for recommending approval to the Commissioner for the Treasury Management Policy Statement, in line with CIPFA's Code of Practice for Treasury Management in Local Authorities and Prudential Code, and the Annual Treasury Management Strategy.</p> <p>The Section 73 Officer is responsible for all Treasury Management activities within the Authority's Treasury Management Policy Statement and Annual Treasury Management Strategy. More specifically, such responsibilities will be carried out in accordance with CIPFA's Code of Practice for Treasury Management in the public services and CIPFA's Prudential Code and will include:</p> <ul style="list-style-type: none"> <li>• to keep under review and to update as required, the Treasury Management Policy Statement for approval by the Mayor</li> <li>• to prepare and maintain suitable treasury management practices setting out the manner in which treasury management policies and objectives will be achieved and presenting how those activities are managed and controlled</li> <li>• to prepare the Annual Treasury Management Strategy at or before the start of each financial year for approval by the Mayor</li> </ul>

	<ul style="list-style-type: none"> <li>• to regularly monitor performance against Borrowing Limits and Prudential Indicators and to seek approval for changes to those limits if applicable</li> <li>• to report the outcome of all Treasury Management activities at least once a year including an annual report for the preceding financial year to the Mayor</li> </ul>
7.3	<p><b>Assets</b></p> <p>All staff has a general responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.</p> <p>Principal Officers are responsible for keeping records and assets properly maintained and securely held.</p> <p>Principal Officers are responsible for ensuring that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.</p> <p>The Section 73 Officer may write-off assets with an individual item value of £10,000. Amounts exceeding this figure may not be written-off without the approval of the Mayor.</p>
7.4	<p><b>Insurance and Risk Management</b></p> <p>The Section 73 Officer is responsible for arranging appropriate insurance cover for risks which are not self-insured. Where appropriate, this officer will consult with other Principal Officers prior to arranging cover.</p> <p>The Mayor is responsible for approving the Risk Management Policy Strategy and for reviewing the effectiveness of risk management.</p> <p>The Chief Fire Officer is responsible for co-ordinating risk management activity across the fire and rescue service including the allocation of the annual dedicated risk management budget.</p>
7.5	<p><b>Other Funds</b></p> <p>Principal Officers will maintain records detailing the purpose and nature of all voluntary funds maintained by their staff in the course of their duties within the Authority.</p> <p>Principal Officers will ensure that such funds are operated in accordance with these regulations and any guidance issued by the Section 73 Officer.</p> <p>All employees of the Combined Authority acting as trustees by virtue of their official position will ensure that accounts are audited as to the appropriate body.</p>



## Contract Procedure Rules

These contract procedure rules apply in relation to the Mayor's Police and Crime and Fire and Rescue Authority functions only.

Any reference to the Section 73 Officer's functions or responsibilities may be carried out by the Head of Finance, Policing and Crime, with appropriate sub-delegation/ Section 73 deputisation of roles and responsibilities.

<b>CONTRACT PROCEDURE RULES</b>	
<b>1</b>	<b>Introduction</b>
1.1	<p>These Contract Procedure Rules explain the procedures for obtaining written or electronic quotations and tenders from suppliers for the provision of goods, services and works on behalf of the Office of Police, Fire and Crime and North Yorkshire Fire and Rescue Authority. They do not apply to the employment of staff nor the acquisition or disposal of the right to use, or an interest in, land or buildings.</p> <p>The procedures in the Contract Procedure Rules apply to all contracts with third parties and to all sub-contracts (where a sub-contractor is specified by the Mayor to a contractor).</p> <p>The Mayor's Financial Regulations, Financial Procedures, Scheme of Delegation and Procurement Policy provide the framework for managing the financial affairs when dealing with the setting up of contracts for services or works, or the purchasing of goods. They apply to every Officer exercising the Officer of Police, Fire and Crime or Fire and Rescue functions, Function Heads, Budget Co-ordinators or anyone acting on their behalf.</p> <p>The Contract Procedure Rules should be read in conjunction with the Financial Regulations, Financial Procedures, Scheme of Delegation and Procurement Policy.</p> <p>The financial limits specified within these Contract Procedure Rules are subject to variation from time to time by the Mayor. Those subject to European Union Directives are presently reviewed by the European Union every two years.</p>
<b>2</b>	<b>How the Mayor Procures</b>
2.1	<p>The estimated value of goods, services or works for the purpose of these procurement procedures is to be the value of any individual purchases of a particular item, service or building work aggregated over a four year period that could have been reasonably anticipated.</p>



All contracts with a value of more than £5,000, exclusive of Value Added Tax (VAT) in total over a four year period shall be entered on the Combined Authority Contract Register, which is publicly available via the Combined Authority website.

In accordance with the Public Procurement Regulations 2015, the Authority shall publish details of all contracts awarded whose value exceeds £30,000 (including VAT), irrespective of whether these were advertised in the public domain or not, on the government website <https://www.contractsfinder.service.gov.uk> (hereinafter referred to as 'Contracts Finder') within 90 days of the contract being awarded.

In accordance with the Public Contracts Regulations 2015, and where applicable the Concession Contracts Regulations 2016, the Authority shall publish in Find a Tender Service (FTS) all contracts awarded whose value exceeds the financial thresholds stated in these Regulations for their application.

#### **For Goods, Services and Works**

Under £10,000	It is the Budget Co-ordinators responsibility to ensure best value is achieved
Between £10,000 and £50,000	A Procurement Request Form (PRF) must be submitted, a minimum of three written or electronic quotations, which may be in an electronic format, must be sought
Between £50,001 and FTS threshold	A PRF must be submitted, procurement involvement is required and a tendering procedure must be followed. Public Contract Regulations 2015 regulations must be complied with.

#### **For All Goods, Services and Works**

##### **Under £10,000**

- All purchases require a purchase order. It is the Budget Co-ordinators responsibility to ensure best value is achieved
- An Authority purchasing credit card should only be utilised whenever a Purchase Order cannot be used

##### **Between £10,000 and £50,000**

- A PRF is required with a minimum of three written or electronic quotations must be sought and the details of the quotes sent to Procurement Department Once the decision has been made to take

	<p>up a quote a purchase order is to be raised via the financial accounting system and the details of the transaction must be recorded by the Budget Holder for inclusion in the local commitment records</p> <p><b>Between £50,001 and FTS threshold</b></p> <ul style="list-style-type: none"> <li>• Procurement involvement is required, and a tendering procedure must be followed</li> <li>• The principles of the Business Management Framework should be followed to confirm all relevant stakeholders have been consulted</li> <li>• To ensure budget availability no contract for the supply of goods or services under any lease, hire, rental or any other credit arrangement, where the value of the agreement exceeds £50,001 or contracts that cover more than one financial period can be entered into without: <ul style="list-style-type: none"> <li>(a) Where a decision has been made at a Corporate Management Board or Executive Board.</li> <li>(b) Authority is given by the Section 73 Officer.</li> <li>(c) Confirmation has been sought from the Budget Co-ordinator confirming budget availability and approval.</li> </ul> </li> </ul>
2.2	<p>The tendering procedure will require the specification to be up-loaded into the Bluelight e-Tendering Portal and a notice seeking expressions of interest will be published. This notice will automatically generate where applicable, an advert on the GOV.UK Contracts Finder and an advert in the FTS , meeting the Authority’s obligation to the Government’s requirements to advertise the procurement of goods, services or works.</p>
2.3	<p>No tendering procedure is required in respect of:</p> <ul style="list-style-type: none"> <li>• Contracts for the purchase of goods of which tenders have been obtained from a purchasing consortium or other recognised Government agency (such as Crown Commercial Services) where the Authority has been identified in any previous procurement exercise undertaken by the consortium or agency</li> <li>• Frameworks but further competition by means of a mini-competition may be required</li> <li>• Contracts for the supply of goods which Government Departments have specified as the type of goods which should be used for a particular purpose and only one supplier of such goods exists</li> <li>• Contracts for the supply of goods or services the price of which is fixed by a trade organisation or Government department and no reasonably suitable alternative is available</li> <li>• (detailed below)A contract for the engagement of a Counsel</li> </ul>

	<ul style="list-style-type: none"> <li>• Subscriptions or fees to Government departments and/or other official organisations such as NFCC, FTA, CIPFA, etc., this list is not exhaustive</li> </ul>
<b>3</b>	<b>Exemptions to the Contract Procedures</b>
3.1	<p>Exemptions to the contract procedures are permitted where it can be proven that it is inefficient or uneconomic to comply with the above requirements. A Single Tender Action must be completed. Exceptions to normal procedures for contracts of a value less than £10,000 must have the approval of the Budget Holder or a person who is authorised by the Budget Holder to provide such an approval. Exceptions of a value above £10,000 but below £50,000 can be approved by the Procurement Manager and all those above £50,000 must have the approval of the Section 73 Officer. Examples are detailed as:</p> <ul style="list-style-type: none"> <li>• The goods, services or works are unique and provided by only one organisation with no reasonably satisfactory alternatives available</li> <li>• The procurement involves the purchase of proprietary or patented goods or services obtainable from one firm, are sold at a fixed price and no reasonably satisfactory alternative is available</li> <li>• The goods, services or works constitute an extension of an existing contract which is allowed within the contract terms, or the goods/materials, services or works consist of repairs to, or the supply of parts for, existing proprietary plant or equipment and/or where the initial contract value or specification is not fundamentally changed or increased</li> <li>• That new services or works are required which are a repetition of services or works carried out under an original contract whilst a new procurement is underway</li> <li>• That goods are required as a partial replacement for, or addition to, existing goods or installations and obtaining them from another source would result in issues with compatibility or disproportionate technical difficulties in operation or maintenance</li> <li>• Tenders are invited on behalf of any consortium or collaboration, of which Combined Authority is an identified member, in accordance with any method adopted by that body. Where however, an Officer invites tenders on behalf of the consortium the receipt, opening and acceptance of tenders must comply with the Mayor's Financial Regulations and Finance Procedures or any overriding National or European Union legislation</li> <li>• The goods, services or works are of a sensitive nature (such as security) where publication of the tender documents would constitute a security breach and undermine the effectiveness of the final product</li> </ul>

	<ul style="list-style-type: none"> <li>• A Single Tender Action may be considered to have the approval of the Section 73 Officer if the action is relevant expenditure of value less than £50,000 and one of the following types:</li> <li>• (a) An annual maintenance/licence fee for a piece of equipment or software that has been purchased previously, to cover the second or subsequent years following purchase, when there is only one UK supplier of the maintenance/licence services for the make/model of equipment or software. This exemption does not apply to the first year's maintenance/licence fee when it is purchased with the equipment software.</li> <li>• (b) Servicing or repair charges of parts for a piece of equipment or a piece of software that has been previously purchased when there is only one UK supplier of the servicing or repair services or parts for the make/model of the equipment or software. This exception does not apply to upgrades(c) Specialist Training Courses when: <ul style="list-style-type: none"> <li>There is only one UK supplier of the training services</li> <li>or</li> <li>Where the Authority has already purchased the relevant equipment or software for which training is required and it is considered by the budget holder to be appropriate to use the same supplier for training:</li> <li>Or</li> <li>Where the training forms part of a previously approved course of training which covers a number of years and which has already been commenced with the supplier. For clarity, this exemption does not apply to the initial selection of the training provider, only to the procurement of the second and subsequent training sessions.</li> </ul> </li> <li>• This exemption does not apply to training purchased at the same time as the equipment or software.</li> </ul> <p>An exception may be considered to have the approval of the Section 73 Officer if the expenditure is less than £50,000 and is one of the following :</p> <ul style="list-style-type: none"> <li>Purchase of Licences (following an initial procurement)</li> <li>Performing Rights Society</li> <li>Phonographic Performance Limited</li> <li>Copyright \ Licencing Agency Limited</li> <li>TV Licencing (TV global licence)</li> </ul>
3.2	<p>No exemptions will be granted which would result in a breach of European or United Kingdom law. The Budget Co-ordinators must obtain approval to apply ANY exemption to the contract procedures outlined by submitting a request to the Procurement Department completing a Single Tender Action so that the requirement can be</p>

	assessed and presented to the relevant Function Head and consultation and approval can be sought from the Section 73 Officer.
3.3	For procurement projects over £10,000 for all goods, services and works, the Monitoring Officer of the Mayor or the Section 73 Officer must approve any exemption, prior to any commitment being given by the Authority to any organisation. The Procurement Department will keep a register of exemptions granted detailing the nature and value of the contract, the circumstances justifying the exemption and the name of the contractor awarded the contract.
<b>4</b>	<b>Advertising of Contracts</b>
4.1	<p>In accordance with the Public Procurement Regulations 2015, the Authority shall publish details of all forthcoming contract award opportunities whose value exceeds £30,000 (incl VAT) , in total over a four year period, on Contracts Finder.</p> <p>Where the above forthcoming contract award opportunity has been advertised in the public domain or to any class or description of economic operators which is potentially open-ended, with a view to receiving responses from economic operators who wish to be considered for the award of the contract, it must be advertised on Contracts Finder within 24 hours of such advertising being made.</p> <p>In accordance with the Public Contracts Regulations 2015, and where applicable the Concession Contracts Regulations 2016, the Authority shall publish in the FTS all forthcoming contract award opportunities whose value exceeds the financial thresholds stated in these Regulations for their application, and shall cause these contract award opportunities to also be published on Contracts Finder within 24 hours of being entitled to do so under these Regulations.</p>
<b>5</b>	<b>Pre-Quotation/Tender Requirements</b>
5.1	<p>Suppliers may be contacted informally without obligation to the Authority before tender or quotations are invited in order to:</p> <ul style="list-style-type: none"> <li>• Establish whether the goods, services or works that the Authority wishes to purchase are available, and within what price range</li> <li>• Assess market conditions should the procurement process require it</li> </ul> <p>This must be with the prior knowledge and approval of the Procurement Department via the procurement service level agreement.</p>
5.2	In making enquiries:

	<ul style="list-style-type: none"> <li>• No information shall be disclosed to one supplier which is not then disclosed to all those of which enquiries are made, or which are subsequently invited to tender or quote</li> <li>• No supplier shall be led to believe that the information they offer will necessarily lead them to be invited to tender or quote, or awarded a contract. All requests for information or quotations either verbal or written must include the words “without obligation” to confirm that the request is for information only</li> <li>• A record, including notes of any meetings held, the responses and the names of all individuals present shall be kept on the files which are associated with that contract</li> </ul>
5.3	<p>Before obtaining quotations or tenders for a procurement estimated at a value of £30,000 (incl VAT) or more, a detailed specification must be prepared by the Budget Co-ordinators, Budget Holder or the project manager acting on the Budget Co-ordinators behalf. The specification is a description of the goods, services or works that the Authority wishes to procure.</p> <p>All contracts should incorporate key performance indicators, acceptance criteria and staged payments where appropriate, which should be included in any invitation to tender documentation and also be part of any final contract documentation.</p> <p>All contracts with a value exceeding £1,000,000 shall have a performance bond and be formed by seal unless the Chief Fire Officer, after consultation with the Section 73 Officer provides his express written consent that it is not required.</p> <p>The specification should also consider the life-cycle of the goods, works or services, including any ongoing management costs or arrangements, support and maintenance and disposal or termination at the end of a contract period. This may also include contract performance measures, such as performance bonds, performance clauses, penalties/damages and regard share contracts.</p>
<b>6</b>	<b>Procurement Portal</b>
6.1	If a supplier wishes to be considered for future Authority requirements they can, at no cost, register on the Bluelight e-Tendering Portal <a href="https://bluelight.eu-supply.com/">https://bluelight.eu-supply.com/</a>
6.2	All forthcoming tender award opportunities shall be advertised in accordance with paragraph 6.4.1.
6.3	If a supplier is asked to submit a quotation or tender, they will be required to provide sufficient information for Officers to conduct a due diligence assessment on their capacity, capability and financial standing to

	undertake work on behalf of the Authority. Pre-Qualification Questionnaires where applicable will be issued to help achieve this.
<b>7</b>	<b>Invitation and Submission</b>
7.1	<p>Instructions must be issued to those organisations invited to submit a quotation or a tender, asking them to complete and return the required documents by a specified date and time. Tenders will be carried out electronically via the Bluelight e-Tendering Portal <a href="https://bluelight.eu-supply.com/">https://bluelight.eu-supply.com/</a>.</p> <p>Invitation to tender documents will usually contain the following information:</p> <ul style="list-style-type: none"> <li>• Letter of invitation and instructions about the process</li> <li>• Form of tender</li> <li>• Specification and/or schedule of rates</li> <li>• Contract terms and conditions</li> <li>• Any relevant supporting information (drawings, maps, etc.)</li> <li>• All tender submissions shall be evaluated on the basis of quality and price, and the invitation to tender documentation must clearly specify the evaluation criteria together with its accompanying scoring methodology</li> </ul>
7.2	Completed tenders <b>MUST</b> be submitted on the Bluelight e-Tendering Portal by the date and time specified. Late tenders will not be accepted. Qualified tenders will also not be accepted.
7.3	It is important that organisations are given sufficient time to adequately research and compile their bids. This includes enough time to seek accurate estimates from their sub-contractors. The Mayor's minimum time for return of priced tenders for below FTS procurements is 14 days for date of issue, although best practice suggests that at least 21 days should be allowed. Longer periods can be considered if the nature of the procurement is complex or of a nature where increased time to develop bids will yield a more effective outcome for the Mayor. All procurements which exceed the FTS thresholds must use the timescales outlined in the Regulations.
7.4	The specified time to submit tenders/quotations may be extended in exceptional circumstances provided that all organisations involved in the process are notified of the revised date and time and no potential supplier is disadvantaged by the deadline extension.
<b>8</b>	<b>Opening of Tenders</b>
8.1	Electronic tenders must be delivered to the designated e-tendering Bluelight e-Tendering Portal by bidders prior to the stated closing date



	and time set out in the Invitation to Tender. All electronic tender submissions are retained in a virtual 'locked box' until the designated opening time. The Bluelight e-Tendering Portal will hold each submission unopened and with no reference to the contents of the response until the 'box' is opened. An activity log within the procurement portal provides a full audit trail logging any activity, recording the name of the person accessing the box, data and time and any activity undertaken.
8.2	<p>The Procurement Department, or a person acting with the authority of the Budget Holder, will facilitate the tender opening procedure and ensure that an auditable evaluation process is achieved and the evaluation details are recorded and appropriately archived.</p> <p>The Procurement Department will maintain a record of tenders on the Bluelight e-Tendering Portal and in compliance with the Local Government Transparency Code 2015.</p>
<b>9</b>	<b>Evaluation of Tenders and Quotations</b>
9.1	An evaluation must be made of tenders submitted, comparing the tender sum against the estimate for the goods, services or works prepared in advance of the suppliers being invited to tender. Where errors or discrepancies are found that may affect the tender sum, the tenderer may be notified and afforded an opportunity to confirm the submitted sum without amendment, amend their bid to correct an arithmetical error, or withdraw their bid. A written record of any revisions or withdrawals must be maintained.
9.2	The Mayor evaluates and awards contracts to the suppliers it considers offers the best value having due regard to both price and quality factors. This is sometimes referred to as the 'most economically advantageous tender' and provides for the contract to be awarded to the supplier best able to meet the tender specification.
9.3	<p>To ensure fairness the quality criteria (or award criteria) and evaluation method must be clearly defined in the tender documentation. Award criteria will vary depending on the type of contract. Some examples of criteria included are:</p> <ul style="list-style-type: none"> <li>• Technical suitability</li> <li>• Financial viability and stability</li> <li>• Quality systems</li> <li>• Customer care and after sales service</li> <li>• Experience and past performance</li> <li>• Aesthetic and functional characteristics</li> <li>• Delivery date and other management factors</li> <li>• Commitment to Equality and Diversity and Sustainability</li> </ul>



	<ul style="list-style-type: none"> <li>The economic, social and environmental well-being of an area (Social Value)</li> </ul>
9.4	Where tenders exceed the Budget Co-ordinators financial authority or the approved financial budget thresholds, confirmation of funding must be confirmed from the Treasurer before any further proceedings can be taken.
<b>10</b>	<b>Post Tender Considerations</b>
10.1	After the receipt of tenders, Budget Co-ordinators may need to contact tenderers to clarify technical and contractual information as part of the evaluation process. Any such communication must be confidential and entered into utilising the <a href="https://bluelight.eu-supply.com/">https://bluelight.eu-supply.com/</a> message system. Should this not be available then advice should be sought from the Procurement Department, or a person acting with the authority of the Budget Holder, on how to proceed so that an audit trail can be maintained.
10.2	Any negotiations with a supplier to discuss the pricing or any other allowable aspects of the bid submitted should: <ul style="list-style-type: none"> <li>Be undertaken only by the Procurement Department, or a person acting with the authority of the Budget Holder, in the presence of at least one manager who is not involved in the project, and will act as an independent observer</li> </ul>
<b>11</b>	<b>Contract Awards</b>
11.1	Before a Tender is accepted, and the resulting contract signed, a Contract Summary Report will be completed by the Procurement Team (over £50,000 procurements). The award of a contract shall be approved in accordance with the following: <ul style="list-style-type: none"> <li>By the Budget Holder or those with the delegated authority of the Budget Holder for contracts with a value of up to £50,000</li> <li>By the Budget Co-ordinator for contracts with a value of up to £250,000</li> <li>By the Section 73 Officer for contracts with a value in excess of £250,000</li> </ul>
11.2	The successful supplier should be promptly notified that its tender has been accepted by the Authority, and a contract issued for signature. Once it has been signed by the supplier, it should be signed by the Authority in accordance with the following delegated authority: <ul style="list-style-type: none"> <li>By the Budget Holder or those with the delegated authority of the Budget Holder for contracts with a value of up to £50,000</li> </ul>

	<ul style="list-style-type: none"> <li>• By the Budget Co-ordinator for contracts with a value of up to £250,000</li> <li>• By the Section 73 Officer for contracts with a value in excess of £250,000</li> </ul>
11.3	All unsuccessful tenderers should be notified promptly in writing or via <a href="https://bluelight.eu-supply.com/">https://bluelight.eu-supply.com/</a> . All documentation in relation to any quotation or tender exercise should be retained for a period of not less than seven years by either the Budget Co-ordinators, the Purchasing Department or a person acting with the authority of the Budget Holder.
<b>12</b>	<b>Corrupt Practices</b>
12.1	<p>In line with the Anti- Fraud and Corruption Policy and the Staff Code of Conduct Policy – Hospitality and Gifts, a clause must be inserted into every written contract ensuring that the Mayor is entitled to terminate the contract so as to be able to recover from the contract supplier the amount of any loss resulting from termination:</p> <ul style="list-style-type: none"> <li>• If the contract supplier has offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or not doing anything related to the contract or another contract with the Mayor</li> <li>• For favouring or not favouring any person in relation to such contract, or similar acts have been done by any person employed by the contract supplier or acting on their behalf</li> <li>• If the contract supplier or any person employed by them or acting on their behalf has committed an offence under the Bribery Act 2010 or any amendment of the act</li> <li>• For any fee or reward given, the receipt of which is an offence under the Local Government Act 1972</li> </ul>
<b>13.</b>	<b>Third Parties</b>
13.1	<p>Where it is appropriate for the Authority to purchase goods, services or works under a joint arrangement with a local authority, the prior approval of the Authority is required together with the Chief Fire Officer and the Section 73 Officer being satisfied that the procurement procedures of the partner authority are no less rigorous than these Contract Procedure Rules.</p> <p>Where a consultant, which could be an architect, has been engaged to purchase goods, services or works on behalf of the Authority, the following prior approvals are required as evidence that the Authority is satisfied that the procurement procedures of the consultant are no less rigorous than these Contract Procedure Rules:</p>

	<ul style="list-style-type: none"> <li>• By the Budget Holder or those with the delegated authority of the Budget Holder for contracts with a value of up to £50,000</li> <li>• By the Budget Co-ordinator for contracts with a value of up to £250,000</li> <li>• By the Section 73 Officer for contracts with a value in excess of £250,000</li> </ul> <p>Where a consultant, which could be an architect, has been engaged to purchase goods, services or works on behalf of the Authority, it shall be a condition of their contract that they shall:</p> <ul style="list-style-type: none"> <li>• Observe the procedures prescribed within these Contract Regulations</li> <li>• Produce on demand, all records maintained by them in relation to the contract</li> <li>• On completion of a contract, transmit such records to the Section 73 Officer or the Monitoring Officer</li> </ul>
<b>14</b>	<b>Assignment</b>
14.1	In every written contract for the execution of works or the supply of goods or services the contract supplier shall be prohibited from transferring, assigning or novating directly or indirectly to any person or persons whatever, any portion of the contract without the prior written permission of the Mayor. Sub-letting, other than that which may be customary in the trade concerned, shall be prohibited.
<b>15</b>	<b>Sealed Contracts</b>
15.1	All contracts and orders shall be made electronically or in writing and made in the name of the Mayor.
<b>16</b>	<b>Term of Contract</b>
16.1	The term of the contract may be extended with the approval of the Budget Co-ordinators, if there is provision within the contract terms and conditions to extend and if confirmation of budgetary provision has been agreed by the Budget Co-ordinator or Financial Services Team, Budget Co-ordinators must not approve their own contract extensions. If the contract has already been extended to the full extent within the provisions of the existing contract, it cannot be further extended.
16.2	The contract terms cannot be extended where this would result in the value of the contract exceeding the European Union procurement threshold, would make a fundamental change to the contract award previously made or extending the contract period not previously identified in the contract.

## **APPENDIX A - Terms of Reference for the North Yorkshire Joint Independent Audit Committee (Police and Crime) (“JIAC”)**

### Composition of the JIAC

That the JIAC comprises not less than 5 Members, including 1 Chair, who are independent of the Y&NYCA and North Yorkshire Police. The length of each appointment will be confirmed on recruitment, but will be between 2 and 4 years, with a maximum term of four years. A member may apply for re-appointment however re-appointment may only take place once.

To support the Committee in undertaking their role attendees from each of the following will also attend every ordinary meeting of JIAC:

- The Command Team of the Police Force, including at least one operational Police Officer, are required to be represented at each meeting of the Committee.
- At least one of the Deputy Mayor for Policing and Crime’s Statutory Officers are required to attend each meeting of the Committee.
- A representative from each of External Audit and Internal Audit shall also attend each meeting of the Committee.

Other attendees will be confirmed by the Chair as and when required. The Mayor and Chief Constable although not Members of the JIAC, may attend any meeting.

### Quorum of the JIAC

No decisions can be made at the meeting of the JIAC unless at least 3 Members of the JIAC are present.

At any meeting the Chair shall preside, if present. In their absence the Members present shall appoint one of their number to act as Chair for that meeting.

### Press and Public

The Public shall be admitted to all meetings of the JIAC unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 (Schedule 12a), as amended by the Local Government (Access to Information) Act 1985.

A member of the public will not be permitted to speak or ask questions at the meeting except with the consent of the meeting Chair.

### Exclusion of Public Access

The public must be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Confidential information means information given to the Mayor or Chief Constable by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Items will be considered '**Below the Line**' or '**not for publication**' when they contain exempt information as defined by schedule 12 of the Local Government Act 1972.

Individual members of the public may be excluded at the discretion of the meeting Chair on the basis of maintaining good order.

#### Purpose

The JIAC is responsible for enhancing public trust and confidence in the governance of the Mayor's Police, Fire and Crime Office and North Yorkshire Police. It also assists the Mayor in discharging statutory responsibilities in holding the Police Force to account, and ensures that effective governance and risk management arrangements are in place and functioning efficiently and effectively. This is achieved by;

- Advising the Mayor and Chief Constable of North Yorkshire Police according to good governance principles.
- Independently scrutinising financial and non-financial performance to the extent that it affects the Mayor and North Yorkshire Police exposure to risks and weakens the internal control environment.
- Providing independent assurance on the adequacy and effectiveness of the Mayor office and North Yorkshire Police internal control environment and risk management framework.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process.
- Having unfettered access to Internal Audit and External Audit where required and to meet with them at least once a year out with formal JIAC sessions and without executive representation.

On an annual basis the JIAC shall complete a self-assessment which shall inform a report on the work of the Committee to the Mayor and Chief Constable.

To aid the JIAC in delivering its purpose and objectives the Mayor will make available funds for the JIAC to take independent legal and financial advice where the JIAC deems it is reasonably necessary to do so. Where the JIAC deems this advice is necessary it should be discussed and coordinated with the Monitoring Officer and the Chief Finance Officers of the Chief Constable and the Combined Authority.

#### Notice of Meetings

The JIAC meets on at least four occasions during a financial cycle typically in May, July, November and March.

In the event that additional formal JIAC sessions are required these can be convened at the request of either the Chair or at least two JIAC members.

#### Objectives

The JIAC in effectively discharging its function is responsible for:

### Internal Control Environment

- Satisfying itself as to the effectiveness of the internal control framework in operation within the Mayor and North Yorkshire Police and advising the Mayor and Chief Constable of North Yorkshire Police as appropriate.
- Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the Mayor as appropriate.
- Considering the arrangements to secure value for money and review assurances on the effectiveness of those arrangements.

### Corporate Risk Management

- Approving the Mayor and North Yorkshire Police's corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the office of the Mayor and North Yorkshire Police.
- Considering the financial risks to which the Mayor and North Yorkshire Police are exposed and approving measures to treat, tolerate, transfer or terminate them as appropriate.
- Providing assurance to the Mayor and Chief Constable of North Yorkshire Police as appropriate on the effectiveness of the risk management framework in operation.
- Providing oversight and scrutiny of the risk registers of both the Mayor and Chief Constable.

### Regulatory Framework

- Maintain an overview of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- Review any issue referred to it by the statutory officers of the Mayor and Chief Constable and make recommendations as appropriate.
- Monitor the policies of both the Mayor and Chief Constable on the making of protected disclosures (whistleblowing) and any anti-fraud & anti-corruption strategy.

### Internal Audit

- Advising the Mayor and Chief Constable of North Yorkshire Police on the appropriate arrangements for internal audit, the appointment of the Internal Auditors and approving the Internal Audit Strategy.
- Approving the internal audit annual programme.
- Overseeing and giving assurance to the Mayor and Chief Constable of North Yorkshire Police on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Internal Audit's findings on the internal control environment for the Mayor and North Yorkshire Police; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of office of the Mayor and North Yorkshire Police on fraud, irregularity and corruption.

### External Audit

- Advising the Mayor and Chief Constable of North Yorkshire Police on the appointment of external auditors.
- Approving/recommending on behalf of the Mayor and Chief Constable of North Yorkshire Police the external audit programme and associated fees.
- Reviewing the external auditor's Annual Completion Report and any other reports; reporting on these to the Mayor and Chief Constable of North Yorkshire Police as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing External Auditor's Annual Audit Letter and making recommendations as appropriate to the Mayor and Chief Constable of North Yorkshire Police.

### Financial Reporting

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the Mayor or Chief Constable, any concerns or issues.
- Considering whether appropriate accounting policies have been followed and any changes to them.

### Inspection and Review

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for the Mayor and/or North Yorkshire Police.

### Civil Claims

- Maintaining an overview of civil claims and other legal proceedings affecting or revealing matters of good governance.

### Information Governance

- Reviewing Corporate Strategy, policies and procedures in relation to Information Governance for both the Mayor and Chief Constable.
- Reviewing reports from the Senior Information Risk Owner (SIRO), of both the Mayor and Chief Constable, relating to the implementation of the corporate strategy, compliance with the legal framework regulating data protection and other information governance.
- Considering any implications for governance and the annual governance statements of both the Mayor and Chief Constable from issues in this area.

### Approval

These Terms of Reference were approved by the Police, Fire and Crime Commissioner and Chief Constable on 28 May 2019 and will be reviewed annually.



## **APPENDIX B - Terms of Reference for the North Yorkshire Independent Audit Committee (Fire and Rescue) (“IAC”)**

### **Composition of the Committee**

The Audit Committee comprises 5 members who are independent of the Office of the PFCC Fire Rescue Authority (OPFCC FRA). The Corporate Management Board of the Fire Service are required to be represented at each meeting of the Committee.

### **Quorum of the Committee**

No business shall be transacted at the meeting of the Audit Committee unless at least 3 Members of the Committee are present.

### **Press and Public**

The Public shall be admitted to all meetings of the Audit Committee unless excluded by resolution in accordance with the provisions of the Local Government Act 1972 (Schedule 12a), as amended by the Local Government (Access to Information) Act 1985.

A member of the public will not be permitted to speak or ask questions at the meeting except with the consent of the meeting chair.

### **Exclusion of Public Access**

The public must be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Confidential information means information given to the PFCC or Chief Fire Officer (CFO) by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Items will be considered ‘**Below the Line**’ or ‘not for publication’ when they contain exempt information as defined by schedule 12 of the Local Government Act 1972.

### **Purpose**

The Audit Committee is responsible for enhancing public trust and confidence in the governance of the Office of the PFCC FRA and North Yorkshire Fire and Rescue Service. It also assists the PFCC in discharging statutory responsibilities in holding the Fire Service to account. This is achieved by;

- Advising the OPFCC FRA and Chief Fire Officer of North Yorkshire according to good governance principles
- Providing independent assurance on the adequacy and effectiveness of the OPFCC FRA internal control environment and risk management framework.



- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements (and in particular those in respect of health and safety and equalities and diversity.)
- Independently scrutinising financial and non-financial performance to the extent that it affect the OPFCC FRA exposure to risks and weakens the internal control environment
- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process

## **Objectives**

The Audit Committee meets at least four times a year and in effectively discharging its function is responsible for:

### **Internal Control Environment**

- Satisfying itself as to the effectiveness of the internal control framework in operation within the OPFCC FRA and advising the PFCC and Chief Fire Officer as appropriate.
- Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PFCC as appropriate.

### **Corporate Risk Management**

- Approving the OFPCC FRA corporate risk management strategy and framework; ensuring that an appropriate framework is in place for assessing and managing key risks to the OFPCC FRA.
- Considering the financial risks to which the OFPCC FRA is exposed and approving measures to reduce or eliminate them or to insure against them.
- Providing assurance to the PFCC and Chief Fire Officer as appropriate on the effectiveness of the risk management framework in operation.
- Provide quarterly oversight and scrutiny of the risk registers of the PFCC FRA.

### **Regulatory Framework**

- Maintain an overview of the governance framework in respect of contract procedure rules, financial regulations and codes of conduct and behaviour and to review and approve on an annual basis any changes to the Code of Corporate Governance.
- Maintain an overview in relation to an overview of the number and types of complaints.
- To review any issue referred to it by the Statutory Officers of the PFCC and make recommendations as appropriate.
- To monitor the policies of the PFCC FRA on 'Raising Concerns at Work', anti-fraud and corruption strategy and complaints process.

## **Internal Audit**

- Advising the PFCC and Chief Fire Officer on the appropriate arrangements for internal audit, the appointment of the Internal Auditors and approving the Internal Audit Strategy.
- Approving the internal audit annual programme.
- Overseeing and giving assurance to the PFCC and Chief Fire Officer on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Head of Internal Audit Annual Report and annual opinion on the internal control environment for the OFPCC FRA; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of OFPCC FRA on fraud, irregularity and corruption.

## **External Audit**

- Advising the PFCC and Chief Fire Officer on the appointment of external auditors.
- Approving on behalf of the PFCC and Chief Fire Officer the external audit programme and associated fees
- Reviewing the external auditor's Annual Completion Report and any other reports; reporting on these to the PFCC and Chief Fire Officer as appropriate and including progress on the implementation of agreed recommendations.
- Reviewing the External Auditor's Annual Audit Letter and making recommendations as appropriate to the PFCC and Chief Fire Officer.

## **Financial Reporting**

- Reviewing the Annual Statement of Accounts and make recommendations, or bring to the attention of the PFCC or Chief Fire Officer, any concerns or issues.
- To consider whether appropriate accounting policies have been followed and any changes to them.

## **Inspection and Review**

- Considering HMICFRS, external review agencies and any internal inspection reports that provide assurance on the internal control environment and/or may highlight governance issues for the PFCC FRA.

## **Complaints**

- Maintain an overview of Fire Service complaints.

## **Freedom of Information**

- Maintain an overview of FOI requests, Subject Access Requests and Performance.
- Act as the review body for Freedom of Information appeals

### **Civil Claims**

- Maintain an overview of Civil Claims

### **Information Governance**

- Review Corporate Strategy, policies and procedures in relation to Information Governance for PFCC FRA.
- Review reports from the Senior Information Risk Owner (SIRO) relating to the implementation of the corporate strategy, compliance with Data Protection Act and other information Governance related legislation.
- Consider any implications for governance and the annual governance statements of the PFCC FRA from issues in this area.

## Appendix C – Terms of Reference for Executive Board (PCC and Fire and Rescue)

### Purpose

A strategic governance forum which gives direction and makes decisions on matters of significant public interest, within police and crime through which the Mayor drives and monitors the delivery of the Police and Crime Plan.

### Standard agenda

- 1) Welcome and apologies
- 2) Action Log
- 3) North Yorkshire Police (must specify which part of the Police and Crime Plan each area reported upon raised relates to)
  - a) Current and significant issues emerging (please share information on key issues identified which hinder the delivery of any part of the Police and Crime plan that the Mayor should be aware of)
  - b) For information and discussion (This will be areas that you wish to raise with the Mayor or items that you wish to discuss with the Mayor but not necessarily require a decision)
  - c) Decisions required. (
  - d) Third party reports section. Including update on HMICFRS progress against actions. (include updates from other internal and external audits)
  
- 4) Enable (must specify which part of the Police and Crime plan each area raised impacts upon)
  - a) Current and significant issues emerging (please share information on key issues identified which hinder the delivery of any part of either plan that the Mayor should be aware of)
  - b) For information and discussion (This will be areas that you wish to raise with the Mayor or items that you wish to discuss with the Mayor but not necessarily require a decision)
  - c) Decisions required.
- 5) Legal services
  - a) Updates
  - b) Collaboration agreements
- 6) Finance
  - a) Updates
- 7) Mayor
  - a) Commissioning and partnerships
  - b) Mayor updates
- 8) Risks
  - a) NYP
  - b) Enable
  - c) Mayor

## Reports required

- Minutes/decisions and actions log of COT.
- HMICFRS Update report.
- Any other reports in line with the terms of reference.

## Attendees

- Mayor (Chair)
- Chief Constable of North Yorkshire Police
- Deputy Chief Constable
- Assistant Chief Officer, Enable NY
- Combined Authority Head of Paid Service & Combined Authority Monitoring Officer
- Legal Services Representative
- Communications and engagement team representative
- Mayor's Chief Finance Officer
- Chief Constable's Chief Finance Officer
- Director of Delivery and Assurance
- Director of Public Confidence
- Director of Commissioning & Partnerships

## Terms of reference:

1. Ensure that the strategic direction and objectives of the services are set in-line with and are supportive of the Police and Crime Plan.
2. To give direction and make decisions on matters of significant public interest, with to achieve the outcomes of the Police and Crime Plan.
3. To receive notification of decisions made by delegates under the Scheme of Delegation.
4. Ensure that North Yorkshire Police and the Office of the Mayor are operating within agreed budget allocations and ensuring value for money.
5. Consider North Yorkshire Police and the Mayor's strategic risks and ensure that appropriate actions are being taken to address them.
6. Review and monitor progress against HMICFRS and other regulatory recommendations.
7. Consider any public feedback received.

## Rules

- Held monthly, usually the last Tuesday of the month (except December)
- In exceptional circumstances closed items may be withheld from publication. Closed items shall be those matters which in the opinion of the meeting are either
  - Exempt from publication within the meaning of Regulation 2(2) Elected Local Policing Bodies (Specified Information) Order 2011; or
  - Subject to legal professional privilege; or
  - Subject to a duty of confidence at law; or

- Fall within a description of any other matter in respect of which a local authority could pass a resolution to exclude members of the public from a meeting
- Papers are to be supplied to the nominated SPOC within the Mayor's Office by a deadline set by the SPOC, by 4pm on the Tuesday before every meeting.
- Papers may be in any reasonable and accessible format suitable for the subject matter.
- Business Cases or documents seeking significant investment from the Mayor, must be the subject of a pre-briefing to the Mayor, unless explicit agreement is obtained to the contrary from the Mayor or the Chief Executive.
- There will be an assumption that all those attending the meeting will have read all documentation which is circulated in advance of a meeting, provided reasonable notice has been given.
- Verbal updates should be delivered at a strategic level and by exception only.
- Attendees must ensure that all updates reference the section of the police and crime plan to which they relate.

**How details of the meeting will be recorded and published.**

The meeting will be documented, and this will be published on the Y&NYCA website.

## COMBINED AUTHORITY MEETING

18 MARCH 2024

### REPORT OF INDEPENDENT REMUNERATION PANEL

#### Report of the Interim Deputy Monitoring Officer

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#### **1.0 Purpose of the Report**

- 1.1 To receive and consider the recommendations of the Independent Remuneration Panel, in readiness for the election of the Mayor that will take place in May 2024.

#### **2.0 Recommendations**

- 2.1 That the Combined Authority consider the recommendations of the Independent Remuneration Panel as set out below and determine the Elected Mayor's allowance and expenses:

- 2.2 Recommendation 1: That the level of Mayoral Allowance at the York and North Yorkshire Combined Authority be set at £81,300 from the start of the Mayor's term of office, as set out in the York and North Yorkshire Combined Authority Order 2023, as beginning from 7 May 2024.

- 2.3 Recommendation 2: That the principles of Mayoral expenses as set out below be adopted by the Combined Authority.

- a. Travel Public transport to be standard class, with public transport being the preferred method of travel.

Taxi fares to be incurred where no public transport is reasonably available.

Air travel at standard rate with approval of Head of Paid Service/Director of Resources.

Own vehicle mileage rates in accordance with HMRC recommended rates:

- Up to 10,000 miles per annum: 45p per mile.
- Additional miles over 10,000 per annum: 25p per mile.

Parking fees, tolls, ferries, etc associated with vehicle travel to be reimbursed.

- b. Subsistence Breakfast applicable when journey commences before 7.30am.
- Lunch applicable when journey commences before 12 noon and continues after 3pm.
- Tea applicable when absence continues after 6.30pm.
- Evening meal when the absence continues after 8.30pm (with dinner and tea not being claimed for the same day).
- c. Dependent Care Expense to be paid at minimum living wage rate.

2.4 Recommendation 3: That the Mayoral allowance at York and North Yorkshire Combined Authority be reviewed by the Independent Remuneration Panel in 12 months' time.

### **3.0 Background**

- 3.1 In accordance with the York and North Yorkshire Combined Authority Order 2023, the Combined authority must pay an allowance to be paid to the Elected Mayor, if it has considered a report published by the Independent Remuneration Panel established by one or more of constituent councils which contains recommendations for such an allowance. The Combined Authority is not bound to accept those recommendations, save that the allowance paid to the Mayor cannot exceed the amount specified in the recommendations made by the Panel.
- 3.2 The Combined Authority at their Meeting on 22 January 2024 delegated the power to constitute an Independent Remuneration Panel to the Interim Monitoring Officer in order that the Panel could consider making recommendations to the Combined Authority Meeting in March 2024.
- 3.3 An Independent Remuneration Panel was constituted which included 2 Members from City of York Council Panel and 2 from the North Yorkshire Council Panel.
- 3.4 The Panel have met on 4 occasions, with one of their meetings including a Combined Authority Member, to seek the Combined Authority's views on the role of the Mayor. Written submissions were invited from all Members of City of York and North Yorkshire Councils.
- 3.5 The full report of the Independent Remuneration Panel is set out at Appendix A, which sets out the evidence it considered and the methodology followed in making its recommendation.



#### **4.0 Financial Implications**

4.1 The costs associated with the matters set out in this report are included in the proposed 2024/25 budget.

#### **5.0 Legal Implications**

5.1 The approval of the matters set out in this report are part of the process of establishing the governance arrangements of the Combined Authority. The specific legal implications are set out in the body of this report.

#### **6.0 Equalities Implications**

6.1 When setting allowances, consideration is given as to how the allowances enable the Combined Authority to attract high quality candidates to stand as Mayor, from a wide variety of backgrounds, whilst also ensuring that financial barriers to anyone who wishes to stand for election are minimised.

#### **7.0 Environmental Implications**

7.1 There are no specific environmental implications arising out of the report of the Independent Remuneration Panel.

#### **8.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

8.1 York and North Yorkshire.

#### **9.0 Recommendations**

9.1 That the Combined Authority consider the recommendations of the Independent Remuneration Panel as set out below and determine the Elected Mayor's allowance and expenses:

9.2 **Recommendation 1:** that the level of Mayoral Allowance at the York and North Yorkshire Combined Authority be set at £81,300 from the start of the Mayor's term of office, as set out in the Order as beginning from 7 May 2024.

9.3 **Recommendation 2:** That the Mayoral expenses as set out below be adopted by the Combined Authority.

a. **Travel** Public transport to be standard class, with public transport being the preferred method of travel. Taxi fares to be incurred where no public transport is reasonably available.

Air travel at standard rate with approval of Head of Paid Service/Director of Resources.

Own vehicle mileage rates in accordance with HMRC recommended rates:

- Up to 10,000 miles per annum: 45p per mile.
- Additional miles over 10,000 per annum: 25p per mile.

Parking fees, tolls, ferries, etc associated with vehicle travel to be reimbursed.

b. Subsistence

Breakfast applicable when journey commences before 7.30am.

Lunch applicable when journey commences before 12 noon and continues after 3pm.

Tea applicable when absence continues after 6.30pm.

Evening meal when the absence continues after 8.30pm (with dinner and tea not being claimed for the same day).

c. Dependent Care

Expense to be paid at minimum living wage rate.

- 9.4 **Recommendation 3:** That the Mayoral allowance at York and North Yorkshire Combined Authority be reviewed by the Independent Remuneration Panel in 12 months' time.

## 10.0 Reasons For Recommendations

- 10.1 To ensure that the York and North Yorkshire Combined Authority provides a remuneration scheme for the Mayor which operates in accordance with legal requirements.

## 11.0 Contact Details

For further information please contact the author of this Report.

### Author

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**Background papers** - The York and North Yorkshire Combined Authority Order 2023 – [The York and North Yorkshire Combined Authority Order 2023 \(legislation.gov.uk\)](#)



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# **Report of the Independent Remuneration Panel 2024**

## **A review of Remuneration for the Elected Mayor of the York and North Yorkshire Combined Authority**

**By the**

**Independent Remuneration Panel**

**Ann Harding**

**Elizabeth Heaps**

**Lucy Shaw**

**Keith Trotter**

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## **The Regulatory Context**

1. This report contains the analysis and recommendations of the Independent Remuneration Panel (Panel or IRP) appointed by York and North Yorkshire Combined Authority (Y&NYCA) to make recommendations to the Combined Authority on a number of matters as set out in the Panel's terms of reference.
2. The York and North Yorkshire Combined Authority was established in 2023 through [The York and North Yorkshire Combined Authority Order 2023 \(legislation.gov.uk\)](#).
3. Full details of this provision are detailed in the Order, in short, the Order states:
  - The Combined Authority may establish an independent remuneration panel to recommend a scheme to the Combined Authority regarding the allowances payable to:
    - the Mayor;
    - the Deputy Mayor (provided that they are not a leader or elected mayor of a constituent council or the Chair of the Local Enterprise Partnership);
    - the Deputy Mayor for Policing and Crime provided that they are not the leader or elected mayor of a constituent council; and
    - Independent Persons.
  - An independent remuneration panel must consist of at least three members none of whom —
    - a) is also a member of the Combined Authority or is a member of a committee or sub-committee of the Combined Authority, or a member of a constituent council;
    - b) is disqualified from being or becoming a member of the Combined Authority.
  - An independent remuneration panel must produce a report in relation to the Combined Authority, making recommendations as to any allowances payable to the Mayor and deputy Mayor.
  - No remuneration is payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.
  - The Combined Authority may pay the Mayor, Deputy Mayor and Deputy Mayor for Policing and Crime such allowances as it may agree, in accordance with any recommendations made by its independent remuneration panel.
4. The Combined Authority agreed on 22 January 2024 to establish an Independent Remuneration Panel with agreed terms of reference and agreed membership for the review.

5. The two Constituent Councils are City of York Council (CYC) and North Yorkshire Council (NYC).
6. The costs of the Mayor (and their Deputies should they decide to appoint them) are borne by the Combined Authority, through funding from central government, rather than direct funding from North Yorkshire Council and City of York Council.

### **The Panel**

7. All Panel Members have previously been members of either NYC or CYC Panels. The membership of the Panel that undertook the review was as follows:
  - Ann Harding (NYC IRP Member) – Chief Executive of the Settle Victoria Hall Ltd Charity.
  - Elizabeth Heaps (CYC IRP Member) – Trustee of York Civic Trust, Former Pro Vice-Chancellor of the University of York.
  - Lucy Shaw (CYC IRP Member) – Operations Director.
  - Keith Trotter (NYC IRP Member) – A Fellow of the Institute of Chartered Accountants, Member of the Institute of Consultants, and a Certified Management Consultant (retired).
8. The Interim Deputy Monitoring Officer and the Assurance and Governance Manager of the Combined Authority were appointed to provide professional guidance and support to the Panel as required.

### **Terms of Reference**

9. The terms of reference for the review followed the requirements of the Local Authorities (Members' Allowances)(England) Regulations 2003 and, in particular, the York and North Yorkshire Combined Authority Order 2023 and is set out below:
  - a. A review of allowance<sup>1</sup> to be paid to the position of the Y&NYCA Mayor from May 2024 that is commensurate with the responsibilities of this position;
  - b. A review of allowance to be paid to the position of the Y&NYCA Deputy Mayor appointed by the Mayor (if they so choose);
  - c. A review of allowance to be paid to the position of the Y&NYCA Deputy Mayor for Policing and Crime appointed by the Mayor (if they so choose);
  - d. A review of allowance to be paid to any Independent Persons.
10. The Combined Authority determined that the Panel would be set up in order to review allowances in accordance with the Order, with particular emphasis on the ability for the Combined Authority to approve the allowance for the Mayor at their March 2024 Meeting in order that any prospective candidates for the Mayoral election would be aware of the allowance payable for this role.

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<sup>1</sup> Remuneration includes expenses (travel, subsistence and carers allowance) for the purposes of the Terms of Reference.



11. The Panel determined at their first meeting that in order for them to meet the request of the Combined Authority, their review would take place in 2 parts. First, assessment and recommendations around the allowance to be paid to the Mayor, followed by a further assessment and recommendations to be made around any Deputy Mayor and Independent Persons.
12. The scope of this review therefore, was to recommend the level of allowance that should be provided to the position of elected Mayor of York and North Yorkshire Combined Authority.

### **Approach to the Review**

13. The IRP met on 4 occasions at the request of the Combined Authority, three times by MS Teams and once in person at West Offices, York. The Panel undertook a virtual discussion with a Combined Authority Member, who provided the views on behalf of the Combined Authority Members. The remit of the discussion was “an insight into the role and responsibilities of the Mayor”. .
14. Owing to the time constraints in providing their recommendations, the Panel limited the scope of views of other Members of each constituent authority to written views as follows: “an insight into the role and responsibilities of the Mayor”. Two submissions were received from North Yorkshire Council Members. See paragraph 35 for further detail.
15. The Panel received an initial bundle of background evidence and also requested and reviewed a wide range of written evidence and material with reference to benchmarking data. For further details on the range of evidence the IRP considered in its deliberations and in arriving at its recommended allowance for the Mayor see:
  - Appendix A – the range of information that was formally presented to and considered by the Panel and sent to the Panel prior to its formal meetings.
  - Appendix B – Benchmarking data that was reviewed and considered by the Panel.

### **York and North Yorkshire Combined Authority**

16. The York and North Yorkshire Combined Authority is provided with powers and functions through the 2023 Order and the Devolution Deal which are detailed in the Constitution, that covers:
  - Skills and employment;
  - Economic development and regeneration;
  - Housing and land;
  - Transport.
17. In addition, the Office of the Police, Fire and Crime Commissioner and the North Yorkshire Fire and Rescue Service will transition into the Combined Authority on 7 May 2024.

18. The Mayor acts as Chair of the Combined Authority Board and has functions reserved through the Order, specifically to be exercised by the Mayor as detailed in the Constitution and the general power of competence. The Mayor must also set a budget and consult the Combined Authority Board on the Mayor's spending plans and draft budget.
19. The Mayor has authority (and is therefore accountable) for all functions for which they are responsible, including those which may be carried out by another person on behalf of the Mayor under delegated authority from the Mayor.

### **Considerations and Conclusions**

20. The Panel, through briefings, an interview and examination of key data and documentation, considered key evidence in order to arrive at an agreed set of conclusions.

### **Profile and workload**

21. The Panel considered evidence around the role and responsibilities of the Mayor, comparing the devolved powers for York and North Yorkshire Combined Authorities and other Combined Authorities. A full list of information considered by the Panel is set out within Appendix A. York and North Yorkshire's devolved powers are:

- Transport;
- Skills and adult education budget;
- Regeneration and housing;
- Economic development;
- Police and crime commissioner;
- Fire and rescue;
- Power to create Mayoral Development Corporation.

22. The Panel deemed the profile and workload of the Mayor as considerable; the position of the Mayor was the "face" of the Combined Authority and arguably the most high profile political position in the region. The Panel believed that there was a "public facing" narrative that had to be acknowledged with this role.

23. The evidence considered by the Panel indicated that the position of Mayor was sizeable and clearly a full-time position with a number of Boards/Committees to attend and prepare for alongside numerous Mayoral engagements and appointments. The Panel was mindful of the difference between this role and the role undertaken by the Lord Mayor of York, which is more ceremonial in nature. The geographical area is the largest of any other Combined Authority (3208 square miles) and the mix of rural and urban areas adds to the complexities and challenges of this role.

### **Role and responsibilities of the Mayor**

24. The Panel considered the role of the Mayor of York and North Yorkshire Combined Authority, noting its role in seeking to deliver economic prosperity across the region as laid out in the Devolution Deal (Level 3), to harness huge economic opportunity for the York and North Yorkshire region and to raise the living standards for communities to

enable the region to make a full contribution to the UK economy. The Deal provides for the York and North Yorkshire region to become a leading place to live, learn, work and do business.

25. The Panel noted that the Deal included an £18million per year allocation of investment funding over 30 years to drive growth and take forward its priorities over the longer term, along with over £13 million for building new homes on brownfield land. There would be an investment of up to £2.65 million on projects to support York and North Yorkshire's priority to deliver affordable, low carbon homes across the region, with £7 million investment to enable York and North Yorkshire to drive green economic growth towards their ambitions to be a carbon negative region. There is the possibility of further funding allocation over time.
26. As the Chair of the Combined Authority Board, with some decision-making requiring specific Mayoral support to progress, the Mayor has a vital role in ensuring the Combined Authority works collaboratively in order to arrive at consensus to enable it to deliver its key functions. The Panel is of the view that this is a considerable responsibility given the budget, subject matter, powers and responsibilities of the Combined Authority.
27. Mayoral powers cover a general power of competence which means that the Mayor and the Combined Authority can legally do anything within their designated functional responsibilities as set out in the Constitution. In addition, the Mayor will also have the power to set a charge, or precept, on council tax bills to help pay for the Mayor's work. The Combined Authority can propose amendments to the Mayor's draft budget, including the amount of precept.
28. The Mayor will have a key role to play in seeking to engage Government on behalf of the region to seek the best possible future devolution outcomes for York and North Yorkshire, as well as seeking to convene and become involved in numerous areas of service to the public, which would require particular awareness at a political level to maintain good relationships and grow consensus. The Panel noted that relationships with stakeholders will be complex and different from Local Government relationships. The complexity and importance of Government Departments and the need to engage with and build relationships at this level as well as private sector organisations is deemed vital to the success of the role.
29. The Mayor will exercise functions of a Police and Crime Commissioner in relation to the Area, these will include:
  - Securing and maintaining an efficient and effective police force and holding the Chief Constable to account.
  - Issuing a police and crime plan and determining police and crime objectives.
  - Preparing an annual report.
  - Calculation of council tax or budget requirements (precept).
  - Maintaining the police fund (management of the associated budget).
  - Appointment, suspension or calling on the Chief Constable to retire or resign.
  - Consultation with the public to ensure the views and priorities on community safety issues inform the police and crime plan.

- Commission services including supporting victims and tackling re-offending.
- Strengthening links such as better inclusive growth and community safety and cohesion.

30. While some of the Mayor's functions in relation to Policing and Crime may be delegated to a Deputy Mayor for Policing and Crime (which is an appointment by the Mayor), the Mayor will remain accountable for all of those functions.

31. The fire and rescue functions of the Combined Authority are exercisable only by the Mayor. These will include:

- Putting in place arrangements to deliver an efficient and effective fire and rescue service which promotes fire safety, provision for the purpose of extinguishing fires protecting life and property in the event of fires, dealing with other types of emergency, including rescuing people and protection from serious harm in the event of road traffic accidents, enforcing the Regulatory Reform (Fire Safety) Order 2005 and assessing, planning and advising on civil emergencies.
- Receiving and managing all funding, including government grants and other sources of income, related to Fire and Rescue.
- Notifying the Police, Fire and Crime Panel of the proposed allocation of the draft budget for Fire and Rescue functions.
- Setting the Fire and Rescue precept after consultation with the public.
- Setting the strategic vision and holding the Chief Fire Officer to account for delivering that vision, in particular the Fire and Rescue Plan.
- Handling complaints and conduct matters in relation to the Chief Fire Officer and receiving, monitoring and responding to complaints against the Fire and Rescue Service.
- Calculation on council tax or budget requirements (precept).
- Appointment and suspension of the Chief Fire Officer.
- Holding the Chief Fire Officer to account for functions delegated to them.
- Promoting fire safety.
- Provision for the purpose of extinguishing fires and protecting life and property in the event of fires.
- Dealing with other types of emergencies, including rescuing people

32. The budget for the Office of the Police, Fire and Crime Commissioner for 2023/2024 is £1,435,000.

33. As with Policing and Crime, while some of the Mayor's functions in relation to Fire and Rescue may be delegated to a Deputy Mayor for Policing and Crime (which is an appointment by the Mayor), or a Fire Committee, the Mayor will remain accountable for all of those functions.

34. The Panel noted that leadership was a key skill for the position of the Mayor, not just in the regional leadership they could provide and the regional electoral mandate they have, but also the leadership skillset required as the politician charged with the

responsibility of driving consensus across the region in order to deliver better regional outcomes. The Panel concluded that the position of the Mayor requires significant leadership and collaborative abilities in order to be successful.

### **Member Views**

35. The Panel received views from Members of the Combined Authority through a virtual meeting with a Combined Authority Member, on behalf of the Combined Authority, and written representations from two other North Yorkshire Councillors. Members' responses confirmed the size, scale, responsibilities and accountabilities of the Mayoral role, as contained elsewhere in the evidence in this report. In addition there was reference to the geographical size of the area and the challenges this may bring for the Mayor. Key features that they emphasised were the representational role across the whole Combined Authority, the requirement for leadership, diplomacy, networking and negotiating skills, the ability to work with government at a national level along with local leaders across all sectors of interests, and individuals. An ability to manage and augment the budget in order to deliver growth across the region would be crucial.

### **Benchmarking**

36. The Panel considered a range of benchmarking data in order to reach the recommended allowance, noting throughout the benchmarking exercise that comparisons with other similar positions and indeed other Combined Authority Mayors was not comparing like for like as different Combined Authorities had a different range of devolved powers, funding, population and responsibilities.

37. At the time of writing this report, the allowance for Combined Authority Mayors is as follows:

<b>Allowance paid to Elected Mayors in English Combined Authorities</b>		
<b>Combined Authority</b>	<b>Allowance and date of IRP Report</b>	<b>Current Allowance</b>
West Yorkshire	£105,000* (2021)	£111,217.84**
Greater Manchester	£110,000* (2020)	£110,000**
West Midlands	£95,000 (2022)	£95,000**
Liverpool City Region	£81,000 (2022)	£86,223**
Cambridgeshire and Peterborough	£80,000 (2022)	£86,121**
West of England	£72,000 (2022)	£82,000 (£5,000 increment each year)
South Yorkshire	£79,000 (2020)	£79,000
North of Tyne	£65,000 (2019)	£65,000 (annual review proposed)

Tees Valley	£65,000 (2023)	£65,000 (to increase to £80,000 in May 2024)
* Includes PCC and/or Fire responsibilities ** Indexation applied		
Average Allowance	£86,617	

38. The Panel noted that this created a national average Mayoral allowance of £86,617.
39. The Panel also considered the IRP reports of the 9 Mayoral Combined Authorities listed above and observed that the majority of remuneration reviews in relation to the Mayor have been carried out over the preceding 2 years. Considering the Government commitment to devolution set out in the Levelling Up White Paper and additional powers placed upon other Mayoral Combined Authorities, it was concluded by the Panel that the average allowance was and is likely to increase.
40. The Panel also considered the powers/responsibilities, budgets and populations of each Combined Authority and the allowance provided to comparable positions, details of which are set out in Appendix B.
41. The Panel noted particularly the remuneration of Police and Crime Commissioners, determined by the Home Office, and that there was a scale with 4 levels set for each of the Commissioners across the Country, with an uplift of £3,000 for any Commissioner who also had responsibility for Fire and Rescue. The North Yorkshire Police and Crime Commissioner's salary had been determined as £71,400, with the Fire and Rescue uplift giving a total starting salary of £74,400. The Panel determined that this salary would be their starting point for consideration of allowance for the Mayor. The Panel then considered the salary for the Commissioner now, taking into account indexation, which is £76,300 (.). The Panel noted that the current role of the Police, Fire and Crime Commissioner would be fully absorbed by the Mayor.
42. The Panel agreed that the Mayor's allowance had to be of a sustainable value, sufficient to attract and retain appropriately skilled candidates, bearing in mind the budget and level of accountability and responsibility that the Mayor will have across the York and North Yorkshire region, whilst also noting the public duty and nature of the role.

### **Mayoral expenses scheme**

43. In line with other IRP assessments of the 9 Combined Authorities currently in existence, the Panel considered a Mayoral expenses scheme. The Panel also noted that being in excess of 3000 square miles, the geographical area of the Combined Authority was the largest in England. On that basis, the Panel considered the following in relation to an expenses scheme:
- Travel;
  - Subsistence;
  - Dependant Care Allowance.
44. In relation to travel, the Panel noted that it was HMRC that set fuel claim levels. The Panel considered the allowances in relation to other forms of travel within both City of

York Council and North Yorkshire Council to try to ensure that there was some consistency in approach. Appendix B sets out a comparison of allowances for each authority, along with the agreed expenses scheme for the Y& NY Combined Authority.

45. The Panel also adopted a comparative approach with City of York Council and North Yorkshire Council in forming their recommendation in relation to subsistence claims, whilst agreeing with the principles in regards to the scenarios at which a claim can be made they would recommend a review of the amounts to ensure up to date and reflective of situations where costs may vary between local and London rates.
46. In relation to dependent care allowance, the constituent authorities had a differing approach. The amount of dependent care allowance or any provisions limiting or allowing it was, in the IRP's view, more of an internal policy matter. They did however, conclude that any rate for dependent care allowance should be set as a minimum at the living wage rate.

### **Issue of pension**

47. The Panel noted that the position of Mayor does not have access to a pension scheme that would attract an employer contribution.

### **Indexation**

48. The principle of indexation is now generally adopted across local government and other local authorities. An annual uprating of allowances by an appropriate index ensures that they do not lose value over time and avoids the need for sizeable increases on a periodic basis. The Panel noted that the Police, Fire and Crime Commissioner's role is subject to indexation, so too is the role undertaken by Councillors of both constituent authorities.
49. North Yorkshire Council's IRP review remuneration each year, therefore, they do not apply indexation, whereas City of York Council IRP conduct their review following an election, in 4-year cycles, therefore, indexation is included as part of the review.
50. The Panel will recommend that the Mayor's allowance should be indexed. However, in view of the as yet undeveloped role of the Mayor, the Mayoral allowances will be reviewed in full by the IRP in 12 months' time, after which indexing will take place.

### **Mayoral office space and staffing**

51. The registered office of the Y&NY Combined Authority is currently County Hall in Northallerton, but in addition, there is also office space available to the Mayor and staff within West Offices, York. This arrangement will be reviewed once the Mayor is in office.
52. The Panel noted that the position of Mayor is entitled to make a number of appointments, including that of a Deputy Mayor, a Deputy Mayor for Policing and Crime and an Officer appointment into the role of Political Advisor, plus provision for appropriate support staff.

## **Recommendations**

53. After consideration of all of the evidence available to the Panel, through interviews, briefings, legal advice, benchmarking and review of documentation, the Panel has agreed upon the following recommendations:

**54. Recommendation 1: That the level of Mayoral Allowance at York and North Yorkshire Combined Authority be set at £81,300 from the start of the Mayor's term of office, as set out in the Order as beginning from 7 May 2024.**

55. The reasoning for this recommendation is set out in the conclusions above, the significant reasons for this recommendation are as follows:

- a. Owing to the budget responsibility of the role and the level of overall responsibility derived from the Devolution Deal and also by virtue of the Order to include Police, Crime and Fire and Rescue functions, the allowance should have a starting point of at least the equivalent salary of the Police, Fire and Crime Commissioner for North Yorkshire.
- b. The geographical area is the largest of any other Combined authority and the mix of rural and urban areas adds to the complexities of this role.
- c. Any delegation which the Mayor may, or may not, make to a Deputy Mayor or Deputy Mayor for Policing and Crime is a delegation of responsibility, not a delegation of accountability. The Mayor will still remain accountable for the Policing, Crime, Fire and Rescue functions.
- d. The Devolution Deal brings with it £18million per year allocation of mayoral investment over 30 years to drive growth and take forward priorities over the longer term.
- e. The Combined Authority would also, by virtue of Government funding receive over £13million for building new homes on brownfield land, £2.65million on projects to support delivery of affordable, low carbon homes across the region and £7million to drive green economic growth towards the carbon negative ambition for the region.
- f. The Police, Fire and Crime functions also bring significant assets and financial responsibilities and budget.

**56. Recommendation 2: That the principles of the Mayoral expenses as set out below be adopted by the Combined Authority.**

- a. Travel:
  - Public transport to be standard class, with public transport being the preferred method of travel.
  
  - Taxi fares to be incurred where no public transport is reasonably available.



Air travel at standard rate with approval of Head of Paid Service/Director of Resources.

Own vehicle mileage rates in accordance with HMRC recommended rates:

Up to 10,000 miles per annum: 45p per mile.

Additional miles over 10,000 per annum: 25p per mile.

Parking fees, tolls, ferries, etc associated with vehicle travel to be reimbursed.

b. Subsistence:

Breakfast applicable when journey commences before 7.30am.

Lunch applicable when journey commences before 12 noon and continues after 3pm

Tea applicable when absence continues after 6.30pm.

Evening meal when the absence continues after 8.30pm (with dinner and tea not being claimed for the same day).

c. Dependent Care:

Expense to be paid at minimum living wage rate.

**57. Recommendation 3: That the Mayoral allowance at York and North Yorkshire Combined Authority be reviewed in 12 months' time.**

## **Appendix A: List of information considered by the Panel**

1. The York and North Yorkshire Combined authority Order 2023 [The York and North Yorkshire Combined Authority Order 2023 \(legislation.gov.uk\)](https://www.legislation.gov.uk)
2. IRP reports for the following Combined Authorities:
  - a. Tees Valley Combined Authority – 2023;
  - b. North of Tyne Combined Authority – 2019;
  - c. South Yorkshire Combined Authority – 2020;
  - d. West of England Combined Authority – 2022;
  - e. Cambridgeshire and Peterborough Combined Authority – 2022;
  - f. Liverpool City Region – 2022;
  - g. West Midlands – 2022;
  - h. Greater Manchester Combined Authority – 2020;
  - i. West Yorkshire Combined Authority – 2022.
3. Map showing Devolution Deals and City and Growth Deals.
4. Levelling up white paper – Extract
5. LGA guidance produced for police (fire) and crime panel chairs entitled “Policing and fire governance guidance for police and crime panels”
6. Technical paper on Level 4 devolution framework from Government website.
7. York and North Yorkshire devolution deal from Government website.

## Appendix B: Benchmarking Information

<b>Combined Authority Populations 2021 (office of National Statistics)</b>		
<b>Combined Authority</b>	<b>Population</b>	<b>Geographical Area Size (sq mile)</b>
York and North Yorkshire	818,300	3208
North of Tyne	839,500	2016
Cambridgeshire and Peterborough	859,800	1310
West Yorkshire	2,345,200	784
South Yorkshire	1,415,000	599
Greater Manchester	2,848,300	494
West of England	950,000	368
West Midlands	2,939,900	348
Tees Valley	667,200	307
Liverpool City Region	1,564,000	283

<b>Remuneration paid to other public posts</b>	
<b>UK/Devolved Nations Elected Representative</b>	
UK Member of Parliament (MP) (2023)	£86,584
Minister of State (UK)	£118,264
UK Parliamentary Under Secretary	£106,409
Member of the Northern Ireland Legislative Assembly	£51,500
Member of the Scottish Parliament	£67,662
Member of the Welsh Assembly	£69,273
<b>York and North Yorkshire Local Authority/Combined Authority Chief Officers (plus pension)</b>	
Head of Paid Service – York and North Yorkshire Combined Authority	£124,656 (2023/2024)

Chief Executive Officer – North Yorkshire Council	£205,897 (from 1 April 2024)
Chief Operating Officer – City of York Council	£145,816 - £154,117 (2023/24)
Chief Executive – Office of Police, Fire and Crime Commissioner	£94,346 (2023/24)
<b>York and North Yorkshire Local Authority Leaders</b>	
Leader of North Yorkshire Council (2024/25)	Basic Allowance - £17,000 Special Responsibility Allowance - £40,447  Total - £57,447
Leader of City of York Council (last review December 2019)	Basic Allowance - £11,282.04 Special Responsibility Allowance - £33,842  Total - £45,124.04
<b>Greater London Assembly</b>	
Mayor of London	£152,734
Deputy Mayor	£141,406
Chair of London Assembly	£70,225
London Assembly Member	£58,543
<b>NHS Non-Executive Appointment</b>	
NHS Non-Executive	£13,000
NHS Trust Chair	£40,000 - £63,300*
*NHS Trust Chair salary dependent upon annual turnover of Trust	

<b>Police and Crime Commissioner Allowances as at 2018<sup>2</sup> (indexation will have been applied since)</b>	
£66,300	Cumbria* Dyfed-Powys Gloucestershire Lincolnshire Warwickshire
£71,400	Bedfordshire Cambridgeshire Cleveland Dorset Durham Gwent

<sup>2</sup> Plus pension.

	Norfolk North Wales North Yorkshire* Northamptonshire* Suffolk Surrey Wiltshire
£76,500	Cheshire Derbyshire Hertfordshire Humberside Leicestershire Nottinghamshire Staffordshire* West Mercia
£86,700	Avon and Somerset Devon and Cornwall Essex* Hampshire Kent Lancashire Merseyside Northumbria South Wales South Yorkshire Sussex Thames Valley
£100,000	Greater Manchester (pre-Mayoral) West Midlands West Yorkshire (pre-Mayoral)
<p>* Police and Crime Commissioners with Fire responsibilities – they receive an additional award of £3,000 per annum.</p> <p>Greater Manchester and West Yorkshire both have a Mayor with Police and Crime responsibilities.</p> <p>The salary scales are set by recommendation of the Review Body on Senior Salaries, determined by the Government, therefore, they are set nationally.</p>	

<b>Combined Authority Devolved Powers</b>	
<b>Combined Authority</b>	<b>Devolved Powers</b>
Cambridgeshire and Peterborough	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Housing</li> <li>• Non-statutory spatial planning</li> </ul>

	<ul style="list-style-type: none"> <li>• Skills and Adult Education budget</li> <li>• Transport</li> </ul>
Greater Manchester	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Fire and rescue</li> <li>• Housing and regeneration</li> <li>• Police and crime</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Public health co-ordination powers</li> <li>• Skills and training</li> <li>• Strategic spatial planning</li> <li>• Transport</li> <li>• Waste</li> </ul>
Liverpool City Region	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Economic development</li> <li>• Energy and environment</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Skills, apprenticeships and Adult Education</li> <li>• Transport</li> </ul>
North of Tyne	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Housing</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Skills and Adult Education budget</li> <li>• Tourism/culture</li> <li>• Transport</li> </ul>
South Yorkshire	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Housing</li> <li>• Non-statutory spatial planning</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Employment</li> <li>• Skills, training and Adult Education</li> <li>• Tourism/culture</li> <li>• Transport</li> </ul>
Tees Valley	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Housing</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Skills and Adult Education budget</li> </ul>

	<ul style="list-style-type: none"> <li>• Tourism/culture</li> <li>• Transport</li> </ul>
West Midlands	<ul style="list-style-type: none"> <li>• Culture and digital</li> <li>• Economic development</li> <li>• Environment and energy and HS2</li> <li>• Housing and regeneration</li> <li>• Industrial strategy</li> <li>• Productivity and skills</li> <li>• Transport</li> </ul>
West of England	<ul style="list-style-type: none"> <li>• Economic development</li> <li>• Employment</li> <li>• Housing</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Skills, apprenticeships and Adult Education</li> <li>• Transport</li> </ul>
West Yorkshire	<ul style="list-style-type: none"> <li>• Adult Education and skills</li> <li>• Economic development</li> <li>• Housing</li> <li>• Police and crime</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Transport</li> </ul>
York and North Yorkshire	<ul style="list-style-type: none"> <li>• Adult Education, employability and skills</li> <li>• Economic development</li> <li>• Fire and Rescue</li> <li>• Housing</li> <li>• Police and crime</li> <li>• Power to create Mayoral Development Corporation</li> <li>• Transport</li> </ul>

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**COMBINED AUTHORITY BUDGET 2024/25**

**Report of the interim Director of Resources (s73 officer)**

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**1.0 Purpose of the Report**

- 1.1 To note the suite of budget reports approved by the Police, Fire and Crime Commissioner that will transfer to the Combined Authority on 7th May 2024.

**2.0 Recommendations**

- 2.1 The Committee is asked to note the revenue and capital budgets for fire, policing and crime that will transfer to the Combined Authority on 7<sup>th</sup> May 2024. The Committee is also asked to note the Treasury Management Strategy Statements attached as annexes 3 and 4 to this report.

**3.0 Background**

- 3.1 The inaugural Combined Authority on 22<sup>nd</sup> January approved an initial budget to cover those functions that transferred into the Authority on 1<sup>st</sup> February. The Committee also approved a Treasury Management Strategy.
- 3.2 The election for the mayor of York and North Yorkshire is due to take place on 2 May 2024 and once elected, the Combined Authority will then become a Mayoral Combined Authority with the new mayor also taking on the functions of the Police Fire and Crime Commissioner for North Yorkshire.
- 3.3 The Police, Fire and Crime Commissioner considered and approved a Medium Term Financial Plan and Capital Plan for both Policing and the Fire and Rescue Authority on 27 February 2024. The full reports are linked as background papers to this report, with a summary of the key points set out in the following paragraphs. The Combined Authority is asked to note the budget in advance of the transfer of these functions to the Authority on 7<sup>th</sup> May 2024.
- 3.4 Once the Authority has a Corporate Plan, and has appointed to the relevant Statutory Officer posts, work will begin to develop a Medium Term Financial Strategy that will allow for more detailed budget planning over a 4 year period for the whole of the Combined Authority.

**4.0 Analysis**

**North Yorkshire Fire**

- 4.1 The revenue budget for North Yorkshire Fire is set at £45,180k and is delegated to the Chief Fire Officer. Whilst £414k of reserves are being released to support

the budget, these reserves are directly matched to non-recurring expenditure and are therefore not being used to balance the budget.

- 4.2 The Capital Programme for North Yorkshire Fire is set at £8,078k and external borrowing of up to £6,970k can be undertaken during the year, if required.

### Policing

- 4.3 The revenue budget for Policing is set at £221,012k, allocated to the following areas:

- £1,520k to run the Office of the PFCC
- £7,500k for Commissioned Services and Community Safety Initiatives
- £700k for Asset Management Costs
- £207,450k to the Police Force
- £4,936k to the Capital Programme
- £1,094k from Earmarked Reserves

- 4.4 The Capital Programme for Policing is set at £12,017k.

### Treasury management

- 4.5 The treasury management strategy approved by the Combined Authority in January covered the functions that were part of the Authority at that time. Following the Mayoral election in May, the policing and fire functions bring in an existing capital programme and treasury management strategy. During this first full year of operation the treasury management strategy of all 3 organisations will be reviewed and a revised combined strategy will eventually be created.

- 4.6 However, in the interim the existing Treasury Management strategies will remain in place to ensure capital expenditure and resources, and any associated risks, are managed effectively. The recently approved strategies for Fire and Police are attached at annexes 3 and 4.

## **5.0 Financial Implications**

- 5.1 The financial implications are set out in the body of the report and in the following tables.
- 5.2 The tables below set out the high level budgets approved by the Police, Fire and Crime Commissioner.

	Actual Budget 2023/24 £'000	Forecast Budget 2024/25 £'000	Forecasts		
			2025/26	2026/27	2027/28
			£'000	£'000	£'000
<b>Funding</b>					
Total Settlement Funding	(8,918)	(11,028)	(11,248)	(11,473)	(11,703)
Rural Services Grant	(604)	(699)	(699)	(699)	(699)
Council Tax Precept	(25,123)	(26,160)	(27,320)	(28,530)	(29,795)
Council Surplus/Deficit	(129)	(205)	(160)	(160)	(160)
NNDR Surplus/Deficit	56	48	0	0	0
<b>Funding for the Net Budget Requirement</b>	<b>(34,719)</b>	<b>(38,044)</b>	<b>(39,427)</b>	<b>(40,862)</b>	<b>(42,357)</b>
%age change in Net Budget Requirement	10.6%	9.6%	3.6%	3.6%	3.7%
S31 NDR Grants and Specific Grants	(4,833)	(5,599)	(5,274)	(5,290)	(4,814)
General Income	(718)	(1,197)	(1,061)	(1,078)	(1,096)
<b>TOTAL FUNDING</b>	<b>(40,269)</b>	<b>(44,840)</b>	<b>(45,762)</b>	<b>(47,231)</b>	<b>(48,267)</b>
%age change in Total Funding	7.8%	11.4%	2.1%	3.2%	2.2%
<b>Expenditure</b>					
Wholetime Firefighters	19,205	20,757	20,424	20,832	21,309
On Call Firefighters	4,000	4,487	5,036	5,137	5,239
Support Staff - Fire	1,596	2,615	2,578	2,585	2,698
Support Staff - Enable	2,830	2,458	2,442	2,507	2,628
Control Room Staff	891	946	942	966	988
<b>Direct Staff Costs</b>	<b>28,523</b>	<b>31,262</b>	<b>31,422</b>	<b>32,027</b>	<b>32,862</b>
Indirect Staff Costs	590	651	579	607	583
PFCC Staff Costs	83	83	85	87	88
Premises	2,395	2,563	2,629	2,684	2,736
Transport	1,052	1,108	1,153	1,176	1,200
Supplies and Services	3,936	4,033	4,070	4,078	4,135
Operating Leases	2	2	2	2	2
External Service Agreements	263	362	274	279	285
PFI (inc. capital element)	1,709	1,883	1,928	1,991	1,260
TLB allocation		50	50	50	50
<b>Total Indirect Staff and Non Staff Costs</b>	<b>10,031</b>	<b>10,734</b>	<b>10,770</b>	<b>10,955</b>	<b>10,339</b>
PENSIONS	892	1,044	975	976	962
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARG</b>	<b>39,446</b>	<b>43,040</b>	<b>43,166</b>	<b>43,958</b>	<b>44,164</b>
Provision for Debt Repayment	1,044	1,141	1,414	1,766	1,918
External Interest	675	713	1,108	1,342	1,519
Revenue Contribution to Capital	265	286	182	125	420
<b>Total Capital Charges</b>	<b>1,984</b>	<b>2,140</b>	<b>2,704</b>	<b>3,233</b>	<b>3,857</b>
<b>TOTAL EXPENDITURE BUDGET</b>	<b>41,430</b>	<b>45,180</b>	<b>45,870</b>	<b>47,191</b>	<b>48,021</b>
(Surplus)/Deficit before Reserves	1,161	339	108	(40)	(245)
<b>Planned Transfers to/(from) Earmarked Reserves:</b>					
New Developments Reserve	(334)	(318)			
RRM	(400)				200
ESMCP/Local Transition Resource Reserve	(57)				
Home Office Protection Uplift Grant Reserve	(321)	(74)	(148)		
Collection Fund reserve	(22)	(22)			
Planned Transfers to/(from) General Fund	0	75	40	40	45
<b>(Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 1 Summary revenue budget North Yorkshire Fire

	Estimated	Estimated	Estimated	Estimated	Estimated
	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
<b>FUNDING</b>					
<b>Reserve Brought Forward</b>	<b>2,995</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>
Revenue Contribution to Capital	253	286	182	125	420
Capital Receipts	52				
Borrowing	3,116	6,870	5,417	3,082	2,520
Estates Replacement Borrowing		100	1,573	2,608	3,340
<b>TOTAL FUNDING</b>	<b>3,421</b>	<b>7,256</b>	<b>7,172</b>	<b>5,815</b>	<b>6,280</b>
<b>EXPENDITURE</b>					
Transport excluding Cars	2,007	3,922	4,617	2,382	120
Transport - Cars	829	301	148	118	0
Estates	1,109	1,048	800	700	700
ICT	408	908	342	246	510
Control System					1,700
Logistics	0	1,900	0	0	0
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,078</b>	<b>5,907</b>	<b>3,447</b>	<b>3,030</b>
<b>ESTATES REPLACEMENT PROGRAMME</b>	<b>0</b>	<b>100</b>	<b>1,573</b>	<b>2,608</b>	<b>3,340</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,178</b>	<b>7,480</b>	<b>6,055</b>	<b>6,370</b>
<b>Reserve Carried Forward</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>	<b>503</b>

Table 2 Summary capital budget North Yorkshire Fire

	<b>Actual Budget</b>	<b>Proposed Budget</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Core Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(83,766)	(88,770)	(90,546)	(92,357)	(94,204)
Council Tax Precept	(92,454)	(97,445)	(102,482)	(107,796)	(113,239)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement</b>	<b>(184,118)</b>	<b>(194,113)</b>	<b>(200,925)</b>	<b>(208,051)</b>	<b>(215,341)</b>
%age Change in Net Budgetary Requirement	3.3%	5.4%	3.5%	3.5%	3.5%
<b>Other Funding</b>					
Specific Grants	(8,791)	(17,733)	(11,737)	(11,738)	(11,738)
Partnership Income/Fees and Charges	(8,465)	(9,166)	(8,499)	(8,376)	(8,336)
<b>Total Funding</b>	<b>(201,374)</b>	<b>(221,012)</b>	<b>(221,162)</b>	<b>(228,165)</b>	<b>(235,415)</b>
%age Change in Funding	5.2%	9.8%	0.1%	3.2%	3.2%
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>1,435</b>	<b>1,520</b>	<b>1,590</b>	<b>1,630</b>	<b>1,665</b>
<b>Commissioned Services</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>6,131</b>	<b>7,500</b>	<b>5,050</b>	<b>5,015</b>	<b>5,040</b>
<b>Asset Management</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>640</b>	<b>700</b>	<b>850</b>	<b>970</b>	<b>1,165</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	96,951	106,717	107,990	110,004	111,367
Police Overtime	2,904	2,613	3,331	4,085	3,708
PCSO Pay (incl Overtime)	6,880	6,770	8,100	8,936	9,122
Staff Pay (incl Overtime)	44,875	47,390	48,518	49,481	50,512
<b>Pay Total</b>	<b>151,610</b>	<b>163,490</b>	<b>167,939</b>	<b>172,506</b>	<b>174,709</b>
<b>Non-Pay Budgets</b>					
Other Non Salary	2,390	4,731	2,576	2,559	2,555
Injury and Medical Police Pensions	4,051	4,475	4,514	4,505	4,505
Premises	5,722	5,561	5,674	5,787	5,900
Supplies and Services	23,779	26,079	25,908	26,280	27,394
Transport	3,523	3,114	3,159	3,198	3,262
<b>Non-Pay Total</b>	<b>39,465</b>	<b>43,960</b>	<b>41,831</b>	<b>42,329</b>	<b>43,616</b>
<b>Total Planned Force Expenditure</b>	<b>191,075</b>	<b>207,450</b>	<b>209,770</b>	<b>214,835</b>	<b>218,325</b>
%age Change in Expenditure	8.0%	8.6%	1.1%	2.4%	1.6%
<b>Total Expenditure Budgets</b>	<b>199,281</b>	<b>217,170</b>	<b>217,260</b>	<b>222,450</b>	<b>226,195</b>
<b>(Surplus)/Deficit before Reserves/Capital</b>	£000s	£000s	£000s	£000s	£000s
	<b>(2,093)</b>	<b>(3,842)</b>	<b>(3,902)</b>	<b>(5,715)</b>	<b>(9,220)</b>
Planned Transfers to/(from) General Fund	(1,000)				1,000
Contribution to Capital Programme	3,938	4,936	4,139	6,015	8,220
Planned Transfers to/(from) Earmarked Reserves	(845)	(1,094)	(237)	(300)	0
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>General Reserves</b>	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	6,602	5,602	5,602	5,602	5,602
Proposed (Use of)/Contribution to General Fund	(1,000)	0	0	0	1,000
General Fund Balance c/f	<b>5,602</b>	<b>5,602</b>	<b>5,602</b>	<b>5,602</b>	<b>6,602</b>
<b>Average Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,645	1,660	1,645	1,645	1,645
PCSOs	177	163	192	208	208
Police Staff	1,142	1,203	1,191	1,189	1,189
<b>Assumptions</b>					
Staff Pay Increases	4.0%	2.5%	2.0%	2.0%	2.0%
Police Pay Increases	4.0%	2.5%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increases	5.0%	4.0%	3.9%	3.8%	3.6%
Government Grant Increases	0.3%	6.0%	2.0%	2.0%	2.0%

Table 3 Summary revenue budget Policing

<b>Capital Financing and Expenditure</b>					
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>17,103</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>
Capital Receipts - vehicles and PPE	500	525	550	550	550
Capital Receipts from Estates Strategy	465	0	350	1,090	0
Contributions (to)/from Revenue	4,909	4,936	4,139	6,015	8,220
Borrowing	1,911	4,387	2,759	639	1,042
<b>Projected in-year funding available</b>	<b>7,785</b>	<b>9,848</b>	<b>7,798</b>	<b>8,294</b>	<b>9,812</b>
<b>Capital and Project Plans</b>					
ICT	3,372	4,377	2,916	8,826	3,565
Fleet	4,099	2,810	4,418	3,195	3,997
Estates	1,911	4,387	1,484	639	1,042
Other Rolling Programmes and Schemes	617	368	338	302	392
Other Schemes	396	75	12	47	8
<b>Total Agreed Programme</b>	<b>10,395</b>	<b>12,017</b>	<b>9,169</b>	<b>13,009</b>	<b>9,004</b>
<b>Change Pipeline</b>	<b>508</b>	<b>1,155</b>	<b>3,109</b>	<b>1,460</b>	<b>211</b>
<b>Earmarked Reserve/Funding c/f</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>	<b>603</b>

Table 4 Summary capital budget Policing

## 6.0 Risks

6.1 The reports attached at annexes 1 and 2 outline areas of risk for the 2024/25 budget, but all known issues are incorporated within the financial plans. The Chief Finance Officer for Policing, Fire and Crime is satisfied that the proposed spending plan for 2024/25 is sound and robust.

## 7.0 Legal Implications

7.1 The Officer of the Police, Fire and Crime Commissioner will be abolished when the Mayor is elected and the services transferred to the Combined Authority. In order for those services that transfer to continue operating business as usual, pay staff, pay suppliers, etc. they will need to have a budget that has been reported to the Combined Authority.

## 8.0 Equalities Implications

8.1 It is not expected that the budget outlined in this report will have any adverse impacts on people with protected characteristics. Future budget or investment decisions will be underpinned by an Equality Impact Assessment.

## 9.0 Environmental Implications

9.1 There are no environmental implications to this report.

## 10.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

10.1 The budget impacts on all areas of the Combined Authority.

## 11.0 Recommendations

- 11.1 The Committee is asked to note the budgets and treasury management strategies for policing and crime that will transfer to the Combined Authority on 7<sup>th</sup> May 2024.

## 12.0 Reasons For Recommendations

- 12.1 To ensure that the Police, Fire and Crime services that transfer to the Authority on the 7<sup>th</sup> May have an appropriate level of approved budget.

## 13.0 Contact Details

For further information please contact the authors of this report.

### Authors

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<b>Job Title:</b>	Interim Director of Resources
<b>Service Area:</b>	Corporate
<b>Telephone:</b>	07768 926379
<b>Report approved:</b>	Yes
<b>Date:</b>	6 <sup>th</sup> March 2024

<b>Name:</b>	Michael Porter
<b>Job Title:</b>	Chief Finance Officer (OPFCC)
<b>Service Area:</b>	Police and Fire
<b>Report approved:</b>	Yes
<b>Date:</b>	7 <sup>th</sup> March 2024

<b>Name:</b>	Nick Edwards
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<b>Report approved:</b>	Yes
<b>Date:</b>	7 <sup>th</sup> March 2024

## Appendices

Annex 1 - Medium Term Financial Plan (MTFP) 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28 - North Yorkshire Fire

Annex 2 - Medium Term Financial Plan (MTFP) 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28 - Policing

Annex 3 – Treasury Management Strategy – North Yorkshire Fire

Annex 4 – Treasury Management Strategy - Policing

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## Report of the Chief Finance Officer of the PFCC to the Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCCFRA) for North Yorkshire

27<sup>th</sup> February 2024

Status: For Decision

### Medium Term Financial Plan (MTFP) 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28 - North Yorkshire Fire.

#### 1. Executive Summary

##### 1.1 Purpose of the Report

1.2 The report sets out the detailed Budget for 2024/25 and the Medium Term Financial Plan (MTFP) for 2024/25 – 2027/28 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PFCC to agree the funding for the Capital Programme for 2024/25 and the indicative allocations for the period 2025/26 to 2027/28.

#### 2. Recommendations

2.1 The PFCC is requested **to approve** the Revenue Budget as set out within this report and in doing so the delegation of an expenditure budget to the Chief Fire Officer of £45,180k in line with the plans set out within this report.

2.2 The PFCC is asked **to note** that the Budget for 2024/25 is being supported through the release of £414k from reserves although it is important to recognise that the release of these reserves are directly matched to non-recurring expenditure and are not being used to balance the budget.

2.3 The PFCC is asked **to note** that the Budget for 2024/25 **adds £75k into the General Fund** to maintain this Reserve at 3% of Net Budget Requirement in line with the Reserves Strategy.

2.4 The PFCC is asked **to approve** the Reserves Strategy that is attached at Appendix B.

2.5 The PFCC is asked **to note** that the 2024/25 budget is based on the approved £2.41, or 2.99%, increase in the level of Band D precept for 2024/25.

- 2.6 The PFCC is asked **to note** the Robustness of Estimates and Adequacy of Financial Reserves Advice from the PFCCs CFO that is included within this report.
- 2.7 The PFCC is asked **to approve** that additional External Borrowing of £6,970k can be taken out during the year, if required, to fund the Capital Programme.
- 2.8 The PFCC is asked **to approve** that the Capital Programme is initially set at £8,078k, as set out at Appendix A, for 2024/25 and within that programme approve that:
- Indicative approval of the 2025/26 Capital Programme budgets, as set out in Appendix A, and delegation of approval of any requests to pre-order against the 2025/26 budgets to the Commissioners Chief Finance Officer, up to 25% of each indicative budget. The 2025/26 Capital Programme will be submitted for formal approval at this time next year.
  - Delegation to the Commissioners Chief Finance Officer to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2023/24 Capital Programme into 2024/25.
- 2.9 The PFCC is asked **to note** that the Capital Programme contains £100k to begin the Estates Replacement Programme during 2024/25. This is **not** included within the requested £8,078k Capital Programme as any approval of these schemes will need to be subject to a separate business case and/or decision of the PFCC before this money is made available to spend.
- 2.10 The PFCC is asked **to approve** that quarterly updates on performance against both the revenue and capital budgets are reported to the PFCC via the Executive Board.

### **3. Planning and Funding Assumptions**

#### **3.1 Local Government Finance Settlement 2024/25**

3.2 On 18 December 2023, the Secretary of State for Levelling Up, Housing and Communities Michael Gove MP, set out the Provisional Local Government Finance Settlement for 2024-25 in the form of a Written Ministerial Statement. Alongside the statement, details of the provisional settlement have been published on the Gov.uk website. The Secretary of State stated that the proposals announced today "...will provide councils with the support they need. It ensures stability, delivers additional resources for social care, and maintains balance on council tax"

3.3 It is important to note that many smaller grants have not been announced as part of the Provisional Settlement and are announced separately. The Home Office is expected to announce a series of Fire and Rescue grants in January and February 2024.

3.4 Subsequent to this initial announcement and based on consultation feedback on the provisional settlement the Secretary of State provided a further Statement on the 24<sup>th</sup> January 2024 setting out the following:

- An additional £500 million of funding for local government to deliver social care
- An increase to the Funding Guarantee to 4%, ensuring that all authorities see a minimum increase in Core Spending Power of 4%, before local decisions on council tax - a key ask of district councils.
- Increased support for rural councils by increasing the Rural Service Delivery Grant by £15m

### 3.5 Headlines

3.6 Last year, in early December 2022, the Department for Levelling Up, Housing and Communities (DLUHC), published a policy statement which included some broad indications for the 2024-25 Settlement, but still left several unknowns. On 5 December 2023, DLUHC published a second "policy statement" which contained more indications of what the 2024-25 announcement would include. These statements are intended to assist local authorities with their planning, especially when Provisional Settlements are announced so late in the year

3.7 The Settlement and Updated Settlement went on to confirm much of the policy statement and provided the following headlines:

- Fire and Rescue Authorities' precept flexibility remains at 3%.
- Standalone FRAs see smallest Core Spending Power increase of all classes.
- Core Spending Power increases by an average of 7.5% across the board.
- Services Grant reduces by 84% to £77m. Social care grants rise by 20%.
- 4% Funding Guarantee continues in 2024-25 - ensures councils get at least 4% increase in Core Spending Power, before council tax or decisions on use of reserves.
- Rural Services Delivery Grant increased from £95m to £110m.
- Fire and Rescue Pensions Grant (£115m) now included within Core Spending Power

### 3.8 Fire Pensions Grant

3.9 Last year a total of four grants rolled into Revenue Support Grant (RSG) and this year the previously provided Fire Pensions Grant worth £115m is also rolled in. The distribution of the Fire Pensions grant is remaining the same and the funding is being transferred after the RSG inflationary uplift. This means that in future years this funding will also increase by the increase in the small business rate multiplier.

3.10 Funding Guarantee

3.11 In 2023-24, DLUHC used £25m of the legacy New Homes Bonus and the Lower Tier Services Grant (£111m in 22-23) to fund what was described at the time as a “one-off funding guarantee”. However, this has been extended to a second year.

3.12 The Funding Guarantee for 2024/25 now ensures that all Local Authority’s will see at least a 4% increase in Core Spending Power before ‘organisational efficiencies’ (i.e., internal savings), use of reserves and council tax precept increases (although taxbase growth will be included).

3.13 Over 75% of the 44 English fire and rescue authorities receive an allocation from the Funding Guarantee. This is because the guarantee applies before additional council tax income, and therefore authorities for which council tax makes up a significant portion of their Core Spending Power are more likely to hit the 4% threshold.

3.14 Services Grant (£77m)

3.15 Last year’s Services Grant was described as “one off” but is continuing in 2024/25. In 2022-23 the Services Grant was £822m and in 2023-24 it was £483m. The 2024-25 provisional settlement announcement indicates the grant is falling further to just £77m – a reduction of £406m.

3.16 Rural Services Delivery Grant

3.17 The Rural Services Delivery Grant has now increased by £15m to £110m in 2024-25, after increasing by £10m last year.

3.18 Business Rates

3.19 Up until April 2024, the Small Business Rate Multiplier (SBRM) and the Standard Multiplier have been linked (standard is 1.3p more than SBRM).

3.20 This has meant that either they both increase or are both frozen. However, earlier this year, the Government consulted on changes to Business Rates, which included decoupling the increase in the SBRM from the increase in the standard rate.

3.21 This means that, from April 2024, the two rates can be set independently. The 2023 Autumn Statement announced that the SBRM was to be frozen at 49.9p in the pound, whilst the Standard Multiplier is increasing by the CPI increase 6% to 54.6p. This decoupling affects under-indexing compensation payments as well as Baseline Funding Levels and Tariffs/Top-ups.

3.22 What does this mean for North Yorkshire Fire in 2024/25 in terms of Funding?

3.23 Based on the agreed precept, of £83.02 for a Band D property, then the overall impact on the Core Spending Power for the organisation is set to increase by 5.2%, or just under £2.0m, as set out in the table below:

<b>Local and Government Funding</b>				
	<b>2024/25</b>	<b>2023/24</b>	<b>(Increase)/Reduction</b>	<b>Year on Year Change</b>
	£000s	£000s	£000s	%age
<b>Government Funding</b>				
Total Settlement Funding	(11,028)	(9,284)	(1,744)	18.8%
Rural Services Grant	(699)	(604)	(95)	15.8%
Services Grant/Funding Guarantee	(763)	(249)	(515)	206.7%
Pensions Grant		(1,711)	1,711	-100.0%
Compensation for Underindexing of Business Rates	(1,315)	(1,088)	(228)	20.9%
<b>Total Government Funding</b>	<b>(13,805)</b>	<b>(12,935)</b>	<b>(870)</b>	<b>6.7%</b>
<b>Impact of a £2.41 (2.99%) increase in Band D Precept</b>				
Net Surplus on Collection Funds	(205)	(129)	(76)	
Council Tax Requirement	(26,160)	(25,123)	(1,037)	
<b>Total Local Funding</b>	<b>(26,365)</b>	<b>(25,253)</b>	<b>(1,113)</b>	<b>4.4%</b>
<b>Total Government + Local Funding</b>	<b>(40,171)</b>	<b>(38,188)</b>	<b>(1,983)</b>	<b>5.2%</b>

3.24 Funding beyond Core Spending Power

3.25 Firelink Grant

3.26 The Home Office had previously written to Fire Authorities during 2022/23 indicating that this grant will be phased out by 2026/27. Therefore the £230k that was received by North Yorkshire in 2021/22 will reduce by £45k per year. The grant is not included within the Core Spending Power analysis.

3.27 Fire Pensions Grant

3.28 The Home Office have announced that there will be a further 2024-25 Fire Pensions Grant of £85.3m, this is to compensate for an increase in the Employers Pension Contribution Rate into the Fire Pension Fund of 8.8%.

3.29 This separate grant has been calculated/allocated based on a four-year average of employer's contributions. The Grant for North Yorkshire has been confirmed as £1,336k – as with many other Fire Authorities our calculations would suggest this is insufficient to cover the additional costs of the 8.8% increase fully.

- 3.30 The initial estimate calculates that the grant will be too low by £120k in 2024/25.
- 3.31 In addition to this a Grant of £6m towards pension administration costs has been provided for 2024/25, North Yorkshire's share of this is £94k.
- 3.32 It is expected that the additional Pensions grant funding (as well as other specific grants for fire and rescue) will only be allocated on a one-year basis by the Home Office, with future years subject to Spending Review in the usual way.

### **Funding for 2025/26 and beyond**

- 3.33 2024/25 is the final year of the current Spending Review period and therefore there is very little formal guidance for future plans.
- 3.34 The current plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.35 The current plan also assumes that Fire Authorities will continue to be afforded, at least, the same opportunity to consider a precept increase of up to 3% per year, and therefore this plan assumes a 2.99% increase each year.
- 3.36 The current plan does not consider any changes to funding that may occur as a result of the Fire Authority becoming part of the Mayoral Combined Authority in May 2024.
- 3.37 MTFP Assumptions  
A review of the assumptions within the MTFP has been undertaken, these will remain under review and are updated with the best information available, the current assumptions incorporated into the MTFP for 2024/25 and beyond are as follows:
- Pay Awards: Pay Increase of 3% in 2024/25, followed by 2% increases thereafter
  - Precept: Increases of 2.99% per annum
  - Tax Base increases 1.2% in 2024/25 with increases of 1.4% thereafter,
  - Government Grants: 2024/25 – CPI increase of 2% per year
  - Nil impact from any Fair Funding/Funding Formula review
  - Nil impact from Business Rates Retention
  - Rural Service Delivery Grant continues at £699k per annum.
  - One-off Services Grant is added into the overall funding baseline.
  - Inflation: 2% for most non-pay areas from 25/26 onwards.
  - Any pensions changed are fully funded by the Government.
- 3.38 It is important to recognise that these are assumptions and as such could easily change. These will be kept under close scrutiny/review as the year progresses and updates provided as/when more information becomes available.

- 3.39 Precept  
Almost 70% of the Net Budget Requirement for the North Yorkshire Fire and Rescue Service is funded by the local precept and therefore when this area is constrained to below inflationary increases this causes greater challenges in North Yorkshire than most other Fire Services.
- 3.57 Some areas only receive 45% of their funding from the Precept with the average nationally, across Fire and Rescue Services, about 60%.
- 3.58 In publishing the final council tax referendum principles for 2024/25 the Government provided Fire Authorities with the scope to increase Precept by up to 2.99% for a Band D property before triggering a local referendum.
- 3.59 Consultation was undertaken within North Yorkshire and the results published as part of the supporting information for the PFCC's decision to propose a 2.99% (or £2.41) increase in the Band D precept for 2024/25. This proposal was supported by the Police, Fire and Crime Panel and therefore this budget incorporates a Band D 'Fire' precept for 2024/25 for North Yorkshire of £83.02.
- 3.60 **Results from Public Consultation**
- 3.61 To further inform the decision around the proposed precept for 2024/25 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 3.62 The consultation was conducted via an online survey and by telephone, to ensure a representative sample of North Yorkshire and the City of York residents by age, gender and geography.
- 3.63 The public were asked the following:
- 3.64 North Yorkshire Fire and Rescue Service has a budget of £40 million – the majority of that, over 60 per cent, comes from the precept on your council tax.
- 3.65 To provide a similar level of service to now, they think they will need around an extra £2.5m – £3m due to salary increases and the rising cost of fuel, utilities and interest on loans.
- 3.66 The Government are expected to say that Commissioner Zoë can raise the fire precept by £5 from April – that would be an increase of 6.2%, an extra 10 pence per week for an average Band D property. Even this would only raise £1.6m of that extra demand
- 3.67 The following options are based on an average Band D property currently paying £80.61 each year for Fire and Rescue. How much more would you be prepared to pay per year, through your council tax for fire and rescue services?
- No more than I pay now – a precept freeze

This would mean a significant cut to the fire and rescue budget due to inflation and current service delivery could not be maintained.

- Up to £2.41 a year more (20 pence per month), an increase of 2.99%  
This would raise around £750k, however is significantly below inflation and would likely lead to reductions in current levels of service delivery.
- Up to £5 a year more (42 pence per month), an increase of 6.2%  
This would raise around £1.6m, is broadly in line with the organisation’s inflationary pressures and would lead to no reductions in planned levels of service delivery.
- Up to £7.50 a year more (63 pence per month), an increase of 9.3%  
This would raise around £2.4m, is likely to be higher than the organisation’s inflationary pressures and would allow some additional investment into fire and rescue service delivery.

3.68 In total 1,684 responses were received via the open online survey and a further 996 interviews over the telephone. The open survey was published on the PFCC website and promoted widely via social media.

3.69 A summary of the overall results is shown in the table below:

	<b>Total (n=2,680 )</b>	<b>Telephone (n=996)</b>	<b>Online (1,684)</b>
<b>No more than I pay now</b> a precept freeze	<b>31%</b>	35%	28%
<b>Up to £2.41 a year more</b> (20 pence per month), an increase of 2.99%	<b>15%</b>	17%	15%
<b>Up to £5 a year more</b> (42 pence per month), an increase of 6.2%	<b>31%</b>	32%	31%
<b>Up to £7.50 a year more</b> (62 pence per month), an increase of 9.3%	<b>23%</b>	16%	27%
<b>TOTAL who support an increase of at least 2.99%</b>	<b>69%</b>	65%	72%

3.70 Combined results (online and telephone) from the consultation show a majority (69%) support an increase of at least 2.99% in the fire and rescue precept, which is the level proposed within this report.

3.71 Had there been the scope to increase the precept by £5, which was provided last year, then around 54% of those surveyed supported this option.

3.72 The Tax Base

The two local Councils have notified the PFCC of their tax bases for 2024/25 as set out in the table below:



<b>Tax Base</b>		
	<b>2024/25</b>	<b>2023/24</b>
	Net Tax Base	Net Tax Base
North Yorkshire County Council	246,010	243,034
York City Council	69,098	68,633
<b>Total</b>	<b>315,107</b>	<b>311,667</b>
<b>Annual Increase/(Decrease)</b>	<b>3,441</b>	
<b>Percentage Increase/(Decrease)</b>	<b>1.10%</b>	

- 3.73 The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties.
- 3.74 The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.
- 3.75 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2024-25, in comparison to 2023-24, by 3,441 – this equates to an increase of 1.10%
- 3.76 The 2024/25 tax base is therefore 315,107.29 Band D Equivalent properties
- 3.77 Setting the Council Tax
- 3.78 The precept calculation needs to take account of any net surplus or deficit on the billing authority collection funds. Projected surplus/deficits on the individual funds are shown in the table below.

<b>Collection Funds Surplus/ (Deficit)</b>	
	<b>£</b>
North Yorkshire County Council	241,366
York City Council	(36,163)
<b>Net Surplus/(Deficit) on Collection Fund</b>	<b>205,203</b>

- 3.79 The surpluses/deficit that have arisen need to be returned through the precept. The final precept to be levied will reflect the position on each council's collection fund.
- 3.80 Business Rates

- 3.81 While the Fire Authority's income is heavily reliant on income from Council Tax payers there is also another element of the income that is generated from local taxation and this is from Business Rates.
- 3.82 The Fire Authority receives 1% of the Business Rates collected within North Yorkshire which usually equates to around £3m per annum, and similar to Council Tax this is collected by the local councils and paid to the Fire Authority.
- 3.83 As with Council Tax there are variations between the amounts expected to be paid and those actually received/paid. The Fire proportion of the Business Rates collection fund **deficit** across North Yorkshire as a whole was £48k for 2023/24, down from £56k in 2022/23. This will be paid to the councils during 2024/25
- 3.84 The assumptions for both Council Tax and Business Rates will all be kept under review as details for future years become available and projections amended accordingly.
- 3.85 S31 NNDR Grants and Specific Grants  
The overall budget in this area has increased from £4.8m in 2023/24 to a forecast of £5.6m in 2024/25.
- 3.86 The main areas within this area of the budget are:
- Pensions Grant - £1,336k
  - PFI Grant - £649k – this Grant will continue, at the same level, until the PFI contract comes to an end during 2026/27.
  - Business Rates Grant - £2,379k – these are 'normal' reliefs and under-indexation adjustments.
  - Funding Guarantee - £669k
  - Protection Uplift Grant - £242k
- 3.87 General Income
- 3.88 This area reflects income from secondments, fees and service income, recharges and interest receivable. This area is forecast to generate around £500k more income in 2024/25 than 2023/24 predominantly as a result of higher interest rates leading to higher interest receivable (£324k) being generated on the cash balances that we hold, also a change to accounting for the income from sales of vehicles being recorded as revenue expenditure, instead of capital (£175k)
- 3.89 The entire funding therefore expected to be available to the PFCCFRA for the next 4 years, in comparison to 2023/24, is as follows:

	Actual	Forecast	Forecasts		
	Budget	Budget	2025/26	2026/27	2027/28
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>Funding</b>					
Total Settlement Funding	(8,918)	(11,028)	(11,248)	(11,473)	(11,703)
Rural Services Grant	(604)	(699)	(699)	(699)	(699)
Council Tax Precept	(25,123)	(26,160)	(27,320)	(28,530)	(29,795)
Council Surplus/Deficit	(129)	(205)	(160)	(160)	(160)
NNDR Surplus/Deficit	56	48	0	0	0
<b>Funding for the Net Budget Requirement</b>	<b>(34,719)</b>	<b>(38,044)</b>	<b>(39,427)</b>	<b>(40,862)</b>	<b>(42,357)</b>
%age change in Net Budget Requirement	10.6%	9.6%	3.6%	3.6%	3.7%
S31 NDR Grants and Specific Grants	(4,833)	(5,599)	(5,274)	(5,290)	(4,814)
General Income	(718)	(1,197)	(1,061)	(1,078)	(1,096)
<b>TOTAL FUNDING</b>	<b>(40,269)</b>	<b>(44,840)</b>	<b>(45,762)</b>	<b>(47,231)</b>	<b>(48,267)</b>
%age change in Total Funding	7.8%	11.4%	2.1%	3.2%	2.2%

3.90 Once all funding sources have been factored in then we currently forecast that Total Funding will increase by **just under £4.6m**, or 11.4% in 2024/25.

3.43 It is important to reflect that while total income is expected to be around £2.6m higher than the increase in Core Spending Power, much of this £2.6m doesn't provide any real net benefit to the Authority, for the following reasons:

- £1.3m is a result of a new pensions grant that is required to fund higher pension contribution rates for firefighters
- £0.3m is a result of higher interest rates –which is offset by higher external interest payments.
- £0.2m is expected to be the level of Specific Grant relating to Protection Uplift which is matched to additional expenditure
- £0.1m is additional secondment income – which is offset by higher costs to cover for those people on secondment.
- £0.2m is a reclassification of income for the sale of vehicles between Capital and Revenue and therefore provides no net benefit to the Service.

## 4 Expenditure Plans

### 4.1 **Pay Increases and Inflation Pressures**

4.2 While the overall increases in Total Funding seem reasonable across the life of the plan, and very good in 2024/25, it is important to reflect on the additional costs that need to be funded from these increases.

4.3 The 2023/24 pay budgets had forecast that pay awards would be 5% during 2023/24. While this was agreed for Firefighters prior to the budget being set the increase for staff was not agreed.

- 4.4 Given the significant increases in inflation that occurred during 2023/24 the increase for staff was agreed at a rate higher than the 5% budgeted, that being an increase of £1,925 for those earning up to £49,950 and 3.88% for higher earners. This settlement equated to an overall increase of just over 6%, and an additional cost of £42k which has a recurring impact within the financial plans
- 4.5 In addition to the current year position on pay the MTFP now forecasts that the pay award for Firefighters will be 3% and for Staff it will be 2.5% for 2024/25.
- 4.6 Each 0.5% higher than these assumption would add a further £145k to the position in this report.
- 4.7 As mentioned previously in the report there will be a significant increase in the Employer Pension Contribute Rate into the Firefighter Pension Scheme from 28.8% to 37.6% - this 8.8% increase is expected to cost around £1,455k in 2024/25.
- 4.8 The impact of these assumptions are additional costs of around £2.2m in 2024/25, in comparison to the 2023/24 position. The costs make up the majority of the £2.7m increase in the forecast pay budget, with the other items included within the table below:

<b>Forecast additional Pay Costs</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 23/24 Support Staff Pay Award	45	45	45
Increase in FF Pension Contribution Rate	1,455	1,485	1,515
Assume 3%/2.5% Pay Awards in 24/25	705	855	875
Additional costs of secondments and Grant Funded Posts	170	120	120
Staff Growth	285	145	145
Other sundry movement	80	250	340
<b>Total Forecast Additional Pay Costs</b>	<b>2,740</b>	<b>2,900</b>	<b>3,040</b>

- 4.9 In addition to pay pressures, there are a significant number of non-pay pressures in 2024/25 arising mostly from inflation.

<b>Impact of Inflation and Pressures/Growth on Non-pay Budgets:</b>			
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Indirect Staff Costs	150	80	110
Premises	235	300	355
Transport	70	116	140
Supplies and Services	495	531	540
External Agreements	105	10	10
PFI	195	240	300
Capital Financing	155	719	1,250
Pensions	150	80	80
<b>Total Forecast Additional Non-Pay Costs</b>	<b>1,555</b>	<b>2,075</b>	<b>2,785</b>

4.10 The areas of significant increase are as follows:

4.11 **Indirect Staff Costs** are forecast to increase by £150k, before savings, predominantly as a result of increased need for operational training.

4.12 **Premises Costs** are forecast to increase by £235k before savings, mostly as a result of higher business rates (£160k) and then wider general inflation.

4.13 **Transport Costs** are forecast to increase by £70k, before savings, this is being driven by higher insurance costs and higher use of fuel due to increased prevention and protection work.

4.14 **Supplies and Services Costs** are forecast to increase by £495k, before savings, predominantly as a result of:

- Breathing Apparatus contract costs as the Service switches to new equipment with improved functionality- £100k,
- Higher operational equipment costs - £70k,
- Higher Uniform and Work wear costs - £85k
- Higher ICT costs due to inflation - £185k

4.15 **External Agreements** are forecast to increase by £105k, mainly resulting for the additional funding from the Home Office to provide additional support/resource into Pension Administration.

4.16 **PFI Costs** are forecast to increase by £195k as the contract price is linked to RPI increases.

4.17 **Capital Financing Costs** are forecast to increase by £120k in 2024/25. Most of this relates to increases in interest payable on the loans required to fund the Capital Programme.

4.18 Putting together all of the cost increases, along with movements on reserves, results in potential additional costs and pressures of just over £5.1m as set out within the table below:

<b>Forecast additional Pay Costs</b>			
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 23/24 Support Staff Pay Award	45	45	45
Increase in FF Pension Contribution Rate	1,455	1,485	1,515
Assume 3%/2.5% Pay Awards in 24/25	705	855	875
Additional costs of secondments and Grant Funded Posts	170	120	120
Staff Growth	285	145	145
Other sundry movement	80	250	340
<b>Total Forecast Additional Pay Costs</b>	<b>2,740</b>	<b>2,900</b>	<b>3,040</b>
<b>Impact of Inflation and Pressures/Growth on Non-pay Budgets:</b>			
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Indirect Staff Costs	150	80	110
Premises	235	300	355
Transport	70	116	140
Supplies and Services	495	531	540
External Agreements	105	10	10
PFI	195	240	300
Capital Financing	155	719	1,250
Pensions	150	80	80
<b>Total Forecast Additional Non-Pay Costs</b>	<b>1,555</b>	<b>2,075</b>	<b>2,785</b>
<b>Changes to Reserve Movements</b>	<b>820</b>	<b>1,050</b>	<b>1,200</b>
<b>Potential Additional Costs and Pressures</b>	<b>5,115</b>	<b>6,025</b>	<b>7,025</b>

- 4.19 As set out above the vast majority of these increases are unavoidable costs.
- 4.20 These costs absorb all of the forecast increase in income in 2024/25 of £4,570k, leaving savings of £545k to be delivered to balance the budget in 2024/25.
- 4.21 Projected increases in income in future years are expected to be absorbed by increases in both Pay and Non-Pay inflation. This will therefore require the Service to become either more efficient and/or change its future operating model to be able to invest further in the future beyond the currently agreed RRM proposals.
- 4.22 **'Normal' Savings Plans**
- 4.23 The search for savings and efficiencies continues to receive a lot of focus and a further **£545k of non-pay savings/reductions** (equivalent to around 5% of our Indirect staff and non-staff costs) have been factored into the 2024/25 MTFP, these are summarised below:
- Supplies and Services - £345k
  - Indirect Staff Costs - £90k
  - Premises Costs - £70k
  - PFI - £20k
  - Transport - £15k
  - Other - £5k

4.24 **Combining all of these elements allows the Service to set and demonstrate a balanced budget for both 2024/25 and beyond.**

4.25 By balancing the budget at this level the Service can continue to concentrate on the following areas that are vital in developing, transforming and improving the Service.

4.26 **Risk and Resource Model**

4.27 On the 27<sup>th</sup> September 2022 the Commissioner [approved](#) the new North Yorkshire Fire and Rescue Service Risk and Resource Model 2022-25, subject to stipulations placed on some proposals.

4.28 The changes that have the most impact in terms of cashable efficiencies were as follows:

- That the proposal to change Huntington to an On-call fire station be approved. – **this was implemented in 2023/24**
- That the proposal to replace the Tactical Response fire engine at Harrogate with an Emergency Rescue fire engine which will be crewed only during peak demand hours be approved –planned implementation in 24/25 saving £210k.
- That the proposal to replace the Tactical Response fire engine at Scarborough with an Emergency Rescue fire engine which will be crewed only during peak demand hours be approved, subject to certain stipulations. - planned implementation in 2025/26 saving £215k

4.29 The financial plans for 2024/25 and beyond assume that all of the remaining proposals set out within this decision are implemented including the investment in On-Call availability and investment in Prevention and Protection removing the need to staff an Operational Staffing Reserve – saving £375k from 2025/26.

4.30 The timing of the actual delivery of these changes will be tracked through the year to inform financial forecasts and to ensure future plans align with their delivery.

4.31 **Transformation and Investment**

4.32 As well as the above efficiencies the new RRM approved a number of investments as part of the transformation of the service.

4.33 Those investments covered the following areas:

- That the proposal to enhance prevention and protection services and increase resources with additional firefighter and non-firefighter roles be approved and adopted – **phase 1 of this investment was agreed during 2023/24 with recruitment in roles to take place.** Phase 2 remains planned from 2025/26.

- That the introduction of a swift water rescue capability at Skipton be expedited – **this was implemented during 2023/24**
- That plans to reform, improve and enhance the On-call service in North Yorkshire be progressed to full business case.

4.34 A number of the plans in this area will continue to be developed and firmed up however for financial planning purposes there is an assumed phased implementation in line with the below:

- Prevention and Protection – phase 2 + £107k, 2.5 FTEs from April-25
- On-Call Investment
  - 24/25 - £332k
  - 25/26 - £788k

4.35 As set out within the RRM consultation and subsequent decision making all of the efficiencies from the RRM work are planned for re-investment into the Service and have not been used to balance the budget.

4.36 To ensure financial balance the implementation of all aspects of the RRM will need to align to ensure that the investments are not undertaken in advance of the delivery of the efficiencies.

4.37 Where the efficiencies can be delivered sooner than assumed this will allow for some elements of the Transformation and Investment programme to be brought forward too.

## **5 Overall Revenue Budget Summary**

5.1 Sections 3 and 4 of this report set out the details of the Income and Expenditure for both the coming financial year and the assumptions about future years. This results in the following summary revenue budget and MTFP.



	Actual Budget 2023/24 £'000	Forecast Budget 2024/25 £'000	Forecasts		
			2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Funding</b>					
Total Settlement Funding	(8,918)	(11,028)	(11,248)	(11,473)	(11,703)
Rural Services Grant	(604)	(699)	(699)	(699)	(699)
Council Tax Precept	(25,123)	(26,160)	(27,320)	(28,530)	(29,795)
Council Surplus/Deficit	(129)	(205)	(160)	(160)	(160)
NNDR Surplus/Deficit	56	48	0	0	0
<b>Funding for the Net Budget Requirement</b>	<b>(34,719)</b>	<b>(38,044)</b>	<b>(39,427)</b>	<b>(40,862)</b>	<b>(42,357)</b>
%age change in Net Budget Requirement	10.6%	9.6%	3.6%	3.6%	3.7%
S31 NDR Grants and Specific Grants	(4,833)	(5,599)	(5,274)	(5,290)	(4,814)
General Income	(718)	(1,197)	(1,061)	(1,078)	(1,096)
<b>TOTAL FUNDING</b>	<b>(40,269)</b>	<b>(44,840)</b>	<b>(45,762)</b>	<b>(47,231)</b>	<b>(48,267)</b>
%age change in Total Funding	7.8%	11.4%	2.1%	3.2%	2.2%
<b>Expenditure</b>					
Wholetime Firefighters	19,205	20,757	20,424	20,832	21,309
On Call Firefighters	4,000	4,487	5,036	5,137	5,239
Support Staff - Fire	1,596	2,615	2,578	2,585	2,698
Support Staff - Enable	2,830	2,458	2,442	2,507	2,628
Control Room Staff	891	946	942	966	988
<b>Direct Staff Costs</b>	<b>28,523</b>	<b>31,262</b>	<b>31,422</b>	<b>32,027</b>	<b>32,862</b>
<b>Indirect Staff Costs</b>	590	651	579	607	583
<b>PFCC Staff Costs</b>	83	83	85	87	88
<b>Premises</b>	2,395	2,563	2,629	2,684	2,736
<b>Transport</b>	1,052	1,108	1,153	1,176	1,200
<b>Supplies and Services</b>	3,936	4,033	4,070	4,078	4,135
<b>Operating Leases</b>	2	2	2	2	2
<b>External Service Agreements</b>	263	362	274	279	285
<b>PFI (inc. capital element)</b>	1,709	1,883	1,928	1,991	1,260
<b>TLB allocation</b>		50	50	50	50
<b>Total Indirect Staff and Non Staff Costs</b>	<b>10,031</b>	<b>10,734</b>	<b>10,770</b>	<b>10,955</b>	<b>10,339</b>
<b>PENSIONS</b>	892	1,044	975	976	962
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGE</b>	<b>39,446</b>	<b>43,040</b>	<b>43,166</b>	<b>43,958</b>	<b>44,164</b>
<b>Provision for Debt Repayment</b>	1,044	1,141	1,414	1,766	1,918
<b>External Interest</b>	675	713	1,108	1,342	1,519
<b>Revenue Contribution to Capital</b>	265	286	182	125	420
<b>Total Capital Charges</b>	<b>1,984</b>	<b>2,140</b>	<b>2,704</b>	<b>3,233</b>	<b>3,857</b>
<b>TOTAL EXPENDITURE BUDGET</b>	<b>41,430</b>	<b>45,180</b>	<b>45,870</b>	<b>47,191</b>	<b>48,021</b>
<b>(Surplus)/Deficit before Reserves</b>	1,161	339	108	(40)	(245)
<b>Planned Transfers to/(from) Earmarked Reserves:</b>					
<b>New Developments Reserve</b>	(334)	(318)			
<b>RRM</b>	(400)				200
<b>ESMCP/Local Transition Resource Reserve</b>	(57)				
<b>Home Office Protection Uplift Grant Reserve</b>	(321)	(74)	(148)		
<b>Collection Fund reserve</b>	(22)	(22)			
<b>Planned Transfers to/(from) General Fund</b>	0	75	40	40	45
<b>(Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

5.2 The Service is projecting a balanced MTFP after the net use of Reserves in 2024/25 of £339k, with smaller use of Reserves in 2025/26. However the Service will generate a surplus in 2026/27 and 2027/28 to repay the ESMCP Reserve that the Home Office have given authorisation to use to accelerate the investment in the on-call service and also to add to General Reserves to maintain this at the minimum level.

5.3 The main assumptions that underpin the plan are as follows:

	Actual	Forecast	Forecasts		
	Budget	Budget			
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
<b>General Reserves</b>	£'000	£'000	£'000	£'000	£'000
General Fund Balance b/f	1,075	1,075	1,150	1,190	1,230
Proposed (use of)/contribution to General Fund	0	75	40	40	45
Current Year Forecast	0	0	0	0	0
<b>General Fund Balance c/f</b>	<b>1,075</b>	<b>1,150</b>	<b>1,190</b>	<b>1,230</b>	<b>1,275</b>
<b>Employee Numbers (Budgeted as at 1st April)</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Wholetime Firefighters	308.0	286.0	272.0	272.0	272.0
On Call Firefighters	342.0	342.0	342.0	342.0	342.0
Support Staff - Fire	32.0	63.0	58.0	58.0	58.0
Support Staff - Enable	61.5	51.0	51.0	51.0	51.0
Control Staff	17.5	18.5	18.5	18.5	18.5
<b>Assumptions</b>					
Firefighter/Staff Pay Increase	5.0%	3%/2.5%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increase	6.6%	2.99%	2.99%	2.99%	2.99%
Council Tax Base Increase	1.2%	1.1%	1.4%	1.4%	1.4%

- 5.4 While the budget is exceptionally tight and there are a number of risks for the future years, all of the known plans that the Service has are incorporated within the financial plans and provide a stable platform from which the Service can continue to deliver the Risk and Resource Model, the Transformation Programme and therefore ultimately deliver against the Fire and Rescue Plan.

## **6 Capital Financing and Expenditure**

- 6.1 The funding of the capital programme continues to be one of the most significant challenges facing the Authority. The significant need for investment has been highlighted for a number of years now, however the financial position has been a recurring barrier to the investment given the challenge of the affordability of the revenue consequences of the investment.
- 6.2 To try to better manage these conflicting needs the financing of the Capital Programme was reviewed during 2022/23 and updated along with a review of Reserves and the creation of a much larger Capital Reserve.
- 6.3 This reserve is forecast to be around £2m at the start of 2024/25.
- 6.4 As previously mentioned there is a need for some significant investment within the Estate from which the Fire Service operates. Some of this required immediate attention to ensure that the buildings were both more accessible to a more diverse workforce and the public, and funds were set aside to address these, with the work expected to be completed in 2023/24.
- 6.5 Estates
- 6.6 The Estates Capital budget for 2024/25 includes £400k, slipped from 2023/24 for the completion of the work on Ripon Fire Station that is already underway.
- 6.7 The budget also includes £2.5m across the plan (£500k per year) for the on-going capital works required to maintain the Estate, a further £800k across the plan in relation to Training Towers and £200k for works on the Transport and Logistics Hub.
- 6.8 It has also been mentioned previously that there is a need to assess entire buildings and determine whether they are suitable for the delivery of modern day services. While affordability will remain a key challenge, plans to refresh the estate are being developed and based on current financial projections it is expected that options to start this programme of work could begin in 2024/25, **subject to affordable business cases and approval.**
- 6.9 The current Capital plans include capacity for an Estates Replacement programme to begin with the development of a business for one station in 2024/25, with the potential for a further station to begin in 2025/26 and then another in 2026/27.
- 6.10 In total almost £11m has been included within the Capital Programme to fund this work should business cases be developed that are value for money and are approved.

- 6.11 Fleet
- 6.12 In addition to the need, and want, to invest in the Estate it has also been a challenge to replace some elements of the Fire Fleet over the last couple of years primarily due to the pandemic. The Service has placed orders for 16 new Fire Appliances, 12 for delivery in 2024/25 and a further 4 in 2025/26. In total these 16 new Fire Appliances will cost around £5.3m.
- 6.13 In addition to this the plan also includes the funding to purchase 15 additional Appliances that will be between 6 and 7 years old, to replace Appliances that are currently within the Fleet but are much older than this.
- 6.14 The replacement of 31 Appliances, which is around 75%, of the Appliance Fleet will significantly reduce the age of the Fleet, which should increase both its overall reliability and therefore reduce repair, maintenance and parts costs.
- 6.15 Further details on the Fleet Capital Programme are included as Appendix A. It is worth noting that if the Capital Plans are fully delivered for 2023/24, 2024/25 and 2025/26 then 155 vehicles/assets are due to be replaced.
- 6.16 While some of this is growth, the Fleet Strategy set out in October 2022 that there were 194 vehicles/assets within the Fleet overall and therefore this is a considerable replacement programme over just a 3-year period.
- 6.17 Logistics
- 6.18 Work will also conclude in 2024/25 towards the replacement of the Breathing Apparatus used within the Service. This will be a significant investment by the Service with options to bring this vital piece of equipment fully up to date. £1.9m has been estimated, and included within the 2024/25 Capital Programme, for the costs of this investment, however the actual costs will be firmed up through once the procurement exercise has concluded and contracts awarded.
- 6.19 ICT
- 6.20 A detailed assessment of the IT requirement for the Service have been undertaken which sets out plans to invest around £2.3m over the next 5 years maintaining, replacing and investing in the IT for the Service.
- 6.21 The Capital Programme also includes a placeholder for the review, upgrade or replacement of the Control System IT/infrastructure in 2027/28 and 2028/29.
- 6.22 All of these Capital plans will be refreshed, refined, prioritised and kept under close review to ensure that they are both affordable and necessary as the Service develops.
- 6.23 The Capital Programme included within this MTFP and summarised below, is based on a programme of expenditure of just over £28m across the next 4 years if all of the schemes, including the Estates replacement programme are approved/delivered.

This is being predominantly funded through borrowing which could total just over £25m during the 4 year period from 2024/25 to 2027/28.

	Estimated 2023/24 £000	Estimated 2024/25 £000	Estimated 2025/26 £000	Estimated 2026/27 £000	Estimated 2027/28 £000
<b>FUNDING</b>					
<b>Reserve Brought Forward</b>	<b>2,995</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>
Revenue Contribution to Capital	253	286	182	125	420
Capital Receipts	52				
Borrowing	3,116	6,870	5,417	3,082	2,520
Estates Replacement Borrowing		100	1,573	2,608	3,340
<b>TOTAL FUNDING</b>	<b>3,421</b>	<b>7,256</b>	<b>7,172</b>	<b>5,815</b>	<b>6,280</b>
<b>EXPENDITURE</b>					
Transport excluding Cars	2,007	3,922	4,617	2,382	120
Transport - Cars	829	301	148	118	0
Estates	1,109	1,048	800	700	700
ICT	408	908	342	246	510
Control System					1,700
Logistics	0	1,900	0	0	0
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,078</b>	<b>5,907</b>	<b>3,447</b>	<b>3,030</b>
<b>ESTATES REPLACEMENT PROGRAMME</b>	<b>0</b>	<b>100</b>	<b>1,573</b>	<b>2,608</b>	<b>3,340</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,178</b>	<b>7,480</b>	<b>6,055</b>	<b>6,370</b>
<b>Reserve Carried Forward</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>	<b>503</b>

- 6.24 It is important to recognise that borrowing at this level is unsustainable and therefore when considering future service delivery options there needs to be a recognition that one of the outcomes from this will be to deliver and sustainably support the capital investments/needs of the Service.
- 6.25 The longer term Building replacement plans have been reflected upon and phased into the plans to coincide with the end of the PFI scheme. This is expected to provide the capacity within the Revenue budget to pay for the additional interest and debt repayment costs that will result from increasing investment and borrowing.
- 6.26 The CIPFA Prudential Code of Practice is a key element in the system of capital finance. Under this system individual PFCCFRA's are responsible for deciding the level of their affordable borrowing having regard to the prudential code. The associated paper 'Treasury Mgmt Strategy 24-25' will provide the PFCC with reasonable assurance that the proposed Capital Plan and its financing are within prudential limits.

## **7. Reserves**

- 7.1 The level of usable reserves of fire and rescue authorities is of particular interest at a national level and it has been recognised that there is a need for greater transparency around reserves. This is being achieved through the publication of a Reserves Strategy which for North Yorkshire is attached at Appendix B.
- 7.2 The Strategy includes a summary of the use of Reserves included within this MTFP with some further context provided below.
- 7.3 It was agreed that the New Development Reserve would fund the Transformation Team to the end of 2024/25. It was then expected that these roles would cease unless savings/efficiencies could be found to make them permanent.
- 7.4 The 2024/25 MTFP has incorporated these roles into the revised and agreed Business Design and Assurance Team with these resources permanently funded from 2025/26 in line with previous planning assumptions.
- 7.5 The Home Office wrote to the Service to provide authorisation to use £400k of the funding that was set within Earmarked Reserves, for ESMCP, to accelerate the investment in the On-Call Service. This funding was released during 2023/24 in line with this agreement.
- 7.6 The release of the £400k was subject to repayment and there are plans in place to start this in the final year of this MTFP.
- 7.7 The Home Office have previously provided funding to enable the Service to invest in Protection services and 'Uplift' the resources in that area. This funding has specific terms that mean it can only be used for certain areas of work. The Grant is being released from Reserves to meet the costs of undertaking this specific work.
- 7.8 It was previously expected that if the grant funding stopped that these roles would also come to an end and therefore the use of these reserves did not support core work.
- 7.9 The proposed investment in the Prevention and Protection area, aligned with the continued delivery of savings and efficiencies means that it is now forecast that these roles will be incorporated into the permanent structures of the service when/if the additional funding from the Home Office comes to an end.
- 7.10 The use of Reserves in the manner set out is therefore not a concern for the Service, the Reserves are funding additional expenditure that could be removed if financially necessary however the current financial plans forecast that this won't be needed.

- 7.11 Based on current projections **overall** reserves are forecast as follows:
- End of 2023/24 - £5.2m (14% of Net Budget Requirement)
  - End of 2024/25 - £3.9m (10% of Net Budget Requirement)
  - End of 2025/26 - £3.5m (8.5% of Net Budget Requirement)
  - End of 2026/27 - £3.3m (7.7% of Net Budget Requirement)

## **8. Risks**

8.1 The major risks and unknowns surrounding the figures presented here are set out below and have been discussed in the above report:

- Pay Awards are higher than the assumptions within the plan
- Any differences between the future years' actual Government Grant settlements, and the estimated figures.
- Business Rates Retention and Fair Funding Review
- Variations in future years between the estimated tax base used and the actual declared tax base.
- That the public does not support the precept increases that are factored into the current plans.
- Increasing costs of the employers Pension Contribution into the Fire Pension Fund.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.

## **9 Robustness Advice**

- 9.1 The Local Government Act 2003 introduced a formal requirement on authorities to consider the advice of the Treasurer/s151 Officer on the robustness of the budget proposals, including the level of reserves. If the PFCC ignores this advice the Act also requires them to record this position. This latter provision is designed to recognise the statutory responsibilities of Treasurers/Chief Finance Officers.
- 9.2 For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2024/25 is sound and robust. There are however a number of areas of savings that will need to be delivered from a revenue perspective in 2024/25 to deliver the proposed budget. The likely risk from a financial perspective, however, in terms of revenue spending in 2024/25 is likely to be in relation to the levels of pay awards agreed during the year as well as significant levels of non-pay inflation that are clearly feeding through into the costs for the Service.
- 9.3 It will be vital to continue to closely monitor the financial position throughout 2024/25 to ensure that the efficiency and savings plans, that are required to provide the capacity for the transformation work, are delivered in a timely manner.
- 9.4 The reliance on borrowing to fund the Capital plans of the organisation is an area of on-going concern and something that will need to be considered especially given what appears to be a need for significant investment in the asset base of the Fire Service.
- 9.5 The plans are however robust and the focus will continue to be on delivering the schemes and the benefits that are expected from those schemes.
- 9.6 A review has been undertaken of Fire's reserves and general balances. The general balances and reserves are an important part of the PFCC's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the PFCC would have adequate levels of financial reserves and general balances through 2024/25 provided that service restructuring is delivered and future growth, if any, is managed and funded from sustainable savings.
- 9.7 The medium term projection on reserves is one that will need to be closely monitored. Funding will be added to the General Reserve to ensure that it remains at 3% of Net Budget Requirement, however beyond this the Authority has very little in other



reserves to draw on should pay awards be higher than planned, costs increase higher than assumptions and/or funding assumptions prove to be too optimistic.

## **10 Conclusion**

- 10.1 The impact of the financial settlement, the agreed precept, and the savings and efficiency plans, has enabled the Service to meet the significant financial pressures from both pay and non-pay inflation. As well as this the Service has incorporated into its balanced MTFP its continued plans for investing and transforming the Service and has also set out a recurring balanced MTFP that is projected to show a surplus in years 3 and 4 of the plan, to replace an Earmarked Reserve that is being used in 2023/24 and also maintain the General Reserve at the minimum level.
- 10.2 The financial plan is aligned to the agreed Risk and Resource Model, it incorporates a phased delivery of the Transformation Programme and the investment into Prevention and Protection as well as the on-call service.
- 10.3 From a Capital perspective, the proposals from all areas of the business are incorporated into the 2024/25 proposals allowing for significant investment in both Fleet and Estates, with plans for also for investment into Breathing Apparatus.
- 10.4 The Service should therefore have everything that it needs from a financial perspective to deliver against the Fire and Rescue Plan during 2024/25.

## APPENDIX A

<b>CAPITAL PROGRAMME 2023/24 TO 2027/28</b>					
	Estimated	Estimated	Estimated	Estimated	Estimated
	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
<b>FUNDING</b>					
<b>Reserve Brought Forward</b>	<b>2,995</b>	2,063	1,141	832	<b>593</b>
Revenue Contribution to Capital	253	286	182	125	420
Capital Receipts	52				
Borrowing	3,116	6,870	5,417	3,082	2,520
Estates Replacement Borrowing		100	1,573	2,608	3,340
<b>TOTAL FUNDING</b>	<b>3,421</b>	<b>7,256</b>	<b>7,172</b>	<b>5,815</b>	<b>6,280</b>
<b>EXPENDITURE</b>					
Transport excluding Cars	2,007	3,922	4,617	2,382	120
Transport - Cars	829	301	148	118	0
Estates	1,109	1,048	800	700	700
ICT	408	908	342	246	510
Control System					1,700
Logistics	0	1,900	0	0	0
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,078</b>	<b>5,907</b>	<b>3,447</b>	<b>3,030</b>
<b>ESTATES REPLACEMENT PROGRAMME</b>	<b>0</b>	<b>100</b>	<b>1,573</b>	<b>2,608</b>	<b>3,340</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,178</b>	<b>7,480</b>	<b>6,055</b>	<b>6,370</b>
<b>Reserve Carried Forward</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>	<b>503</b>

<b>NYPFCCFRA Capital Programme (Pending Approval) 2023/24 - 2027/28</b>		<b>Forecast</b>		<b>2024/25</b>		<b>2025/26</b>		<b>2026/27</b>		<b>2027/28</b>	
		<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>	<b>No.</b>	<b>£000</b>
Transport	Rescue Pumps	-	1,108	12	2,866	4	1,351	-	-	-	-
Transport	Rescue Pumps (WYFRS)	-	-	15	255	-	-	-	-	-	-
Transport	Vans and Support Vehicles	25	780	6	101	8	148	5	112	5	82
Transport	4x4 Vehicles (Landrover or equivalent)	-	-	5	425	6	510	-	-	-	-
Transport	Aerial Appliances	-	-	-	-	1	1,000	1	1,000	-	-
Transport	Off Road Tracked	-	-	-	-	2	104	-	-	-	-
Transport	Pool Cars	-	-	3	49	2	32	-	-	-	-
Transport	Response Cars	23	829	8	301	4	148	3	118	-	-
Transport	Emergency First Responder Cars	-	-	-	-	-	-	-	-	-	-
Transport	P&P investment	3	34	11	134	3	36	-	-	-	-
Transport	ICUx1	1	60	-	-	-	-	-	-	-	-
Transport	Trailers	-	-	1	2	6	25	-	-	9	38
Transport	Water Rescue Boats	1	25	1	60	-	-	-	-	-	-
Transport	Water Tankers/Bowsers	-	-	-	-	-	-	2	1,000	-	-
Transport	Welfare Vehicle	-	-	-	-	1	55	-	-	-	-
Transport	Telematics	-	-	-	30	-	-	-	-	-	-
<b>TOTAL TRANSPORT</b>		<b>53</b>	<b>2,836</b>	<b>62</b>	<b>4,222</b>	<b>40</b>	<b>4,765</b>	<b>12</b>	<b>2,501</b>	<b>14</b>	<b>120</b>
Logistics	Breathing Aparatus (new sets EOL replacement)	-	-	-	1,900	-	-	-	-	-	-
<b>TOTAL LOGISTICS</b>					<b>1,900</b>						
Estates	Capital Works (Based on SCS Information)	309	-	500	-	500	-	500	-	500	-
Estates	Training Towers Renewal Programme	-	-	-	-	200	-	200	-	200	-
Estates	Ripon Alterations	200	-	400	-	-	-	-	-	-	-
Estates	Inclusivity Programme	600	-	-	-	-	-	-	-	-	-
Estates	T&L Hub	-	-	100	-	100	-	-	-	-	-
<b>TOTAL ESTATES RENEWAL</b>		<b>1,109</b>		<b>1,048</b>		<b>800</b>		<b>700</b>		<b>700</b>	
Estates	Inclusivity Programme	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ESTATES REPLACEMENT</b>				<b>100</b>		<b>1,573</b>		<b>2,608</b>		<b>3,340</b>	
<b>TOTAL ESTATES</b>		<b>1,109</b>		<b>1,148</b>		<b>2,373</b>		<b>3,308</b>		<b>4,040</b>	
Mobilising, Telephony and Bearers:	Network Replacement and Upgrade Programme	29	-	81	-	101	-	84	-	142	-
Mobilising, Telephony and Bearers:	Telephony Equipment Replacements and Upgrades	-	-	50	-	-	-	-	-	-	-
Mobilising, Telephony and Bearers:	Station End Equipment Replacements and Upgrades	166	-	-	-	-	-	-	-	208	-
Mobilising, Telephony and Bearers:	ESN Transition	-	-	-	-	-	-	50	-	-	-
Mobilising, Telephony and Bearers:	Session Initiated Protocol (SIP) Trunking	-	-	60	-	-	-	-	-	-	-
Mobilising, Telephony and Bearers:	Fireground Radios	-	-	45	-	-	-	-	-	-	-
Mobilising, Telephony and Bearers:	WAN	-	-	38	-	-	-	-	-	-	-
Major IT Systems and Schemes:	CFRMIS Upgrade	60	-	20	-	-	-	-	-	-	-
Major IT Systems and Schemes:	Website Redevelopment	-	-	-	-	40	-	-	-	-	-
Major IT Systems and Schemes:	Teams Conferencing	-	-	-	-	28	-	-	-	-	-
Ancillary Hardware and software:	Meeting Room Technology	31	-	-	-	-	-	-	-	-	-
Ancillary Hardware and software:	MDT Replacement	-	-	300	-	-	-	-	-	-	-
Ancillary Hardware and software:	Incident Command Training ICT Replacement	-	-	40	-	-	-	-	-	-	-
Ancillary Hardware and software:	PC replacement / expansion programme (½ per year over 5 years)	108	-	113	-	41	-	110	-	160	-
Ancillary Hardware and software:	Server replacement / expansion programme (½ per year over 5 years)	7	-	161	-	108	-	-	-	-	-
	ICT Hardware - As per P&P change Proposal	8	-	-	-	1	-	2	-	1	-
	UPS Installs at RET Stations	-	-	-	-	24	-	-	-	-	-
	Control System	-	-	-	-	-	-	-	-	1,700	-
<b>TOTAL IT</b>		<b>408</b>		<b>908</b>		<b>342</b>		<b>246</b>		<b>2,210</b>	
<b>OVERALL TOTAL</b>		<b>4,353</b>		<b>8,178</b>		<b>7,480</b>		<b>6,055</b>		<b>6,370</b>	

### **North Yorkshire Police Fire and Crime Commissioner Fire and Rescue Authority**

#### **Reserves Strategy**

The level of usable reserves of fire and rescue authorities is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves.

#### The National Framework

The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's Medium Term Financial Plan (MTFP).
- Information should be set out in a way that is clear and understandable for members of the public and should include:
  - How the level of general reserve has been set.
  - Justification for holding a general reserve larger than five percent of budget.
  - Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
  - A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

The information on each reserve should make clear how much of the funding falls into the following three categories:

- As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.

There is not a recognised formula for determining the level of reserves that a fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that need to be taken into account will include the following:

- The possibility of savings not being delivered; as levels of funding continue to be constrained, the need for annual reductions in spending is likely. This is likely to mean the identification of savings proposals carry a potentially greater risk of not being delivered.
- To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
- The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigates the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
- The risk on inflation, especially pay. There remains continued pressure on pay inflation to be in excess of those provided for in the MTFP.

### **Reserves Policy**

The PFCC considers Reserves annually as part of the Budget Setting Process. The principles that underpin this area are as follows:

Reserves are maintained to:-

- (a) Create a contingency to help cushion the impact of unexpected events or emergencies - the General Reserve.
- (b) Build up funds (often referred to as earmarked reserves) to meet specific future requirements, including the smoothing out of peaks in costs and the effect of loss of external funding.

The level of reserves is taken into account when calculating the council tax requirement. This ensures a balanced budget position is maintained and enables regard to be given to affordability when considering future revenue requirements and capital programmes.

The reserves must be reported to the PFCC on a regular basis as part of budget and financial monitoring. Part of this exercise is to ensure continuing relevance and adequacy and to enable the Medium Term Financial Plan to be up-dated.

The actual level of reserves, earmarking and utilisation are considered when up-dating the MTFP and as part of its on-going review.

### General Reserve

In setting the level of the General Reserve, consideration is given to the adequacy of financial control, the overall financial position, medium-term plans and strategic, operational and financial risks facing the PFCC. The level of the General Reserve is reviewed by the Police and Crime Commissioner on the advice of the PFCC's Chief Finance Officer having regard to these matters.

Key Principles are:-

- (a) The General Reserve will not be used to meet on-going revenue items.
- (b) The General Reserve may be used, on an exceptional basis, as a short-term option to balance the budget, particularly where major operations are experienced.
- (c) The PFCC will aim to maintain the level of General Reserves at not less than 3% of the net revenue budget.
- (d) The level of the General Reserve is re-assessed annually as part of the annual budget-setting process.

## **Reserves Forecast**

The following schedule sets out the forecast movements on reserves over the life of the current medium term financial plan, it is important to recognise that whilst the schedule sets out the expected use of the current reserves, circumstances will change and all reserves will be reviewed at least annually. It is also important to recognise that there will undoubtedly be a need to create new reserves, in future years, to deal with risks that are currently unknown; the likelihood is that they will not reduce in overall financial terms as exactly planned and that while current reserves are spent, new reserves are likely to be needed to manage future risks.

	<b>Balance</b>	Transfers	<b>Balance</b>	Transfers	<b>Balance</b>	Transfers	<b>Balance</b>	Transfers	<b>Balance</b>	Transfers	<b>Balance</b>
	<b>March</b>	In/Out	<b>March</b>	In/Out	<b>March</b>	In/Out	<b>March</b>	In/Out	<b>March</b>	In/Out	<b>March</b>
	<b>2023</b>	2023/24	<b>2024</b>	2024/25	<b>2025</b>	2025/26	<b>2026</b>	2026/27	<b>2027</b>	2027/28	<b>2028</b>
	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>
Pensions, Pay & Price	1,021	-531	490	0	490	0	490	0	490	0	490
New Developments	884	-334	550	-318	232	0	232	0	232	0	232
Insurance	80	0	80	0	80	0	80	0	80	0	80
Recruitment	175	0	175	0	175	0	175	0	175	0	175
Hydrants	100	0	100	0	100	0	100	0	100	0	100
Collection Fund	44	-22	22	-22	0	0	0	0	0	0	0
RRM	400	-200	200	0	200	0	200	0	200	200	400
HO Grant - ESMCP/LTR	129	37	166	0	166	0	166	0	166	0	166
HO Grant - Protection Uplift	456	-225	231	-74	157	-148	9	0	9	0	9
<b>Total Earmarked Reserves</b>	<b>3,289</b>	<b>-1,275</b>	<b>2,014</b>	<b>-414</b>	<b>1,600</b>	<b>-148</b>	<b>1,452</b>	<b>0</b>	<b>1,452</b>	<b>200</b>	<b>1,652</b>
<b>Earmarked Capital Reserve</b>	<b>2,995</b>	<b>-932</b>	<b>2,063</b>	<b>-922</b>	<b>1,141</b>	<b>-309</b>	<b>832</b>	<b>-239</b>	<b>593</b>	<b>-90</b>	<b>503</b>
<b>General Reserves</b>	<b>1,075</b>	<b>0</b>	<b>1,075</b>	<b>70</b>	<b>1,145</b>	<b>40</b>	<b>1,185</b>	<b>40</b>	<b>1,225</b>	<b>45</b>	<b>1,270</b>
% of Net Budget Requirement	3.4%		3.1%		3.0%		3.0%		3.0%		3.0%
<b>Total Usable Reserves</b>	<b>7,359</b>	<b>-2,207</b>	<b>5,152</b>	<b>-1,266</b>	<b>3,886</b>	<b>-417</b>	<b>3,469</b>	<b>-199</b>	<b>3,270</b>	<b>155</b>	<b>3,425</b>



## **Why have these Reserves been established and what will they be used for?**

### **General Contingency Reserves:**

#### **Pay, Price and Pensions Reserve**

The reserve is forecast to have just under £0.5m in at the start of 2024/25, which provides scope to fund, in the short term, pay award in excess of those included within the budget. Each 1% equates to circa £290k. In addition to this the reserves provides some allowance for injury/medical pensions that are over and above the budgeted position and also mitigates the risk during the current period of higher inflation that some prices may be higher than estimated.

#### **New Developments Reserve**

This reserve has been predominantly committed to deliver the Fire Transformation Programme to the end of March 2025.

#### **Insurance Reserve**

The Police, Fire and Crime Commissioner operates on a self-insurance basis determined by the level of excess on the cover provided by external policies. This reserve is ring-fenced for insurance requirements only and cannot be used for other purposes, the level being calculated on the basis of historic budget impact of past claims.

#### **Recruitment Reserve**

This reserve has been established to fund the costs of Trainee Firefighters while in training and therefore unavailable for service delivery. This will help ensure that gaps in service are not required while training takes place.

#### **Hydrant Reserve**

While the work to repair, maintain and replace Fire Hydrants is the responsibility of Yorkshire Water the costs are the responsibility of the Fire Service. This leaves little control over the amount of work done, the timing of the work and the visibility and timeliness of charging. This reserve has therefore been established to deal with the variable nature of this area of cost.

### **Funding for Planned Expenditure over MTFP Reserves:**

#### **Collection Fund Reserve**

£22k per year, for the next year, will be released to support the Road Safety Partnership.

#### **Home Office Grant Funding – Protection**

This specific funding reserves will be spent in line with the Grant terms and conditions from the Home Office. Should funds remain at the end then it is likely they would need to be returned to the Home Office.

#### **Home Office Grant Funding – ESMCP**

The Home Office have written to the Service to provide authorisation to use £400k of the funding that is currently sat within this Earmarked Reserves to accelerate the investment in the On-Call Service. This funding is therefore being released in line with this agreement. The Home Office provided the ESMCP funding in part to fund a Local Transition Resource also and therefore these reserves are being used to meet the costs of this specifically funded work.

The release of the £400k is subject to repayment and there are plans in place to ensure this happens in the final 2 years of this MTFP

### **Capital Reserve**

The service has recognised the significant level of investment that it needs to make in terms of Estates, Equipment and Fleet, however constantly borrowing to do so is not sustainable and therefore a Capital Reserve has been established to help support the vital investment that is needed in these areas, and in shorter term Information Technology assets, while helping to manage borrowing and the costs associated with borrowing.

## Report of the Chief Finance Officer of the PFCC to the Police, Fire and Crime Commissioner for North Yorkshire

27<sup>th</sup> February 2024

Status: For Decision

### Medium Term Financial Plan (MTFP) 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28 - Policing

#### 1. Executive Summary

##### 1.1 Purpose of the Report

This report asks the PFCC to agree the Budget proposals for 2024/25 and the Medium Term Financial Plan (MTFP) for 2024/25 – 2027/28 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PFCC to agree the funding for the Capital Programme for 2024/25 and the indicative allocations for the period 2025/26 to 2027/28.

#### 2. Recommendations

2.1 The PFCC is requested **to approve** the allocation of the £221,012k of revenue funding, that is forecast to be received by the PFCC in 2024/25, in the following areas:

- £1,520k to run the Office of the PFCC
- £7,500k for Commissioned Services and Community Safety Initiatives
- £700k for Asset Management Costs
- £207,450k to the Police Force
- £4,936k to the Capital Programme
- £1,094k from Earmarked Reserves

- 2.2 The PFCC is asked **to note** that the 2024/25 budget is based on the approved 3.99%, or £11.77, increase in the level of Band D precept for 2024/25.
- 2.3 The PFCC is asked **to take cognisance** of the Robustness of Estimates and Adequacy of Financial Reserves section included within this report.
- 2.4 The PFCC is asked **to approve** the Reserves Strategy that is attached at Appendix B
- 2.5 The PFCC is asked **to approve** that the Capital Programme is initially set at £12,017k, before any additional slippage from 2023/24, as set out at Appendix A, for 2024/25 and within that programme approve that:
- Indicative approval of the 2025/26 budgets as set out in Appendix A, and delegation of approval of any requests to pre-order against the 2025/26 budgets to the Commissioners Chief Finance Officer, up to 25% of each indicative budget. The 2025/26 Capital Budget will be submitted for formal approval at this time next year.
  - Delegation to the Commissioners Chief Finance Officer to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2023/24 Capital Programme into 2024/25.
- 2.6 The PFCC is asked **to approve** that if Projects/Business Cases that are already on the Change Pipeline are supported/approved at Change Board, and not novel, contentious or of significant public interest, then the PFCC CFO can approve the financial arrangements, where these are £100k per year or less.
- 2.7 The PFCC is asked **to approve** that quarterly updates on performance against both the revenue and capital budgets are reported to the PFCC via the Executive Board.

### **3. Planning and Funding Assumptions**

#### **3.1 Police Funding Settlement 2024/25**

3.2 The 2024-25 Provisional Settlement was announced on 14 December in a written ministerial statement by the Minister of State for Crime, Policing and Fire, Chris Philp MP.

3.3 The Minister said "Today, the Government has set out the provisional police funding settlement...for the forthcoming financial year. For 2024-25 overall funding ... will rise by up to £842.9m compared to the restated 2023-24...This funding settlement demonstrates that the Government remains committed to giving policing the resources they need to keep the public safe...The Home Office was only able to deliver this substantial funding increase by reprioritising funding from other programmes."

3.4 Full details of the Settlement can be found on the Home Office gov.uk pages.

3.5 Police Uplift Grant (PUP)

- 3.6 Prior to the provisional settlement, the sector was expecting a continuation of additional PUP funding for the recruitment of the final officers (towards the 20,000 total). The Ministerial Statement confirms ongoing funding of £425m to maintain officer numbers at (148,433 nationwide).
- 3.7 Within this funding £67.2m is “additional recruitment top-up grant” for forces that have agreed to recruit additional officers. The remaining £357.8m is ringfenced, allocated via formula funding shares and PCCs will be able to access this funding, as in previous years, by demonstrating that they have maintained their officer numbers.
- 3.8 The total PUP ringfence grant of £425m has increased by £150m, which was promised in the spending review, and therefore provides an even stronger incentive for officer numbers to be maintained. The actual terms of the grant will be released early next year.
- 3.9 The Police Uplift Grant for North Yorkshire has increased by £2,420k from £2,676k to £5,096k, with a requirement for the Force to achieve 1,665 Police Officers (Headcount) in 2024/25, this is 20 higher than the initial 2023/24 target.
- 3.10 The above funding includes £960k for these additional 20 Officers, however there is no guarantee that these 20 Officers will continue to be funded beyond 2024/25 and therefore the financial plans do not include these on a recurring basis.
- 3.11 Pay Award
- 3.12 During 2023/24 both Police Officers and Police Staff were awarded a 7% pay award with effect from the 1<sup>st</sup> September 2023. The additional cost of a 7% award (above a 2.5% assumption) was £515m across Policing, and this has been funded by the Government.
- 3.13 The ministerial statement highlights that £330m of this was given in-year in 2023-24 with a further £185m awarded for 2024/25. Any comparisons to last year’s data now include the additional £330m that was distributed in year. This indicates that this funding is in the baseline for future spending reviews.
- 3.14 The Core Government Grant increase for North Yorkshire in 2024/25 is £1,792k, which is not enough to fund the additional costs of last year’s pay award of £1,920k that fall into 2024/25 due to the way that the funding has been allocated.
- 3.15 Pensions Grant
- 3.16 From the 1<sup>st</sup> April 2024 the level of employers Pension Contributions into the Police Officer Pension scheme increases by 4.3% from 31% to 35.3%.

- 3.17 The Force estimate that the cost of this increase to be around £2,845k in 2024/25. The increase in the Pensions Grant to mitigate the impact of increased employer pension contributions is slightly higher due to the allocation method, at £3,481k, however this also includes a one-off amount of £308k to support the administration costs of a number of changes that are happening within Police Pensions.
- 3.18 Core Funding
- 3.19 The total amount of extra funding available for forces is £922m of which £298m would come from Council Tax however this is a local decision for each PCC.
- 3.20 The remaining £624m comes predominantly from an increase of £184m core funding to cover the pay award, £286m additional pension grant, £83m through additional PUP ringfenced grant and £67m from additional recruitment grant.
- 3.21 As set out above however, the North Yorkshire share of the £624m additional Government funding is all attached to additional costs for decisions already made. There is no funding with the Government settlement to support any inflationary pressures in 2024/25, no funding to support a pay award in 2024/25 and no funding to support any operational pressures/growth.
- 3.22 Based on the analysis released by the Government, Core Funding to PCC's has increased by 6% in 2024/25, this however assumes that all PCCs increase their Precept by £13.
- 3.23 The smallest increases in core funding were seen in London at 3.5%, with Lincolnshire (5.7%) and Surrey (5.9%) the only other areas projected to be below the average 6% increase.
- 3.24 Outside of the City of London, Northumbria is expected to see the highest increase in core funding of 7.6%.
- 3.25 The Government calculate the increase in North Yorkshire (including a £13 increase in Precept) would be 6.5%.
- 3.26 What does the Government expect to be delivered with this additional funding?
- 3.27 The Minister set out his expectations for this investment as follows:
- 3.28 "In return for this significant investment, it is imperative that policing continues to deliver on driving forward improvements to productivity and identifying efficiencies where possible. The Government will continue to work with the sector to unlock the full range of opportunities and benefits of productivity and innovation to enable officers to have the tools to deliver on their core mission of keeping the public safe.
- 3.29 We, therefore, expect policing to approach the 2024-25 financial year with a focus on this Government key priorities:
- Maintaining 20,000 additional officers (148,433 officers in total nationally) through to March 2025.

- Continuing to deliver on the opportunities presented by new technology and innovation to deliver improvements in productivity and drive forward efficiencies, therefore maximising officer time and service to the public.
- Improving the visibility of police officers and focusing on providing a targeted approach to tackling crime and antisocial behaviour to make neighbourhoods safer, which should be a priority for all forces.”

3.30 There are no new specific savings targets set, and the Government recognises that police have already exceeded the efficiency targets set at the start of the spending review period. The recently published Policing Productivity Review estimated that if all the recommendations were followed the equivalent of 20,000 officers could be freed up over the next 5 years. The Government will respond to the review in 2024.

3.31 What does this mean for North Yorkshire in 2024/25 in terms of Funding?

- An increase in of Core Police Grant of £1,792k
- An increase in Police Uplift Grant of £2,420k.
- An increase in the Police Pension Grant of £3,481k

3.32 Based on the precept being proposed, of £306.86 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 6.6%, or just under £12.7m, as set out in the table below:

<b>Overall Government and Local Revenue Funding</b>				
	<b>2024/25</b>	<b>2023/24</b>	<b>(Increase)/Reduction</b>	<b>Year on Year Change</b>
	£000s	£000s	£000s	%age
<b>Government Funding</b>				
Police Grant	(55,512)	(54,390)	(1,122)	2.1%
RSG/National Non Domestic Rate	(33,258)	(32,589)	(669)	2.1%
Police Officer Uplift Grant	(5,096)	(2,677)	(2,420)	90.4%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Police Pensions Grant	(4,930)	(1,449)	(3,481)	240.2%
<b>Government Funding Changes</b>	<b>(106,695)</b>	<b>(99,002)</b>	<b>(7,693)</b>	<b>7.8%</b>
<b>Impact of a 3.99%, £11.77 Band D Precept increase</b>				
Net Surplus on Collection Funds	(751)	(484)	(267)	
Council Tax Requirement	(96,694)	(91,970)	(4,724)	5.1%
<b>Total Local Funding</b>	<b>(97,445)</b>	<b>(92,454)</b>	<b>(4,991)</b>	<b>5.4%</b>
<b>Total Government + Local Funding</b>	<b>(204,140)</b>	<b>(191,456)</b>	<b>(12,684)</b>	<b>6.6%</b>

3.33 How does North Yorkshire compare to the National Picture?

3.34 If each PCC increased their precept by £13, combined with tax base assumptions, there will be an additional £298m of resources for policing from council tax alone.

3.35 Due to historic differences in council tax the proportion that £13 represents can vary significantly between force areas. The £13 increase means that Northumbria’s percentage increase is 8.5%, followed by the West Midlands at 7.2% whereas, £13

represents a 4.4% increase for North Wales and a 4.5% increase for South Wales and Gwent.

- 3.36 If every PCC takes the £13 precept, the weighted average band D police precept in England and Wales would be £278.38.
- 3.37 If all other PCC's increase their precept by £13 in 2024/25 then the £11.77 or 3.99% increase in North Yorkshire has the potential to be the **lowest percentage increase in England**. This follows on from the PFCC setting the 2<sup>nd</sup> lowest percentage increase in Precept nationally in 2023/24.
- 3.38 North Yorkshire is likely to have the 5th highest Police Precept in England (and 9<sup>th</sup> highest in England and Wales) in 2024/25. The Police Precept in North Yorkshire will be around **£28.50, or just over 10%, higher than the average** in England and Wales.
- 3.39 This £28.50 is the equivalent of £9m more funding available for policing in North Yorkshire than if there was an average precept level in North Yorkshire.
- 3.40 The proportion of funding raised through council tax differs significantly between force areas. Northumbria's Council Tax makes up 19% of their total funding, followed by West Midlands at 20.3% and Merseyside at 22.9%.
- 3.41 Conversely, Surrey has 54.6% of their funding coming from Council tax, followed by Dyfed Powys at 51.3% and North Wales at 50.2%. On average, 34.3% of budgets are made up from Council tax, which is broadly in line with last year.
- 3.42 Government Funding for 2025/26 and beyond
- 3.43 2024/25 is the final year of the current Spending Review period and therefore there is very little formal guidance for future plans.
- 3.44 The current plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.45 The current plan also assumes that PFCC's will continue to be provided with precept limits set via a monetary, instead of a percentage, increase and that increases of at least £12 per year will be possible.
- 3.46 The current plan does not consider any changes to funding that may occur as a result of the PFCC becoming part of the Mayoral Combined Authority in May 2024.
- 3.47 Top Slices
- 3.48 In 2024/25 reallocations total £1,038m, a £76m reduction over 2023-24 (£1,114m). Reallocations were also reduced by £260m between 2022-23 and 2023-24.
- 3.49 This year, the biggest reductions to funding were a £25.6m decrease in police technology programmes, followed by a £19.5m reduction in national policing



capabilities and a £16m reduction in special grant. Crime reduction capabilities were dropped completely, saving £18.4m.

3.50 Conversely, there was a significant rise in capital reallocations, increasing by £23.8m.

3.51 Council Tax Legacy Grant

3.52 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2024-25. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.

3.53 Counter Terrorism

3.54 The Minister announced a total of £1,017.5m for Counter Terrorism (CT) policing in 2024-25, a 2% increase in cash terms on 2023-24. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.55 Ministry of Justice Grants

3.56 The PFCC expects to receive £1,514k from the Ministry of Justice in 2024/25 to deliver Victims Services, however this has yet to be confirmed.

3.57 This is almost £430k higher than the Core Grant and reflects successful bids by the PFCC for additional funding.

3.43 Crime Programme Funding

3.44 In addition to the usual Core Funding and Specific Grant funding announcements, the Government also set out a number of other funding streams that would be available to PCCs in 2024-25 for headline crime programmes.

3.45 With the Government stating that "Despite difficult decisions across all budgets, we have sought to protect those tried-and-tested programmes that support PCCs to target activity and deliver an overall reduction in crime. In total this is a continued investment of over £200 million in 2024-25.

- £92.8 million to support activity designed to combat anti-social behaviour and serious violence.
- £15 million on Safer Streets Round 5, to supplement the funding already provided for 2023-24.
- £46 million to continue the County Lines Programme and Project Adder
- £47 million to continue to support the work of Violence Reduction Units"

3.46 What does this mean for North Yorkshire?

3.47 The PFCC has been allocated the following in 2024/25:

- £1m under the Government's Anti-social Behaviour (ASB) Action Plan, to ensure an enhanced uniformed presence in ASB hotspot areas.

- £0.5m to enable the roll out of immediate justice more widely across England and Wales
- £0.35m to continue/finalise those schemes which began in 2023/24 as part of the Safer Streets programme – which is “the Government’s flagship crime prevention programme, helping to drive down crime and anti-social behaviour, ensuring the public is better protected.”

3.58 **Precept**

For the second year in a row over 50% of the Net Budget Requirement within North Yorkshire is now funded by the local precept. This provides more of a cushion to cuts in government grants, than in most Police Force areas and the ability to generate additional funding locally when Government Funding is constrained.

3.59 However in times where Government Funding is growing at a quicker rate than precept North Yorkshire will tend to benefit less than most Police Force Areas.

3.60 The Localism Act 2011 includes powers to introduce arrangements for council tax referendums. The Police Funding Settlement set out that PCC’s would be able to increase Band D bills by as much as £13 before a referendum is required in 2024/25.

3.61 Consultation was undertaken in relation to the option of increasing the precept in 2024/25 and in total 1,683 responses were received via the open online survey and a further 996 interviews over the telephone. The open survey was published on the PFCC website and promoted widely via social media.

3.62 The public were asked the following question:

3.63 North Yorkshire Police has a budget of £201 million – around 46 per cent comes from the precept on your council tax.

3.64 To provide a similar level of service to now, they think they will need around an extra £12m due to salary increases and the rising cost of fuel, utilities and general cost increases.

3.65 The Government are expected to say that Commissioner Zoë can raise the police precept by £15 from April – that would be an increase of 5.1%, an extra 29 pence per week for an average Band D property. Even this would only raise £4.7m of that extra demand

3.66 The following options are based on an average Band D property currently paying £295.09 each year for policing.

3.67 How much more would you be prepared to pay per year, through your council tax for policing in North Yorkshire and York?

- No more than I pay now – a precept freeze  
This would be a cut to the police budget due to inflation and current service delivery could not be maintained.
- Up to £10 a year more (83 pence per month), an increase of 3.4%  
This would raise around £3.1million, however is significantly below inflation and would likely lead to reductions in current levels of service delivery unless savings could be delivered.
- Up to £15 a year more (£1.25 per month), an increase of 5.1%  
This would raise around £4.7million, however is significantly below inflation and would likely lead to reductions in current levels of service delivery unless savings could be delivered.
- Up to £20 a year more (£1.67 per month), an increase of 6.8%  
This would raise around £6.2 million, is broadly in line with the organisation’s inflationary pressures and would lead to no reductions in current levels of service delivery.

3.68 A summary of the results is shown below:

	Total (n=2,678)	Telephone (n=995)	Online (n=1,683)
No more than I pay now a precept freeze	39%	49%	33%
Up to £10 a year more (83 pence per month), an increase of 3.4%	20%	23%	19%
Up to £15 a year more (£1.25 per month), an increase of 5.1%	20%	18%	22%
Up to £20 a year more (£1.67 per month), an increase of 6.8%	20%	11%	26%
<b>TOTAL who support an increase of at least £10</b>	<b>61%</b>	<b>51%</b>	<b>67%</b>

3.69 Combined results (online and telephone) from the consultation show the majority (61%) support an increase of £10 or more in the policing precept

3.70 However based on a number of factors, including the financial needs set out by the Force an increase of £11.77 (3.99%) was proposed to the Police, Fire and Crime Panel, and unanimously supported.

3.71 **For the purposes of planning, the balanced plan that is set out within this paper assumes the precept increases at £12 per annum going forward.**

3.72 Over the last 10 years the calculated number of Band D properties within North Yorkshire has increased by 1.3% per year which the PFCC and policing has benefited from in terms of additional funding. This trend has broadly continued in 2024/25 with an increase of 1.1%.

3.73 The number of Band D properties within North Yorkshire has increased by 3,441 to 315,107. This increase generates over £1m of additional funding in comparison to the Tax Base from 2023/24.

3.74 In addition to the continued increase in the tax base, the overall collection of Council Tax returned to normal after a 3 year period impacted by the pandemic.

3.75 The overall collection fund surplus reported across North Yorkshire equated to £751k, this continues a trend from the last 2 years where the surplus was also in excess of £600k.

3.76 MTFP Assumptions

When the 2023/24 budget was set in February 2023 the forecasts were underpinned by the following assumptions:

- Pay Awards:
  - 2023/24 – 4.0% increase
  - 2024/25 – 2.0% increase
  - 2025/26 – 2.0% increase
- Precept: Increases of:
  - 2023/24 – 4.99% or £14.03
  - 2024/25 – £10 or 3.39%
  - 2025/26 – 1.99%
- Tax Base increases of:
  - 2023/24 – 1.2%
  - 2024/25 – 1.2%
  - 2025/26 – 1.0%
- Government Grants increases of:
  - 2024/25 – 1.7%
  - 2025/26 – 2.0%
  - 2026/27 – 2.0%
- Impact of Funding Formula review – Nil

3.77 Clearly much has changed in the last year and therefore in line with good planning our assumptions remain under review and are updated with the best information available. It is expected that the MTFP for 2024/25 and beyond will assume the following:

- Pay Awards:
  - 2024/25 – 2.5% increase
  - 2025/26 and beyond – 2.0% increase
- Precept: Increases of:
  - 2024/25 – £11.77 or 3.99%
  - 2025/26 and beyond – £12 per annum
- Tax Base increases of:
  - 2024/25 – 1.1%
  - 2025/26 and beyond – 1.4% per annum
- Government Grants increases of:
  - 2025/26 and beyond – 2.0%
- Impact of Funding Formula review – Nil

3.78 Specific Grants, Other Income and Partnership Fees and Charges

These sources of income and funding are forecast to provide between £20.1m and £26.9m across the life of the plan.

3.79 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to the PFCC for the next 4 years, in comparison to 2023/24, is as follows

	<b>Actual Budget 2023/24</b>	<b>Proposed Budget 2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b><u>Core Funding</u></b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Government Grant	(83,766)	(88,770)	(90,546)	(92,357)	(94,204)
Council Tax Precept	(92,454)	(97,445)	(102,482)	(107,796)	(113,239)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement</b>	<b>(184,118)</b>	<b>(194,113)</b>	<b>(200,925)</b>	<b>(208,051)</b>	<b>(215,341)</b>
%age Change in Net Budgetary Requirement	3.3%	5.4%	3.5%	3.5%	3.5%
<b><u>Other Funding</u></b>					
Specific Grants	(8,791)	(17,733)	(11,737)	(11,738)	(11,738)
Partnership Income/Fees and Charges	(8,465)	(9,166)	(8,499)	(8,376)	(8,336)
<b>Total Funding</b>	<b>(201,374)</b>	<b>(221,012)</b>	<b>(221,162)</b>	<b>(228,165)</b>	<b>(235,415)</b>
%age Change in Funding	5.2%	9.8%	0.1%	3.2%	3.2%

- 3.80 2024/25 is the 6<sup>th</sup> year of significant investment back into Policing. **The level of funding available within North Yorkshire, at a Net Budget Requirement level, has increased by £48.8m (or 34%) in the past 6 years.**
- 3.81 The position is even better from **Total funding level perspective, with increases of £64m (or over 41%) across the same 6 year period.**

#### **4. Expenditure Plans**

- 4.1 In setting the budget for 2024-25 the PFCC is asked to make decisions on how the overall funding discussed in Section 3 is allocated. The PFCC is asked to provide funding/budgets to the areas discussed in the following sections:
- 4.2 Office of the PFCC
- 4.3 The proposed budget in this area for 2024/25 is £1,520k which is £85k higher than 2022/23.
- 4.4 This reflects the revised staffing structure within the Office and also the impact of the 7% pay awards for 2023/24 and the forecast pay award for 2024/25.
- 4.5 Community Safety and Victims and Witnesses Commissioning  
The role and responsibilities of the PFCC is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety, Victims and Witnesses services and Complaints.
- 4.6 The current assumptions within the financial plans include the expectation that the PCC will receive £428k more than the Ministry of Justice 'core' allocations (of £1,085k) for 2024/25.
- 4.7 The OPFCC has been successful in bidding for Safer Streets Funding in each of the last 3 years. The bid for 2023/24 extended funding into 2024/25, therefore £350k of already agreed funding and expenditure is included within the 2024/25 budget

- 4.8 As mentioned earlier, the PFCC has been allocated additional funding for the following in 2024/25:
- £1m under the Government’s Anti-social Behaviour (ASB) Action Plan, to ensure an enhanced uniformed presence in ASB hotspot areas.
  - £0.5m to enable the roll out of immediate justice more widely across England and Wales
- 4.9 These expenditure budgets have been added to the Commissioning Budgets while plans and proposed are agreed on how these funds will be invested.
- 4.10 Other opportunities may become available during the year however having the resources available to pursue these opportunities is likely to be a challenge and will need to be considered as part of any future bids.

4.11 The indicative budget for these areas are set out in the table below:

	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Commissioning and Partnerships</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Supporting Victims	2,625	1,987	1,539	1,491	1,491
Community Safety	1,197	1,197	1,197	1,197	1,197
Street Triage and Mental Health Services	474	474	474	474	474
Youth Justice	375	375	375	375	375
Child Sexual Assault Services	315	315	315	315	315
Safeguarding Communities	246	246	246	246	246
SARC Services	191	191	191	191	191
Community Fund	250	250	250	250	250
Safer Streets	446	355			
ASB Hotspot Policing		1,000			
Immediate Justice		500			
Staff Pay	582	609	613	616	632
Serious Violence Duty		261			
Child and Young People affected by Domestic Abuse		210	320	330	340
Women Centre Investment and Wider Inflation		100	100	100	100
Non-Pay	73	73	73	73	73
<b>Total Costs</b>	<b>6,774</b>	<b>8,143</b>	<b>5,693</b>	<b>5,658</b>	<b>5,683</b>
Income	(643)	(643)	(643)	(643)	(643)
<b>Total Net Budget</b>	<b>6,131</b>	<b>7,500</b>	<b>5,050</b>	<b>5,015</b>	<b>5,040</b>

4.12 Asset Management

- 4.13 When investment in Capital is funded through borrowing there is a requirement to make a charge against the revenue budget to reflect the use of the asset over its useful life. This charge is called a Minimum Revenue Provision.
- 4.14 Furthermore when this borrowing is funded via a loan then there are also interest charges incurred.
- 4.15 The combination of these two areas are factored into the Asset Management budget which is estimated to be £700k for 2024/25. This is forecast to increase in future years given the plan to fund future investments in Estates from borrowing, this is set out within the current capital plans.

**5. Police Force**

- 5.1 The vast majority of the funding available to the PFCC will be provided to the Chief Constable, this provides the budgetary constraints in which the PFCC expects the Force to work within, in delivering against the Police and Crime Plan.
- 5.2 The PFCC tries to provide a stable financial platform for the Force to work to and within, despite the significant level of unknowns around various areas of future funding. The aim of this approach is to support and enable good strategic planning, decision making and ultimately service delivery by the Force.
- 5.3 The Force have pulled together detailed financial plans which are provided in a separate report, which is also on today's agenda however a summary of the finances is included below:



	<b>Actual Budget</b>	<b>Proposed Budget</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Police Force Planned Expenditure</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Pay</b>					
Police Pay	96,951	106,717	107,990	110,004	111,367
Police Overtime	2,904	2,613	3,331	4,085	3,708
PCSO Pay (incl Overtime)	6,880	6,770	8,100	8,936	9,122
Staff Pay (incl Overtime)	44,875	47,390	48,518	49,481	50,512
<b>Pay Total</b>	<b>151,610</b>	<b>163,490</b>	<b>167,939</b>	<b>172,506</b>	<b>174,709</b>
<b>Non-Pay Budgets</b>					
Other Non Salary	2,390	4,731	2,576	2,559	2,555
Injury and Medical Police Pensions	4,051	4,475	4,514	4,505	4,505
Premises	5,722	5,561	5,674	5,787	5,900
Supplies and Services	23,779	26,079	25,908	26,280	27,394
Transport	3,523	3,114	3,159	3,198	3,262
<b>Non-Pay Total</b>	<b>39,465</b>	<b>43,960</b>	<b>41,831</b>	<b>42,329</b>	<b>43,616</b>
<b>Total Planned Force Expenditure</b>	<b>191,075</b>	<b>207,450</b>	<b>209,770</b>	<b>214,835</b>	<b>218,325</b>
%age Change in Expenditure	8.0%	8.6%	1.1%	2.4%	1.6%
<b>Average Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,645	1,660	1,645	1,645	1,645
PCSOs	177	163	192	208	208
Police Staff	1,142	1,203	1,191	1,189	1,189

5.4 **The Force are being provided with an increase in their revenue funding of almost £16.4m, or 8.6%.**

5.5 This significant increase in funding follows on from significant increases over the last 5 years too. **In 2024/25 the Force will therefore have over £56m, or over 43%, more Revenue funding available than it had in 2018/19.**

5.6 This arguably puts the Force in a very fortunate position from a financial perspective in comparison to other Police Force Areas, for example:

- **There are no Forces in the country who have more money than North Yorkshire to deal with less Police Recorded Crime.**
- **There are however 10 Forces who have less money to deal with more Police Recorded Crime.**
- As can be seen from the table below even within NYPs most similar group of Forces then North Yorkshire would appear well funded relative to Police Recorded Crime levels. For example, based on Net Revenue Expenditure North Yorkshire will have over £30m more than Suffolk, however Suffolk has over 3,500 more Police Recorded Crime incidents to deal with.

5.7

<b>NYP MSG Police Force Areas</b>	<b>2024/25 Total Income, £k</b>	<b>Police Recorded Crime in 22/23</b>	<b>Funding per Police Recorded Crime</b>	<b>Police Officer Uplift Target</b>	<b>PRC per Police Officer</b>	<b>999Calls in 12 months to Dec-23</b>
Lincolnshire	163,893	58,808	2,787	1,186	50	117,234
Suffolk	171,100	52,109	3,284	1,425	37	122,609
North Yorkshire	203,388	49,452	4,113	1,664	30	114,544
North Wales	208,620	63,485	3,286	1,727	37	117,906
Norfolk	221,735	67,213	3,299	1,935	35	132,662
West Mercia	298,012	94,908	3,140	2,503	38	189,720
Devon & Cornwall	428,527	104,753	4,091	3,655	29	313,132
<b>National Totals</b>	<b>16,357,494</b>	<b>5,514,364</b>	<b>2,966</b>	<b>148,433</b>	<b>37</b>	<b>11,687,181</b>

5.8 Outside of London, the PFCC will be providing North Yorkshire Police with the **2<sup>nd</sup> highest level of funding per Police Record Crime in the country.**

5.9 This will be **almost 40% more funding per Police Recorded Crime** than the average within England and Wales.

5.10 In addition to this, the funding provided by the PFCC to North Yorkshire Police, which will fund (above the) 1,664 Police Officers in 2024/25, will result in North Yorkshire Police being able to have sufficient funding to have the **3<sup>rd</sup> lowest level of Police Recorded Crime per Police Officer in the country (excluding London).**

5.11 The 2024/25 Budget from the Force includes further significant investment into the Force Control Room of £1m. The recently published Government data on the number of 999 calls for the year ended Dec-23 showed that **North Yorkshire continue to have the 8th lowest number of 999 calls in England and Wales.**

5.12 If this is cross-referenced with funding, as with Police Recorded Crime, **there are no Forces within England and Wales who have more overall funding that North Yorkshire to deal with less 999 calls.**

5.13 There are however 7 Police Forces who receive more 999 calls than North Yorkshire but have less overall funding.

5.14 This is perhaps another indicator of how well funded the Force is overall.

5.15 **Areas of Note within the Force's Plans**

5.16 **Police Officers** – the PFCC was provided with a letter than provided an overview from the Home Secretary and the Minister of State for Crime, Policing and Fire of both the National Policing financial settlement for 2023/24 and the local impact for North Yorkshire.

- 5.17 Within that letter the Police Officer Uplift Target for North Yorkshire is stated as 1,664 – with an indication that this is the level of Police Officers to be maintained in 2024/25.
- 5.18 The new grant conditions will retain elements of the existing terms in 2023-24. Every officer below a force's maintenance headcount (1,644 for North Yorkshire) will result in the ringfence share reducing by £80,000 if missed at both data points (£40k per officer at each data point) down to a threshold of 1.5% below the total maintenance headcount, or 30 officers - whichever is greater. This threshold differs from 2023-24 when the threshold was 1% or 20 officers. For example, if a force is two officers below its maintenance headcount at both September, and at March, ringfenced funding would reduce by £160k.
- 5.19 As with this year, reducing officers beyond this threshold level would mean a force will not be eligible for its full share of the ringfence grant. Access to ringfence funding shares will be based upon headcount levels recorded at data collection points on 30 September 2024 and 31 March 2025 and paid in January and July 2025 following the publication of police workforce statistics.
- 5.20 The current plans of the Force are that they will be more than the Uplift Target by 16 at the end of September, and around 36 by the end of March 2024, this should ensure that the Uplift Target is easily achievable.
- 5.21 The Home Office have also indicated that there will also be an opportunity for further additional recruitment in 2024-25, up to an additional 625 officers in total above original force allocations.
- 5.22 The current recruitment plans are built with this additional recruitment in mind and therefore should the Force be successful with any bid for additional resources they will be well placed to deliver.
- 5.23 Full details of the additional recruitment scheme for 2024-25 were communicated to in February 2024 and a bid for additional funding has been made.
- 5.24 **Staff** – To be able to balance the budget for 2024/25 the Force have factored into their planning assumptions that they will have 100 staff vacancies on average during 2024/25. This has reduced the staff pay budget by circa £4m.
- 5.25 This level of vacancies is 26 higher than the budgeted position for 2023/24. The budget from the Force is therefore based on being able to afford to have 1,203 FTE Police Staff throughout 2024/25 (after allowing for 100 vacancies).
- 5.26 The Force report that they have around 1,095 FTEs at the end of December 2023. Given the significant level of staff post growth that has been factored into the Force budget for 2024/25 then the Force are likely to start 2024/25 with around 200 staff vacancies (depending on starters/leavers in the last 3 months of 2023/24), which would be around 100 FTE vacancies more than factored into the budget.

- 5.27 **It is very likely that this budget area will start 2024/25 underspending.**
- 5.28 As mentioned earlier in the report the PFCC is providing sufficient funding to the Force to be very well resourced in terms of Police Officer numbers relative to Police Recorded Crime levels. In a similar vein the Force has a budget for 1,203 FTE staff versus 1,660 FTE Officers – this is a ratio of over 70% staff to officers.
- 5.29 The average across policing was recently shown to be 54% - this is another example of the significant level of resources that the PFCC is providing to the Force.
- 5.30 **PCSOs** - To reflect the lower levels of PCSOs now employed by the Force, the budget for 2024/25 for PCSOs has been set at an average of 163 PCSOs, with an expectation within the financial plans that the Force will increase PCSO numbers to 208 FTEs by 2026/27.
- 5.31 As at the 31<sup>st</sup> December 2023 the Force report having 160 FTE PCSOs and a forecast that they will only have 147 FTEs by the end of 2023/24.
- 5.32 As with Staff this area of the budget is likely to start underspending from the beginning of the financial year and therefore it is important that the Force start the recruitment process for PCSOs as soon as possible otherwise this area of service delivery will continue to be under resourced relative to the finances available.
- 5.33 **As with the other areas of staffing it is vital, not just in terms of financial planning but perhaps more importantly in terms of service delivery and improvement, that the Force have clearly articulated plans on how they are going to resource their organisation to deliver against the challenges that they have and the Police and Crime Plan.**

## **6. Overall Financial Summary**

- 6.1 The table below shows the current projected position of the overall finances available to the PFCC, however this is based on a significant number of assumptions that have been discussed and set out within this report.

	<b>Actual Budget 2023/24</b>	<b>Proposed Budget 2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Core Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(83,766)	(88,770)	(90,546)	(92,357)	(94,204)
Council Tax Precept	(92,454)	(97,445)	(102,482)	(107,796)	(113,239)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement</b>	<b>(184,118)</b>	<b>(194,113)</b>	<b>(200,925)</b>	<b>(208,051)</b>	<b>(215,341)</b>
%age Change in Net Budgetary Requirement	3.3%	5.4%	3.5%	3.5%	3.5%
<b>Other Funding</b>					
Specific Grants	(8,791)	(17,733)	(11,737)	(11,738)	(11,738)
Partnership Income/Fees and Charges	(8,465)	(9,166)	(8,499)	(8,376)	(8,336)
<b>Total Funding</b>	<b>(201,374)</b>	<b>(221,012)</b>	<b>(221,162)</b>	<b>(228,165)</b>	<b>(235,415)</b>
%age Change in Funding	5.2%	9.8%	0.1%	3.2%	3.2%
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>1,435</b>	<b>1,520</b>	<b>1,590</b>	<b>1,630</b>	<b>1,665</b>
<b>Commissioned Services</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>6,131</b>	<b>7,500</b>	<b>5,050</b>	<b>5,015</b>	<b>5,040</b>
<b>Asset Management</b>	£000s	£000s	£000s	£000s	£000s
	<b>640</b>	<b>700</b>	<b>850</b>	<b>970</b>	<b>1,165</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	96,951	106,717	107,990	110,004	111,367
Police Overtime	2,904	2,613	3,331	4,085	3,708
PCSO Pay (incl Overtime)	6,880	6,770	8,100	8,936	9,122
Staff Pay (incl Overtime)	44,875	47,390	48,518	49,481	50,512
<b>Pay Total</b>	<b>151,610</b>	<b>163,490</b>	<b>167,939</b>	<b>172,506</b>	<b>174,709</b>
<b>Non-Pay Budgets</b>					
Other Non Salary	2,390	4,731	2,576	2,559	2,555
Injury and Medical Police Pensions	4,051	4,475	4,514	4,505	4,505
Premises	5,722	5,561	5,674	5,787	5,900
Supplies and Services	23,779	26,079	25,908	26,280	27,394
Transport	3,523	3,114	3,159	3,198	3,262
<b>Non-Pay Total</b>	<b>39,465</b>	<b>43,960</b>	<b>41,831</b>	<b>42,329</b>	<b>43,616</b>
<b>Total Planned Force Expenditure</b>	<b>191,075</b>	<b>207,450</b>	<b>209,770</b>	<b>214,835</b>	<b>218,325</b>
%age Change in Expenditure	8.0%	8.6%	1.1%	2.4%	1.6%
<b>Total Expenditure Budgets</b>	<b>199,281</b>	<b>217,170</b>	<b>217,260</b>	<b>222,450</b>	<b>226,195</b>
<b>(Surplus)/Deficit before Reserves/Capital</b>	£000s	£000s	£000s	£000s	£000s
	<b>(2,093)</b>	<b>(3,842)</b>	<b>(3,902)</b>	<b>(5,715)</b>	<b>(9,220)</b>
Planned Transfers to/(from) General Fund	(1,000)				1,000
Contribution to Capital Programme	3,938	4,936	4,139	6,015	8,220
Planned Transfers to/(from) Earmarked Reserves	(845)	(1,094)	(237)	(300)	0
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>General Reserves</b>	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	6,602	5,602	5,602	5,602	5,602
Proposed (Use of)/Contribution to General Fund	(1,000)	0	0	0	1,000
General Fund Balance c/f	<b>5,602</b>	<b>5,602</b>	<b>5,602</b>	<b>5,602</b>	<b>6,602</b>
<b>Average Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,645	1,660	1,645	1,645	1,645
PCSOs	177	163	192	208	208
Police Staff	1,142	1,203	1,191	1,189	1,189
<b>Assumptions</b>					
Staff Pay Increases	4.0%	2.5%	2.0%	2.0%	2.0%
Police Pay Increases	4.0%	2.5%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increases	5.0%	4.0%	3.9%	3.8%	3.6%
Government Grant Increases	0.3%	6.0%	2.0%	2.0%	2.0%

6.2 From an overall income perspective, the PFCC is now expected to receive £16.3m more income in 2024/25 than was being forecast just 12 months ago, and £19.6m more income than was budgeted to be received in 2023/24.

6.3 In any 'normal' year this would be fantastic news and would enable significant investment and growth of the organisation.

6.4 However this money needs to cover the following increases in pay and non-pay costs.

<b>Forecast additional Pay Costs</b>	<b>Forecasts 2024/25</b>
	<u>£000s</u>
Impact of 23/24 Pay Awards @ 7% in 24/25	4,730
Increase in Employer Pension Contributions rate to Office Pension Scheme	2,845
Assume 2.5% Pay Awards from Sept-24	2,390
Increase Police Officers to 1,660 FTEs in 24/25	830
Investment in Force Control Room	1,065
Combination of multiple changes	20
<b>Total Forecast Additional Pay Costs</b>	<b>11,880</b>
<b>Impact of Inflation, Specific additional income linked expenditure and Pressures on Non-pay Budgets:</b>	<b>Forecasts 2024/25</b>
	<u>£000s</u>
Other Non Salary	2,340
Injury and Medical Police Pensions	425
Estates	(160)
Supplies and Services	2,300
Transport	(410)
Commissioned Services Growth	1,370
Other Inflationary pressures	145
<b>Total Forecast Additional Inflationary Non-Pay Costs</b>	<b>6,010</b>
<b>Movement on Reserves and Capital</b>	<b>1,750</b>
<b>Potential Additional Costs</b>	<b>19,640</b>

6.5 Based on the plans and assumption outlined within this report and some use of reserves, that are discussed later in the report then the organisation can demonstrate a balanced budget for the next 4 years.

6.6 It is however vital to keep in mind that there will be challenges to this balanced plan, there are a number of risks that could impact significantly on the currently forecasted balanced position and there are undoubtedly many things that the organisation will have to deal with, that are currently unknown. Therefore the constant search for savings and efficiencies will need to continue to provide future flexibility from a financial perspective.

## 7. Capital Financing and Expenditure

- 7.1 The assets owned by the PFCC are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure.
- 7.2 The Force have put forward Capital plans for the 4 year period to 2027/28 that total just over £43m, with over £5.6m of this spend slipped from 2023/24.
- 7.3 The constant slippage and underspending on the Capital Programme has been highlighted for a number of years now and yet continues. The Force have now put in place a new Planning Process and have new people in a number of the key roles that oversee much of this area – it should therefore be expected that the performance in 2024/25 should be much better managed, forecast and reported from a financial perspective.
- 7.4 It is expected that the Force will robustly manage the Capital Programme and report regularly to the PFCC via Executive Board as set out in the recommendations to this report.
- 7.5 The current Capital Plans, which will continue to be subject to review, development and refinement over the coming years, are set out below:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s
<b>Capital Financing and Expenditure</b>					
<b>Earmarked Reserve/Funding b/f</b>	<b>17,103</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>
Capital Receipts - vehicles and PPE	500	525	550	550	550
Capital Receipts from Estates Strategy	465	0	350	1,090	0
Contributions (to)/from Revenue	4,909	4,936	4,139	6,015	8,220
Borrowing	1,911	4,387	2,759	639	1,042
<b>Projected in-year funding available</b>	<b>7,785</b>	<b>9,848</b>	<b>7,798</b>	<b>8,294</b>	<b>9,812</b>
<b>Capital and Project Plans</b>					
ICT	3,372	4,377	2,916	8,826	3,565
Fleet	4,099	2,810	4,418	3,195	3,997
Estates	1,911	4,387	1,484	639	1,042
Other Rolling Programmes and Schemes	617	368	338	302	392
Other Schemes	396	75	12	47	8
<b>Total Agreed Programme</b>	<b>10,395</b>	<b>12,017</b>	<b>9,169</b>	<b>13,009</b>	<b>9,004</b>
<b>Change Pipeline</b>	<b>508</b>	<b>1,155</b>	<b>3,109</b>	<b>1,460</b>	<b>211</b>
<b>Earmarked Reserve/Funding c/f</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>	<b>603</b>

- 7.6 There is a significant amount of work that is required around the Capital Programme so that the Force can make the most of the funding that has been made available to them and so that they can plan with confidence for the significant number of schemes and programmes that they have indicated that are on the horizon and on the Change Pipeline.
- 7.7 Change Pipeline
- 7.8 Beyond the 'Agreed' Capital Programme, the table above also allocates, indicatively, funding for the schemes that the Force have set out and costed within their Change Pipeline.
- 7.9 This shows a total ask of:
- 2024/25 - £1,155k
  - 2025/26 - £3,109k
  - 2026/27 - £1,460k
- 7.10 A combined Capital Programme and Change Pipeline that totals almost £50m of spend across 4 years once again seems very ambitious and a significant challenge to deliver given the experiences of delivery in these areas over at least each of the last 9 years.
- 7.11 The continued reporting into Executive Board is a reflection of the continued need for additional oversight and governance of this.
- 7.12 It is also really important to recognise how this is going to be funded and therefore why it is vital that these plans are fully understood, realistic, deliverable and align to both the Police and Crime Plan and the wider organisational need.
- 7.13 The funding for this investment is set to come from the following areas:
- £23.3m of contributions from Revenue over 4 years
  - £3.6m from new Capital Receipts
  - £13.4m out of Earmarked Capital Reserves and Capital Receipts Reserve across 4 years
  - £8.8m of additional borrowing to fund Estates across 4 years.
- 7.14 As highlighted last year these plans are therefore 'tying up' significant amounts of future financial resources within the financial plans. If these plans therefore fail to be delivered/deliverable, poorly costed and/or simply not needed in the future then a significant amount of lost opportunities might be missed.



## **8. Reserves**

- 8.1 As at the end of 2022/23 the PFCC had Usable Reserves of £21.4m, plus £8m in the Capital Receipts Reserve. The main reserves held at that point were for the following reasons:
- General Reserves - £5.6m
  - Funding for projects within the financial plans - £12.4m
  - General contingency and risk Reserves - £1.4m
  - Capital Receipts Reserve - £8.0m
- 8.2 The PFCC has a separate Reserves Strategy, which is in line with the requirement of the Government, which sets out the details of all reserves, what they are held for and how they will be used in the future. This is attached at Appendix B to this report.
- 8.3 It is worth reflecting that reserves are forecast to reduce in every year of the financial plan from almost £30m at the start of 2023/24 to around £12m by the end of 2027/28.
- 8.4 This will only happen if the Capital Programme is delivered in line with the plan set out within this report.
- 8.5 The expected movements on all reserves held by the PFCC will be kept under review in line with the development of the MTFP, current projections are included within the table below:

	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000	Tranfers In 2027/28 £000	Tranfers Out 2027/28 £000	Balance at 31 March 2028 £000
<b>Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.</b>																
PFCC Reserve	471			471			471			471			471			471
Capital Reserve	9,051	4,909	(8,994)	4,966	4,936	(8,785)	1,117	4,139	(5,256)	0	6,015	(6,015)	(0)	8,220	(8,173)	47
Firearms Licence Reserve	539		(30)	509		(30)	479		(30)	449		(30)	419		(30)	389
Investments Reserve	219			219			219			219			219			219
Training Reserve	265		(173)	92		(19)	73			73			73			73
Council Tax Reserve	217	(79)	(7)	132		(80)	52		(80)	(28)			(28)			(28)
ESMCP	739			739			739			739			739			739
Commissioned Services Reserve	861		(243)	618		(54)	564		(57)	507		(10)	497		(10)	487
<b>Total Reserves within current MTFP</b>	<b>12,362</b>	<b>4,831</b>	<b>(9,446)</b>	<b>7,746</b>	<b>4,936</b>	<b>(8,968)</b>	<b>3,714</b>	<b>4,139</b>	<b>(5,423)</b>	<b>2,430</b>	<b>6,015</b>	<b>(6,055)</b>	<b>2,390</b>	<b>8,220</b>	<b>(8,213)</b>	<b>2,397</b>
<b>Funding for specific projects and programmes beyond the current planning period.</b>																
Confiscated Monies Reserve	565	154	(294)	425	140	(100)	465	140	(100)	505	140	(100)	545	140	(100)	585
Cost of Change Reserve	1,469		(1,223)	246		(170)	76			76			76			76
<b>Total Reserves beyond current MTFP</b>	<b>2,033</b>	<b>154</b>	<b>(1,517)</b>	<b>671</b>	<b>140</b>	<b>(270)</b>	<b>541</b>	<b>140</b>	<b>(100)</b>	<b>581</b>	<b>140</b>	<b>(100)</b>	<b>621</b>	<b>140</b>	<b>(100)</b>	<b>661</b>
<b>As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)</b>																
Insurance Reserve	0	555		555			555			555			555			555
Pay and Pensions Reserve	950	900		1,850		(781)	1,069		(110)	959		(300)	659			659
Major Incident Reserve	432			432			432			432			432			432
<b>Total General Contingency Reserves</b>	<b>1,383</b>	<b>1,455</b>	<b>0</b>	<b>2,838</b>	<b>0</b>	<b>(781)</b>	<b>2,057</b>	<b>0</b>	<b>(110)</b>	<b>1,947</b>	<b>0</b>	<b>(300)</b>	<b>1,647</b>	<b>0</b>	<b>0</b>	<b>1,647</b>
<b>Total Earmarked Reserves</b>	<b>15,779</b>	<b>6,440</b>	<b>(10,963)</b>	<b>11,255</b>	<b>5,076</b>	<b>(10,019)</b>	<b>6,312</b>	<b>4,279</b>	<b>(5,633)</b>	<b>4,958</b>	<b>6,155</b>	<b>(6,455)</b>	<b>4,658</b>	<b>8,360</b>	<b>(8,313)</b>	<b>4,705</b>
<b>General Reserves</b>	<b>5,602</b>			<b>5,602</b>			<b>5,602</b>			<b>5,602</b>			<b>5,602</b>	<b>1,000</b>		<b>6,602</b>
<b>Total Usable Reserves</b>	<b>21,381</b>	<b>6,440</b>	<b>(10,963)</b>	<b>16,858</b>	<b>5,076</b>	<b>(10,019)</b>	<b>11,915</b>	<b>4,279</b>	<b>(5,633)</b>	<b>10,561</b>	<b>6,155</b>	<b>(6,455)</b>	<b>10,260</b>	<b>9,360</b>	<b>(8,313)</b>	<b>11,307</b>
<b>Capital Receipts Reserve</b>	<b>8,053</b>	<b>965</b>		<b>9,018</b>	<b>525</b>		<b>9,543</b>	<b>900</b>	<b>(4,263)</b>	<b>6,180</b>	<b>1,640</b>	<b>(7,814)</b>	<b>6</b>	<b>550</b>		<b>556</b>
<b>Total Reserves</b>	<b>29,435</b>			<b>25,876</b>			<b>21,458</b>			<b>16,741</b>			<b>10,267</b>			<b>11,864</b>

## 9. Risks

9.1 The major risks and unknowns surrounding the figures presented here are:

- Pay Awards are higher than the assumptions within the plan
- The levels of recruitment needed to deliver against both the financial and operational plans of the Force.
- Any differences between the future years' actual Government Grant settlements, especially in relation to Operation Uplift, and those estimated within the plan
- Variations in future years between the estimated tax base used and the actual declared tax base.
- That the public does not support the precept increases that are factored into the current plans
- Increasing costs of the employers Pension Contribution into the Police Pension Fund.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability of the Force to manage within its allocated budget
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.
- The ability of the Force to deliver both the Capital Programme and the Change Pipeline.

## 10 **Robustness of Estimates and Adequacy of Financial Reserves Advice**

- 10.1 As CFO to the PFCC it is my duty to specifically comment on the robustness of the estimates put forward for the PFCC's consideration.
- 10.2 For the last 2 years I highlighted there were a number of areas of expenditure that would need to be closely managed and referred to the following:
- Staff Pay given the current levels of vacancies
  - Recruiting PCSO numbers back to Establishment levels
  - Ensuring Police Officer Targets are hit
  - Ensuring that Supplies and Service budgets are fully understood and managed.
  - Capital Programme
- 10.3 Other than the Police Officer Targets all of the above points have caused a concern within the Force's budget during 2023/24. These will all need to be actively managed to ensure that this doesn't occur again in 2024/25.
- 10.4 There are some risks in terms of higher than forecast spend that could potentially come from pay awards, if these are agreed at a higher level than budgeted. In addition to pay, the level of general inflation within the economy and therefore likely to feed through into costs for the organisation will also need to be monitored closely.
- 10.5 It will be vital to continue to improve the understanding of the finances within the Force, how they link to the plans in place and then closely monitor the financial position throughout 2024/25 to ensure that the finances support the delivery and achievement of the Police and Crime Plan objectives.
- 10.6 The funding available to deliver the Capital plans of the organisation are robust however the continued challenges around delivery need to be overcome as it is holding back the organisation in terms of developing and financing the investments that are likely in the medium term.
- 10.7 A review has been undertaken of the PFCC's reserves and general balances. The PFCC's general balances and reserves are an important part of the PFCC's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the PFCC would have adequate levels of financial reserves and general balances throughout the MTFP.
- 10.8 In overall terms the capacity to increase precept by more than previously planned continues to underpin a very well-resourced organisation. The Funding Formula review could however change this position significantly.

- 10.9 The MTFP forecasts that General Reserves will be maintained at £5.6m across the MTFP until 2027/28 when they will increase by £1m to maintain a General Reserve of 3.0% of the Net Budget Requirement. I believe this to be a reasonable level given the overall challenges and risks faced by the organisation.
- 10.10 For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2024/25 is sound and robust however there are a number of areas that I have highlighted that will need to be closely managed.

## 11 **Conclusion**

- 11.1 The Police Settlement for 2024/25 has provided the PFCC with an increase in Core Government Funding of £7,693k, or 6.6%.
- 11.2 Taking into account all of the other projected changes in income, including the agreed Precept increase, then the overall forecast increase in income is expected to be £18.6m.
- 11.3 Unfortunately much of this funding increase is either specifically linked to expenditure or linked to decisions already made nationally.
- 11.4 Reserves are currently forecast to reduce by around £17m (from £29m) during the life of the Medium Term Financial. This is predominantly to support the Capital programme, and therefore ultimately the Revenue budget, to focus as much funding on service delivery as possible during 2024/25 and beyond.
- 11.5 Based on the plans and assumption outlined within this report and some use of reserves, then the organisation can demonstrate a balanced budget for the next 4 years.
- 11.6 There are some areas within the plans that will need to be actively managed otherwise underspends are likely, especially in relation to Police Staff and PCSO pay budgets.
- 11.7 In addition to this the Capital Programme looks to be a challenge to deliver everything that has been set out within 2024/25, and will therefore need to be robustly managed.

## Appendix A

<b>Capital Financing and Expenditure</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>17,103</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>
Capital Receipts - vehicles and PPE	500	525	550	550	550
Capital Receipts from Estates Strategy	465	0	350	1,090	0
Contributions (to)/from Revenue	4,909	4,936	4,139	6,015	8,220
Borrowing	1,911	4,387	2,759	639	1,042
<b>Projected in-year funding available</b>	<b>7,785</b>	<b>9,848</b>	<b>7,798</b>	<b>8,294</b>	<b>9,812</b>
<b>Capital and Project Plans</b>					
ICT	3,372	4,377	2,916	8,826	3,565
Fleet	4,099	2,810	4,418	3,195	3,997
Estates	1,911	4,387	1,484	639	1,042
Other Rolling Programmes and Schemes	617	368	338	302	392
Other Schemes	396	75	12	47	8
<b>Total Agreed Programme</b>	<b>10,395</b>	<b>12,017</b>	<b>9,169</b>	<b>13,009</b>	<b>9,004</b>
<b>Change Pipeline</b>	<b>508</b>	<b>1,155</b>	<b>3,109</b>	<b>1,460</b>	<b>211</b>
<b>Earmarked Reserve/Funding c/f</b>	<b>13,985</b>	<b>10,660</b>	<b>6,181</b>	<b>6</b>	<b>603</b>

## Appendix B

### Reserves Strategy

There is a requirement within the Financial Management Code of Practice to publish a Reserve Strategy and as part of arrangement to improve transparency:

- Each PCC should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium term financial plan (and at least two years ahead).
- Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the PFCC's medium term financial plan.

The strategy should be set out in a way that is clear and understandable for members of the public, and should include:

- how the level of the general reserve has been set;
- justification for holding a general reserve larger than five percent of budget;
- details of the activities or items to be funded from each earmarked reserve, and how these support the PFCC and Chief Constable's strategy to deliver a good quality service to the public.
- Where an earmarked reserve is intended to fund a number of projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.

The information on each reserve should make clear how much of the funding falls into the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.
- As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).

With this in mind the Reserves Forecast across the MTFP are shown below, along with the necessary supporting information on the following pages:





## **Reserves Forecast**

The following schedule sets out the forecast movements on reserves over the life of the current long term financial plan, it is important to recognise that whilst the schedule sets out the expected use of the current reserves circumstances will change and all reserves will be reviewed at least annually. It is also important to recognise that there will undoubtedly be a need to create new reserves, in future years, to deal with risks that are currently unknown; therefore while the current schedule shows that the overall level of risks will reduce significantly, the likelihood is that they will not reduce in overall financial terms as exactly planned and that while current reserves are spent new reserves are likely to be needed to manage future risks

	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000	Tranfers In 2027/28 £000	Tranfers Out 2027/28 £000	Balance at 31 March 2028 £000
<b>Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.</b>																
PFCC Reserve	471			471			471			471			471			471
Capital Reserve	9,051	4,909	(8,994)	4,966	4,936	(8,785)	1,117	4,139	(5,256)	0	6,015	(6,015)	(0)	8,220	(8,173)	47
Firearms Licence Reserve	539		(30)	509		(30)	479		(30)	449		(30)	419		(30)	389
Investments Reserve	219			219			219			219			219			219
Training Reserve	265		(173)	92		(19)	73			73			73			73
Council Tax Reserve	217	(79)	(7)	132		(80)	52		(80)	(28)			(28)			(28)
ESMCP	739			739			739			739			739			739
Commissioned Services Reserve	861		(243)	618		(54)	564		(57)	507		(10)	497		(10)	487
<b>Total Reserves within current MTFP</b>	<b>12,362</b>	<b>4,831</b>	<b>(9,446)</b>	<b>7,746</b>	<b>4,936</b>	<b>(8,968)</b>	<b>3,714</b>	<b>4,139</b>	<b>(5,423)</b>	<b>2,430</b>	<b>6,015</b>	<b>(6,055)</b>	<b>2,390</b>	<b>8,220</b>	<b>(8,213)</b>	<b>2,397</b>
<b>Funding for specific projects and programmes beyond the current planning period.</b>																
Confiscated Monies Reserve	565	154	(294)	425	140	(100)	465	140	(100)	505	140	(100)	545	140	(100)	585
Cost of Change Reserve	1,469		(1,223)	246		(170)	76			76			76			76
<b>Total Reserves beyond current MTFP</b>	<b>2,033</b>	<b>154</b>	<b>(1,517)</b>	<b>671</b>	<b>140</b>	<b>(270)</b>	<b>541</b>	<b>140</b>	<b>(100)</b>	<b>581</b>	<b>140</b>	<b>(100)</b>	<b>621</b>	<b>140</b>	<b>(100)</b>	<b>661</b>
<b>As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)</b>																
Insurance Reserve	0	555		555			555			555			555			555
Pay and Pensions Reserve	950	900		1,850		(781)	1,069		(110)	959		(300)	659			659
Major Incident Reserve	432			432			432			432			432			432
<b>Total General Contingency Reserves</b>	<b>1,383</b>	<b>1,455</b>	<b>0</b>	<b>2,838</b>	<b>0</b>	<b>(781)</b>	<b>2,057</b>	<b>0</b>	<b>(110)</b>	<b>1,947</b>	<b>0</b>	<b>(300)</b>	<b>1,647</b>	<b>0</b>	<b>0</b>	<b>1,647</b>
<b>Total Earmarked Reserves</b>	<b>15,779</b>	<b>6,440</b>	<b>(10,963)</b>	<b>11,255</b>	<b>5,076</b>	<b>(10,019)</b>	<b>6,312</b>	<b>4,279</b>	<b>(5,633)</b>	<b>4,958</b>	<b>6,155</b>	<b>(6,455)</b>	<b>4,658</b>	<b>8,360</b>	<b>(8,313)</b>	<b>4,705</b>
<b>General Reserves</b>	<b>5,602</b>			<b>5,602</b>			<b>5,602</b>			<b>5,602</b>			<b>5,602</b>	<b>1,000</b>		<b>6,602</b>
<b>Total Usable Reserves</b>	<b>21,381</b>	<b>6,440</b>	<b>(10,963)</b>	<b>16,858</b>	<b>5,076</b>	<b>(10,019)</b>	<b>11,915</b>	<b>4,279</b>	<b>(5,633)</b>	<b>10,561</b>	<b>6,155</b>	<b>(6,455)</b>	<b>10,260</b>	<b>9,360</b>	<b>(8,313)</b>	<b>11,307</b>
<b>Capital Receipts Reserve</b>	<b>8,053</b>	<b>965</b>		<b>9,018</b>	<b>525</b>		<b>9,543</b>	<b>900</b>	<b>(4,263)</b>	<b>6,180</b>	<b>1,640</b>	<b>(7,814)</b>	<b>6</b>	<b>550</b>		<b>556</b>
<b>Total Reserves</b>	<b>29,435</b>			<b>25,876</b>			<b>21,458</b>			<b>16,741</b>			<b>10,267</b>			<b>11,864</b>

## **Why have these Reserves been established and what will they used for?**

### **Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.**

#### **PFCC Reserve (Funding for Planned Expenditure over MTFP)**

The PFCC has established the reserve to support PFCC specific costs and initiatives. This reserve will support the transition to a Mayoral Combined Authority over the next 2 financial years.

#### **Capital Reserve (Funding for Planned Expenditure over MTFP)**

This reserve is held to meet the forecast costs of capital schemes which will enable the capital needs of the organisation to be funded in a sustainable manner, without the need to increase borrowing beyond what is determined to be a prudent level and to also provide some contingency to fund unknown investments whether these be from local changes or national initiatives.

#### **Change Reserve (Funding for Planned Expenditure over MTFP)**

This reserve is held to meet the forecast costs of additional fixed term resources that are needed to deliver Change within the Force.

#### **Firearms Licence Reserve (Funding for Planned Expenditure over MTFP)**

This reserve is held to meet the variable nature of income from Firearms versus the costs of administering the process.

#### **Investments Reserve (Funding for Planned Expenditure over MTFP)**

This reserve was created from a 'precept' underspend from 2019/20 and is to be invested in line with the PFCC proposals.

#### **Training Reserve (Funding for Planned Expenditure over MTFP)**

This reserve was created from an underspend from 2019/20 when not all planned training could be delivered in year. This is expected to be used to support 'catching up' with training that was paused during the pandemic.

#### **Collection Fund Reserve (Funding for Planned Expenditure over MTFP)**

This reserve will be utilised to support the Road Safety Partnership, with the remaining balance transfer to the Change Reserve.

#### **ESMCP Reserve (Funding for Planned Expenditure over MTFP)**

This specific funding from the Government is to be used to support the transition to the new Emergency Service Mobile Communications Platform and will be released in line with plans and Government timelines.

#### **Commissioned Services Reserve (Funding for Planned Expenditure over MTFP)**

To help manage the variable nature of and short term nature of some grants provided for this area of work this Reserve has been established from previous underspends in this area to help manage the uncertainties of funding changes and invest initially in new areas of work

## **Funding for specific projects and programmes beyond the current planning period.**

### **Confiscated Monies Reserve**

This reserve holds money raised from confiscated assets generated through the proceeds of crime, either directly or via grant from Central Government. The reserve is utilised to support crime fighting work, subject to statutory restrictions on usage

### **Cost of Change Reserve (Funding for Planned Expenditure over MTFP)**

This funding within this reserve is be released to the Change Reserve.

## **As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).**

### **Insurance Reserve (General Contingency Reserve)**

The Police, Fire and Crime Commissioner operates on a self-insurance basis determined by the level of excess on the cover provided by external policies. This reserve is ring-fenced for insurance requirements only and cannot be used for other purposes. It is calculated based on an historic assessment of claims history and is subjected to an actuarial audit to validate the fund level on a three-yearly basis. This reserve is available should the Police, Fire and Crime Commissioner face exceptional costs or suffer a major catastrophic incident or face premium increases which cannot be met by budget in year.

### **Pay and Pensions Reserve (General Contingency Reserve)**

The biggest risk within the financial plans are the cost pressures that result from Pay Awards that are higher than forecast. These awards are generally notified late in the financial year and therefore with little/no time to reduce spending if required. This reserve therefore provides a mechanism for meeting unexpected costs in this area, should they materialise, while long term savings plans are developed and delivered.

### **Major Incident Reserve (General Contingency Reserve)**

This reserve was established by transfer from revenue, and is held to contribute to the funding of any one off major incident revenue costs over and above the annual budget set aside for major incidents.

EXECUTIVE BOARD

Report of the Chief Financial Officer

27th February 2024

TREASURY MANAGEMENT STRATEGY STATEMENT

**1.0 Purpose of Report**

1.1 To present an updated Annual Treasury Management Strategy Statement for the financial year 2024/25 which incorporates:

- a) a Treasury Management Strategy;
- b) Capital and Treasury Prudential Indicators, including a Minimum Revenue Provision Policy;
- c) a Borrowing Strategy;
- d) an Annual Investment Strategy; and
- e) a Capital Strategy.

**2.0 INTRODUCTION AND CONTEXT**

- 2.1 Treasury Management is defined as ‘the management of the local authority’s 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’.
- 2.2 The Authority 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 needed. with surplus monies being invested in low-risk counterparties, with the main aims of providing sufficient liquidity and security, with the achievement of the best possible investment returns ranking as less important.
- 2.3 The second main function of the treasury management service is the funding of the Authority’s capital plans which will support the provision of services. The capital programme provides a guide to the borrowing need of the Authority, and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer-term cash may involve arranging long or short-term loans, utilising longer term cash flow surpluses and, occasionally, debt restructuring to meet Authority risk or cost objectives.
- 2.4 North Yorkshire Council provides most of the Authority’s treasury management arrangements under the terms of a Service Level Agreement. Under this agreement the Council is required to comply with the terms of the Authority’s approved Annual Treasury Management Policy Statement and Annual Treasury Management and Investment Strategy. This includes providing advice to the Authority on any necessary changes required at the time of annually updating these documents.
- 2.5 The Authority adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of its capital expenditure plans and its Prudential Indicators.

- 2.6 The Authority is currently forecasting year end cash balances in the order of £2.2m at 31<sup>st</sup> March 2024. Depending on the timing of cash flows of receipts and payments throughout the year, balances available for investment daily are likely to increase to between £10m and £12m at points throughout 2024/25. The magnitude of these sums available for investment reinforces the importance of having robust Treasury Management strategies and policies.
- 2.7 The Capital Programme is regularly reviewed and there continues to be acknowledgement that there are significant areas of the Fire Estate and the equipment used within the service that require update.
- 2.8 The Capital Programme includes around £11m for the potential replacement of new stations, approval of any plans will be subject to full business cases and therefore currently do not have approval to commence. These plans coincide with the end of the PFI contract in 2027 which will save some £300k per year and can be used to fund the debt charges resulting from borrowing to fund the replacement stations.
- 2.9 The programme will be kept under review as regards outcomes of the Risk and Resource Model reviews which are likely to impact on the priority order of schemes. Also, estimates of costs for new stations will be regularly revisited alongside any impact on the minor works programme. It is important to understand how quickly different elements of the programme of work can be undertaken to set against the funding available.
- 2.10 There continues to be an increased focus on slippage of capital schemes moving into 2024/25. Slippage approved prior to February 2024 has been included within the Capital Programme. Any requests for further slippage will be subject to approval by the Chief Financial Officer on preparation of a full and separate business case.
- 2.11 This report provides a summary of the following for 2024/25:

**2.11.1 Treasury Management Strategy (See Annex 1 – Section 1)**

The Treasury Management Strategy sets out the requirements for the overall Treasury, Borrowing, Investment and Capital Policies. The strategic approach is set out in the following:

**2.11.2 Capital Prudential Indicators (See Annex 1 - Section 2)**

The Capital Prudential Indicators set out the capital expenditure plan and associated indicators, capital financing requirement (£24.1m in 2024/25) and the monitoring of core funds and investment balances. The Minimum Revenue Provision (MRP) Policy Statement is also included. The Authority is required to determine the amount of MRP it considers prudent for each financial year. The MRP Policy is based on the Government's statutory guidance.

The Prudential Indicators have been revised and updated in line with the latest CIPFA Code of Practice. The Estimated Ratio of Capital Financing Costs is no longer a required indicator but is included as a local affordability indicator highlighting to management the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

### 2.11.3 Borrowing Strategy (See Annex 1 - Section 3)

The Treasury Management function ensures that the Authority's cash is managed to safeguard the delivery of the Capital Expenditures plans set out in **Annex 1**. The Borrowing Strategy covers the current and projected position as well as the Treasury Prudential Indicators. The key Treasury Management Indicators the PFCC is required to approve are:

- The Authorised Limit for External Debt (the legal limit beyond which external debt is prohibited), £27m in 2024/25; and
- The Operational Boundary for External Debt (the limit beyond which external debt is not normally expected to exceed), £26m in 2024/25.

### 2.11.4 Annual Investment Strategy (See Annex 1 - Section 4)

By virtue of the Service Level Agreement with North Yorkshire Council, the Authority has adopted the Annual Investment Strategy of the Council which is embedded within the terms of the agreement and within the services which the Council provides on the Authority's behalf. The Annual Investment Strategy details the Council's Investment Policy and approach to the investment of funds.

### 2.11.5 Treasury Management Strategy Statement Appendices (See Appendices A - F)

Appendix A	The Capital Prudential and Treasury Indicators 2024/25 to 2026/27
Appendix B	Approved Lending List
Appendix C	Treasury Management Scheme of Delegation
Appendix D	The Treasury Management Role of the Section 151 Officer

### 2.11.6 Capital Strategy (See Annex 2)

The Capital Strategy sets out the context of which Capital Expenditure and Investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of policy outcomes. The 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; and
- the implications for future financial sustainability.

The aim of this capital strategy is to ensure that the PFCC and members of Executive Board understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

### **3.0 Recommendations**

That the PFCC is asked to approve:

- 3.1 The Treasury Management Strategy Statement (**Annex 1**), consisting of the Annual Treasury Management Strategy (**Section 1**), Capital Prudential Indicators (**Section 2**), Borrowing Strategy (**Section 3**) and Annual Investment Strategy 2023/24 (**Section 4**), including in particular;
- (i) an authorised limit for external debt of £27.1m in 2024/25
  - (ii) an operational boundary for external debt of £26.1m in 2024/25
  - (iii) the Prudential and Treasury Indicators
  - (iv) a limit of 20% (estimated at £440k) of the overall balances can be considered for longer term investments over 365 days subject to comparative yields on short term investments
  - (v) a Minimum Revenue Provision (MRP) policy for debt repayment to be charged to revenue in 2024/25 as set out in **Annex 1 - Section 2**
  - (vi) the Capital Strategy as attached as **Annex 2**
  - (vii) the Chief Financial Officer report to those charged with governance in respect of in year Treasury Management issues



## 1.0 SECTION 1 - TREASURY MANAGEMENT STRATEGY 2024/25

1.1 The Treasury Management strategy for 2024/25 covers two main areas:

- a) **Capital issues**
  - the capital expenditure plans and the associated prudential indicators; and
  - the Minimum Revenue Provision (MRP) policy.
  
- b) **Treasury Management issues**
  - the current treasury position;
  - treasury indicators which limit the treasury risk and activities of the Authority;
  - 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, Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

## 1.2 Treasury Management Reporting

The Authority adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Authority's capital expenditure plans and its Prudential Indicators.

Quarterly reporting to the PFCC is now required under the 2021 Treasury Management Code, however it is not necessary to take these reports via Executive Board. Executive Board is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

- a) **Treasury Management Strategy** (this 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/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** - primarily a progress report and will update the PFCC on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c) **An annual treasury outturn report** - a backward looking review document which provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management reports are required to be adequately scrutinised before being recommended to the Commissioner. The scrutiny role is undertaken by Audit Committee.

#### 1.4 **Training**

The revised CIPFA Treasury Management Code strengthens the requirement for Chief Financial Officer to ensure that Officers with responsibility for treasury management receive adequate training in treasury management. This especially applies to Officers responsible for scrutiny.

The scale and nature of training requirements will depend on the size and complexity of the Authority's treasury management needs. The Chief Financial Officer will assess whether treasury management staff and members have the required knowledge and skills to undertake the roles and if those skills have been maintained and are up to date.

#### 2.0 **SECTION 2 - CAPITAL PRUDENTIAL INDICATORS 2024/25 - 2026/27**

- 2.1 The Code requires the Authority to set a range of Prudential Indicators for the next three years as part of the annual budget process, and before the start of the financial year to ensure that capital spending plans are affordable, prudent, and sustainable.

- 2.2 The PFCC will approve the Prudential Indicators for a three-year period alongside the annual Revenue Budget/Medium Term Financial Strategy for the year. The indicators will be monitored during the year and revisions submitted, as necessary.

The required Prudential Indicators are as follows:

- Capital Expenditure - Actual and Forecasts
- Capital Financing Requirement
- Net Borrowing and the Capital Financing Requirement
- Authorised Limit for External Debt
- Operational Boundary for External Debt
- Actual External Debt
- Liability Benchmark
- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 365 days

#### **MINIMUM REVENUE PROVISION (MRP) POLICY FOR 2024/25**

- 2.3 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Authority has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge, known as Minimum Revenue provision (MRP). The Authority is also allowed to undertake additional voluntary payments, the Voluntary Revenue provision (VRP), if required.

The Authority is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance gives four ready-made options for calculating MRP, however the Authority can use any other reasonable basis that it can justify as prudent.

2.4 MHCLG Guidance requires the Authority to approve an MRP Policy Statement in advance of each year. The MRP guidance offers a range of options, with an overriding recommendation that there should be prudent provision. The proposed policy for 2024/25 is as follows:

- (a) for all capital expenditure incurred before 1 April 2008, MRP will be based on 4% of the Capital Financing Requirement (CFR) on a reducing balance basis.
- (b) From 1 April 2008, for all unsupported borrowing not covered by points (c) and (d) below, the MRP policy will be;

**Asset life method** (option 3 of the statutory guidance) - MRP will be based on the estimated life of the assets using equal instalments of principal. In accordance with the regulations this option must also be applied for any expenditure capitalised under a Capitalisation Direction.

The asset life method provides for a reduction in the borrowing need over the asset's life. The Authority has applied the Depreciation Method from 1st April 2019. This allows it to make a more prudent provision in that it will recognise, where applicable, that assets are still worth 'something' after their useful lives have expired and minimise the impact on revenue.

The estimated life of relevant assets will be assessed each year based on types of capital expenditure incurred but in general will be between 40 to 50 years for property and land, and 5 to 15 years for vehicles, plant, and equipment. To the extent that expenditure does not create a physical asset and is of a type that is subject to estimated life periods that are referred to in the guidance, e.g. software licences, these periods will generally be adopted by the Authority.

The guidance also allows the Authority to defer the introduction of an MRP charge for new capital projects/land purchases until the year after that in which the new asset becomes operational, rather than in the year borrowing is required to finance the capital spending. This approach can be beneficial for projects that take more than one year to complete and is therefore included as part of the MRP policy.

- (c) For capital expenditure on investment / development properties, under the current Government proposed amendments, where loan repayments are received in year those capital receipts will be used to reduce the CFR in that year. However, where no capital receipt is received, or where no future capital receipts are anticipated, a prudent level of MRP will be charged based on the asset life method using equal instalments of principal.
- (d) For on balance sheet PFI schemes, MRP will be equivalent to the capital repayment (principal) element of the annual service charge payable to the PFI Operator and for Finance Leases, MRP will also be equivalent to the capital repayment (principal) element of the annual rental payable under the lease agreement.

**MRP Overpayments** - Under the MRP Guidance any charges made in excess of the statutory MRP are known as Voluntary Revenue Provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. For these sums to be reclaimed in future, this policy must disclose the cumulative overpayment made each year. Up to 31<sup>st</sup> March 2024, the total VRP overpayments made total £19k.

2.5 Therefore the Authority's total MRP provision from 1 April 2023 will be the sum of (a) + (b) + (c) + (d) (as defined above) which is considered to satisfy the prudent provision requirement. Based on this policy, total MRP in 2024/25 is estimated to be £1.5m (including £0.4 in respect of PFI and finance leases).

### 3.0 SECTION 3 – BORROWING STRATEGY

3.1 The Authority’s treasury portfolio position at 31<sup>st</sup> December 2023, and forecast at 31st March 2024 is shown below:

	31st December (Actual)		31st March 2024 (Forecast)	
	Principal Outstanding £m	Average Interest Rate %	Principal Outstanding £m	Average Interest Rate %
<b>External Debt</b>				
Fixed Rate				
- PWLB	15.2	4.1	14.3	4.1
Variable Rate	0.0	0.0	0.0	0.0
	<b>15.2</b>	<b>4.1</b>	<b>14.3</b>	<b>4.1</b>
<b>Cash Available</b>				
- Invested short term with NYCC	5.5	5.2	2.2	5.2
- Current Accounts	0.0	0.0	0.0	0.0
	<b>5.5</b>	<b>5.2</b>	<b>2.2</b>	<b>5.2</b>

### 3.2 Prospects for interest rates

The **current interest rate forecasts** of NYCC’s Treasury Management Advisors (Link Asset Services - Treasury Solutions) are as follows. These are forecasts for PWLB certainty rates provided on 8 January:

Link Group Interest Rate View	08.01.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
<b>BANK RATE</b>	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

The Link forecast for interest rates, updated on 8 January, reflected a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation position by keeping Bank Rate at 5.25% until at least the second half of 2024. Rate cuts are expected to start when both the CPI inflation and wage/employment data are supportive of such a move. There is a likelihood of the overall economy enduring at least a mild recession over the coming months, although most recent GDP releases have been robust.

Naturally, timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, Link forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

### **Public Works Loan Board (PWLB) Rates**

- PWLB rates have moved since the start of November as markets price in a quicker reduction in Bank Rate through 2024 and 2025, which reflects market confidence in inflation falling back in a similar manner to that already seen in the US and eurozone.

### **The balance of risks to the UK economy:**

- The overall balance of risks to economic growth in the UK is even.

### **Downside risks to current forecasts for UK gilt yields and PWLB rates include:**

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- The Bank of England acts too quickly, or too far, over the next year to raise Bank Rate, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- Geopolitical risks, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.

### **Upside risks to current forecasts for UK gilt yields and PWLB rates**

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.
- The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected gilt issuance could be too much for the markets to comfortably digest without higher yields.

Links long-term (beyond 10 years) forecast for Bank Rate has increased to 3.00%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed Local Authority to Local Authority monies should be considered.

- 3.3 In practical terms the policy is to finance capital expenditure by borrowing from the Public Works Loan Board. Whilst individual loans have in the past been linked to the cost of specific capital assets or their useful life span, in future, loans will be taken out over varying periods depending on the perceived relative value of interest rates at the time of borrowing and the need to avoid a distorted loan repayment profile. To date, all the Authority's external borrowing is with PWLB.

One of the annual principal factors in increases in revenue costs relate to Capital Financing charges. The provision for debt repayment (otherwise known as the Minimum Revenue Provision or MRP) is a statutory calculation, whilst external interest payments are due under loan agreements with external borrowers. These sums are the product of past and future assumed borrowing.

### 3.4 External v Internal Borrowing

The Authority has undertaken internal borrowing of £7.3m to 31<sup>st</sup> March 2023 and there is future internal borrowing of £3.1m planned in respect of the 2023/24 capital programme.

This option is possible because of the Authority's cash balance with a daily average of £7.5m between the 1st April and 31st December 2023. This consists of cash flow generated from creditors, core cash (via reserves and provisions) and cash built up through minimum revenue provision due to most debt outstanding being on a maturity basis. Repayment of maturing debt of £1.2m has been made during 2023/24.

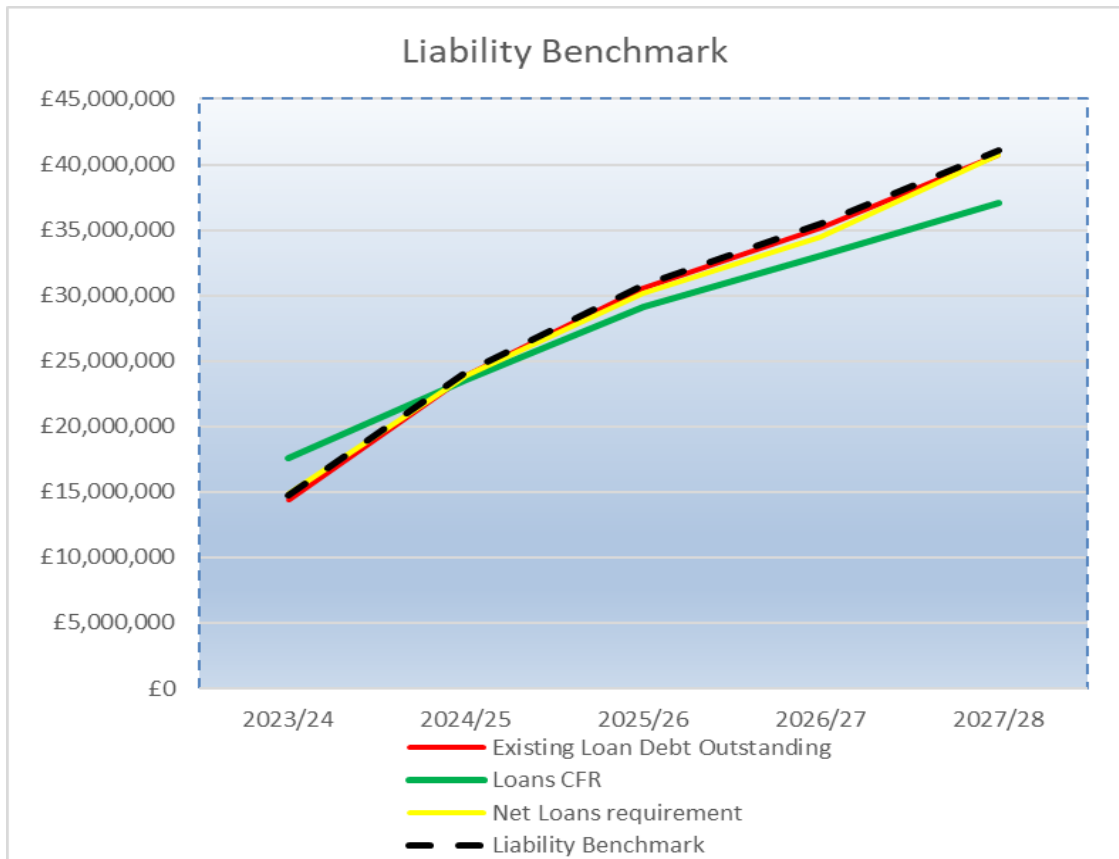
#### Liability Benchmark

The Authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the Liability Benchmark:

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. With only approved prudential borrowing being included in the calculation, the Loans CFR will peak after four years where the other inputs are projected forward for 50 years+.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. The short-term liquidity allowance is an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed due to short-term cash flow variations.

In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves and cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day to day cash flow. CIPFA recommends that the optimum position for external borrowing should be at the level of the liability benchmark (i.e. all balance sheet resources should be used to maximise internal borrowing).



There are many factors to consider when calculating the benchmark and in practical terms borrowing is taken in line with need considering cash balances at various points throughout the year. To align with the revised 2021 Treasury Management Code, the Authority will consider the need for further borrowing against short term investments, the cash flow forecast and the liquidity requirements of the Authority. Liquidity forecasts need to be carefully reviewed to avoid incurring higher borrowing costs in the future when the Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

### 3.5 Policy on borrowing in advance of need

The Authority will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the approved Capital Financing Requirement estimate and will be considered carefully to ensure that value for money can be demonstrated, there is a clear business case for doing so and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance of 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 the debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates. However, given the current forecasts for the future interest rates this will be kept under review and reported to the PFCC where necessary.

## 4.0 SECTION 4 - ANNUAL INVESTMENT STRATEGY

4.1 By virtue of the Service Level Agreement with North Yorkshire Council, the Authority has adopted the Annual Investment Strategy of the Council which is embedded within the terms of the agreement and within the services which the Council provides on the Authority's behalf. NYCC's Annual Treasury Management and Investment Strategy for 2024/25 was approved by its Executive on 23rd January 2024 and will go to Council for formal approval on 21st February 2024.

### 4.2 Investment policy - management of risk

The Department of Levelling Up, Housing and Communities (DLUHC) 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 NYCC).

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

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code"); and
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- a) Minimum acceptable **credit criteria** are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- b) **Other information:** 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.



- c) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- d) The Council has defined the list of types of investment instruments that the treasury management team are authorised to use.
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
  - **Non-specified investments** are those with less high credit quality, may be for periods in more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.
- e) **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 20% of the total investment portfolio.
- f) **Lending limits**, (amounts and maturity), and **transaction limits** for each counterparty will be set through applying the creditworthiness policy set out in **paragraph 4.2**.
- g) The Council will set a limit for the amount of its investments which are invested for **longer than 365 days**.
- h) Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.
- i) The Council has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.
- j) All investments will be denominated in **sterling**.

However, the Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

#### **Changes in risk management policy from last year**

The above criteria are for the new unitary North Yorkshire Council. The risk management policy is broadly in line with the North Yorkshire County Council policy which was unchanged from the previous year.

## 4.2 Creditworthiness policy

The Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings; and
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

The Link Group creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preference to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. The Council is alerted to changes to ratings of all three agencies through its use of the Link Group creditworthiness service.

If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap (CDS) spreads against the iTraxx European Financials benchmark and other market data daily via its Passport website, provided exclusively to it by Link Group. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.

### **Creditworthiness**

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the pandemic in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Authority will not set a minimum rating for the UK.

### **CDS prices**

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and

return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information.

#### **Environmental, social and governance (ESG)**

This is a developing area, and for the purpose of the Council's treasury investments the Council's ESG policies and the environmental and climate change policy, will have a trickle-down effect into Treasury Management activity. Investments will still comply with SLY, Security, Liquidity, Yield requirements in the first instance. Treasury Management Practice 1 – Risk Management – has been expanded to include a high-level reference to ESG aspects of Treasury Management where creditworthiness and counterparty policies are in place to mitigate investment risk where the ESG risks are also incorporated.

#### **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.

- a) Non-specified treasury management investment limit. The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being £60m, being approximately 10% of the total treasury management investment portfolio.
- b) Country limit. The Council has determined that, for counterparties outside the UK, it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix D. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- c) **Countries / Groups / Sector limits.** In addition
  - Limits in place will apply to a group of companies/institutions
  - Sector limits will be monitored regularly for appropriateness

#### **4.4 Investment strategy**

Under the Service level agreement, NYCC collects all available balances from the Authority and other organisations using the Treasury Management service and pools with NYCC funds. These aggregated balances are then invested in accordance with the agreed 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. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate having peaked in the second half of 2023 and possibly reducing as early as the second half of 2024 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, 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.

**Investment returns expectations.** The current interest rate forecast includes a forecast for Bank Rate to have peaked at 5.3% in Q4 2023.

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

<b>Average Earnings in each year</b>	
2023/24 (residual)	<b>5.30%</b>
2024/25	<b>4.70%</b>
2025/26	<b>3.20%</b>
2026/27	<b>3.00%</b>
2027/28	<b>3.25%</b>
Years 6 to 10	<b>3.25%</b>
Years 10+	<b>3.25%</b>

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances (cash required for liquidity purposes), the Council will seek to utilise its instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days) to benefit from the compounding of interest.

## **5. APPENDICES**

Appendix A      The Capital Prudential and Treasury Indicators 2024/25 to 2026/27

Appendix B \*    Approved Lending List \*

Appendix C      Treasury Management Scheme of Delegation

Appendix D      The Treasury Management Role of the Section 151 Officer

\* Appendix drawn from NYCC's Annual Treasury Management and Investment Strategy for 2024/25 was approved by its Executive on 23rd January 2024 and will go to Council for formal approval on 21<sup>st</sup> February 2024.

**PRUDENTIAL INDICATORS 2024/25 TO 2026/27****1.1 Prudential Indicators**

The Prudential Code requires authorities (including the PFCC) to self-regulate the affordability, prudence and sustainability of their capital expenditure and borrowing plans, by setting estimates and limits, and by publishing actuals, for a range of Prudential Indicators.

The key objectives of the Prudential Code are to ensure that:

- Capital expenditure plans are affordable, prudent, and sustainable
- Treasury Management decisions are taken in accordance with professional good practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable.

1.2 The Code imposes on authorities' clear governance procedures for setting and revising of Prudential Indicators and describes the matters to which an authority will have regard when doing so. This is designed to deliver accountability in taking capital financing, borrowing and Treasury Management decisions. A fundamental provision of the Prudential Code is that over the medium-term net borrowing will only be for a capital purpose.

1.3 Under the Code, individual authorities are responsible for deciding the level of their affordable borrowing, having regard to the Code. Under the Code, the PFCC is required to set a range of Prudential Indicators for the financial years 2024/25 to 2026/27.

1.4 The Code states that Prudential Indicators for Treasury Management should be considered together with the Annual Investment Strategy. The indicators reflect the Capital Plan, existing commitments and associated financing costs as included within the Medium-Term Financial Plan (MTFP) 2024/25 to 2026/27.

**1.5 Affordability**

The following indicators are required to assess the affordability of the capital investment plans. They provide an indication of the impact of the capital investment plans on overall PFCC finances. The PFCC is requested to approve the following:

**(i) Estimates of capital expenditure**

This is a prudential indicator for prudence showing the previous year actual and estimates of the total of capital expenditure planned to be incurred during the forthcoming financial year and the following two financial years.

	2023/24	2024/25	2025/26	2026/27
	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Capital Expenditure	4,353	8,178	7,480	6,055
<b>Funded by:</b>				
Internal Borrowing	3,116	0	0	0
External Borrowing	0	7,070	6,990	5,690
Other Capital resources	1,237	1,108	490	364

(ii) **Ratio of financing costs to net revenue stream**

This indicator highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs (including other long-term obligation costs net of investment income).

	2023/24	2024/25	2025/26	2026/27
	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000
<u>Minimum Revenue Provision:</u>				
PWLB Borrowing	917	1,053	1,414	1,766
Finance Lease	86	88	0	0
PFI	275	332	306	391
<u>Interest Payable:</u>				
PWLB borrowing	638	713	1,108	1,342
Finance Lease	2	0	0	0
PFI	427	411	360	408
Interest receivable	-346	-300	-300	-300
<b>Financing Costs</b>	<b>1,998</b>	<b>2,297</b>	<b>2,888</b>	<b>3,607</b>
<b>Net Revenue Stream</b>	<b>36,626</b>	<b>40,423</b>	<b>41,853</b>	<b>43,338</b>
<b>Ratio</b>	<b>5.5%</b>	<b>5.7%</b>	<b>6.9%</b>	<b>8.3%</b>
Ratio - Excluding PFI	3.5%	3.8%	5.3%	6.5%

(iii) **Estimates of capital financing requirement (CFR)**

This is a prudential indicator for prudence and shows the previous year actual and the forecast total capital financing requirement at the end of the forthcoming financial year and the following two years. The CFR is the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It measures the underlying need to borrow for a capital purpose.

It measures the PFCC's underlying need to borrow for capital purposes and ensures that borrowing is only undertaken to fund capital assets and not support revenue expenditure.

**Capital Financing Requirement (as at 31 March)**

	2023/24	2024/25	2025/26	2026/27
	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£001
<b>Opening Capital Financing Requirement</b>	<b>16,837</b>	<b>18,675</b>	<b>24,272</b>	<b>29,542</b>
Unsupported Borrowing to fund Capital Exp.	3,116	7,070	6,990	5,690
<u>Minimum Revenue Provision:</u>				
Supported Borrowing	-216	-208	-199	-191
Unsupported Borrowing	-700	-845	-1,215	-1,575
PFI and Finance Leases	-361	-420	-306	-391
<b>Closing Capital Financing Requirement</b>	<b>18,675</b>	<b>24,272</b>	<b>29,542</b>	<b>33,076</b>

The PFCC is required to make a statutory charge to revenue for the repayment of supported debt (the Minimum Revenue Provision) and this reduces the CFR.

(iii) **Limits to Borrowing Activity**

Within the Prudential Indicators there are several indicators to ensure that the PFCC operates its activities within well-defined limits.

For the first of these, the PFCC should ensure that its debt net of investments does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year, plus the estimate of any additional CFR for 2024/25 and the next two financial years.

	2023/24	2024/25	2025/26	2026/27
	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Borrowing	14,434	23,870	30,518	35,154
PFI and Finance Leases	1,118	697	391	0
Investments	-2,200	-2,200	-2,200	-2,200
<b>Net Borrowing</b>	<b>13,352</b>	<b>22,368</b>	<b>28,709</b>	<b>32,954</b>
<b>Total CFR for borrowing purposes</b>	<b>18,675</b>	<b>24,272</b>	<b>29,542</b>	<b>33,076</b>

The projected forecasts detailed in the table above show that there is still margin between the net borrowing and the CFR and therefore the PFCC is within the limits required, although it is worth reflecting that this gap is forecast to reduce significantly in the later years of the plan.

A further two prudential indicators control or anticipate the overall level of borrowing. These are:

- (iv) The **Authorised Limit** represents the legislative limit specified in Section 3 of the Local Government Act 2003. Borrowing beyond this limit is prohibited and therefore would be ultra vires. The provision of temporary borrowing allows for temporary short-term borrowing in year to allow for cash flow movements.
- (v) The **Operational Boundary** which is based on the probable external debt during the year. It is the affordable debt limit, and is set using the operational boundary, plus scope for borrowing due to an unforeseen cashflow which may be required in the short term during the year, if for instance a large grant payment was delayed.

The PFCC is asked to approve the following limits:

<b>Authorised Limit for External Debt</b>			<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
			Estimate	Estimate	Estimate	Estimate
			£000	£000	£000	£000
Borrowing			14,434	23,870	30,518	35,154
PFI and Finance Leases			1,118	697	391	0
Provision for Temporary Borrowing			2,500	2,500	2,500	2,500
<b>Net Borrowing</b>			<b>18,052</b>	<b>27,068</b>	<b>33,409</b>	<b>37,654</b>

<b>Operational Boundary for External Debt</b>			<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
			Estimate	Estimate	Estimate	Estimate
			£000	£000	£000	£000
Borrowing			14,434	23,870	30,518	35,154
PFI and Finance Leases			1,118	697	391	0
Provision for Temporary Borrowing			1,500	1,500	1,500	1,500
<b>Net Borrowing</b>			<b>17,052</b>	<b>26,068</b>	<b>32,409</b>	<b>36,654</b>

(vi) **Actual External Debt**

<b>Actual External Debt</b>			<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
			Estimate	Estimate	Estimate	Estimate
			£000	£000	£000	£000
Borrowing			14,434	23,870	30,518	35,154
PFI and Finance Leases			1,118	697	391	0
<b>Actual External Debt</b>			<b>15,552</b>	<b>24,568</b>	<b>30,909</b>	<b>35,154</b>

(vii) **Liability Benchmark**

See paragraph 3.4 above.

1.6 **Treasury Management Indicators**

The purpose of these is to contain Treasury Management activity within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the PFCC's overall financial position. The PFCC is asked to approve the following:



(i) **Maturity Structure of borrowing**

	<b>Lower Limit</b>	<b>Upper Limit</b>
Due within:	<b>%</b>	<b>%</b>
Less than 1 year	0.00	10.0
Between 1-2 years	0.00	10.0
Between 2-5 years	0.00	30.0
Between 5-10 years	0.00	55.0
Between 10-20 years	0.00	100.0
Over 20 years	0.00	100.0

(ii) **Total principal sums invested for periods longer than 365 days**

Based on estimated levels of funds and balances, the need for liquidity and day to day cash flow requirements, it is forecast that £440,000 (20%) of the overall balances can be considered for longer term investments over 365 days subject to comparative yields on short term investments.

## APPROVED LENDING LIST 2024/25

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £40m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
<b>UK "Nationalised" banks / UK banks with UK Central Government involvement</b>					
Royal Bank of Scotland PLC (RFB)	GBR	90.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
<b>UK "Clearing Banks", other UK based banks and Building Societies</b>					
Santander UK PLC (includes Cater Allen)	GBR	80.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	90.0	100 days	-	-
Barclays Bank UK PLC (RFB)	GBR		6 months		
Bank of Scotland PLC (RFB)	GBR	80.0	6 months	-	-
Lloyds Bank PLC (RFB)	GBR				
Lloyds Bank Corporate Markets PLC (NRFB)	GBR				
Goldman Sachs International Bank	GBR	80.0	6 months	-	-
Sumitomo Mitsui	GBR	80.0	6 months	-	-
Standard Chartered Bank	GBR	80.0	6 months	-	-
Handelsbanken	GBR	80.0	365 days	-	-
Nationwide Building Society	GBR	40.0	6 months	-	-
Leeds Building Society	GBR	40.0	3 months	-	-
Coventry Building Society	GBR	40.0	6 months	-	-
<b>High Quality Foreign Banks</b>					
National Australia Bank	AUS	40.0	365 days	-	-
Credit Industriel et Commercial	FRA	40.0	365 days	-	-
Landesbank Hessen-Thuringen Girozentrale (Helaba)	GER	40.0	365 days	-	-
DBS (Singapore)	SING	40.0	365 days	-	-
Bayerische Landesbank	GER	40.0	6 months	-	-
National Bank of Canada	CAN	40.0	6 months	-	-
<b>Local Authorities</b>					
County / Unitary / Metropolitan / District Councils		30.0	365 days	5.0	5 years
Police / Fire Authorities		30.0	365 days	5.0	5 years
National Park Authorities		30.0	365 days	5.0	5 years
<b>Other Deposit Takers</b>					
Money Market Funds		40.0	n/a liquid	-	-
Property Funds		5.0	365 days	5.0	10 years
UK Debt Management Account		150.0	365 days	-	-

\* Based on data 30 September 2023

**TREASURY MANAGEMENT SCHEME OF DELEGATION**

**Police, Fire and Crime Commissioner**

- receiving and reviewing reports on treasury management policies, practices, and activities.
- approval of annual strategy.
- receiving and reviewing regular monitoring reports and acting on recommendations.
- 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.
- approving the selection of external service providers and agreeing terms of appointment.

**Audit Committee**

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

### THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The PFCC delegates responsibility for the implementation and regular monitoring of its Treasury Management policies and practices to the S151 Officer (Chief Financial Officer), alongside the execution and administration of Treasury Management decisions including any borrowing and debt rescheduling.

#### The S151 Officer (Chief Financial Officer)

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports.
- submitting budgets and budgets variations.
- receiving and reviewing management information reports.
- reviewing the performance of the treasury management function.
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- ensuring the adequacy of internal audit and liaising with external audit.
- recommending the appointment of external service providers.
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments, and treasury management, with a long-term timeframe
- ensuring that the capital strategy is sustainable, affordable, and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to PFCC of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans, and financial guarantees
- ensuring that the PFCC is adequately informed and understands the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed

## 1.0 CAPITAL STRATEGY 2024/25

- 1.1 The CIPFA Code of Practice on Treasury Management requires local authorities to produce a Capital Strategy to demonstrate that capital expenditure and investment decisions contribute to the delivery of Authority's plans and provisions of services whilst taking account of stewardship, value for money, prudence, sustainability, proportionality, and affordability. This requirement was first introduced in 2018/19.
- 1.2 The purpose of the Capital Strategy is to set out how the Authority proposes to deploy its capital resources effectively to achieve its corporate and service objectives. The Capital Strategy considers other relevant strategies and, policies as well as the views of partners and interested parties with whom the Authority is involved. The resources which are forecast to be available to fund capital investment and the effect of that investment on the Authority's 's revenue budget are also considered. The Capital Strategy will serve as a useful point of reference when determining or reviewing the Authority's 's Capital Five Year Spending Plan (known as the Capital Plan).
- 1.3 The Capital Strategy is key to support long term investment decision enabling the delivery of the Authority's objectives and plans. It is a key strategy document and forms part of the Authority's revenue, capital, balance sheet and reserves planning. It provides:
- A long-term view of capital expenditure plans and any financial risks to which the Authority is exposed.
  - Ensuring due regard to the long-term financing, affordability implications, potential risks, and the implications for future financial sustainability.
- 1.4 Capital Schemes must comply with other strategies as well as contract procedure rules, financial regulations and legislation, such as the Disability Discrimination Act. Important linking documents include:
- Authority's Constitution including Contract and Financial Procedure Rules
  - Medium Term Financial Strategy
  - Capital Plan
  - Treasury Management Strategy Statement
  - Asset management planning arrangements
  - Individual Service Plans

## 2.0 CAPITAL INVESTMENT PLAN

### Capitalisation Policy

- 2.1 Expenditure is classified as capital expenditure when it results in the acquisition or construction of an asset (e.g. land, buildings, vehicles, plant and equipment etc.) that:
- Will be held for use in the delivery of services, for rental to others, investment or for administrative purposes; and
  - Are of continuing benefit to the Authority for a period extending beyond one financial year.

Subsequent expenditure on existing assets is also classified as capital expenditure if these two criteria are met.

2.2 There may be instances where expenditure does not meet this definition but would be treated as capital expenditure, including:

- Where the Authority has no direct future control or benefit from the resulting assets, but would treat the expenditure as capital if it did control or benefit from the resulting assets; and
- Where statutory regulations require the Authority to capitalise expenditure that would not otherwise have expenditure implications according to accounting rules.

2.3 The Authority operates a de-minimis limit for capital expenditure of £10,000. This means that items below this limit are charged to revenue rather than capital.

#### 2.4 Capital expenditure plans

The Authority's strategies and plans support the need for capital investment to enable required outcomes. The Authority has a responsibility to apply an affordable, prudent, and sustainable approach to that investment, as set out in the Prudential Code and therefore uses the prioritisation and planning process to manage this as described above. A summary of the Authority's capital expenditure plans is shown below. Both plans agreed previously, and those forming part of the budget are integral to the capital strategy.

	Estimated	Estimated	Estimated	Estimated	Estimated
	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
<b>FUNDING</b>					
<b>Reserve Brought Forward</b>	<b>2,995</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>
Revenue Contribution to Capital	253	286	182	125	420
Capital Receipts	52	0	0	0	0
Borrowing	3,116	6,970	5,417	3,082	2,520
Estates Replacement Borrowing	0	100	1,573	2,608	3,340
<b>TOTAL FUNDING</b>	<b>3,421</b>	<b>7,356</b>	<b>7,172</b>	<b>5,815</b>	<b>6,280</b>
<b>EXPENDITURE</b>					
Transport excluding Cars	2,007	3,922	4,617	2,382	120
Transport - Cars	829	301	148	118	0
Estates	1,109	1,148	2,373	3,308	4,040
ICT	408	908	342	246	510
Control System	0	0	0	0	1,700
Logistics	0	1,900	0	0	0
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,178</b>	<b>7,480</b>	<b>6,055</b>	<b>6,370</b>
<b>ESTATES REPLACEMENT PROGRAMME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>4,353</b>	<b>8,178</b>	<b>7,480</b>	<b>6,055</b>	<b>6,370</b>
<b>Reserve Carried Forward</b>	<b>2,063</b>	<b>1,141</b>	<b>832</b>	<b>593</b>	<b>503</b>

- 2.5 **Capital expenditure in non-treasury investments** can be for a service or a commercial purpose. To meet service or Authority obligations capital investment could be in the form of loans or equity provided to external bodies, subsidiaries or joint ventures. In order to retain access to borrowing from the PWLB the Authority is required to certify the capitals plans do not include expenditure on new non-treasury commercial investments primarily for financial return. However, where the capital spending decision is primarily related to the function of the Authority and any financial returns are incidental then access is retained.

All alternative investment activities are subject to approval in accordance with the Authority's governance framework for decision making. At the time of writing the Capital Strategy, there are no alternative investment activities that count as capital expenditure being considered by the Authority.

The Authority recognises that achieving its capital ambitions will require consideration of alternative delivery structures and of all forms of funding including additional borrowing. Financial austerity has had a significant impact on affordability, however capital investment funded by borrowing will be undertaken in priority areas to meet capital ambitions if required, subject to at all times clearly understanding how the affordability of such expenditure can be managed over the longer term supported by a robust capital planning process, due diligence, business cases, risk management and monitoring.

### 3.0 AVAILABLE RESOURCES AND FUNDING PLANS

- 3.1 The Authority has several funding streams available to support capital investment. The funding of the five-year capital investment programme is detailed in the Medium-Term Financial Plan.
- 3.2 When expenditure is classified as capital expenditure for capital financing purposes, this means that the Authority can finance that expenditure from any of the following sources:
- (a) **Capital grants and contributions** - amounts awarded to the Authority in return for past or future compliance with certain stipulations.
  - (b) **Capital receipts** - amounts generated from the sale of assets and from the repayment of capital loans, grants, or other financial assistance.
  - (c) **Revenue and reserve funding** - amounts set aside from the revenue budget in the Capital Reserve to be used for future capital funding.
  - (d) **Prudential Borrowing** - amounts that the Authority does not need to fund immediately from cash resources, but instead charges to the revenue budget over several years into the future.

### 3.3 Capital Financing Requirement and Borrowing

The Authority is required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities (referred to as the 'Prudential Code') when assessing the affordability, prudence, and sustainability of its capital investment plans. It is only permitted to borrow externally (including via credit arrangements) up to the level implied by its Capital Financing Requirement (CFR).

Where capital expenditure has been incurred without a resource to pay for it, i.e. when proposed to be paid for by supported or unsupported borrowing, this will increase what is termed the Authority's Capital Financing Requirement (CFR) which is its underlying need to borrow. The amount of borrowing required will be considered along with the Authority's cashflow position.

When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately from cash resources but is instead charged to the revenue budget over several years. It does this in accordance with its policy for the repayment of debt, which is set out in **Annex 1 - Section 2**.

The CFR for the forthcoming financial year and the following two financial years are set out in **Appendix 1**.

3.4 **Assessing affordability** - the revenue cost implications of Capital investment undertaken historically and the proposed Capital Plan form an integral part of the Authority's revenue budget and Medium-Term Financial Plan. The revenue budget impact of capital schemes for Council Tax and Rent payers include:

- The costs of operating/maintaining new assets
- The capital financing costs of servicing any borrowing required to pay for investment (interest and the approach to making prudent provision for repayment of capital investment paid for by borrowing - MRP)
- The revenue costs of preparing and delivering projects
- Abortive costs required to be charged to revenue budgets if schemes do not proceed.

Some or all of the costs of investment may be offset by financial and non-financial benefits such as income, cost avoidance and importantly improved outcomes for residents. Where capital investment has been undertaken by borrowing, the Authority is required to spread the cost of that investment over future years' revenue budgets. This is in accordance with its MRP Policy for the prudent repayment of capital expenditure which is approved as part of the budget proposals each year.

3.5 **Affordability indicators** - Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Authority's capital expenditure plans upon the revenue budget and upon borrowing and investment levels and explain the overall controls that will ensure that the activity remains affordable, prudent, and sustainable. Prudential and treasury indicators to manage capital investments take a longer-term view of affordability, prudence and sustainability and are included in the Treasury Management Strategy Statement at the start of every financial year. These are set out in **Appendix 1**.

3.6 **External Borrowing Limits**

There are prudential indicators for prudence which focus setting an affordable limit for external debt. The operational boundary is the affordable debt limit, and the authorised limit represents the legislative limit specified in Section 3 of the Local Government Act 2003. This is the set using the operational boundary plus an amount for unforeseen cashflow movement. The operational boundary is the limit for total gross external debt, separately identifying borrowing from other long-term liabilities.

These limits for the forthcoming financial year and the following two financial years are set out in **Appendix 1**.



### 3.7 Borrowing Strategy

The Authority's Borrowing Strategy is set out in **Annex 1 - Section 3**

The Authority is currently maintaining an under borrowed position. This means that the Capital Financing Requirement (CFR) has not been fully funded from long-term external borrowing as cash supporting the Authority's reserves and balances has been used as a short-term measure.

The use of internal borrowing has been an effective strategy in recent years as:

- (a) It has enabled the Authority to avoid significant external borrowing costs; and
- (b) It has mitigated significantly the risks associated with investing cash in what has often been a volatile and challenging market.

The Treasury Management Strategy Statement uses forecast cashflow information from the Reserves Strategy and the Capital Plan to make decisions around the amount, timing and duration of any new external borrowing required by the Authority.

In terms of the Reserves Strategy, the Authority uses a risk-assessed General Fund Reserve and effectively manages the balances of earmarked reserves over the longer term which is used to support the forward Balance Sheet projection. This projection provides a valuable foundation for the strategic financial planning of capital financing costs for the capital investment plan.

In terms of the Borrowing Strategy, the Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between financing using the low-cost internal cash resources available in the short term and further long-term fixed rate loans where the future cost is known.

Opportunities to generate savings by refinancing or prematurely repaying existing long-term debt will also be kept under review. Potential savings will be considered in light of the current treasury position and the costs associated with such actions.

## 4.0 GOVERNANCE

- 4.1 Consideration, approval and monitoring of the capital plan takes place as part of the Authority's planning timetable.
- 4.2 Consideration must be given to the capital budget setting process. The Capital Plan sets out the Authority's longer term capital investment plans. These plans support the Authority's strategic and service objectives by maximising the assets necessary to support service delivery whilst minimising the impact on the revenue budget.
- 4.3 The Capital Plan must be approved by the PFCC before the start of the financial year. The Authority's provides a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Plan, appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Programme within defined resource parameters.
- 4.4 The Chief Financial Officer is responsible for preparing an overall Capital Programme for consideration and approval by the PFCC, the funding of which being compatible always with the Treasury Management Policy Statement of the Authority. Individual schemes shall only be included in the

Capital Plan following a project appraisal process undertaken in accordance with the Code of Corporate Governance.

In Year Opportunities can be put forward to the Chief Financial Officer for entry into the capital programme in a managed way which will be reported to both the Senior Leadership Board and Executive Board as part of the regular budget monitoring reporting timetable.

- 4.5 Other long-term liabilities - The Authority's Financial Procedure Rules provide a framework for the appraisal and approval of schemes including where this is delivered by means of PFI contracts or leasing arrangements. This framework includes the ongoing monitoring and risk management of long-term liabilities taken to deliver operational services.
- 4.6 The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy via the reporting arrangements set out within.

## **5.0 SKILLS AND TRAINING**

- 5.1 All capital investment approvals are subject to robust consideration and challenge by Officers with extensive Local Government experience and from varying professional backgrounds.
- 5.2 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Authority requires finance staff to maintain relevant professional qualifications including ACCA and AAT. All officers attend courses on an ongoing basis to keep abreast of new developments and skills to ensure their Continuous Professional Development.
- 5.3 Where staff do not have the specialist knowledge and skills required, use is made of external advisers and consultants that are experts in their field.

**Report of the Chief Financial Officer for the Police, Fire and Crime  
Commissioner (PFCC) to the PFCC  
27<sup>th</sup> February 2024**

**Status: For Decision**

**Treasury Management, Prudential Indicators, Investment  
Strategy and Capital Strategy**

**1. Purpose**

- 1.1 To comply with the CIPFA Prudential Code of Practice (revised 2021), the PFCC is required to approve a Treasury Management Strategy for the financial year 2024/25.

The Treasury Management Strategy sets out the requirements for the overall Treasury, Borrowing, Investment and Capital Policies. The content of this report addresses this requirement.

The strategic approach is set out in the following:

**1.2 Capital Prudential Indicators** (See Paragraph 4)

The Capital Prudential Indicators set out the capital expenditure plan and associated indicators, capital financing requirement (£17.9m in 2024/25) and the monitoring of core funds and investment balances. The Minimum Revenue Provision (MRP) Policy Statement is also included. The Authority is required to determine the amount of MRP it considers prudent for each financial year. The MRP Policy is based on the Government's statutory guidance.

The Prudential Indicators have been revised and updated in line with the latest CIPFA Code of Practice.

**1.3 Borrowing Strategy** (See Paragraph 5)

The Treasury Management function ensures that the Authority's cash is managed to safeguard the delivery of Capital Expenditures plans. The Borrowing Strategy covers the current and projected position as well as the Treasury

Prudential Indicators. The key Treasury Management Indicators the PFCC is required to approve are:

- The Authorised Limit for External Debt (the legal limit beyond which external debt is prohibited), £9m in 2024/25; and
- The Operational Boundary for External Debt (the limit beyond which external debt is not normally expected to exceed), £6m in 2024/25.

#### 1.4 **Annual Investment Strategy** (See Appendix A)

The Annual Investment Strategy details the Authority's Investment Policy and approach to the investment of funds.

#### 1.5 **Capital Strategy** (See Appendix B)

The Capital Strategy sets out the context of which Capital Expenditure and Investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of policy outcomes. The 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; and
- the implications for future financial sustainability.
- The Minimum Revenue Provision (MRP) Policy Statement is also included. The Authority is required to determine the amount of MRP it considers prudent for each financial year. The MRP Policy is based on the Government's statutory guidance.

The aim of this capital strategy is to ensure that the PFCC and members of Executive Board understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

## **2. Recommendations**

The PFCC is asked to:

- 2.1 Approve the Treasury Management Strategy for 2024/25 incorporating the Prudential Indicators, set out in Paragraph 4.
- 2.2 Approve the Annual Investment Strategy set out at Appendix A.
- 2.3 Note that future investments will be placed in line with the strategy in Appendix A.
- 2.4 Approve the Capital Strategy, including the Minimum Revenue Provision Policy, set out at Appendix B

## **3. TREASURY MANAGEMENT STRATEGY 2024/25**

### **3.1 Treasury Management Reporting**

The Authority adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the Council's capital expenditure plans and its Prudential Indicators.

Quarterly reporting to the PFCC is now required under the 2021 Treasury Management Code, however it is not necessary to take these reports via Executive Board. Executive Board is required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals:

- a) Treasury Management Strategy (this 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/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 - primarily a progress report and will update the PFCC on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c) An annual treasury outturn report - a backward looking review document which provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### 3.2 **Training**

The revised CIPFA Treasury Management Code strengthens the requirement for Chief Financial Officer to ensure that Officers with responsibility for treasury management receive adequate training in treasury management. This especially applies to Officers responsible for scrutiny.

The scale and nature of training requirements will depend on the size and complexity of the Authority's treasury management needs. The Chief Financial Officer will assess whether treasury management staff have the required knowledge and skills to undertake the roles and if those skills have been maintained and are up to date.

## 4. **CAPITAL PRUDENTIAL INDICATORS 2024/25 - 2027/28**

- 4.1 The Prudential Code requires authorities (including the PFCC) to self regulate the affordability, prudence and sustainability of their capital expenditure and borrowing plans, by setting estimates and limits, and by publishing actuals, for a range of Prudential Indicators. It also requires them to ensure their Treasury Management Practices are in accordance with good practice.
- 4.2 The Code imposes on authorities' clear governance procedures for setting and revising of Prudential Indicators and describes the matters to which an authority will have regard when doing so. This is designed to deliver accountability in taking capital financing, borrowing and Treasury Management decisions. A fundamental provision of the Prudential Code is that over the medium-term net borrowing will only be for a capital purpose.
- 4.3 The PFCC will approve the Prudential Indicators for a three-year period alongside the annual Revenue Budget/Medium Term Financial Strategy each year. The indicators will be monitored during the year and revisions submitted, as necessary.

The required Prudential Indicators are as follows:

- Capital Expenditure - Actual and Forecasts
- Ratio of Finance Costs to Net Revenue Stream
- Capital Financing Requirement
- Gross Borrowing and the Capital Financing Requirement
- Authorised Limit for External Debt
- Operational Boundary for External Debt
- Actual External Debt

- Maturity Structure of Borrowing
- Total Principal Sums Invested for periods longer than 365 days

#### 4.4 Affordability

The following indicators are required to assess the affordability of the capital investment plans. They provide an indication of the impact of the capital investment plans on overall PFCC finances. The PFCC is requested to approve the following:

##### 4.4.1 Estimates of capital expenditure

This is a prudential indicator for prudence showing the previous year actual and estimates of the total of capital expenditure planned to be incurred during the forthcoming financial year and the following two financial years.

<b>Capital Expenditure</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Expenditure	10,395	12,017	9,169	13,009	9,004
<b>Total Capital Expenditure</b>	<b>10,395</b>	<b>12,017</b>	<b>9,169</b>	<b>13,009</b>	<b>9,004</b>
<b>Funded By:</b>					
Gross Borrowing	1,911	4,387	2,759	639	1,042
%age of Expenditure funded by Borrowing	18.4%	36.5%	30.1%	4.9%	11.6%

The current plans assume that there will be a recurring requirement to borrow to fund capital expenditure on the Building Estate. While this is prudent in the short and medium term, when the overall level of borrowing in the organisation is low, and interest rates are currently volatile, it is important to ensure that there is a longer-term Estates Strategy to ensure that this remains an affordable strategy going forward.

It is important to recognise that borrowing beyond these levels will incur additional revenue costs and the organisation should think very carefully before doing this.

##### 4.4.2 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

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Financing Costs to Net Revenue Streams</b>	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Minimum Revenue Provision (MRP)	469	516	626	695	711
Interest Payable on Borrowing	147	147	249	272	308
Interest Receivable	(700)	(1,351)	(1,151)	(895)	(693)
<b>Financing Costs</b>	<b>(84)</b>	<b>(688)</b>	<b>(276)</b>	<b>72</b>	<b>326</b>
<b>Net Revenue Stream</b>	<b>184,118</b>	<b>194,113</b>	<b>200,925</b>	<b>208,051</b>	<b>215,341</b>
Ratio %	0.0%	-0.4%	-0.1%	0.0%	0.2%

The ratio of finance costs to net revenue stream is zero or below in the earlier years due to their being more interest earned on investments compared to the cost of the borrowing. In later years the cost of borrowing compared to the net revenue stream remains low.

#### 4.4.3 Estimates of capital financing requirement (CFR)

This is a prudential indicator for prudence and shows the previous year actual and the forecast total capital financing requirement at the end of the forthcoming financial year and the following two years. The CFR is the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It measures the underlying need to borrow for a capital purpose.

It measures the PFCC's underlying need to borrow for capital purposes and ensures that borrowing is only undertaken to fund capital assets and not support revenue expenditure. The Borrowing (both Internal and External) included within the plans increases the Capital Financing Requirement (CFR).

The PFCC is asked to approve the following CFR projections:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Capital Financing Requirement</b>	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
<b>Opening Capital Financing Requirement</b>	<b>12,578</b>	<b>14,020</b>	<b>17,890</b>	<b>20,023</b>	<b>19,967</b>
Unsupported borrowing to fund Capital Expenditure	1,911	4,387	2,759	639	1,042
<b>Total CFR Base on which MRP is calculated</b>	<b>14,488</b>	<b>18,407</b>	<b>20,649</b>	<b>20,662</b>	<b>21,009</b>
MRP on Borrowing	(469)	(516)	(626)	(695)	(711)
<b>Total CFR Base for borrowing purposes</b>	<b>14,020</b>	<b>17,890</b>	<b>20,023</b>	<b>19,967</b>	<b>20,298</b>

The PFCC is required to make a statutory charge to revenue for the repayment of supported debt (the Minimum Revenue Provision) and this reduces the CFR.

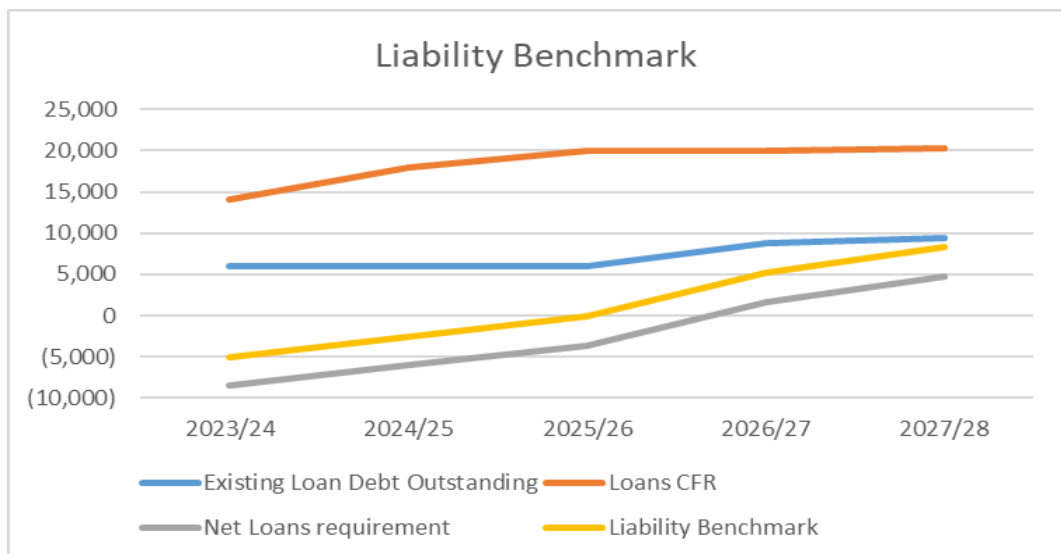
#### 4.4.4 The Liability Benchmark

The organisation is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.



There are four components to the LB: -

1. **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP. With only approved prudential borrowing being included in the calculation, the Loans CFR will peak after four years where the other inputs are projected forward for 50 years+.
3. **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. The short-term liquidity allowance is an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed due to short-term cash flow variations, for example.



The Liability benchmark is low due to the high level of investments in comparison to the actual borrowing position, indicating that there is no future borrowing requirement.

#### 4.4.3 Limits to Borrowing Activity

Within the Prudential Indicators there are several indicators to ensure that the PFCC operates its activities within well-defined limits.

For the first of these, the PFCC should ensure that its debt gross does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year, plus the estimate of any additional CFR for 2024/25 and the next two financial years. This allows some flexibility for limited early borrowing for future years, to take advantage of market opportunities and to build in budget uncertainty.

Gross Borrowing and the Capital Financing Requirement (CFR)	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
<b>Debt at 31 March</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>8,759</b>	<b>9,398</b>
Total CFR	14,020	17,890	20,023	19,967	20,298
<b>Under / (Over) borrowing</b>	<b>8,020</b>	<b>11,890</b>	<b>14,023</b>	<b>11,208</b>	<b>10,900</b>

The projected forecasts detailed in the table above show that there is still some margin between the gross borrowing and the CFR and therefore the PFCC is well within the limits required and can be assured that any borrowing that is forecast to be taken out over the coming years would not be to support revenue expenditure.

A further two prudential indicators control or anticipate the overall level of borrowing. These are

4.4.3.1 The **Authorised Limit** represents the legislative limit specified in Section 3 of the Local Government Act 2003. Borrowing beyond this limit is prohibited and therefore would be ultra vires. The provision of temporary borrowing allows for temporary short-term borrowing in year to allow for cash flow movements.

4.4.3.2 The **Operational Boundary** which is based on the probable external debt during the year. It is the affordable debt limit, and is set using the operational boundary, plus scope for borrowing due to an unforeseen cashflow which may be required in the short term during the year, if for instance a large grant payment was delayed.

The PFCC is asked to approve the following limits:

Authorised Limit for External Debt	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Borrowing	6,000	6,000	6,000	8,759	9,398
Provision for Temporary Borrowing	3,000	3,000	3,000	3,000	3,000
	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>11,759</b>	<b>12,398</b>

Operational Boundary for External Debt	2023/24	2024/25	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Borrowing	6,000	6,000	6,000	8,759	9,398
Provision for Temporary Borrowing	0	0	0	0	0
	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>8,759</b>	<b>9,398</b>

The operational boundary is set at the same level as the estimate for external borrowing as the organisation holds readily available cash balances that could be used for unforeseen cash outflows, therefore no additional scope for borrowing has been included.

#### 4.4.3.3 Actual External Debt

	2021/22	2022/23	2023/24	2024/25	2025/26
Actual External debt	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Borrowing	6,000	6,000	6,000	7,811	9,506

## 4.5 Treasury Management Indicators

The purpose of these is to contain the activity of the Treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the PCC's overall financial position. The PFCC is asked to approve the indicators below:

### 4.5.1 Maturity Structure of Debt

These gross limits are set to reduce the PFCC's exposure to large-fixed rate sums falling due for re-financing within a short timeframe. Upper and lower limits are required which the PFCC is asked to approve.

Maturity Structure of Debt	2022/23		2023/24		2024/25		2025/26		2026/27		2027/28	
	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%
Over 12 months and under 2 years	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%
Over 2 years and under 5 years	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%	0%	50%
Over 5 years and under 10 years	0%	75%	0%	75%	0%	75%	0%	75%	0%	75%	0%	75%
Over 10 years	0%	100%	0%	100%	0%	100%	0%	100%	0%	100%	0%	100%

As the PFCC moves into a position of having more external debt then it becomes important to consider the timeframes under which these loans are taken out, when they will be re-paid and how this aligns with other debt repayments to ensure that all loans don't fall due for repayment at the same time or require re-financing at the same time, when interest rates might be higher than long term averages.

### 4.5.2 Upper Limit for Sums Invested for a Period of over 364 days

This indicator sets a limit on the level of investments that can be made for more than 364 days. The PFCC does not provide approval to invest beyond a 1-year period and at this stage it is not currently proposed to change this proposal.

## 5. BORROWING STRATEGY 2024/25

- 5.1 The main strategy for undertaking new borrowing continues to be to take advantage of the lowest rates consistent with prudent asset management.
- 5.2 In practical terms, the policy of the Authority is to finance capital expenditure on Estates by borrowing (from the Public Works Loan Board or the money markets), on average, over periods which reflect the life of the Authority's assets, or other appropriate periods.
- 5.3 The strategy also focuses on borrowing over periods where there is no concentration of debt so to achieve a balanced spread in the Authority's debt maturity profile.

## 5. ANNUAL INVESTMENT STRATEGY 2024/25

- 5.1 The proposed Annual Investment Strategy for 2024/2025 is attached at Appendix A.
- 5.2 Returns on Investments  
While returns on investments are of secondary importance to the security of the sums invested, it is still important to consider the potential impact of approving the Investment Strategy put forward. The limited number of counterparties on our list previously has restricted the returns, in the form of interest receivable, which the PFCC could make. It is proposed within the Investment Strategy that fewer restrictions are put in place, but not at expense of taking unnecessary risks.
- 5.3 Current interest rate forecasts in January 2024 are as follows:

	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

\* PWLB Rates are shown net of 0.2% discount at the certainty rate

These rates reflect a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation position by keeping Bank Rate at 5.25% until at least the second half of 2024. Rate cuts are expected to start when both the CPI inflation and wage/employment data are supportive of such a move.

The overall UK economy has entered a mild recession with GDP contracting by 0.3% in Q4 2023 and 0.1% in Q3 2023, where two quarters is the official definition of a recession.

Naturally, timing on the cutting of interest rates remain a fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

In the upcoming months, forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

Long-term (beyond 10 years) forecast for Bank Rate has increased to 3.00%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed Local Authority monies should be considered. Temporary borrowing rates remain elevated for some time to come but may prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2024. It is not the intention that the organisation borrows externally in the foreseeable future.

5.4 The Chief Finance Officer continues to monitor this situation closely throughout the year to determine whether at any stage, money market loans are more appropriate and advantageous to the Authority than PWLB loans. To date, all Authority borrowing is with PWLB.

#### 5.5 Counterparty Limits

As per the strategy in Appendix A, limits for specified counterparties are:

- The maximum investment with any counterparty is £15 million.
- The maximum investment in any one group (i.e. a bank and its wholly owned subsidiaries) is £20 million.
- Investments made directly with the UK Government through the Debt Management Officer (DMO) have an uncapped 'limit'.

There is no limit for DMO investments as this is as close to zero risk that can be achieved in the investment of public money. The organisation will always prioritise the security of capital and liquidity of funds whilst taking the opportunity to achieve the best return possible where an uncapped 'limit' with the DMO should provide greater scope for investments at a reduced/lower risk.

- 5.6 For non-specified counterparties these are:
- The maximum investment with any counterparty is £10 million.
  - The maximum investment in any one group (i.e. a bank and its wholly owned subsidiaries) is £15 million.

## **6. Implications**

### 6.1 Finance

There are no financial implications arising from this report that is not included above.

### 6.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to the PFCC's attention.

### 6.3 Human Rights Act

There are no Human Rights Act implications arising from this report.

### 6.4 Sustainability

This report is part of the process to establish sustainable annual and medium-term financial plans and maintain prudent financial management.

### 6.5 Risk

The investment strategy put forward seeks to minimise the risks of the PFCC while ensuring that the cash balances of the PFCC are managed in line with proper practice and to ensure funds are available to make payments at the correct time.

## **7. Conclusions**

7.1 To comply with the CIPFA Prudential Code of Practice and Treasury Management Code of Practice the PFCC is required to set prudential Indicators for a three-year period alongside the annual Revenue Budget/Medium Term Financial Strategy each year.

7.2 The CIPFA code does not set benchmark indicators. Each organisation must use its judgement when setting indicators.

- 7.3 Based on the indicators proposed above, the revenue budget, capital programme and associated financing are within prudent limits.
- 7.4 A prudent Investment Strategy has been put forward for approval that seeks to firstly secure the money being invested before secondly looking at rates of return.

Michael Porter  
CFO for the PFCC

## APPENDIX A

### **Annual Investment Strategy**

The Commissioner will have regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Commissioner's investment priorities are:

- the security of capital; and
- the liquidity of its investments.

The Commissioner will also aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity. The Commissioner's risk appetite is low to give priority to security of investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Commissioner will not engage in such activity.

Investment instruments are identified as either 'Specified' or 'Non-Specified' Investments. The Commissioner's available instruments are listed in the paragraph below. Counterparty limits will be as set through the Treasury Management Practices.

### **Limits and Definition of Specified Investments**

It is proposed that the Annual Investment Strategy for 2024/25 is based upon the use of the "specified" investments listed below:

- The investment is made with the UK Government or a Local Authority (as defined in the Local Government Act 2003).
- The investment is made with a Money Market Fund which, at the time the investment is made, has been awarded the highest credit rating, (AAA), by a credit rating agency.
- The investment is made with the PFCC's own bank.
- The investment is made with a Nationalised Bank or Building Society
- The investment is made with a Bank or Building Society that is part owned by the UK Government

Where officers become aware of a revision of a body's rating the body should be removed from the list of Specified Investments.

All Specified Investments must be denominated in sterling and must be one where the PFCC may require it to be repaid or redeemed within 12 months of the date on which the investment is made. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum investment with any counterparty is £15 million.
- The maximum investment in any one group (i.e. a bank and its wholly owned subsidiaries) is £20 million.
- Investments made directly with the UK Government through the Debt Management Officer (DMO) have an uncapped 'limit'.

There is no limit for DMO investments as this is as close to zero risk that can be achieved in the investment of public money. The organisation will always prioritise the security of capital and liquidity



of funds whilst taking the opportunity to achieve the best return possible where an uncapped 'limit' with the DMO should provide greater scope for investments at a reduced/lower risk.

**Limits and Definition of Non-Specified Investments**

These are any other type of investment (i.e. not defined as specified above).

All Non-Specified Investments must be denominated in sterling. The PFCC has determined that it will only use approved counterparties within the UK. The investment must not constitute the acquisition of share capital or loan capital in any body corporate.

- The maximum investment with any counterparty is £10 million.
- The maximum investment in any one group (i.e. a bank and its wholly owned subsidiaries) is £15 million.

## **APPENDIX B**

### **CAPITAL STRATEGY**

#### **INTRODUCTION**

The Capital strategy is part of the Police, Fire and Crime Commissioner (PFCC)'s Corporate Planning Strategy. It provides a mechanism by which the capital investment and financing decisions can be aligned over the short, medium, and long term.

The strategy sets the framework for all aspects of the PFCC's capital and investment expenditure. This includes planning, outcomes, prioritisation, management, funding, and repayment. This strategy has direct links to the other plans of the PFCC such as the Estates Strategy and Digital/ICT Strategy and forms a key part of the Medium-Term Financial Plan (MTFP) and the Treasury Management Policy. This strategy should be read in conjunction with the Treasury Management Policy and Annual Investment Strategy.

The operation of all of these strategies and plans is underpinned by the Code of Corporate Governance and aligns with the Financial Regulations and Standing Orders.

The strategy will be updated and approved annually by the PFCC.

#### **OBJECTIVES**

The key aims of the Capital Strategy are;

- To provide a clear set of objectives and a framework within statutory legislation that requires new capital expenditure to be evaluated to ensure that all new capital investment is targeted at meeting the priorities that the PFCC has set out in the Police, Fire and Crime Plan.
- Set out how the PFCC identifies, programmes, and prioritises capital requirements and proposals.
- Consider the options available for funding of capital expenditure and how resources may be maximised to generate investment in the area and to determine an affordable and sustainable funding policy framework whilst minimising the revenue implications of such schemes.
- Identify the resources available for capital investment over the planning period of the MTFP.
- Establish effective arrangements for the management of capital expenditure including the assessment of project outcomes, budget profiling, deliverability, value for money and security of investment.
- Deliver projects that focus on delivering the long-term benefits of Policing as detailed in the Police, Fire and Crime Plan.

## **GOVERNANCE OF THE CAPITAL PROGRAMME**

Governance processes are in place and follow Financial Regulations and Standing Orders to ensure that the resources are allocated optimally and deliver value for money.

The capital programme is determined from consultation with stakeholders and in parallel with the revenue budget planning process and the development of the MTFP. These processes include:

- The approval of the Capital Strategy, Capital Plan, Annual Investment Strategy and Treasury Management Policy by the PFCC.
- These policies, plans and strategies being published on the PFCC website as Decision Notices.
- Scrutiny of the Decision Notices by the Police and Crime Panel.

Any new capital project is subject to thorough evaluation which includes:

- A business case, resources and finance request submitted to the Change Board which includes the details of the scheme, estimated costs and income, staffing implications, benefits of change and other impacts. These will be appraised by the Board and recommendations made to the Executive Board as needed.
- Subject to the proposal being approved by the Executive Board, the business case will be reported to the PFCC, and a decision notice signed and published by the PFCC as required.
- Quarterly monitoring reports will be submitted to the PFCC at the Executive Board by the Chief Financial Officer and reported quarterly to the PFCC at the Executive Board. These reports will show spending to date and compare projected expenditure to approved budgets. The reports will identify the changes to the capital programme to reflect:
  - New resource allocations
  - Slippage in programme delivery
  - Programmes reduced or removed
  - Virements between schemes and programmes to maximise delivery
  - Revisions to spending profiles and funding to ensure ongoing revenue costs are minimised.

Depending on the size of the project, a programme board may be set up with the key stakeholders to manage and take the project forward and to identify any risks which may affect the project or the organisation. Any risks deemed high for the organisation will be taken to the Risk Board. All projects are required to follow contract standing order requirements and procurement processes.

## **CAPITAL PRIORITIES**

The capital strategy recognises that the financial resources that are available to the PFCC are constrained. The PFCC must therefore seek ways to ensure that investment decisions meet the objectives of the Police, Fire and Crime Plan and are within the limited resources available. The strategy is required to deliver policing in line with the PFCC's vision and the capital plan is built on the emerging themes arising from the Force's Estates, Digital/ICT and Fleet strategies.

The assets owned by the PFCC are vital for the delivery of the Police, Fire and Crime Plan and the capital priorities are for sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save decisions.

## **FUNDING APPROACH**

The PFCC's capital investment falls within and is required to comply with the 'Prudential Code for Capital Finance in Local Authorities 2017' (the Code). Under the Code, the PFCC has greater discretion over the funding of capital expenditure especially with the freedom to determine, within the regulatory framework of the Code, the level of borrowing they wish to undertake to deliver the capital plans and programme.

There are a range of potential funding sources which can be generated locally either by the PFCC or in partnership with others. The PFCC continues to seek new levels of investment to match against the capital programme and may include additional receipts from land sales, developer opportunities and joint funding opportunities.

This strategy which informs the MTFP is intended to maximise the financial resources available for investment in service provision and improvement within the framework of the MTFP whilst ensuring that each business case has a robust self-sustaining financial model that delivers on the wider outcome of the strategy.

The main sources of capital funding are:

1. Central government
  - a. Specific grant allocations- grants are allocated in relation to specific programmes or projects and the PFCC will seek to maximise this to address priority needs in policing
  - b. The PFCC will continue to bid for future resource allocations as they become available.
2. Internal Balances
  - a. Interest rates over recent years have remained low and therefore external borrowing has been prudent, but interest rates are likely to increase in future years. Internal borrowing can be used to support the capital programme when the financial position of the PCC allows for this.
3. Capital receipts

- a. Receipts that have been obtained from the sale of property, plant and equipment and are available only for the funding of capital schemes.
4. Reserves
    - a. Any funding that has been allocated in a specific year but is not required until future years will be carried forward in an earmarked reserve. These reserves will vary from year to year depending upon the level of funding available and the timing of projects.
    - b. Reserves can be created from most funding sources (Direct Revenue Funding, Grants, Receipts and Insurance receipts and reserves).
    - c. Working with other public sector bodies and partners may bring additional opportunities for securing additional funding and this should be undertaken whenever possible.
  5. Investment
    - a. The PFCC will continue to work with the investors to utilise redundant assets and vacant land to bring them to a useful economic purpose. Capital receipts from the disposal of assets represent a finite source of funding and it is important that a planned and structured manner of disposals is created to support the priorities of the PFCC. Cash receipts from the disposal of surplus assets are to be used to fund new capital investment or to offset future debt or transitional costs.
    - b. The PFCC will continue to work with other partners and agencies to consider projects that are mutually beneficial to the development of policing in North Yorkshire.
    - c. Various mechanisms provide opportunities to enhance the PFCC's investment potential with support and contributions from other third parties and local strategic partners. They may range from commissioning/facilitating others to develop services in policing.
  6. Revenue
    - a. Capital expenditure may be funded directly from revenue (Direct Revenue Funding). In addition to specific revenue funds that have previously been set aside as earmarked reserves, capital expenditure may be funded by specific revenue budget provision.

## **BORROWING AND LEASING**

Under the Prudential Code, the PFCC has discretion to undertake borrowing to fund capital projects with the full cost of the borrowing being funded from project returns or from revenue.

This discretion is subject to the PFCC complying with the Code's framework which requires any such borrowing to be prudent, affordable, and sustainable. Prudential borrowing does provide an option for funding additional capital projects, but this must be funded each year from within the revenue budget or from generating additional ongoing longer term income streams.

The PFCC will test the Prudential Indicators annually as part of the MTFP process and report upon the progress when setting the future Prudential Indicators.

## **BALANCED PORTFOLIO APPROACH**

Resources will be allocated to programmes based upon asset values to manage the long-term yield and revenue implications. Capital receipts will be focussed on those assets with a short-term life span and the unsupported borrowing on long term assets. Surplus receipts will be assigned to finance the capital programme in the most economic way to ensure the minimum impact on the revenue budget in relation to the Minimum Revenue Provision (MRP) as informed by the MTFP.

All capital schemes need to reflect the full development purchase costs including property taxes and fees. Business cases will include all lifetime costs (both revenue and capital) and income proposals. Where necessary, specialist advice is to be taken, particularly around VAT and other taxes.

The capital programme will include financing detail and an appropriate cash flow.

Debt funding can range from short term cash flow support through to longer term funding linked to assets. Interest rates will be sought which are the best available and are required to reflect the appropriate legislation.

## **MINIMUM REVENUE PROVISION (MRP) POLICY**

Minimum Revenue Provision (MRP) is the annual revenue provision that authorities which are not debt free, must make in respect of their debts and credit liabilities. MRP aims to provide transparency as to the cost to the PCC of taking on new borrowing. The requirement to make MRP has existed since 1990.

Under the Local Authorities (Capital Financing and Accounting) (Amendment) (England) regulations (fourth edition)2018, the current arrangements for calculating MRP as specified in the 2007 and 2003 regulations have been superseded. The regulations place a duty on local authorities to make a MRP which is considered to be prudent, with the calculations no longer being in force in statute the four options in the statutory guidance are recommended; there is no definition of prudent provision. The responsibility is placed on the PCC to approve the Annual MRP strategy.

The regulations require that an annual MRP strategy be adopted by the PCC prior to the start of the financial year to which it applies. The PCC can change the method of calculating the MRP on an annual basis in line with guidance. Once a method has been approved for a particular year, any assets purchased through borrowing that year must continue to have MRP charged in the same way.

For borrowing at 1 April 2008 and supported borrowing after this date, the regulatory method option 1 is to be applied. This is calculated at 4% of the total Capital Financing Requirement less Adjustment A. For unsupported borrowing after 1 April 2008, the asset life method, option 3, is applied. The MRP for each asset acquired through unsupported borrowing is calculated by taking the unsupported

borrowing on the asset less the MRP already made against the asset and then divided by the remaining useful life of the asset.

For Finance Leases, MRP will also be equivalent to the capital repayment (principal) element of the annual rental payable under the lease agreement.

**MRP Overpayments** - Under the MRP Guidance any charges made in excess of the statutory MRP are known as Voluntary Revenue Provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. For these sums to be reclaimed in future, this policy must disclose the cumulative overpayment made each year. Up to 31st March 2023, no VRP overpayments have been made.

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## COMBINED AUTHORITY MEETING

18 MARCH 2024

### COMBINED AUTHORITY INTERIM CORPORATE PLAN

#### Report of the Interim Head of Paid Service

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#### **1.0 Purpose of the Report**

- 1.1 To provide an interim Corporate Plan for approval, pending election of a Mayor in May 24. The plan will be reviewed following election of a Mayor and a full Corporate Plan developed.

#### **2.0 Recommendations**

- 2.1 The Committee is asked to approve the Interim Corporate Plan.

#### **3.0 Background**

- 3.1 Following the inaugural Combined Authority meeting on 22 January the York and North Yorkshire Local Enterprise Partnership (The LEP) and its responsibilities transitioned into the Combined Authority.
- 3.2 The LEP contracted activity and responsibilities, alongside the commitments within the devolution deal are being progressed and work is underway to prepare for the Mayor.
- 3.3 This interim Corporate Plan will ensure the Mayor, when elected, will inherit a Combined Authority with a clear plan setting out its existing priorities and commitments.
- 3.4 Once elected, the Mayor will undertake a strategic review of the Combined Authority ensuring it both delivers in its commitments and the Mayoral priorities, after which a formal Corporate Plan will be published for the term of the Mayoral This will then support the development of a Medium Term Financial Strategy.

#### **4.0 Financial Implications**

- 4.1 The investment table within the Interim Corporate Plan makes a number of assumptions against future investment received. This includes:  
Existing government funding will continue through the next comprehensive spending review. This includes.
- Shared Prosperity Funding
  - Brownfield Funding
  - Growth Hub
  - Made Smarter
  - Careers & Enterprise Funding
  - Skills Bootcamps Adult Education Budget

- 4.2 The transport investment within the Investment Table assumes the York and North Yorkshire Local Transport Fund Settlement will be backloaded with a profile of:

25/26 £'000s	26/27 £'000s	27/28 £'000s	28/29 £'000s	29/30 £'000s	30/31 £'000s	31/32 £'000s
5,372	10,000	71,934	71,934	71,934	71,934	71,934

The exact profile from Department for Transport will be provided prior to the election.

- 4.3 The Police & Fire Budgets reflect the approved budgets of the North Yorkshire Police & Crime Commission and North Yorkshire Fire & Rescue Authority.

## 5.0 Risks

- 5.1 The Combined Authority is a new organisation, however a Mayor will be elected in May 2024 and will want to implement their manifesto at pace. Ensuring the organisation is resourced and able to deliver on that ambition will be a primary focus.

- 5.2 The delivery activity within the plan is based on known investment for 2024/25. The main financial risks are associated with future years the outcome of the General Election and implications for the next Government Comprehensive Spending Review.

- 5.3 Additional risks relate to the transition of the Office of Police, Fire and Crime Commissioner and subsequent integration. These are managed through a transition programme plan.

## 6.0 Legal Implications

- 6.1 There are no direct legal implications of this plan. All legal implications relating to specific investments are dealt with via the project approvals.

## 7.0 Equalities Implications

- 7.1 It is not expected that the Corporate Plan will have any adverse impacts on people with protected characteristics. Future decisions on activity or investment will be underpinned by an Equality Impact Assessment.

## 8.0 Environmental Implications

- 8.1 There are no environmental implications to this report, however a key priority for the Combined Authority is delivering net zero.

## 9.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

- 9.1 The budget impacts on all areas of the Combined Authority.

## 10.0 Recommendations

- 10.1 The Committee is asked to approve the Interim Corporate Plan

## 11.0 Reasons For Recommendations

11.1 To ensure that the Combined Authority has a clear plan in place to support the elected Mayor.

## 12.0 Contact Details

For further information please contact the authors of this report.

### Authors

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<b>Report approved:</b>	
<b>Date:</b>	

### Appendices

Annex 1 – York and North Yorkshire Interim Corporate Plan

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# Interim Corporate Plan



City region  
Rural powerhouse

# Contents

- 1. Context
- 2. Foreword
- 3. Our commitment to partnership working
- 4. The York and North Yorkshire Area
- 5. The Devolution Deal – summary of what it covers
- 6. About the MCA –
  - a. Key People (To include structure covering Mayor/Cabinet/Directors)
  - b. Organisation Priorities
  - c. Police, Fire & Crime Integration
- 7. Economic Delivery Priorities
- 8. Performance Targets
- 9. Finances - Funding, investment and resources

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# Context

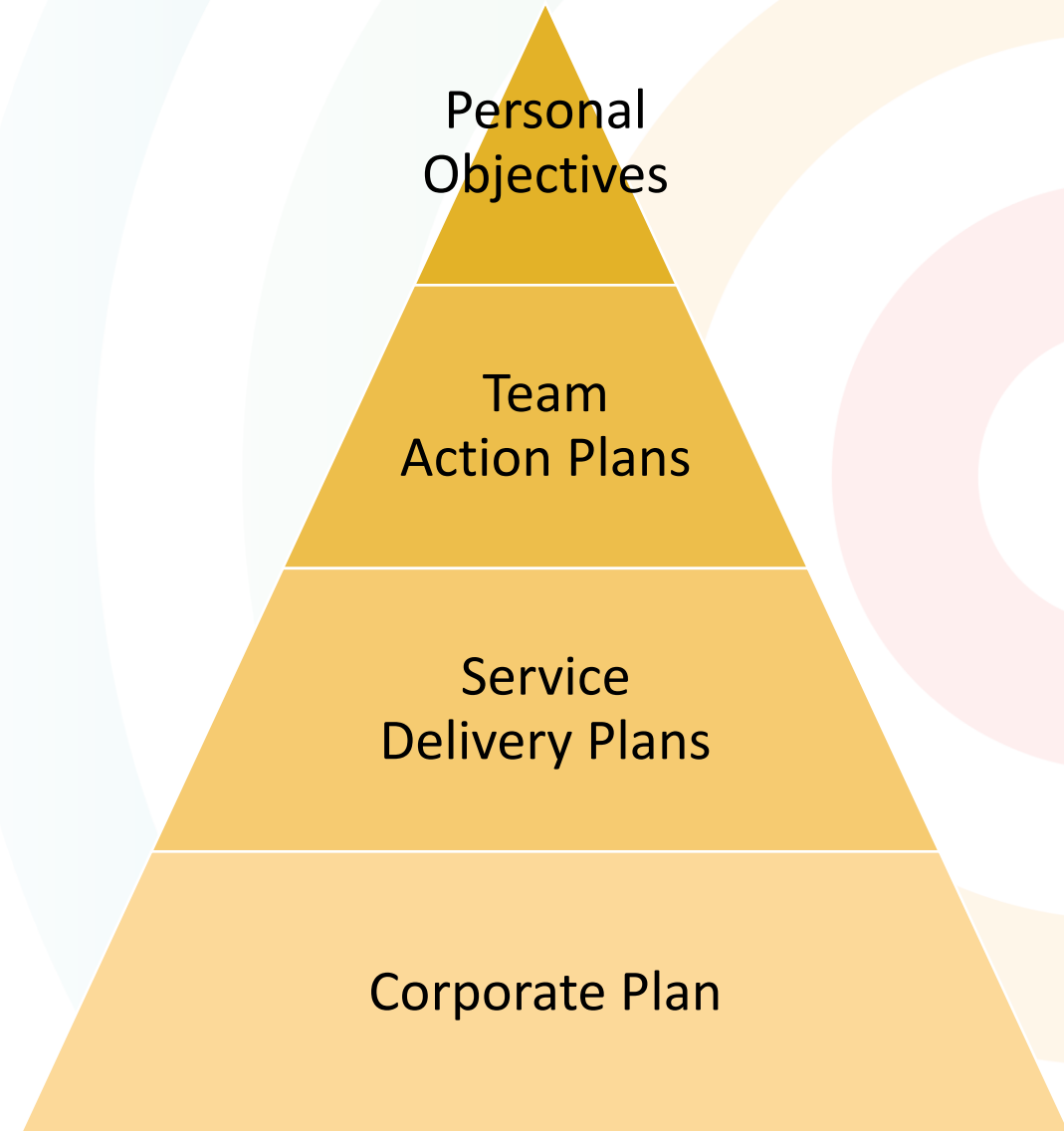
York and North Yorkshire will elect a Mayor on 2<sup>nd</sup> May 2024.

This interim Corporate Plan is designed to ensure the Combined Authority has a clear plan, and resources, in place for delivering the commitments within the Devolution Deal and provides confidence to government that the York and North Yorkshire has the capacity, capability and culture to successfully deliver devolution for the area.

It has been developed to ensure the Mayor is elected to lead an organisation with a clear focus and goals, on the understanding the Mayor will undertake a full strategic review of the commitments and priorities of the Combined Authority following the election.

The plan is supported by more detailed delivery plans at a service level, individual team action plans which are then reflected within the personal objectives of the team.

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# Forward

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On 1 August 2022 (Yorkshire Day), ministers and local leaders signed a devolution deal for York and North Yorkshire. Powers will be devolved to a new mayoral combined authority, headed by a Mayor elected in May 2024.

A combined authority is a legal body set up using national legislation that enables a group of two or more councils to collaborate and take /collective decisions across council boundaries. The creation of a combined authority enables the member councils to be more ambitious in their joint working and take advantage of powers and investment devolved to them from national government.

Whilst established by Parliament, combined authorities are locally owned and have to be initiated and supported by the councils involved.

The City of York Council and North Yorkshire Council are the constituent councils for the York and North Yorkshire Combined Authority and since the announcement on Yorkshire Day 2022, significant progress has been made completing the necessary consultations and governance checks, culminating in a Statutory Order being passed by Parliament in December 2023. The passing of this Statutory Order enabled the creation of the York and North Yorkshire Combined Authority ('The Combined Authority'), a requirement to enable the election of a Mayor in May 2024.

This Corporate plan sets out the initial priorities of the Combined Authority.

The plan covers the period January 2024 through to March 2025, however a strategic review will be undertaken following the election of the Mayor in May 2024.

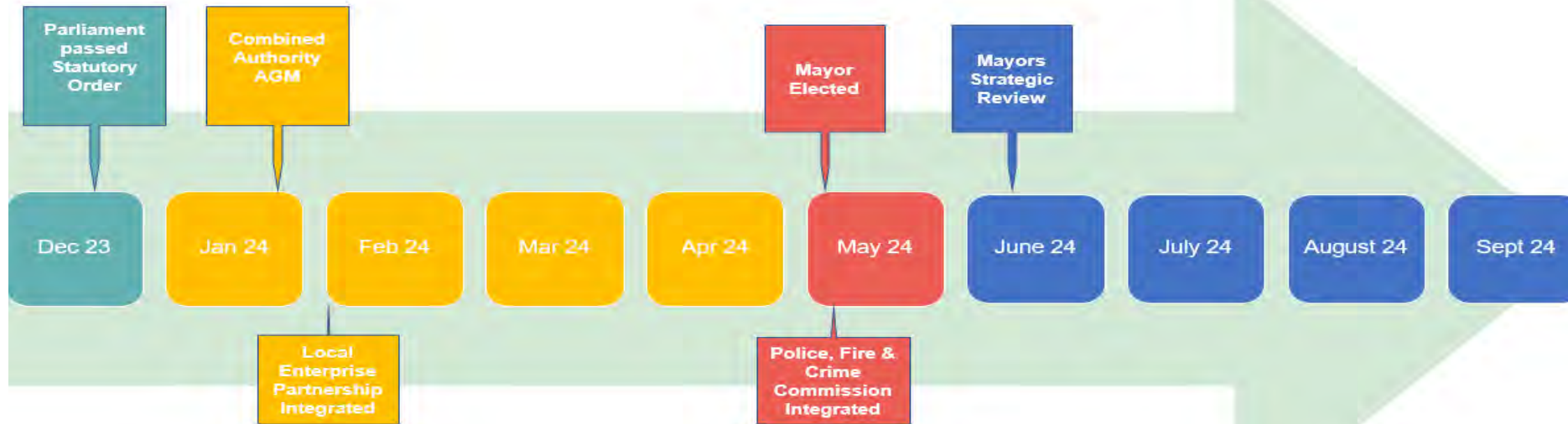
Once the Mayor is elected the Combined Authority will have two broad responsibilities under the leadership of the Mayor.

- Powers and Investment to deliver economic growth and prosperity including integration of the York and North Yorkshire Local Enterprise Partnership; and
- The powers of the North Yorkshire Police, Fire and Crime Commissioner

Section two of this plan provides greater detail on what the devolution deal covers, however a broad timeline is summarised below.







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As detailed above, the Combined Authority was created in January 2024, whilst the Mayor is elected in May 2024. The priority in the intervening period is to ensure the devolution deal is fully implemented and to prepare for the election of the Mayor.

The Combined Authority brings together the collective capability of City of York Council, North Yorkshire Council and the Combined Authority, led by the Mayor.

City of York Council and North Yorkshire Council will continue to work at a local level to deliver vital services to residents. The mayoral combined authority will deliver at a sub-regional scale, working in partnership with the two unitary authorities to deliver the devolved investment.

This is an exciting new opportunity for York and North Yorkshire with significant new investment and powers enabling decisions previously made in Whitehall to be devolved to the region, so that decisions around how money is invested into the economy can be based on local intelligence and made by people who understand local needs best.

There is a collective commitment to ensuring devolution for York and North Yorkshire delivers for our businesses, people and communities.



We look forward to working with stakeholders and partners across the region to make 2024 the start of a transformational new era.

OFFICIAL

# Our commitment to partnership working

**City** region  
**Rural** powerhouse

## Our partnership principles

TBC

We understand that to deliver maximum impact and provide the greatest benefit to our communities we need to work in partnership with a wide range of stakeholders across the region.

We are committed to working together to deliver for York and North Yorkshire and will work to build commitment, trust and a clear understanding of our shared goals.

Strong partnerships are built on clear objectives, mutual respect and open and transparent communication.

We will continually strive to be good partners who deliver on their promises and work for the greater benefit of York and North Yorkshire.



# An Overview of York and North Yorkshire

York and North Yorkshire covers approximately 846,367.54 hectares of land, which equates to 6% of England and is 5x the size of Greater London.

The geographical area is incredibly diverse. It is both highly connected and urban, with the city of York at its centre and distinct towns, but also deeply rural with many isolated communities.

## A Vibrant City economy

The city of York is the largest urban area within the subregion – 20% of York and North Yorkshire’s population is based here and the city drives much of the area’s productivity and has some of our highest wage levels. Integrated with the York and West Yorkshire economies is Harrogate, the second largest population area (9%), closely followed by Scarborough (8%) on the coast. These key economic centres attract significant residents, visitors and businesses.

## A High-Quality Rural Landscape

It has a high-quality landscape with two national parks (North York Moors and the Yorkshire Dales) and three National Landscapes (Howardian Hills, Nidderdale and the Forest of Bowland).

## A Strong Coastal Economy

York and North Yorkshire has an incredible coastline which draws both residents, businesses and visitors

alike, but also provides an environmental and economic opportunity. The coastal economy has a strong maritime history, a buoyant visitor economy, manufacturing base and emerging offshore renewables sector. Whitby and Scarborough are the largest coastal communities.

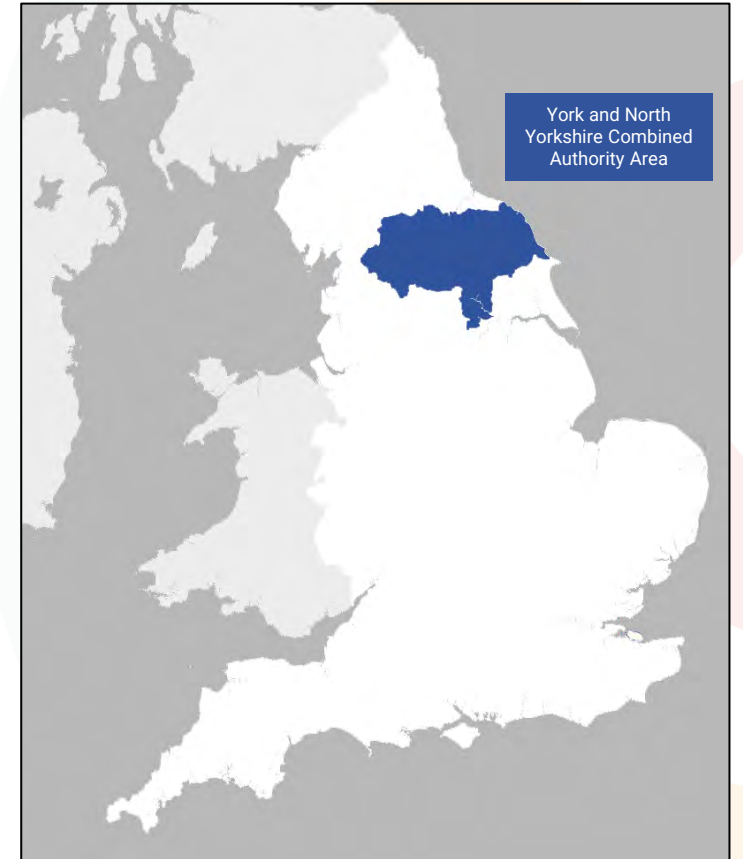
## Distinctive Market Towns

The economy of York and North Yorkshire is dominated by a number of distinctive market towns, which play a significant role in community wellbeing and business growth within the subregion. For example: Knaresborough, Selby, Skipton, Malton, Northallerton and Richmond, to name a few.

## Well Connected to Neighbouring Economies

The area also has close economic links with neighbouring regions - West Yorkshire and Humber economies to the South and Tees Valley to the North, providing strong access to ports, airports and key conurbations. Connectivity goes beyond neighbouring regions with many key urban centres easily reachable, particularly from York. York to London is less than 2 hours on the train with York siting at the heart of UK rail.

Interconnectivity across the subregion is more limited and heavily reliant on private car usage. York and North Yorkshire has excellent north-south connectivity but east-west needs significant improvement.



## A great place to live, work, learn and visit

According to a recent survey in 2023, Skipton, Harrogate and York within the subregion ranked as the top three happiest places to live within Yorkshire and the Humber. Skipton was also featured in the top 10 happiest places within Great Britain. The creative and culture assets are one of the biggest drivers of the area's attractiveness. However, this drives expensive house prices, and many second homes are utilised for holiday lets. In some areas, housing and rent is much closer to Southern counterparts.

## Driving opportunities for all is key

Some neighbourhoods in the subregion are among the 20% most deprived in England. Most of these are in Scarborough, but six are also within York, two in Craven and single neighbourhoods in Selby and Harrogate, signifying deprivation is not simply coastal-based. Although this only equates to 6% overall, we need to ensure that these people aren't left further behind.

## Ageing population

York and North Yorkshire is home to 820,500 people, 61% of which are of working age. The population is primarily of an older demographic with 24% of residents aged 65 and over compared with a national average of 18%. The only exceptions to this trend are in York, where there is a strong student base due to the presence of two universities, and Selby.

## A highly qualified and educated workforce

There are strong academic assets across the whole of York and North Yorkshire, including three universities which provide strong links to higher education and

range of campuses and opportunities. The subregion has some of the strongest qualification levels in the North with over half of the working-age population qualified to NVQ 4+ level and there are very low rates of people with no qualifications (5.4%). Unemployment levels are also low at 1.7%.

## Home to significant research and skills assets

York and North Yorkshire's asset base varies widely, including high-performing academic institutions (three universities are based here), research and development, innovation and sector specialisms (e.g. Stockbridge Technology Centre, York Biotech Campus, Network Rail's Training Centre, Green Chemistry Centre of Excellence). These assets can support our businesses to be more resilient, productive and innovative.

## Strong presence of foundational sectors

The key employment sectors for residents includes Wholesale and Retail (14.8%), Health and Social Care (12.8%) and Accommodation and food service activities (12%). Although a small employment sector overall, Agriculture is a specialism of the subregion with a much larger proportion of businesses than national levels. There is significant public sector employment, particularly in York and Northallerton for 'General public administration activities', whilst 'Defence Activities' are significant to the northern area of the patch due to the presence of Catterick Garrison.

## A diverse economy dominated by micro and small businesses

The York and North Yorkshire economy does not rely on one singular industry, which has meant the

economy has often remained stable, even during economic shocks. It is primarily made up of micro businesses, reflecting a similar picture to the national levels, alongside high levels of entrepreneurship and start-ups. However, larger businesses still have a significant role to play in the economy, providing substantial employment and supply chain opportunities and acting as key anchor institutions.

## Global brand recognition

Manufacturing, particularly food, has a prominence in the subregion with many internationally-recognised brands based here (Nestle, McCains, Taylors of Harrogate, to name a few). Alongside our products, our places are also globally recognised, particularly the city of York, drawing in international students, domestic and international tourists and a range of inward investment opportunities.

## High growth sector potential

York and North Yorkshire is forward-looking and has identified a several sectors that have scope to develop now and into the future. These sectors can drive the three overarching ambitions identified in the Framework. For example, rail is a key sector, with strong links to manufacturing and supply chains, which can help to generate innovative, technology-focussed roles and make a significant contribution to productivity.

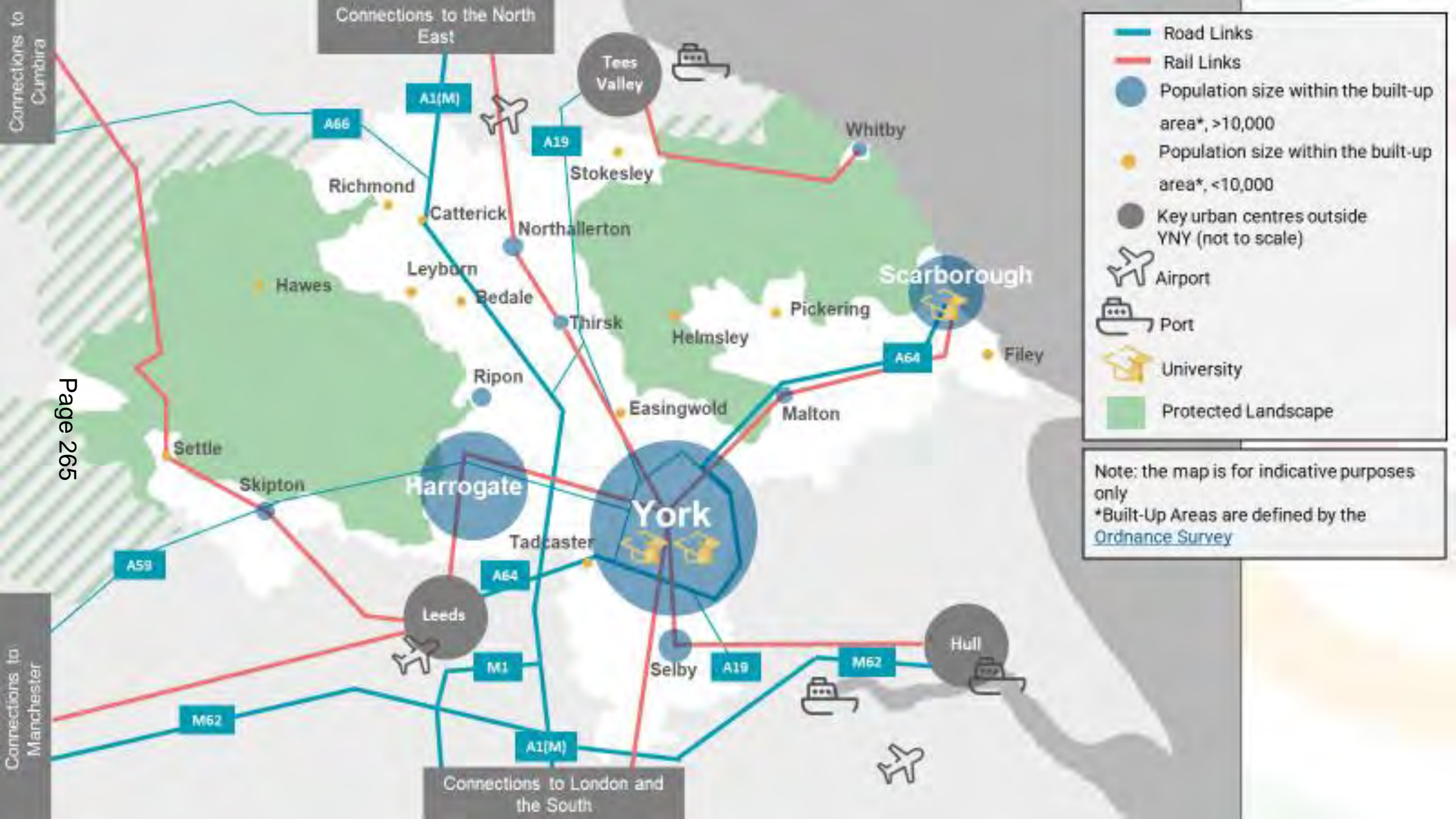


Connections to the North East

Connections to London and the South

- Road Links
- Rail Links
- Population size within the built-up area\*, >10,000
- Population size within the built-up area\*, <10,000
- Key urban centres outside YNY (not to scale)
- Airport
- Port
- University
- Protected Landscape

Note: the map is for indicative purposes only  
 \*Built-Up Areas are defined by the [Ordnance Survey](#)



# The Devolution Deal

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# Directly Elected Mayor

£18m per annum Mayoral Investment Fund for 30 Years

Responsibility to plan and deliver UK Shared Prosperity Fund from 2025

A key leadership role for the mayor in public safety, taking on the role and functions of the Police Fire & Crime Commissioner

Transport & Connectivity	Skills & Employability	Housing & Place	Net Zero & Natural Capital	Business & Investment
<p>New powers to improve and better integrate local transport, including the ability to introduce bus franchising, control of appropriate local transport functions e.g. local transport plans, and control of a Key Route Network.</p> <p>An integrated transport settlement starting in 2024/25 and an additional £1,000,000 to support the development of local transport plans.</p> <p>A commitment to explore a local partnership with Great British Railways so that the mayor can help shape and improve local rail.</p>	<p>New powers to better shape local skills provision to meet the needs of the local economy, including devolution of the core Adult Education Budget, as well as input into the new Local Skills Improvement Plans.</p>	<p>Over £13 million for the building of new homes on brownfield land across 2023/24 and 2024/25.</p> <p>Investment of up to £2.65 million on projects that support York and North Yorkshire's priority to deliver affordable, low carbon homes across the area.</p> <p>New powers to drive the regeneration of the area and to build more affordable homes including compulsory purchase powers and the ability to establish Mayoral Development Corporations.</p> <p>Additional support to the York Central brownfield regeneration scheme.</p> <p>Commitments to work in partnership with the area on the development and delivery of strategies to realise the region's cultural potential.</p>	<p>£7 million investment to enable York and North Yorkshire to drive green economic growth towards their ambitions to be a carbon negative region. This investment is subject to agreement of submitted business case.</p> <p>Support to develop a Natural Capital Investment plan for York and North Yorkshire.</p>	<p>Integration of the York &amp; North Yorkshire Local Enterprise Partnership ensuring a strong local business voice.</p> <p>A commitment to establish a programme working group in support of the BioYorkshire programme.</p> <p>Engagement on broadband and mobile infrastructure rollout and on the development of the Scarborough Cyber Cluster.</p>

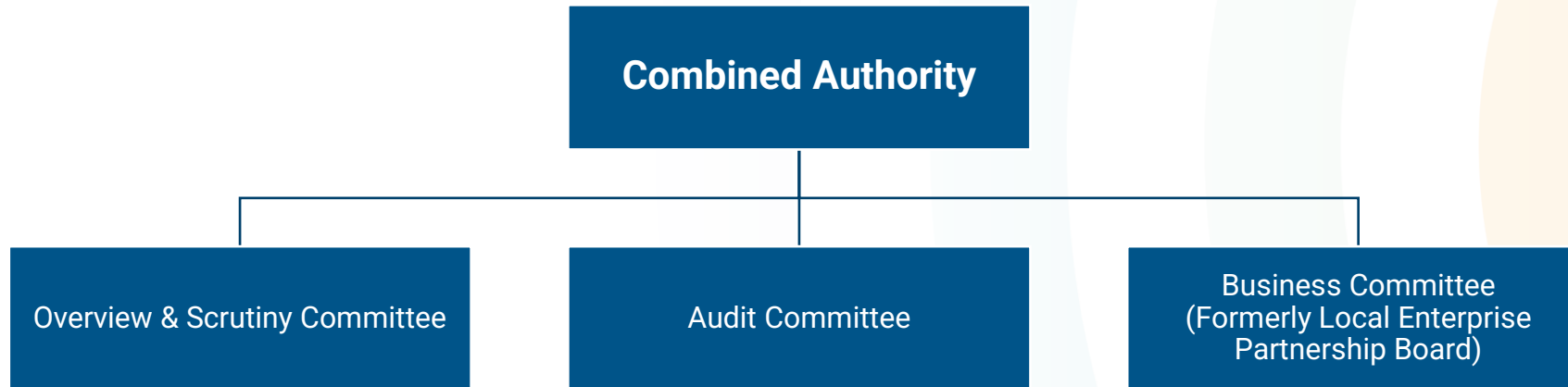
# How we make decisions

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The Combined Authority is committed to strong leadership and clear transparent governance.

The Combined Authority consisting of the Mayor (once elected) alongside two Members from City of York and North Yorkshire Councils will be the primary decision makers.

The Combined Authority will initially be supported by an Audit Committee, an Overview and Scrutiny Committee and a Business Committee ensuring the governance, finance and activity of the Combined Authority is appropriately scrutinised.



The Officers of the Combined Authority will be led by a Head of Paid Service, with the other statutory officers being a Section 73 (Finance) officer and Monitoring (Legal) Officer. Additional Director posts will lead the delivery directorates of the Combined Authority.

The following structure chart outlines the draft leadership structure from when the Mayor is elected in May 2024.

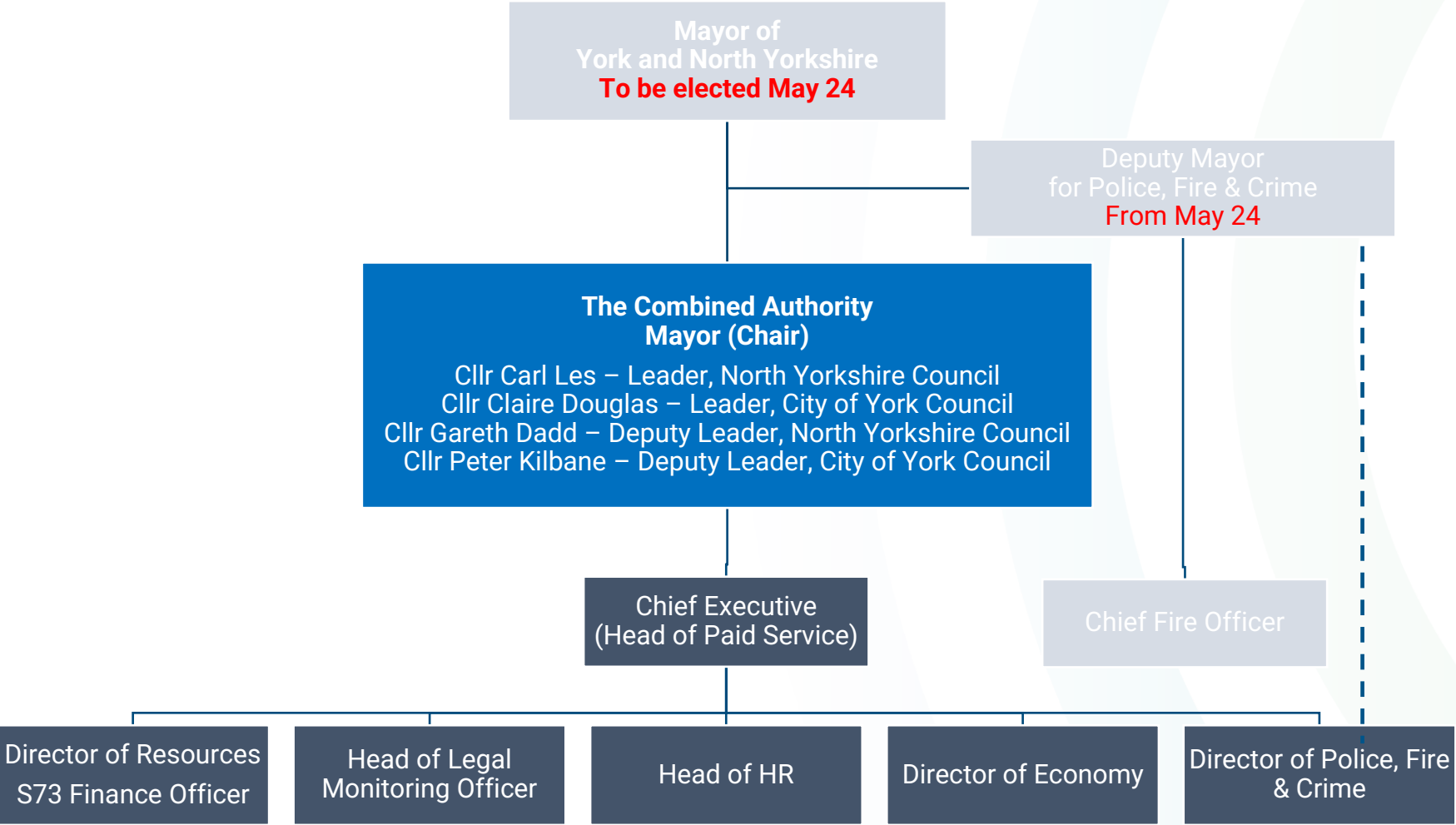


# About the Combined Authority

## Key People

City region  
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# Key People

City region  
Rural powerhouse

In the period before the Mayor is elected;

- The Combined Authority will be chaired by the Leaders of City of York Council and North Yorkshire Council; and
- The Police, Fire & Crime Commission and Chief Fire Officer will continue to report to the Police, Fire and Crime Commissioner

## Combined Authority Leadership Team

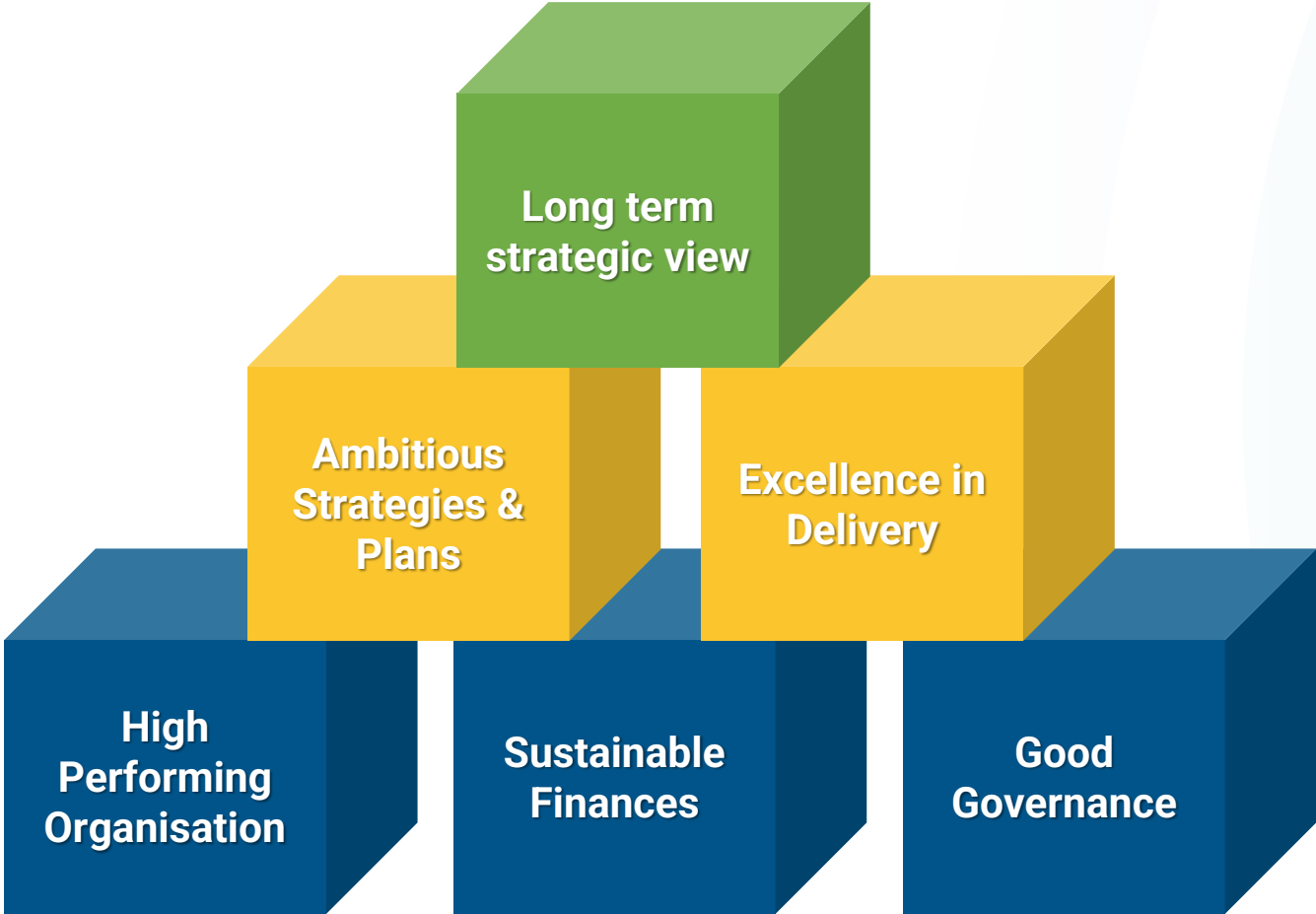
Chief Executive & Head of Paid Service	To be recruited following election of the Mayor
Director of Economy and interim Head of Paid Service	James Farrar
Interim Director of Resources	Debbie Mitchell
Interim Monitoring Officer	Barry Khan (Rachel Antonelli – Interim Head of Legal & Deputy Monitoring Officer)
Head of HR	Sara Jeffs
Head of PFCC TUPE Transfer (to May 2024)	Helen Whiting
Head of Operational – PFCC Integration	Nick Edwards
PFCC Chief Executive	Simon Dennis (Jenni Newberry Substituting)

The Police, Fire & Crime Commission and Fire & Rescue Authority will remain independent of the Combined Authority until the Mayor is elected. In this period they will continue to report to the current Police, Fire & Crime Commissioner.

North Yorkshire Police, Fire & Crime Commissioner until May 2024	Zoe Metcalfe
Chief Executive Police, Fire & Crime Commission	Simon Dennis
Chief Fire Officer	Jonathan Dyson

# Our Leadership Focus

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**City** region  
**Rural** powerhouse

**An ambitious organisation, which is a valued partner, delivers on its promises, empowers its people and is open and transparent in how it operates.**

# Organisational Priorities

**City** region  
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	Initial Priorities
<b>High Performing Workplace</b>	<ul style="list-style-type: none"><li>• Strong, value based leadership</li><li>• A motivated, empowered team</li><li>• A clear strategy and plans</li><li>• Valued Partnerships</li><li>• A digitally enabled organisation</li></ul>
<b>Sustainable Finances</b>	<ul style="list-style-type: none"><li>• A sustainable Medium Term Financial Plan</li><li>• Driving Organisational efficiency and productivity</li><li>• Ensuring Value for Money at all times</li></ul>
<b>Good Governance</b>	<ul style="list-style-type: none"><li>• Open transparent decision making</li><li>• Accessibility to information and meetings</li><li>• Accountability for our actions and decisions</li><li>• Successful integration of the Police, Fire &amp; Crime Commission</li></ul>

# Economic Priorities

## What is the Economic Framework?

This is the first Economic Framework for the York and North Yorkshire Combined Authority. The Combined Authority was established in December 2023 with the election of its first Mayor in May 2024.

## A Framework built on strong collaboration and engagement with local stakeholders

The Framework builds on the strategic economic plans and policies of its two constituent local authorities, the [City of York Council](#) and [North Yorkshire Council](#).

### North Yorkshire Council's Economic Strategy

- Outward Looking Economy
- Innovative Economy
- Productive Economy
- Resilient Economy
- Carbon Negative Economy
- Inclusive Economy

### City of York Council's Economic Strategy

- York as a global City
- Thriving businesses
- A thriving workforce
- A greener economy
- An economy driven by good business

This forms the basis of the Combined Authority's three overarching ambitions:

- **Transition to Carbon Negative** - A carbon negative, circular and more resilient economy.
- **Deliver Good Economic Growth** - A global, innovative, productive economy with strong and thriving businesses
- **Ensure Opportunities for All** - A thriving and inclusive economy.

## Why is the Economic Framework needed?

The Framework has been developed to provide the following:

- An initial set of agreed priorities and direction for the new York and North Yorkshire Combined Authority
- An outline of the key challenges and opportunities for the economy of York and North Yorkshire, and
- A positive start from day one for the new Combined Authority.

## Who does the Economic Framework apply to?

The Framework's priority is to support the work of the York and North Yorkshire Combined Authority. However, it recognises that its ambitions will require collaboration and partnership.

**This Framework provides the initial set of priorities for the new Combined Authority, but it is proposed that a full detailed Economic Strategy and Investment Plan will be produced following the election of the York and North Yorkshire Mayor in May 2024.**





# Economic Priorities

**City of York Council's Economic Strategy**

York as a global City

- Thriving businesses
- A thriving workforce
- A greener economy
- An economy driven by good business



**City** region  
**Rural** powerhouse

**North Yorkshire Council's Economic Strategy**

- Outward Looking Economy
- Innovative Economy
- Productive Economy
- Resilient Economy
- Carbon Negative Economy
- Inclusive Economy



# Transition to Carbon Negative

## A carbon negative, circular and more resilient economy.

York and North Yorkshire is in a prime position to support national and global efforts to combat climate change, even going beyond net zero and becoming England's first carbon negative region. This opportunity is supported by both the area's natural assets and urban centres. For example:

- Natural carbon capture and sequestration supported by the two National Parks and three National Landscapes;
- Selby, Drax's plans for Carbon Capture, Usage and Storage;
- Innovative pilot opportunities through our urban assets (including Retrofit One Stop Shop and Heat Network Zoning Pilots in York).
- Key sectors that support the agenda, e.g. electric bus manufacturers Alexander Dennis in Scarborough and Switch Mobility in Sherburn in Elmet and used on York Park and Ride.

We're able to understand and pioneer the sustainability opportunities from both a rural and urban setting.

Significant progress has been made to reduce carbon emissions to date. However, there is still a long journey to achieve this ambition and tackle climate change. Without intervention or acceleration, there are massive economic risks, resulting from changes

to our climate such as increased frequency and severity of flooding, increased temperatures, water shortages and rising sea levels. Businesses could face disruptions on food production, damages to physical assets and destruction of ecosystems that underpin our key sectors (such as agriculture and tourism).

Pace and scale will be needed to reach this ambitious target.

### What is the economic opportunity?

The transition to carbon negative is not just good for the environment, but can also support our businesses, people and communities:

- New jobs (e.g. growth within the renewable energy sector)
- Increased public and private sector investment
- New skills (e.g. retrofitting requirements for the construction sector)
- Resilience for key sectors – agriculture, food and drink manufacturing, and tourism – all of which are extremely vulnerable to impacts of climate change
- Health benefits leading to a stronger workforce (e.g. cleaner air, improved energy efficiency of homes)
- Cheaper, cleaner and more secure energy, a benefit for both businesses and residents



Net Zero by 2034 and carbon negative by 2040.

# Deliver Good Economic Growth

## A global, innovative, productive economy with strong and thriving businesses

Compared to many Northern counterparts, York and North Yorkshire has a strong economy, particularly driven by York's performance. But there is an opportunity to strengthen it further, attracting new investment and driving our businesses to be more productive, innovative and resilient.

The York and North Yorkshire economy is valued at £22bn in 2021. This is comparable to similar geographies and areas across the UK. However, productivity shows a slightly different picture.

From 2011 to 2021, York and North Yorkshire's average output was 87.5% of the national average. The region faces a gap when compared to national and Southern counterparts. This is primarily driven by North Yorkshire, which lags behind at 84.1%. York was much closer to national levels at 97.4%,

Wage levels are also lagging when compared to the national average. Underperformance is mostly concentrated along the coast and in rural pockets. Resident pay is stronger than workplace measures across all areas of North Yorkshire (although the trend is not reflected in York), indicating that a proportion of residents commute out of the area for jobs that are better paid. Around 12% of people are still paid below

the Real Living Wage.

There are people sitting within low-waged, low qualification and low-skilled roles with huge potential and transferable skills to move into growing sectors with high need, creating access to new opportunities for them.

### What is the economic opportunity?

- New investment and growth in the economy
- Increased productivity levels
- Higher quality and higher wage job opportunities
- Increasing skill levels
- Better quality of life for residents
- Greater business resilience

*\*ITL2 is a geographic classifications, primarily made up of counties and groups of counties. For more information, [International geographies - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk)*



Increase the value of our economy in a way that benefits our people, places and environment.



# Opportunities for All

## A thriving and inclusive economy.

York and North Yorkshire has some of the most desirable places to live, work and visit. In 2023, Skipton, Harrogate and York were voted the top three happiest places to live in the region. However, this is not a consistent picture across the whole patch. The benefits of living and working within York and North Yorkshire are not always equitable.

Some of our communities are falling behind, and this is a result of varying factors primarily linked to accessibility – e.g. access to transport, housing, education and training, good employment etc.

13% of neighbourhoods within York and North Yorkshire rank in the 10% most deprived for 'Barriers to Housing and Services' according to the Indices of Multiple Deprivation. This assesses physical proximity of local services and 'wider barriers' which includes issues relating to access to housing such as affordability and homelessness.

Although this is partly driven by the rurality of the subregion and our isolated communities, these challenges also apply to our urban centres, particularly housing affordability.

York and North Yorkshire might have some of the best connectivity, particularly in our highly built-up areas and strong links to neighbouring geographies, but it also has some of the worst digital and transport connectivity. With technology ever-changing, there's a risk that residents could be disadvantaged if the infrastructure struggles to keep

pace. Connectivity (whilst reducing emissions) also plays a key role in ensuring that people have access to employment, learning and key services.

Some of our well-paid workers are falling behind compared to national levels and there is a large proportion of underemployed people. The highest paid jobs in the region are paid significantly less than the highest paid jobs nationally and this is the main source of the overall pay gap in the subr.

For York and North Yorkshire, levelling-up is less about regional and Northern comparators, it's bridging the gap with national performance and against Southern counterparts. There are also disparities between some of our communities, particularly along the coast, which need to be addressed.

### What is the economic opportunity?

- Create a stronger, healthier and more resilient workforce
- Improve quality of life for residents
- Encourage more people back into the labour market and reduce labour shortages
- Higher quality, higher paid jobs



All residents should benefit from economic growth and have equal access to opportunities.

Growth Hub Programme Event, 'Strive Live'

# Supporting health, wellbeing and access for all our communities

Currently, good health is not evenly distributed across the sub-region. There is a 13-year gap between the lowest area and highest area for life expectancy levels of men in the sub-region, similarly there is a 12-year gap between women in the lowest and highest areas.

By supporting our three overarching ambitions, there is also an opportunity to create healthier and happier communities, as they link to the wider determinants of health. The wider determinants of health are a diverse range of social, economic and environmental factors which influence people's mental and physical health. As set out by [Public Health England](#), this can include:

- The quality of the built and natural environment, e.g. air quality, the quality of green spaces and housing quality
- Educational attainment
- Income, wealth
- Access to employment, including the quality of work and health benefits
- Access to culture and leisure opportunities
- Crime rates

Local authorities have a responsibility to improve

health and wellbeing and tackle inequalities. The CA will not duplicate the work undertaken by the City of York and North Yorkshire Councils but support the agenda through these wider determinants of health and work collaboratively with the two Local Authorities and the NHS, where appropriate.

Any investment from the CA should consider the impact on the health and wellbeing of York and North Yorkshire's residents, aiming to improve the health and wellbeing on our residents by acting on economic and wider determinants of health.

The success of an economy should not just be measured alone by how fast or how aggressively it grows, but also by how well wealth is created and shared. The CA's three overarching ambitions demonstrate the focus on businesses and productivity, but also the environment, our people and communities.





# Delivery Themes

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<b>1. Great Places for All</b>  sits at the heart of the Framework, reflecting that our great places are central to the growth of the economy of York and North Yorkshire, and act as a conduit for the other seven thematic priorities.	<b>4. A Well-Connected Economy</b>  reflects the importance of transport and digital in connecting businesses and people to opportunities	<b>7. Housing</b>  with a particular focus on increasing affordable and sustainable homes
<b>2. A Global Economy</b>  will maximise the opportunities of our high performing growth sectors to attract new investment into our region and increase our export potential	<b>5. A Green Economy</b>  focuses on the environmental and economic potential of our natural capital and sustainable energy sector	<b>8. Thriving Workforce</b>  will develop clear opportunities and skills pathways for all
<b>3. A Productive &amp; Innovative Economy</b>  will drive the performance of established businesses and our core sectors, increasing productivity, innovation and R&D.	<b>6. Culture &amp; Heritage</b>  reflects the world leading status of our assets and will seek to strengthen and increase investment into our cultural assets	

Delivery Theme	Excellence in Delivery What's happening now	Ambitious Strategies & Plans Where should we go next
<b>Overarching Plans</b>	<ol style="list-style-type: none"> <li>1. Manage NY Shared Prosperity Fund</li> <li>2. Mayoral Investment Fund Delivery &amp; Management</li> <li>3. Deliver Growing Places</li> </ol>	<ol style="list-style-type: none"> <li>1. York and North Yorkshire Economic Framework</li> <li>2. Develop a long term Mayoral Economic Plan</li> <li>3. Refreshing the Routemap to Carbon Negative &amp; Developing a Net Zero Investment Plan</li> <li>4. Developing a Mayoral Investment Fund investment and evaluation framework</li> <li>5. Develop the 2025 Shared Prosperity Plan</li> </ol>
<b>Great Places for all</b> Page 280	<ol style="list-style-type: none"> <li>1. Support Delivery of York Central through the Enterprise Zone -</li> <li>2. Possible NY Transforming Cities Fund transfer from WYCA</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a future investment pipeline with LA's</li> </ol>
<b>Global economy</b>	<ol style="list-style-type: none"> <li>1. Develop and publish Sector Plans for: Agritech, Industrial Biotech, Creative &amp; Digital Technologies, Manufacturing, Healthy Ageing &amp; Rail</li> <li>2. Develop a partnership with Department for Business &amp; Trade for export and international trade</li> <li>3. Build an inward investment pipeline</li> <li>4. Support existing Internationally Owned Businesses to secure new investment in the region.</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop the Invest in York and North Yorkshire Plan</li> <li>2. Position York and North Yorkshire globally for our key sectors.</li> </ol>
<b>Innovative, productive economy</b>	<ol style="list-style-type: none"> <li>1. Support business growth through the Growth Hub</li> <li>2. Deliver specialist Business Support Programmes inc. Made Smarter, Grow Yorkshire, SPF Programmes</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a joint Innovation Action Plan with Innovate UK</li> </ol>

<b>Delivery Theme</b>	<b>Excellence in Delivery</b> What's happening now	<b>Ambitious Strategies &amp; Plans</b> Where should we go next
<b>Well Connected Economy</b>	<ol style="list-style-type: none"> <li>1. Deliver the Integrated Transport Settlement</li> </ol>	<ol style="list-style-type: none"> <li>1. Strategic Transport Framework to be published</li> <li>2. Strategic Transport Strategy Approved including a rail plan</li> <li>3. Transport Settlement negotiated with DfT</li> <li>4. Transport Investment Pipeline developed</li> <li>5. Develop Feasibility work on strategic transport priorities</li> <li>6. York and North Yorkshire Digital Framework and Investment Plan</li> </ol>
<b>Green Economy</b>  Page 281	<ol style="list-style-type: none"> <li>1. Deliver £7m Net Zero Investments</li> <li>2. Deliver the £2m Energy Partnership Feasibility Pilot</li> <li>3. £1m Local Investment in Natural Capital</li> </ol>	<ol style="list-style-type: none"> <li>1. Create a Sustainable Energy Investment Strategy and Net Zero investment plan</li> </ol>
<b>Culture &amp; heritage</b>	<ol style="list-style-type: none"> <li>1. Deliver the York and North Yorkshire Local Visitor Economy Partnership</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a York and North Yorkshire Cultural Strategy</li> <li>2. Develop a cultural, heritage and visitor economy investment pipeline</li> </ol>

Delivery Theme	Excellence in Delivery What's happening now	Ambitious Strategies & Plans Where should we go next
<b>Housing</b>  Page 8 of 12	<ol style="list-style-type: none"> <li>1. Deliver £12.7m Brownfield Housing Fund</li> <li>2. Deliver £2.65m Net Zero Affordable Housing Programme</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish a Home England Place Partnership</li> <li>2. Develop a York and North Yorkshire Housing Investment Plan joint with Homes England</li> <li>3. Develop a York and North Yorkshire Housing Retrofit Strategy and One Stop Shop joint with LA Partners</li> </ol>
<b>Thriving Workforce</b>	<ol style="list-style-type: none"> <li>1. Deliver £2.5m pa Skills Bootcamps Programme</li> <li>2. Deliver the Careers Hub in every school</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a York and North Yorkshire Skills Framework and Strategy</li> <li>2. Deliver the Adult Education Strategy Implementation programme</li> </ol>

# Performance Targets

TBC

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# Economic Investment Summary

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Theme	Funding Streams	Year 1 24/25	Year 2 25/26 est.	Mayoral Term (4 Years) est.
Cross Cutting Funding	Mayoral Investment Fund Shared Prosperity Fund	18,000,000	37,000,000	129,000,000
Great Places		0	0	0
Housing	Brownfield Housing Fund	12,700,000	6,500,000	32,200,000
Well Connected Economy	Integrated Transport Settlement	0	140,233,000	420,699,000
Green Economy	Net Zero Fund North East & Yorkshire Energy Hub Natural Capital Investment Plan Energy Infrastructure Feasibility	10,059,003	59,003	10,236,012
Global Economy	Core Funded Inward Investment Sector Development Funds	400,491	176,491	929,964
Innovative, Productive Economy	Growth Hub Specialist Business Support Programmes	1,440,292	511,117	2,973,643
Thriving Workforce	Skills Bootcamps Careers Hub Adult Education Budget	2,941,739	13,848,000	44,485,739
Culture & Heritage		0	0	0
<b>Total</b>		<b>45,541,525</b>	<b>198,327,611</b>	<b>640,524,358</b>

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# Police, Fire and Crime Commissioner Functions

**City** region  
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The functions of the Police, Fire and Crime Commissioner will transfer to the Mayor and Combined Authority following the election in May 24.

Prior to the election, these functions remain under the oversight of the Police, Fire and Crime Commissioner.

The information below summarises the existing plans and budgets for the police, fire and crime commissioner.

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Further information can be found by clicking on the following links :

[Fire and Rescue Plan 2022 – 2025](#)

[Police and Crime Plan 2022 - 2025](#)

[Public Police, Fire & Crime Commissioner Delivery Plan 2023/24](#)

## Plan on a Page

Exemplary fire and rescue services helping you to be safe and feel safe in North Yorkshire and York

Caring about the vulnerable

Ambitious Collaboration

Realising our potential

Enhancing our service for the public



**1. Actively engage with all communities to identify need and risk and to reassure**

**Outcome 1a:** Public confidence and satisfaction in North Yorkshire Fire and Rescue Service has increased.

**Outcome 1b:** North Yorkshire Fire and Rescue Service has a holistic understanding of risk in our communities.

**2. Work jointly as a trusted partner to prevent harm and damage, intervene early and solve problems**

**Outcome 2a:** North Yorkshire Fire and Rescue Service is recognised as a leading partner in driving a whole-system approach to preventing vulnerability.

**Outcome 2b:** The prevention of vulnerability and fire protection services are the core elements of North Yorkshire Fire and Rescue Service's operating model.

**3. Deliver the "Right People, Right Support" every time**

**Outcome 3a:** North Yorkshire Fire and Rescue Service has resource and response models that maximise productivity in communities and the efficiency and effectiveness of the response to emergencies.

**Outcome 3b:** North Yorkshire Fire and Rescue Service has developed a blueprint for, and has begun implementing, a new on-call model.

**4. Maximise efficiency to make the most effective use of all available resources**

**Outcome 4a:** North Yorkshire Fire and Rescue Service is increasing its effectiveness and efficiency through transformation.

**Outcome 4b:** North Yorkshire Fire and Rescue Service has better data to understand and improve itself.

**5. Enhance positive culture, openness, integrity and public trust**

**Outcome 5a:** Public trust in North Yorkshire Fire and Rescue Service is maintained.

**Outcome 5b:** : Inclusivity, diversity and equality are at the heart of North Yorkshire Fire and Rescue Service's organisational culture and service delivery.

**Outcome 5c:** North Yorkshire Fire and Rescue Service is an employer of choice with a clear people focus that develops leadership, integrity and inclusivity.

Fire business delivery plan

OPFCC business delivery plan





# Police & Crime

## Plan on a Page

Exemplary policing services helping you to be safe and feel safe in North Yorkshire and York

Caring about the vulnerable

Ambitious Collaboration

Realising our potential

Enhancing our service for the public

## Priorities

### 1. Actively engage with all communities to identify need and risk and to reassure

**Outcome 1a:** Public trust, confidence and satisfaction in North Yorkshire Police services, and in reporting crime and incidents, has increased.

**Outcome 1b:** North Yorkshire Police have a holistic understanding of need in all our communities.

### 2. Work jointly as a trusted partner to prevent harm and damage, intervene early and solve problems

**Outcome 2a:** North Yorkshire Police is a trusted and trusting partner, helping to drive a whole-system approach to improving outcomes.

**Outcome 2b:** Primary prevention and early intervention is embedded in the culture of North Yorkshire Police as the way of working across everything they do.

**Outcome 2c:** North Yorkshire Police Officers, PCSOs and PSOs have confidence in their capability to problem solve effectively.

### 3. Deliver the "Right People, Right Support" every time

**Outcome 3a:** North Yorkshire Police have the appropriate resources in the appropriate places to serve the needs of the public.

**Outcome 3b:** Vulnerable people and victims receive the most appropriate care according to their need.

### 4. Maximise efficiency to make the most effective use of all available resources

**Outcome 4a:** North Yorkshire Police is outstandingly effective and efficient.

**Outcome 4b:** North Yorkshire Police provides increasingly integrated services, improving the efficiency of the systems of which it is part.

### 5. Enhance positive culture, openness, integrity and public trust

**Outcome 5a:** The public trust and have confidence in the integrity of North Yorkshire Police as an organisation and in its officers and staff.

**Outcome 5b:** Inclusivity, diversity and equality are at the heart of North Yorkshire Police's organisational culture and service delivery.

**Outcome 5c:** North Yorkshire Police is an employer of choice with a clear focus on people that develops leadership, integrity and inclusivity.

Policing business delivery plan

OPFCC business delivery plan

# Police, Fire and Crime Budgets

**City** region  
**Rural** powerhouse

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Office of Police, Fire & Crime Commissioner	2024/25 Budget
Revenue Budget	£1,520,000

North Yorkshire Fire	2024/25 Budget
Revenue Budget	£45,180,000
Capital Programme	£8,078,000

North Yorkshire Police	2024/25 Budget
Police Force Revenue	£207,450,000
Commissioned Services & Community Safety	£7,500,000
Asset Management	£700,000
To Capital Programme	£4,936,000
Reserves	£1,094,000
Capital Programme	£12,017,000

## COMBINED AUTHORITY MEETING

Monday 18<sup>th</sup> March

### An Economic Framework for York and North Yorkshire Combined Authority

#### Report of the Head of Strategy

---

#### **1.0 Purpose of the Report**

- 1.1 The report sets out the final Economic Framework for the York and North Yorkshire Combined Authority, which sets out the initial challenges and opportunities for the subregion and initial priorities, prior to the election of the Mayor in May 2024.

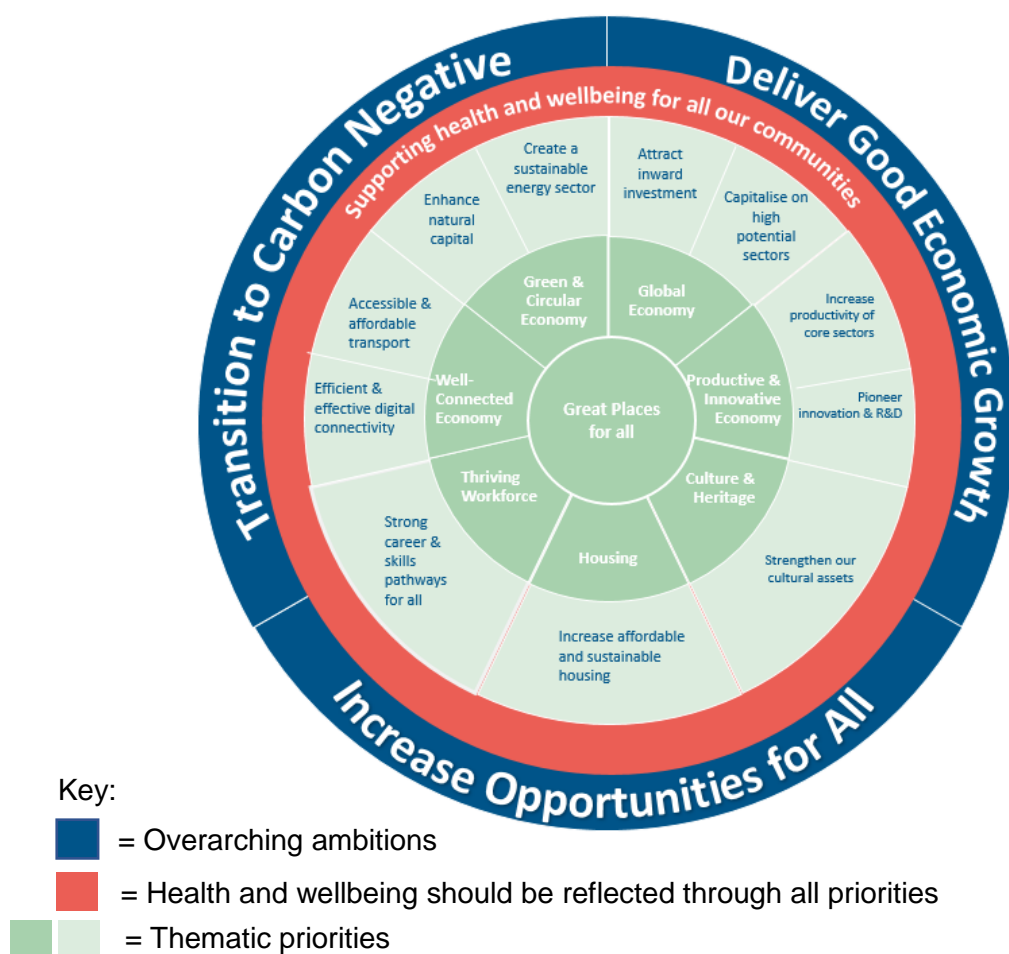
#### **2.0 Recommendations**

- 2.1 It is recommended that the Combined Authority approve the Economic Framework as a key strategic document.

#### **3.0 Background**

- 3.1 An Economic Framework is required for the York and North Yorkshire Combined Authority (CA) as this provides the initial priorities and direction for the CA, which will help decision-making and prioritisation around MCA investment, such as the Mayoral Investment Funding. It was always intended as a Framework, not a full strategy, recognising that once a Mayor is elected, they will want to shape the focus and direction of the CA.
- 3.2 In December 2023, the Joint Committee approved the below Economic Framework, subject to further consultation (further details on this decision can be found [here](#)). This provided a snapshot of three overarching ambitions, which link closely to the original devolution deal announced for York and North Yorkshire, and the headline thematic priorities that will deliver these ambitions.

Figure 1: Economic Framework



3.3 Since December, the agreed consultation work has been undertaken through two mechanisms:

- A workshop with officers from City of York and North Yorkshire Councils and key leads from the two National Parks. Attendees from the workshop were also circulated a more detailed draft of the Framework for further comments.
- A presentation was delivered to the members of the Combined Authority.

3.4 A more detailed Framework, incorporating the feedback from the consultations, has been developed now and attached as an appendix.

#### 4.0 Financial Implications

4.1 The Framework will help shape prioritisation of investment for the Combined Authority, although recognising that the Mayor will also have a critical role in decision-making on any current and future funds once they have been elected in May 2024. So immediate financial implications from the Framework are not anticipated.

## 5.0 Legal Implications

5.1 There are no direct legal implications arising from this decision. However, it will underpin future governance arrangements around how the CA will achieve these priorities. For example, Full Business Cases may be developed to incorporate the ambitions set out in the Framework.

## 6.0 Equalities Implications

6.1 It is not anticipated that the Framework will cause any negative impacts on equalities. A, overarching ambition set-out within the Framework is ensuring 'Opportunities for All', which will be embedded in all activity undertaken by the Combined Authority.

## 7.0 Environmental Implications

7.1 It is not anticipated that the Framework will cause any negative impacts on the environment. An overarching ambition set-out within the Framework is a 'Transition to Carbon Negative', which will be considered in all activity undertaken by the Combined Authority. The Framework also recognises York and North Yorkshire's rural strengths and natural capital, which must be protected and enhanced, ensuring it does not deteriorate any further.

## 8.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)

8.1 The Framework covers the whole of York and North Yorkshire, although it recognises the diversity of the subregion and that place-based approaches may be required. Some locations are referenced as examples and case studies, but this is not yet determining areas that will be impacted or prioritised.

## 9.0 Recommendations

9.1 It is recommended that the Combined Authority approve the Economic Framework as a key strategic document.

## 10.0 Reasons For Recommendations

10.1 The Framework will help the Combined Authority with prioritisation of investment and activity and ensure the Combined Authority is in a strong position for the arrival of the Mayor in May 2024.

## 11.0 Contact Details

For further information please contact the authors of this Report.

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<b>Date:</b>	29/2/24

**Appendices – York and North Yorkshire Combined Authority’s Economic Framework**



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# Economic Framework

March 2024



**City** region  
**Rural** powerhouse

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- [How can Investment Support all Three Ambitions?](#)
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- [Our 8 Thematic Priorities](#)

## Part 3: Thematic Priorities

- [Great Places for All](#)

- [Global Economy](#)
- [Productive & Innovative Economy](#)
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- [Thriving Workforce](#)
- [Strong Culture & Heritage](#)
- [Sustainable & Affordable Homes](#)
- [Well Connected Economy](#)

## Part 4: Next Steps

**City** region  
**Rural** powerhouse

# Introduction

## What is the Economic Framework?

This is the first Economic Framework for the York and North Yorkshire Combined Authority. The Combined Authority was established in December 2023 with the election of its first Mayor in May 2024.

## A Framework built on strong collaboration and engagement with local stakeholders.

The Framework builds on the strategic economic plans and policies of its two constituent local authorities, the [City of York Council](#) and [North Yorkshire Council](#).

### North Yorkshire Council's Economic Strategy

- Outward Looking Economy
- Innovative Economy
- Productive Economy
- Resilient Economy
- Carbon Negative Economy
- Inclusive Economy

### City of York Council's Economic Strategy

- York as a global City
- Thriving businesses
- A thriving workforce
- A greener economy
- An economy driven by good business

This forms the basis of the Combined Authority's three overarching ambitions:

- **Transition to Carbon Negative** - A carbon negative, circular and more resilient economy.
- **Deliver Good Economic Growth** - A global, innovative, productive economy with strong and thriving businesses
- **Ensure Opportunities for All** - A thriving and inclusive economy.

## Why is the Economic Framework needed?

The Framework has been developed to provide the following:

- An initial set of agreed priorities and direction for the new York and North Yorkshire Combined Authority
- An outline of the key challenges and opportunities for the economy of York and North Yorkshire, and
- Create a positive start from day one for the new Combined Authority.

## Who does the Economic Framework apply to?

The Framework's priority is to support the work of the York and North Yorkshire Combined Authority. However, it recognises that its ambitions will require collaboration and partnership working.

**This Framework provides the initial set of priorities for the new Combined Authority, but it is proposed that a full detailed Economic Strategy and Investment Plan will be produced following the election of the York and North Yorkshire Mayor in May 2024.**



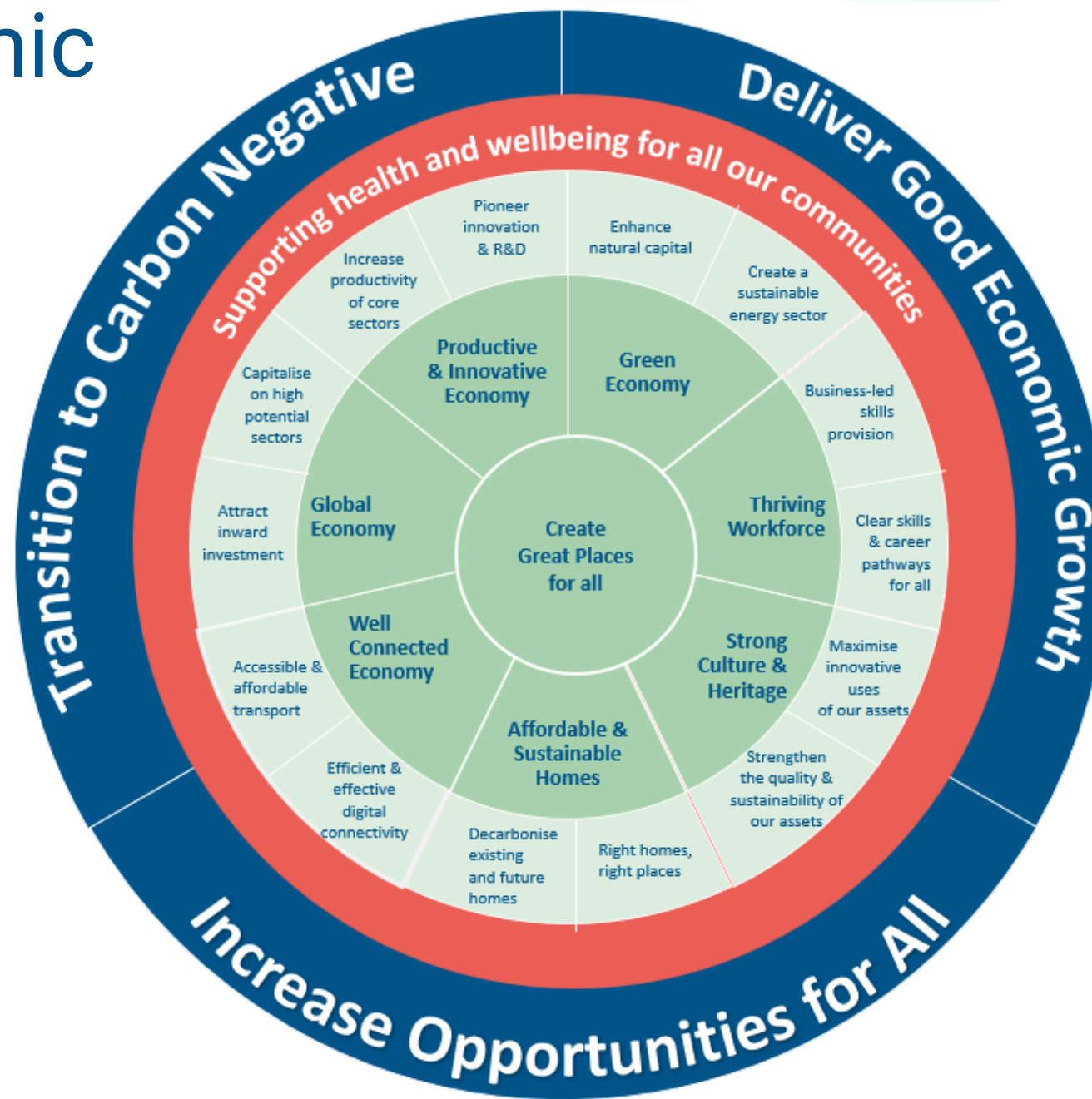


# The Economic Framework

This diagram summarises the contents of the Economic Framework.

The Combined Authority's three overarching ambitions encapsulate any work that the Combined Authority undertakes. If investment is not directly contributing to all three ambitions, it should never lead to a detrimental impact on one – they are key determinants on where investment should be made.

The inner circles represent strategic thematic priorities, which set out how the CA will achieve its ambitions. These priorities should not be considered in isolation.



**City** region  
**Rural** powerhouse

Key:

= Our Overarching Ambitions

= Health and wellbeing should be reflected through all priorities

= Thematic Priorities

Part 1:  
York and North  
Yorkshire Economy

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# An Overview of York and North Yorkshire

York and North Yorkshire covers approximately 846,367.54 hectares of land, which equates to 6% of England and is 5x the size of Greater London.

The geographical area is incredibly diverse. It is both highly connected and urban, with the city of York at its centre and distinct towns, but also deeply rural with many isolated communities.

## A Vibrant City economy

The city of York is the largest urban area within the subregion – 20% of York and North Yorkshire's population is based here and the city drives much of the area's productivity and has some of our highest wage levels. Integrated with the York and West Yorkshire economies is Harrogate, the second largest population area (9%), closely followed by Scarborough (8%) on the coast. These key economic centres attract significant residents, visitors and businesses.

## A High-Quality Rural Landscape

York and North Yorkshire includes high-quality landscapes with two national parks (North York Moors and the Yorkshire Dales) and three National Landscapes (Howardian Hills, Nidderdale and the Forest of Bowland).

## A Strong Coastal Economy

York and North Yorkshire has an incredible coastline which draws both residents, businesses and visitors

alike, but also provides an environmental and economic opportunity. The coastal economy has a strong maritime history, a buoyant visitor economy, manufacturing base and emerging offshore renewables sector. Whitby and Scarborough are the largest coastal communities.

## Distinctive Market Towns

The economy of York and North Yorkshire is dominated by a number of distinctive market towns, which play a significant role in community wellbeing and business growth within the subregion. For example: Knaresborough, Selby, Skipton, Malton, Northallerton and Richmond, to name a few.

## Well Connected to Neighbouring Economies

The area also has close economic links with neighbouring regions - West Yorkshire and Humber economies to the South and Tees Valley to the North, providing strong access to ports, airports and key conurbations. Connectivity goes beyond neighbouring regions with many key urban centres easily reachable, particularly from York. York to London is less than 2 hours on the train with York sitting at the heart of UK rail.

Interconnectivity across the subregion is more limited and heavily reliant on private car usage. York and North Yorkshire has excellent north-south connectivity but east-west needs significant improvement.





## **A great place to live, work, learn and visit**

According to a [recent survey](#) in 2023, Skipton, Harrogate and York ranked as the top three happiest places to live within Yorkshire and the Humber. Skipton was also featured in the top 10 happiest places within Great Britain. The creative and culture assets are one of the biggest drivers of the area's attractiveness. However, this leads to unaffordable housing and a high number of second homes for holiday lets. In some areas, housing and rent is much closer to Southern counterparts whilst wage levels remain much lower.

## **Driving opportunities for all is key**

Some neighbourhoods in the subregion are among the 20% most deprived in England. Most of these are in Scarborough, but six are also within York, two in Craven and single neighbourhoods in Selby and Harrogate, signifying deprivation is not simply coastal-based. Although this only equates to 6% overall, we need to ensure that these people aren't left further behind.

## **Ageing population**

York and North Yorkshire is home to 820,500 people, 61% of which are of working age. The population is primarily of an older demographic with 24% of residents aged 65 and over compared with a national average of 18%. The only exceptions to this trend are York, where there is a strong student base due to the presence of two universities, and Selby.

## **A highly qualified and educated workforce**

The subregion has some of the strongest qualification levels in the North with over half of the working-age

population qualified to NVQ 4+ level and there are very low rates of people with no qualifications (5.4%). Unemployment levels are also low at 1.7%.

## **Home to significant research and innovation assets**

York and North Yorkshire's asset base varies widely, including high-performing academic institutions (three universities are based here), research and development, innovation and sector specialisms (e.g. Stockbridge Technology Centre, York Biotech Campus, Network Rail's Training Centre, Green Chemistry Centre of Excellence). These assets can support our businesses to be more resilient, productive and innovative.

## **Strong presence of foundational sectors**

The key employment sectors for residents include: Wholesale and Retail (14.8%), Health and Social Care (12.8%) and Accommodation and Food Service Activities (12%). Although a small employment sector overall, Agriculture is a specialism of the subregion with a much larger proportion of businesses than national levels. There is significant public sector employment, particularly in York and Northallerton for 'General public administration activities', whilst 'Defence Activities' are significant to the northern area of the patch due to the presence of Catterick Garrison.

## **A diverse economy dominated by micro and small businesses**

The York and North Yorkshire economy does not rely on one singular industry, often resulting in ongoing stability for the economy, even during major shocks such as the Covid-19 pandemic.

It is primarily made up of micro businesses, reflecting

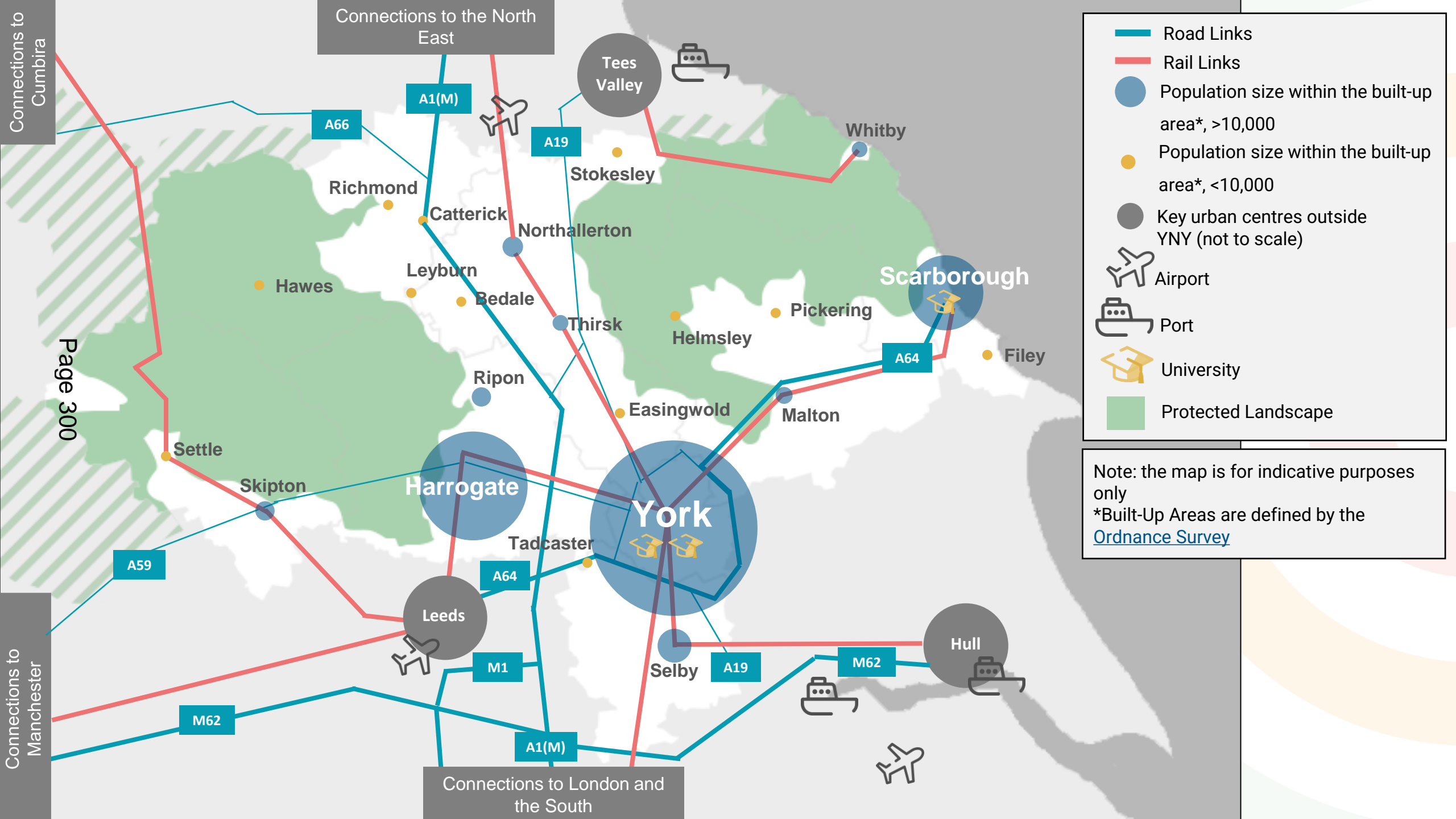
a similar picture to national levels, alongside high levels of entrepreneurship and start-ups. However, larger businesses still have a significant role to play in the economy, providing substantial employment and supply chain opportunities and acting as key anchor institutions.

## **Global brand recognition**

Manufacturing, particularly food, has a prominence in the subregion with many internationally-recognised brands based here (Nestle, McCains, Taylors of Harrogate, to name a few). Alongside our products, our places are also globally recognised, particularly the city of York, drawing in international students, domestic and international tourists and a range of inward investment opportunities.

## **High growth sector potential**

York and North Yorkshire is forward-looking and has identified several sectors that have scope to develop now and into the future. These sectors can drive the three overarching ambitions identified in the Framework. For example, rail is a key sector, with strong links to manufacturing and supply chains, which can help to generate innovative, technology-focussed roles and make a significant contribution to productivity.



Connections to Cumbria

Connections to the North East

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Connections to Manchester

Connections to London and the South

- Road Links
- Rail Links
- Population size within the built-up area\*, >10,000
- Population size within the built-up area\*, <10,000
- Key urban centres outside YNY (not to scale)
- Airport
- Port
- University
- Protected Landscape

Note: the map is for indicative purposes only  
 \*Built-Up Areas are defined by the [Ordnance Survey](#)



Part 2  
Three  
Overarching  
Ambitions

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# Transition to Carbon Negative

## A carbon negative, circular and more resilient economy.

York and North Yorkshire is in a prime position to support national and global efforts to combat climate change, even going beyond net zero and becoming England's first carbon negative region. This opportunity is supported by both the area's natural assets and urban centres. For example:

- Natural carbon capture and sequestration supported by the two National Parks and three National Landscapes;
- Innovative pilot opportunities through our urban assets (including Retrofit One Stop Shop and Heat Network Zoning Pilots in York);
- Key sectors that support the agenda, e.g. electric bus manufacturers Alexander Dennis in Scarborough and Switch Mobility in Sherburn in Elmet, which are used on York's Park and Ride.

York and North Yorkshire is able to understand and pioneer the sustainability opportunities from both a rural and urban setting.

To date, significant progress has been made to reduce carbon emissions. However, there is still a long journey to achieve this ambition and tackle climate change. Without intervention or acceleration, there are massive economic risks, resulting from changes to our climate such as increased frequency and severity of flooding, increased temperatures, water shortages and rising sea levels. Businesses

could face disruptions on food production, damages to physical assets and destruction of ecosystems that underpin our key sectors (such as agriculture and tourism).

Pace and scale will be needed to reach this ambitious target.

### What is the economic opportunity?

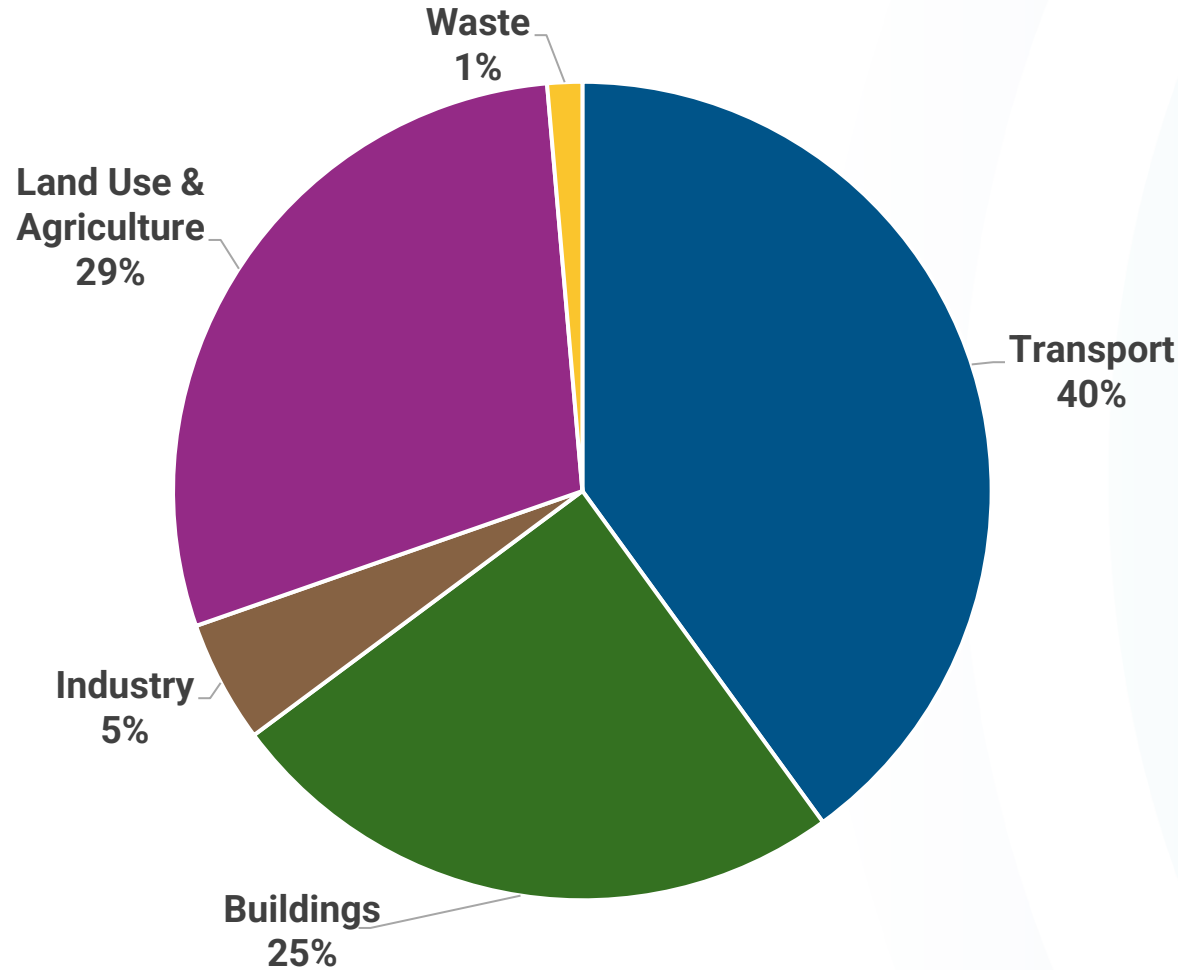
The transition to carbon negative is not just good for the environment, but can also support our businesses, people and communities:

- New jobs (e.g. growth within the renewable energy sector)
- Increased public and private sector investment
- New skills (e.g. retrofitting requirements for the construction sector)
- Resilience for key sectors – agriculture, food and drink manufacturing, and tourism – all of which are extremely vulnerable to impacts of climate change
- Health benefits leading to a stronger workforce (e.g. cleaner air, improved energy efficiency of homes)
- Cheaper, cleaner and more secure energy, a benefit for both businesses and residents



Net Zero by 2034 and carbon negative by 2040.

**Figure 1: Graph showing that transport and land use and agriculture emissions are the largest contributor to the overall emissions across York and North Yorkshire.**  
(Current Emissions, %)



Source: [North & West Yorkshire Emissions Reduction Pathways, 2021](#)

In 2020, York and North Yorkshire produced 7.8 MtCO<sub>2</sub>e/yr\*. Due to the rural nature of much of York and North Yorkshire, there are large contributions from agriculture and transport to Greenhouse Gas (GHG) emissions. Land use, land use change and forestry (LULUCF) and agriculture emissions are high in the region, dominated by agricultural non-CO<sub>2</sub> emissions. North Yorkshire has the second highest levels of GHG emissions in England (only preceded by Devon).

There are limited emissions from heavy industry. This is mostly based in Selby, but also driven by food and drink and mineral sectors.

Much of the emissions from buildings and industry are due to heat generation, primarily using natural gas and some oil. Electricity related emissions will be addressed through decarbonisation of the power sector.

\*CO<sub>2</sub>e is CO<sub>2</sub> equivalent, considering other GHG produced by combustion of fuels and in agriculture.



# Deliver Good Economic Growth

## A global, innovative, productive economy with strong and thriving businesses

Compared to many Northern counterparts, York and North Yorkshire has a strong economy, particularly driven by York's performance. But there is an opportunity to strengthen it further, attracting new investment and driving our businesses to be more productive, innovative and resilient.

The York and North Yorkshire economy is valued at £2.8bn in 2021. This is comparable to similar geographies and areas across the UK. However, productivity shows a slightly different picture.

From 2011 to 2021, York and North Yorkshire's average output was 87.5% of the national average. The region faces a gap when compared to national and Southern counterparts. This is primarily driven by North Yorkshire, which lags behind at 84.1%. York was much closer to national levels at 97.4%.


Wage levels are also lagging when compared to the national average. Underperformance is mostly concentrated along the coast and in rural pockets. Resident pay is stronger than workplace measures across all areas of North Yorkshire (although noting this trend is not reflected in York), indicating that a proportion of residents commute out of the area for jobs that are better paid.

There are people sitting within low-waged and low-skilled roles with huge potential and transferable skills

to move into growing sectors. Around 12% of people are still paid below the Real Living Wage.

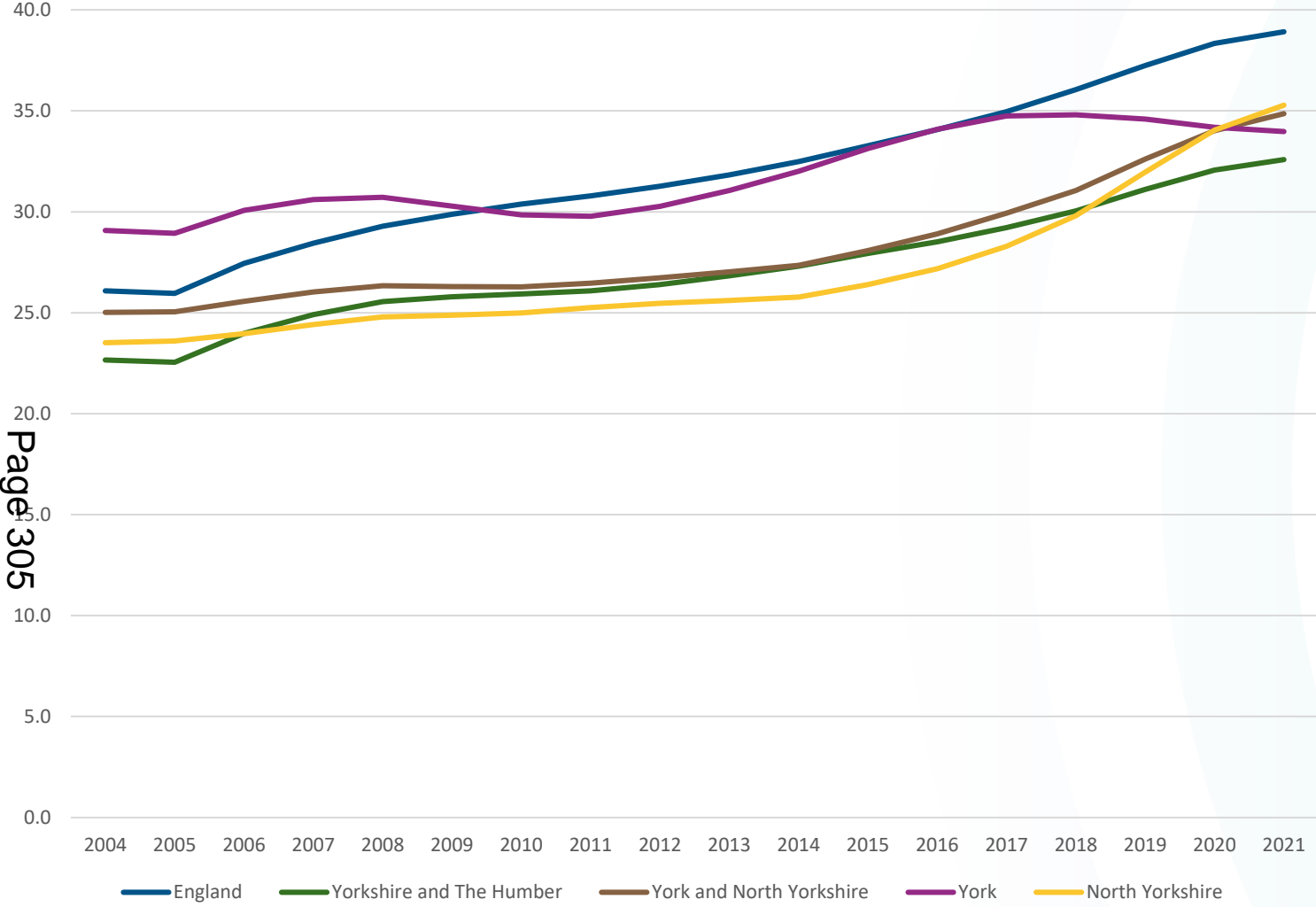
### What is the economic opportunity?

- New investment and growth in the economy
- Increased productivity levels
- Higher quality and higher wage job opportunities
- Increasing skill levels
- Better quality of life for residents
- Greater business resilience and productivity



Increase the value of our economy in a way that benefits our people, places and environment.

**Figure 2: GVA per hour worked (£) in current prices (smoothed)**



Between 2004 and 2021, productivity (as measured by GVA per hour worked) for York and North Yorkshire has remained on a positive trajectory, except a minor decrease in 2009 likely driven by the 2008 financial crash. Productivity has significantly grown over this period (39%), but the average annual growth was 2% with some years being somewhat stagnant.

Source: [Office for National Statistics](#)

# Opportunities for All

## A thriving and inclusive economy.

York and North Yorkshire has some of the most desirable places to live, work and visit. In 2023, Skipton, Harrogate and York were voted the top three happiest places to live in the region. However, this is not a consistent picture across the whole patch. The benefits of living and working within York and North Yorkshire are not always equitable.

Some of our communities are falling behind, and this is a result of varying factors primarily linked to accessibility – e.g. access to transport, housing, education and training, good employment etc.

13% of neighbourhoods within York and North Yorkshire rank in the 10% most deprived for 'Barriers to Housing and Services' according to the Indices of Multiple Deprivation. This assesses physical proximity of local services and 'wider barriers' which includes issues relating to access to housing such as affordability and homelessness.

Although this is partly driven by the rurality of the subregion and our isolated communities, these challenges also apply to our urban centres, particularly housing affordability.

York and North Yorkshire might have some of the best connectivity, particularly in our highly built-up areas and strong links to neighbouring geographies, but it also has some of the worst digital and transport connectivity. With technology ever-changing, there's a risk that residents could be disadvantaged if the infrastructure struggles to keep

pace. Connectivity also plays a key role in ensuring that people have access to employment, learning and key services.

Some of our well-paid workers are falling behind compared to national levels and there is a large proportion of underemployed people. The highest paid jobs in the region are paid significantly less than the highest paid jobs nationally and this is the main source of the overall pay gap in the subregion.

For York and North Yorkshire, levelling-up is less about regional and Northern comparators, it's bridging the gap with national performance and against Southern counterparts. There are also disparities between some of our communities, particularly along the coast, which need to be addressed.

### What is the economic opportunity?

- Create a stronger, healthier and more resilient workforce
- Improve quality of life for residents
- Encourage more people back into the labour market and reduce labour shortages
- Higher quality, higher paid jobs

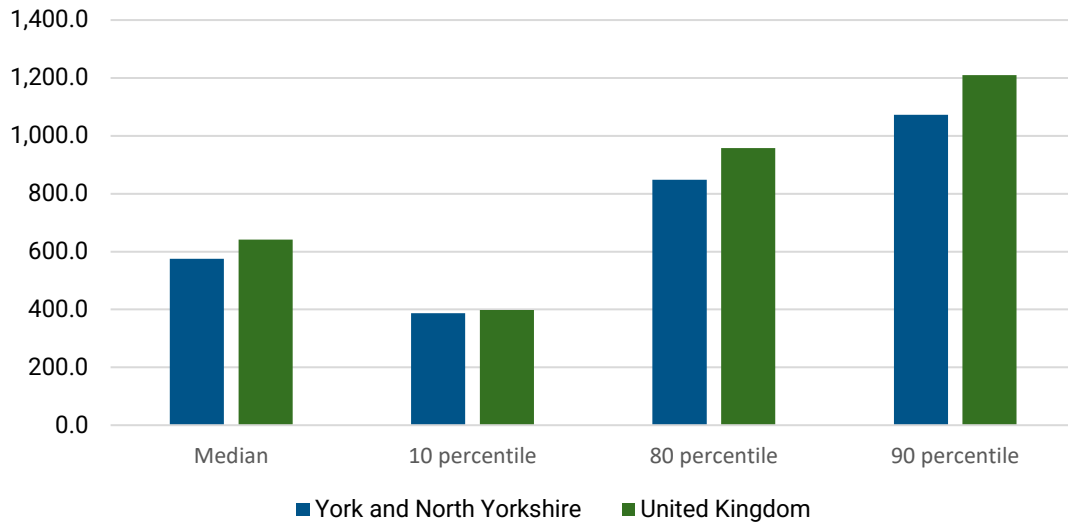


All residents should benefit from economic growth and have equal access to opportunities.

Growth Hub Programme Event, 'Strive Live'

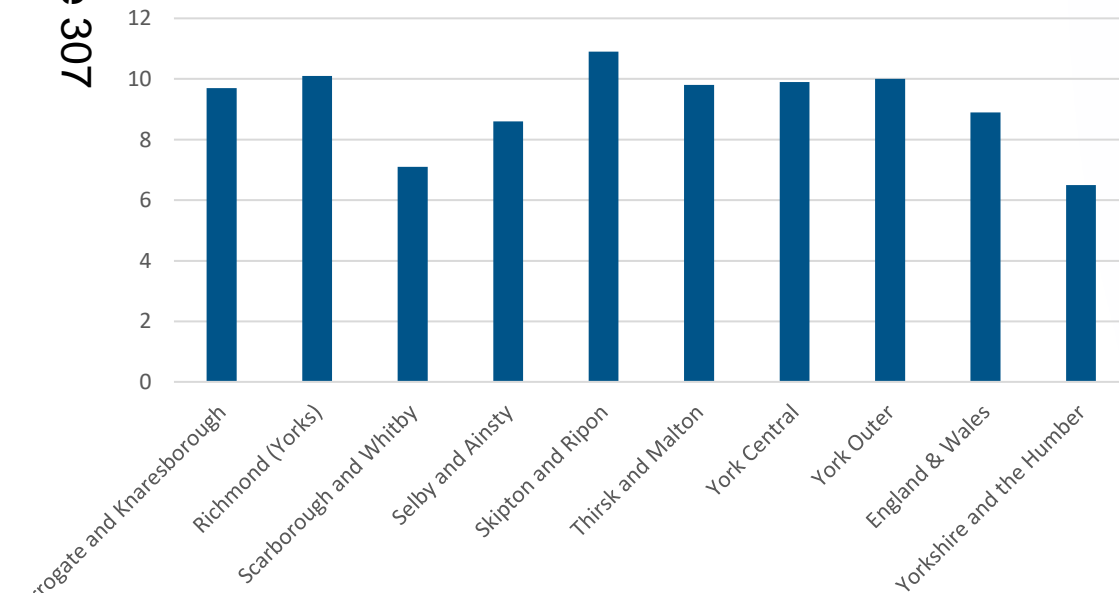


**Figure 3: Gross Weekly Pay, 2022**



Source: Office for National Statistics

**Figure 4: Housing Affordability Ratio**



Source: [House of Commons Library](#)

**Figure 5: Average Minimum Travel Time to Reach the Nearest Key Services\*, 2019 (Minutes)**

Local Authority	Public Transport / Walking	Cycle	Car	Walking
York	16.4	13.6	10	25.1
North Yorkshire	27	23	12.6	44.3
Yorkshire and the Humber	18	15.4	10.2	28.9
England	17.9	15.6	10.3	28

Source: [Department for Transport](#)

Key Services includes: Centre of Employment, Primary School, Secondary School, Further Education, GP/Hospital, Food Stores and Town Centres

The rurality of North Yorkshire can cause limitations around active travel and accessibility. Some areas have an average time of nearly an hour's walk to the nearest key services, twice as long as England's average time. This is particularly apparent in some of the most isolated communities, whereas our built-up areas are much closer to national levels.

# How can investment support all three ambitions?

## Case Study – ‘Your Sustainable Future – Experiences of the workplace’

The York and North Yorkshire Careers Hub is one of 7 Hubs nationally leading on a pilot that aims to work collaboratively with the Net Zero sector and Green industry representatives to increase experiences of the workplace opportunities across the area.

The fully funded pilot offers experiences of the workplace to students in year 9 at nine selected schools in North Yorkshire, helping to reduce the barriers between business and education.

This is one example of how activity can contribute to all three overarching ambitions.





# Supporting health, wellbeing and access for all our communities

Currently, good health is not evenly distributed across the sub-region. There is a 13-year gap between the lowest area and highest area for life expectancy levels of men in the sub-region, similarly there is a 12-year gap between women in the lowest and highest areas.

By supporting our three overarching ambitions, there is also an opportunity to create healthier and happier communities, as they link to the wider determinants of health.

The wider determinants of health are a diverse range of social, economic and environmental factors which influence people's mental and physical health. As set out by [Public Health England](#), this can include:

- The quality of the built and natural environment, e.g. air quality, the quality of green spaces and housing quality
- Educational attainment
- Income, wealth
- Access to employment, including the quality of work and health benefits
- Access to culture and leisure opportunities
- Crime rates

Local authorities have a responsibility to improve health and wellbeing and tackle inequalities. The CA will not duplicate the work undertaken by the City of York and North Yorkshire Councils but support the agenda through these wider determinants of health and work collaboratively with the two Local Authorities and the NHS, where appropriate.

The success of an economy should not just be measured alone by how fast or how aggressively it grows, but also by how well wealth is created and shared. The CA's three overarching ambitions demonstrate the focus on businesses and productivity, but also the environment, our people and communities. Ultimately, helping to support health and wellbeing agendas.



# Our 8 Thematic Priorities

The below summarises the focus areas of the CA, which will help to achieve the three overarching ambitions:

- **Great Places for All** sits at the heart of the Framework, as our communities are a key driver to delivering our ambitions and can act as the link between the seven other thematic priorities.
- **A Global Economy** will develop the inward investment and trade potential of the region and prioritise our high growth sectors.
- **A Productive & Innovative Economy** will drive the performance of established businesses and our core sectors, increasing productivity, innovation and R&D.
- **A Green Economy** reflects the value of our natural capital and economic potential of a sustainable energy sector
- **A Thriving Workforce** will develop clear opportunities and skills pathways for all, ensuring all our communities can progress in training and work.
- **Strong Culture & Heritage** reflects the world leading status of our assets and will seek to strengthen and increase investment into both

sectors.

- **Sustainable & Affordable Homes** prioritises delivery of the right homes in the right places, whilst supporting decarbonisation needs.
- **A Well-Connected Economy** reflects the importance of transport and digital in connecting businesses and people to opportunities.

**City** region  
**Rural** powerhouse

Part 3  
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**Thematic Priorities**



# Thematic Priority: Great Places for All

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Great Places sits at the heart of the Framework, as our communities are a key driver to delivering our ambitions and can act as the link between the seven other thematic priorities.



# Thematic Priority: Great Places for All

Our focus will be to...

- Maximise the opportunities for people and businesses from place based regeneration
- Support good place making at strategic investment sites
- Identify new place based strategic economic opportunities

Our places will be the conduits to deliver multiple thematic priorities.

## An Economic Framework shaped by a place-based approach.

York and North Yorkshire has a diverse geography, covering rural, coastal and urban. The subregion's urban centres are different from each other in many ways – location, size, purpose and history all differ, as does economic performance.

By taking a place-based approach, the Framework recognises that there are common opportunities and challenges across York and North Yorkshire, but these often need to be addressed in different ways, depending on the local context. A balance needs to be struck between achieving economies of scale, whilst recognising the nuances between our places and uniqueness to our communities.

Places aren't always defined by town or city boundaries; it can also be a redevelopment area that brings forth multiple opportunities and strengthens the wider community. York Central is a prime example of a collaborative long-term approach to building a thriving community, covering a range of thematic priorities (as show on Fig6).

Following a place-based approach will ensure the right interventions are delivered in the right places.

Figure 6: York Central Development





# Great Places for All in Action

## What are we doing to support this thematic priority?

There are many examples within York and North Yorkshire where a place-based approach is being delivered and working well:

- [Whitby and Scarborough Town Deals](#): the coastal towns were identified as two of 101 towns in England that would have the opportunity to create a Town Investment Plan and bid for a share of the Government's £3.6bn Towns Fund. The Plan's priority was to deliver long term economic growth, covering a range of investment areas such as skills and enterprise, cultural activities, the environment, connectivity, well-being and sustainability. On the 3 March 2021, Government announced that Scarborough had been successful in securing £20.2m of Town Deal funding, and Whitby £17.1m of Town Deal funding.
- [Catterick Town Centre](#): £19m of Levelling Up funding from Government has been allocated to Catterick town centre. This funding will be used for a range of activity including: provide more community facilities and space, improve pedestrian access, deliver extra retail and commercial premises, and drive further investment into the area.





# Thematic Priority: Global Economy

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A Global Economy will develop the inward investment and trade potential of the region and prioritise our high growth sectors.



# Thematic Priority: Global Economy

## Our focus will be to...

- Develop our high growth potential sectors
- Utilise our research strengths to support our growing sectors
- Increase the export capabilities of our businesses
- Attract new businesses and sectors through our development sites

## Measures of Success...

- New high-quality jobs created
- £m of new investment into YNY
- Export increases
- £ growth in the local economy

### Create good economic growth through development of our high potential growth sectors, whilst establishing York and North Yorkshire as a global leader.

Growth should be encouraged in sectors that will create better paid, more sustainable, future focussed jobs and opportunities for our residents. By driving innovation within these sectors, the subregion also has an opportunity to operate on a global stage, going beyond expectations of how people perceive York and North Yorkshire,

The high potential growth sectors includes:

- **Industrial Biotechnology** with subsector expertise and focus areas to include: high value bio-renewables/low value, high volume bio-renewables; biorefining, waste valorisation.
- **Manufacturing specialisms** in food and drink, bus and transport innovation, engineering, future materials and processes.
- **Agri-tech** includes any science-based, technology-based, or practice used to improve productivity and sustainability of agriculture, horticulture, aquaculture, and forestry.
- **Creative and Digital specialisms** within: creative innovation & research (e.g. heritage tech); digital transformation; and AI and safe autonomy.
- **Healthy Ageing** is a focus due to our ageing population and the opportunity to be part of the whole

Northern Life Science and Health cluster.

- **Rail** subsector priorities include: digital rail/signaling; train operating companies; infrastructure maintenance; civil engineering consultancy; electrification; green rail technology.

### Build on global recognition to increase investment and export capabilities of our businesses.

Inward investment, from foreign and indigenous businesses, can make a significant contribution to a local economy, from job creation and wages to productivity gains and encourage innovation and R&D. To increase this and build on the global brand recognition of our places and products, the subregion needs to be promoted as a destination for people to invest, do business, live, work, study and visit. Place branding and recognition also plays an important role in developing export opportunities and trust in our products and services.

### Maximise the opportunities from major site development.

York and North Yorkshire is a world-class place to live and work, so major developments and the creation of high-quality workspace in the subregion often bring new exciting businesses and sectors to the area. This is one of the main drivers for investments such as York Central and along the A1 corridor and in Selby.

- University of York was ranked no.4 in England for its Bioscience Research
- 80% of the Top 10 manufacturers in the region are global and industry recognised food & drink brands (e.g. Nestle, McCains, Taylors of Harrogate)
- Askham Bryan is 1 of only 9 colleges in the UK that can offer Degree level study, and it is the only land-based college in the UK to offer degree level study
- Creative clusters are within York, Harrogate, Scarborough, Northallerton and Skipton
- 14% of the UK's rail industry is within York
- UNESCO designation as a city of media arts



# Global Economy in Action

## What are we doing to support this thematic priority?

The York and North Yorkshire Local Enterprise Partnership undertook extensive research, commercial testing and stakeholder engagement to identify key growth potential sectors, particularly those that would equally support our businesses, people and communities, and environment. Ultimately, delivering the overarching ambitions of the CA. The research identified the following sectors: Industrial Biotechnology; Manufacturing; Agritech; Creative and Digital; Healthy Ageing; and Rail.

Strategies and plans have now been developed around each sector in order to maximise sector opportunities and encourage long-term economic growth, strategic job creation and social improvements.

One of the identified sectors includes Agritech, which has earned York and North Yorkshire a High Potential Opportunity (HPO) for Controlled Environment, Agriculture and Horticulture businesses, designated by the Department of Business and Trade due to our strong academic and agriculture and horticulture assets, expertise, site availability and accessibility.

Like the other identified sectors, Agritech strongly aligns with the three overarching ambitions for many reasons: little to no use of pesticides and fertilisers, protecting UK biodiversity, limiting GHG emissions, reduced supply chains, reduced packaging, longer shelf life, reduced carbon footprint, 90% of water continuously recycled and sustainable healthier food, naming just a few of the benefits.

Partners across York and North Yorkshire, including the Local Enterprise Partnership and City of York and North Yorkshire Councils, attended the UK's Real Estate Investment & Infrastructure Forum (UKREiiF) in 2023. UKREiiF connects people, places and businesses in the real estate and infrastructure sectors to encourage greater investment in the UK. Attending provided York and North Yorkshire the opportunity to put the region on the map.

Initial discussions are taking place with the Department for Business and Trade around international trade and a potential Export Strategy, strengthening York and North Yorkshire's position on a global map.

Invest in  
YORK & NORTH  
YORKSHIRE

Invest in



"Invest in York and  
North Yorkshire" stand  
at UKREiiF, 2023

# Thematic Priority: Productive & Innovative Economy

Page 318

A Productive & Innovative Economy will drive the performance of established businesses and our core sectors, increasing productivity, innovation and R&D.





# Thematic Priority: Productive & Innovative Economy

## Our focus will be to...

- Support collaboration between our academic assets and enterprises
- Support our micro and SMEs to make innovative changes
- Improve productivity in our most prominent sectors, such as Agriculture and Tourism
- Future-proof our enterprises, particularly linked to climate change
- Ensure the available support is business-led, simplified and easy to access

## Measures of Success...

- Increase in business turnover and productivity
- Increase in R & D spend
- Increase in business survival rates
- Number of businesses adapting to climate change and decarbonising

### Drive innovation, efficiency and productivity within our strong micro business base

Innovation can take various shapes within a business. For York and North Yorkshire's micro businesses this is often small, incremental changes which lead to big impacts. This could include: implementing process improvements, technology adaptation to improve efficiencies and resilience, bringing new products to market or exploring a new market and customer demographic.

The subregion has many assets to help implement these changes in our businesses, covering research centres, incubator/R&D facilities and educational institutions. However, there is sometimes a gap between industry and these assets which needs to be bridged.

### Improve the productivity of our most prominent sectors, such as Tourism and Agriculture

York and North Yorkshire has a number of sector strengths, but tourism and agriculture are most prominent, and this is partly driven by the geography (77% of the subregions land is farmed area ) and our heritage and culture assets. Although employment levels are low, Agriculture, forestry and fishing is the largest sector by business numbers and has a much higher proportion than national levels. Tourism largely refers to

accommodation for visitors, food and beverage serving activities, travel agencies and other reservation activities, cultural, sports and recreation activities.

The subregion often ranks highly in top visitor attractions and has a significant employment base within Tourism, particularly accommodation and food service activities. There will also be opportunities to support and grow the sector via the Local Visitor Economy Partnership.

### Build resilience in our businesses to mitigate climate change impacts and future trends

York and North Yorkshire currently has strong business survival rates. In 2017, 50.4% of new enterprises survived after 5 years, which was higher than England (39.4%) and the regional levels (43.5%). However, our business base faces a range of threats, particularly driven by climate change, which could lead to significant disruptions and costs.

To ensure longevity of businesses, they need to be adaptable. This could include integrating new models, such as circular economy practices.

### Develop a collaborative and coordinated business support landscape

Accessing support can be challenging for many businesses and difficult to navigate, especially with multiple organisations available for this role. Collaboration and coordination of business support will be critical to ensure that all businesses, of any sector or size, are able to find the right support to suit their needs.

- 89% of businesses are micro

- 15.4% of all businesses in York and North Yorkshire operate within Agriculture
  - Employment proportions for Agriculture are 3x England's proportions
- 12% of employees are within Accommodation and food services
- Between April 2021 to March 2023, the subregion was in the top 5 for overnight trips, based on the annual average of total trips, at 3.6 million
- From 2017 to 2021, there was an average survival rate of new enterprises of 95% after 1 year

# Productive & Innovative Economy in Action

## What are we doing to support this thematic priority?

The [York and North Yorkshire Growth Hub](#), which transferred into the York and North Yorkshire Combined Authority, is one of 38 Growth Hubs set up by the former Department for Business, Energy and Industrial Strategy (now the Department for Business and Trade) to support local businesses.

Recognising the diversity of our businesses and their varying needs, the York and North Yorkshire Growth Hub covers a range of specialisms, such as skills, collaboration with local universities, pre-starts and start-ups, coastal businesses, environment and sustainability, tech support for the manufacturing sector, agriculture and farming.

The Growth Hub works in collaboration with the City of York and North Yorkshire Councils to pool resources and create the best business support environment for our businesses, recognising the landscape can often be complex and confusing.

Alongside the Growth Hub, there are a number of thematic initiatives that the Combined Authority is responsible for delivering:

- [Made Smarter](#): support to help manufacturing businesses adopt new technology, covering a range of bespoke advice on anything from skills and leadership to innovation strategies. The programme also runs roundtable events with leading industry figures to discuss key topics (e.g. skills, recruitment, government policy and support etc.) and works closely with the local universities to develop knowledge transfer partnerships.

- [Grow Yorkshire](#): support and resources to help farmers and food businesses across the region with a strategic remit across environment, innovation, skills and wellbeing.
- Enterprise Centre: based at York St John University, the Enterprise Centre provides office space, practical support and expert advice.
- [Support Programmes](#) : The Growth Hub delivers a range of support programmes, including many currently funded through North Yorkshire Council's Shared Prosperity Fund. For example, the Growth Hub has now successfully delivered 8 cohorts of the [Strive Live Start-Up Incubator](#) which provides training for ambitious start-up businesses to turn entrepreneurial dreams into reality through a blend of dynamic weekly live online training, personalised one-to-one advice, and on-demand online learning.

The two constituent authorities are also driving forward initiatives and working closely with local businesses. For example, the [Good Business Charter](#) has been implemented in York, the first city to sign up to the charter. The accreditation scheme measures an organisation's behaviour over 10 ethical business components, such as diversity and inclusion, environmental responsibility and employee wellbeing.





# Thematic Priority: Green Economy

Page 324

A Green Economy reflects the value of our natural capital and economic potential of a sustainable energy sector



# Thematic Priority: Green Economy

## Our focus will be to...

- Position York and North Yorkshire as a trailblazer for the UK's Net Zero ambitions
- Protect and enhance our biodiversity and natural capital to capture more carbon
- Support innovation and growth in the renewable energy sector

## Measures of Success...

- Increase renewable energy production and consumption
- Restoration of our natural capital
- Increase carbon capture and sequestration
- Job creation in the energy sector

### Pioneer York and North Yorkshire's USPs within the Green Economy

The Transition to Carbon Negative is an overarching ambition of the CA and should be threaded throughout all our thematic priorities. This section draws out York and North Yorkshire's major assets and key USPs linked to the agenda and how the area could be a trailblazer for the UK.

### Maximize carbon storage and biodiversity improvement opportunities from our high potential natural capital assets

Land and marine are critical natural assets. They sequester and store carbon so are essential resources to mitigate climate change. With two National Parks, three National Landscapes, 77% of the land used for agriculture and significant marine and coastal habitats, there is an abundance of natural capital that could be maximised to secure investment and support our economy to thrive.

The sub-region also includes the UK's largest area of energy crops and our uplands are home to 5% of the world's blanket bog, offering an opportunity to secure over 38my of carbon.

If we fail to increase investment in our natural capital, we risk continued degradation of our natural capital –

resulting in a loss in the sector's GVA, and an increase in greenhouse gas (GHG) emissions, owing to our region's high proportion of degraded peatlands, which will continue to emit carbon unless they are restored.

### Local and national carbon emissions targets will drive growth in the renewable energy sector

Renewable energy produced in York and North Yorkshire is mostly based within Selby, which is the largest contributor to the UK's renewable electricity (~8% in 2022). This is mostly driven by plant biomass with Selby contributing nearly 50% of the UK's production.

Outside of Selby, the renewable capacity in the sub-region is modest and must expand rapidly to meet our net zero target. Disproportionately low solar and onshore wind assets represent the lack of distributed generation in York and North Yorkshire. Despite having 3.4% of UK land and 1.24% of UK population, solar and onshore wind capacities are only ~0.8% and ~0.4% of the UK total, respectively.

The development of York and North Yorkshire's Local Area Energy Plans has shown that the sub-region has sufficient land to install renewables to be energy self-sufficient. There are also strong coastal opportunities linked to energy, such as off-shore industries in Whitby.

Growing the renewable energy sector provides a potential opportunity for skills transfers, particularly for those employed in carbon intensive sectors that could see a decline. For example, movement could take place for those in fishing to green offshore energy or seaweed farming.

- Distinct coastline, two National Parks (North York Moors and Yorkshire Dales) and three National Landscapes (Forest of Bowland, Howardian Hills and Nidderdale)
- Natural capital directly supports 11% of our GVA
- 8.6% of York and North Yorkshire is classified as woodland area
- 27% of England's blanket bog is in North Yorkshire.
- Selby is the largest contributor to the UK's renewable electricity



# Green Economy in Action

## What are we doing to support this thematic priority?

[Local Area Energy Plans](#) (LAEPs) identify the right technologies and approaches to transition to net zero energy systems quickly and efficiently. Using funding from the Community Renewal Fund and City of York Council, LAEPs were created for York and North Yorkshire, detailing 'what, where, when and by whom'. This information will help us ensure a coordinated approach to decarbonising the energy systems across the subregion.

The subregion is rich in natural capital, thanks to world-renowned landscapes, rivers, coastline and urban green spaces. The [Local Investment in Natural Capital Programme](#) (LINC) will help us to understand how we can attract investment into natural capital that can restore and sustain the natural environment, whilst unlocking significant economic value.

The [Routemap to Carbon Negative](#), originally led by the York and North Yorkshire Local Enterprise Partnership in collaboration with key stakeholders, sets out strategic direction and a coordinated approach to decarbonisation. The document also sets out the economic opportunities of net zero and positioning York and North Yorkshire at the forefront of national climate action.





# Thematic Priority: Thriving Workforce

Page 324

A Thriving Workforce will develop clear opportunities and skills pathways for all, ensuring all our communities can progress in training and work.





# Thematic Priority: Thriving Workforce

Our focus will be to...

- Ensure strong career pathways for all our residents through Information, Advice and Guidance (IAG)
- Ensure that skills and training is business-led and adaptable to emerging opportunities
- Support all our communities to access skills opportunities, particularly targeting hard-to-reach residents and those furthest from the labour market
- Create a an integrated, responsive and flexible local skills system

Measures of Success...

- Increased level of people undertaking training
- Reduction in skills gaps, underutilisation and labour shortages
- Decrease underrepresentation in the labour market
- Employment in growth sectors

## Create a skill system that is business-led and responsive to emerging opportunities in core sectors, such as Green Skills

The subregion performs strongly in terms of its qualification profile, with York having the highest skills levels of any city in the North of England. But these skills don't always address the needs of industry and changing trends mean upskilling and reskilling is needed.

For training and education to be meaningful, it needs to be employer-led and accessible. Employers are most likely to say that managers need upskilling. They also prefer micro accreditation and quick, bitesize courses. Training need to be adapted to suit these requirements.

Skills also need to ensure that businesses are resilient to changing trends. There will be growing demand for skills linked to decarbonisation and sustainability. For example, housing retrofit will require new skills in the construction sector, and declining carbon-intensive sectors could result in people being displaced and the need for new and transferable skills into growing sustainable sectors.

## Ensure all our residents have a clear career pathway,

## no matter their age or the stage they are at in their career

Over the last 5 years or so, York and North Yorkshire has had a consistently low unemployment rate, but the sub-region faces labour shortages and a tightening labour market. This has been partly a result of an ageing population and decline in young people (with exceptions for York and Selby). There is a missing generation of people in some of our most rural communities

To fill this gap, clear career pathways will be critical for all, ensuring the next generation of employees for key growth sectors, helping our older workforce to remain within the labour market, reducing employment gaps (particularly linked to gender, disability and age) and supporting transferable skills for those at risk of displacement.

## Communities are empowered to fully participate and progress in learning and work

Education, training and skills deprivation is a more significant issue than other forms of deprivation within York and North Yorkshire, particularly on the coast – 17% of neighbourhoods in Scarborough are among the 10% most deprived. Community based learning could

help to address barriers to learning and work. Supporting our residents with skills and training could help to reduce isolation, improve health and wellbeing and enable progression in learning and work.

Health is also a strong predictor of inactivity of workers. Addressing labour shortages could also be achieved through creating healthy workplaces and supporting our business communities to do this.

- Unemployment rate of 1.7% in 2022 (compared to the UK's rate of 3.6%)
- The sub-region has an ageing population with 24% of the population aged 65 and over compared with a national average of 18%
- Only 1 in 20 of York and North Yorkshire's working age population lack formal qualifications
- Around two-thirds of employers have upskilling needs
  - Around 6% of neighbourhoods in York and North Yorkshire are among the 10% most deprived for Education, Training and Skills.

# Thriving Workforce in Action

## What are we doing to support this thematic priority?

The [York and North Yorkshire Careers Hub](#) is one of 44 operating across England. The Hub supports the subregion's 77 secondary, post-16, further education colleges and special education needs and alternative learning institutes. The offer to schools and colleges includes one-to-one support, targeted projects, signposting and knowledge sharing and funded Careers Leader training.

[Skills Bootcamps](#) offer a wide range of courses in areas such as digital marketing, construction, and green energy – reflecting the diverse needs of the modern economy. Skills Bootcamps are free, flexible courses of up to 16 weeks for adults aged 19 or over. They give people the opportunity to build up valuable sector-specific skills based on local employer demand and provide a direct path to a job on completion.

Skills and training must be shaped by our businesses to be impactful. To support this need, the [Growth Hub](#) (as referenced in the Productive and Innovative Economy section) includes a dedicated Skills Business Relationship Manager. They help to simplify the skills landscape for businesses and ensure their training needs are being met.

The Shared Prosperity Fund has supported [Better Connect](#) to deliver RISE (Reducing Inequalities, Supporting Employment), a support programme for adults in York and North Yorkshire who are currently out of work and have barriers to engaging with

employment and/or training. The support is designed to improve people's health, confidence, skills and help them back into employment.





# Thematic Priority: Strong Culture & Heritage

Page 327

**Strong Culture & Heritage** reflects the world leading status of our assets and will seek to strengthen and increase investment into both sectors.



# Thematic Priority: Strong Culture & Heritage

Our focus will be to...

- Further understand and maximise the social, cultural and economic opportunity from our world leading assets
- Drive the economic opportunity from decarbonising our heritage assets whilst maintaining their quality and value
- Develop the skills opportunity from our high value cultural and heritage assets, particularly linked to decarbonisation

Measures of Success...

- Underutilised heritage assets repurposed
- Number of historical buildings retrofitted
- Reduction in carbon emissions
- Increase the value of the sector

## Restoration and regeneration of heritage assets creates a strong sense of place, provides new economic opportunities and supports health and wellbeing

York and North Yorkshire has an abundance of heritage assets, ranging from the prehistoric, Roman, Viking and medieval, which includes archaeological remains, historic field patterns in our agricultural landscape, and historical buildings (including some of the oldest housing stock in the country).

The diversity and distinctiveness that has developed over centuries combines to create an unmistakable sense of place and community identity. It has also become an important product and attraction for tourists.

Our heritage assets can be a catalyst for further opportunities, such as economic growth and regeneration in an area; driving tourism; inspiring new and imaginative developments; minimising waste; and supporting health and wellbeing engagement within our communities. Ultimately, these assets are what makes York and North Yorkshire so unique and special.

## Protect the unique qualities of historic buildings and

## improve their energy and carbon performance

Building sustainability of our heritage assets (buildings of historical construction (pre 1919) including homes and non-domestic buildings) is critical, both for the transition to carbon negative and to future proof these assets. Done correctly, the economic impact could be monumental – research from [Historic England](#) suggests it could generate £35bn of outputs annually for the UK, alongside 290,000 jobs, more efficient homes that are less expensive to heat, and reduced fuel poverty.

Appropriate conservation will require specialist construction skills, such as stone masonry, providing an opportunity for the construction sector to scale up.

## Maintain and enhance our cultural offer to ensure all of York and North Yorkshire is an attractive place to work, live, learn and invest

Culture can mean many things to different people and is difficult to define, often interlinked with an area's heritage, creative industries and tourism. It can range vastly, covering art, music, film, literature, architecture, museums, theatre and sport.

York and North Yorkshire already has a strong asset base to build upon and develop further. It ranges from

hyper-local and community-based activity to internationally known events, alongside many cultural partnerships in place to support the sector.

Culture is important for place-making and quality of life, employment and the economy, and the health and wellbeing of our residents.

- Within York, North Yorkshire and East Riding, heritage is estimated to account for GVA of £2.1bn
- Range of distinctive heritage assets - including UNESCO-recognised Studley Royal and Fountains Abbey, the York Minster, Whitby Abbey
- In York and North Yorkshire, the proportion of people employed in 'Libraries, archives, museums and other cultural activities' is nearly 3x England's levels
- York is the UK's first UNESCO Creative City of Media Arts
- Approximately 8% of the workforce is within creative employment



# Culture & Heritage in Action

## What are we doing to support this thematic priority?

In partnership with Historic England, the York and North Yorkshire Local Enterprise Partnership commissioned the report '[Celebrating our Distinctive Heritage](#)' which reviewed the area's historic assets and how people, places and our economy can benefit from a well-maintained historic environment. This was the first work of its kind in the North of England. The sub-region has an opportunity to pioneer this economic opportunity and continue to collaborate with key government agencies and wider stakeholders to drive positive change.

Current investment into our historical assets can be seen via the Heritage Action Zones, which included a range of activity such as transforming disused buildings into new homes, shops and community space, establishing cultural activities and festivals, and the development of heritage-based skills, primarily with the focus to retain more young people. Locations in York and North Yorkshire included:

- [Selby High Street](#)
- [Northallerton High Street](#)
- [Skipton High Street](#)

The [York Minster](#) is home to a Centre of Excellence for Heritage Craft Skills and Estate Management – the first of its kind, helping to secure the environmental, financial and heritage sustainability of York Minster. The project will support the continuing

of historical stonemasonry skills and encourage global learning.

York's Viking heritage has developed through Jorvik dig and visitor centre and demonstrates the economic potential of heritage. 50 years ago, Viking heritage was relatively unknown, but York is now a global centre for heritage tech and attracts visitors from across northern Europe.

Innovative regeneration of underutilised heritage buildings can be seen at the former prison site in Northallerton, which was transferred into a new C4DI campus (Centres for Digital Innovation). C4DI Northallerton is focussed on helping tech companies grow and traditional businesses innovate within all industries, with a special focus around agriculture and food processing sectors for the North Yorkshire region.



C4DI Northallerton (former prison site)

# Thematic Priority: Sustainable & Affordable Homes

**Sustainable & Affordable Homes  
prioritises delivery of the right  
homes in the right places, whilst  
supporting decarbonisation needs.**





# Thematic Priority: Sustainable & Affordable Homes

## Our focus will be to...

- Ensure the right homes are delivered in the right places to support our current and future housing needs
- Ensure access to a strong labour base through our housing, particularly for rural communities
- Support the construction sector to retrofit and decarbonise our housing stock

## Measures of Success...

- Delivery of new homes
- Increase number of new affordable homes
- Number of homes retrofitted

### Deliver more affordable homes to attract and retain young people and working age households across the subregion

There is an affordability challenge for many areas of York and North Yorkshire. The affordability ratio, which is calculated by dividing house prices by gross annual workplace-based earnings, is high within both our urban and rural locations. Only Scarborough (6.67) and Selby (7.34) are lower than the affordability ratios for England and Wales (8.16).

The cost of rented accommodation in York (£875) and Harrogate (£825) was close to England's (£850) median monthly rental price between 1<sup>st</sup> October 2022 to 30 September 2023. However, wage levels are much lower in the subregion, meaning rental options are equally unaffordable for residents. They're also much higher than the regional level (£650).

### Create the right homes in the right places, recognising the differing needs of our communities

Recognising the high numbers of older people across York and North Yorkshire (25% aged over 65 in North Yorkshire), it is important that new housing supply is both accessible and adaptable to enable people to stay living within their own homes at different life stages.

We also need to ensure that housing is available to

younger households so that they can stay living in the sub region. This is especially challenging within our rural communities where populations are ageing and in some cases declining due to a lack of affordable housing. The impact of second homes and holiday lets in our rural areas, which in some localities can make up as much as 25% of the housing stock, together with the high cost of delivering new affordable rural homes means that ensuring a supply of new homes is vital to the sustainability of our rural communities.

The scale of housing need across the sub region is acutely challenging; the rise in homelessness has led to a marked increase in the need for temporary accommodation at a time when the supply of private rented accommodation is under pressure. In addition, a shortage of specialist housing provision to meet specific needs, along with the housing requirements of displaced people, means that the picture of housing demand across YNY is complex.

### Scale the construction sector through decarbonisation of our housing stock

There will be a large demand for retrofitting within York and North Yorkshire due to its current housing stock. The subregion contains a large proportion of homes that are very old (pre-1919) (24% relative to 19% nationally); typically these are less well insulated and

often more difficult to retrofit. As a result, York and North Yorkshire has a high proportion of homes with poor thermal efficiency – around 68% of homes have an EPC rating below C. Improving the efficiency of our homes creates an opportunity for the construction sector and means warmer homes and reduced costs for our residents. There is also new policies coming in around new homes with the Future Homes & Buildings Standard currently out for consultation.

- Over 10 years, housing prices have jumped dramatically (Dec-13 to Dec-23): York = 56% increase, North Yorkshire = 52% increase
- 23% of total carbon emissions are from buildings, with 2/3 of these from domestic building
- 15% of households were in fuel poverty in 2020
- 22.9% of occupied dwellings in YNY are classified as non-decent compared to England's proportion of 16.7%
- 13% of residents with second addresses use this as a holiday home

# Sustainable & Affordable Housing in Action

## What are we doing to support this thematic priority?

As part of the Devolution deal for York and North Yorkshire, the subregion was awarded funding to support the delivery of new homes, including:

- Brownfield Housing Fund: £12.7 million of capital funding to support the building of new homes on brownfield land. Priority was given to schemes that help to deliver affordable, accessible and low carbon housing, creating sustainable and high-quality places.
- Investment of £2.65 million on projects that support York and North Yorkshire's priority to deliver affordable, low carbon homes across the area.

York and North Yorkshire has an ambition to create a Retrofit One-Stop-Shop, a service to advise and support residents and businesses to retrofit buildings. Several funded programmes are working towards this overall goal:

- Innovate UK funded Retrofit One-Stop-Shop for York: £3.5m has been secured to create a Retrofit One-Stop-Shop in York. The findings from this pilot will be disseminated with stakeholders and provide a blueprint for other One-Stop-Shops.
- City of York Council & North Yorkshire Council Local Energy Advice Demonstrator projects: focus on testing approaches to delivering in-person advice. City of York's project will focus on harder to treat/solid walled homes in designated

conservation areas and homes on traveller sites. North Yorkshire's project will share resources to overcome a lack of confidence in retrofit and a lack of communication among installers.

[York and North Yorkshire Housing Partnership](#) demonstrates the importance of collaboration on strategic housing challenges facing the subregion. The partnership is focused on three key areas: building the right homes in the right place, the drive to net zero and boosting jobs and the local economy.





# Thematic Priority: Well Connected Economy

Page 333

A Well-Connected Economy reflects the importance of transport and digital in connecting businesses and people to opportunities.



# Thematic Priority: Well Connected Economy

## Our focus will be to...

- Ensure our economic centres are well connected to pan regional, national and international markets
- Meet the challenge of decarbonising our transport systems and increasing uptake of digital solutions
- Ensure our residents, learners and businesses have access to the right digital and transport connectivity
- Support the holistic requirements of connectivity, not just the infrastructure requirements (e.g. skills and literacy, future-proofing)

## Measures of Success...

- Reduced journey times
- Enhanced accessibility to employment, learning and other key services
- CO2 savings
- Increased public transport and active travel
- Increase in premises with access to connectivity infrastructure

### Ensure our economic centres are well connected to pan regional, national and international markets

Our region is well located to take advantage of key transport connections to other major economic centres and markets. York is directly connected by rail to 150 cities, towns and villages across the UK and is within a 2-hour journey to London. We have excellent North-South connections by both road and rail and on the Transpennine route across to Leeds and Manchester. Our region is also close to 3 international airports at Manchester, Leeds/Bradford and Tees Valley.

### Ensure the transport and digital connectivity network is available and accessible to all, meaning both urban and rural areas perform equally well

York and North Yorkshire has strong connectivity in places, providing access within the sub-region and wider afield (regionally, nationally and internationally). However, this isn't the current landscape for everyone. Connectivity varies greatly and can be very localised, both in terms of transport and digital connectivity. Improved accessibility can open-up a number of economic opportunities, including access to training and education.

Everyone within York and North Yorkshire should have

the opportunity to go about their business in the most convenient and affordable way, wherever they are in the area.

### Meeting the challenge of decarbonisation of our transport systems and greater digital access

There is no route to a Carbon Negative economy without a zero emissions transport network. Transport is the biggest contributor to carbon emissions, largely driven by the rural geography and residents and tourists' reliance on private car usage. Greater digital connectivity and transport innovation offers an opportunity to reduce transport emissions, alongside the development of sustainable transport solutions.

### Provide residents and businesses with a range of choices for connectivity that suit their varying needs.

We need to understand consumer's needs for travel and digital infrastructure to ensure the right infrastructure is in place. Needs can differ greatly depending on the perspective (residents, businesses, learners). Data and technology could be used to inform the strategy and future interventions. Strengthening our connectivity will create greater choices and opportunities for our residents.

- York is directly connected by rail to 150 cities, towns and villages across the UK, providing direct access to 1/3 of the UK's population
- Only 16.6% of people across York & North Yorkshire commute via public transport or active travel, despite high levels within York
  - Transport is the biggest contributor to carbon emissions at 40%
- More than 99% of vehicles have conventional fossil fuel engines
- 73% of premises have 4G coverage from all operators
- 43% of premises have gigabit capable broadband, although this level differs widely across the patch



# Well Connected Economy in Action

## What are we doing to support this thematic priority?

The Transforming Cities Fund is a major programme of transport infrastructure investment, which supports a place-based approach and is helping to drive sustainable transport into towns, particularly through better connectivity for those choosing active travel. A number of locations within York and North Yorkshire have received investment including: Harrogate, Selby, Skipton and York.

The City of York Council received investment from the Department for Transport's Zero Emission Buses Regional Area (ZEBRA) scheme to become one of the first cities in the UK, outside of London, to run full electric bus fleets.

Through the Getting Building Fund, the North Yorkshire Digital Infrastructure Programme was awarded £3.6m to improve digital infrastructure across North Yorkshire helping to deliver new services for Health, Tourism, Agriculture, and Highways; enable new town centre services and help support businesses; and enable fibre connectivity to businesses on business parks.

The [City of York Council](#) has an ambition to make York the first truly 'gigabit city' and has made a number of investments linked to this.



City region  
Rural powerhouse

Part 4  
Next Steps

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# Next Steps

## Engagement with the Mayor

The Economic Framework helps set the initial direction for the Combined Authority, identifying some of the biggest opportunities for the subregion. However, this will need to be explored with the Mayor once they have been elected in May 2024, ensuring alignment with their priorities. It is anticipated that the Mayor will require the Framework to be developed further into a full Strategy for the Combined Authority.

## Delivery of the Framework

The Combined Authority is already delivering a number of activities, which support the overarching ambitions set out in the Framework. This includes:

- Historical activity that was originally delivered by the York and North Yorkshire Local Enterprise Partnership, which has now been integrated into the Combined Authority. For example, delivery of business support through the Growth Hub.
- Investment and opportunities that were announced as part of the Devolution Deal for York and North Yorkshire, including the Brownfield Housing Fund

and Net Zero Fund and preparing for the Mayoral Investment Fund and its evaluation requirements.

- Working closely with central government departments.
- Partnership-working with the two Local Authorities and other key stakeholders to recognise the ambitions.

## Develop an Investment Plan

There are new actions that could be undertaken to build on the Framework and deliver the three overarching ambitions, but these will need to be shaped in collaboration with the Mayor.

Working with the Mayor, a clear Investment Plan will be developed.

## Explore how the subregion can pilot new and innovative opportunities, working closely with central government departments

York and North Yorkshire is a perfect area to trial new ideas and government policies, particularly as one of

**City** region  
**Rural** powerhouse

the first devolved areas that combines urban and rural. The CA will work closely with the two Local Authorities, Central Government and other stakeholders to identify these pilot opportunities.

## Performance monitoring

To understand progress being made against the Framework, a number of indicators will be identified and regular reporting will be undertaken.

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**YORK AND NORTH YORKSHIRE COMBINED AUTHORITY MEETING**

**14 MARCH 2024**

**ADULT EDUCATION BUDGET IMPLEMENTATION READINESS CONDITIONS**

**Report of the Director of Economy**

---

**1.0 Purpose of the Report**

1.1 The report seeks to request delegated authority to the Interim Head of Paid Services, in consultation with the Mayor or Co-Chairs, for the submission of draft documentation required for the Adult Education Budget (AEB)

Implementation Department for Education readiness conditions, to include:

- AEB Strategic Skills Plan
- AEB Commissioning & Delivery Framework
- AEB Funding & Performance Management Rules

**2.0 Background**

2.1 Devolution of the AEB will see York and North Yorkshire Combined Authority become the commissioner of learning provision to engage adults 19+ and equip them with the skills needed to progress to employment, apprenticeships, or other learning. Department of Education (DfE) have confirmed an AEB funding allocation of £10.8million per annum. York and North Yorkshire Combined Authority responsibility for the AEB will commence August 2025.

2.2 DfE lay down readiness conditions, which are strategies, systems, processes, and structures that are required to be in place in order to receive and manage the AEB. DfE have confirmed that draft documentation will be required for each of the readiness conditions, inclusive of:

- AEB Strategic Skills Plan
- AEB Commissioning & Delivery Framework
- AEB Funding & Performance Management Rules

2.3 A series of stakeholder engagement activities will take place throughout March and April 2024 to support the development of this draft documentation, as per DfE's requirements.

2.4 The deadline for submission of the readiness conditions is 29 May 2024. DfE will assess the submission throughout June and July 2024, with approval due in September 2024. Approval of the readiness conditions will be conditional on DfE recommended changes and final versions of documentation being in place.



- 2.5 The Combined Authority will have the opportunity to review the draft aforementioned documentation in June 2024.
- 2.6 Changes following recommendations by DfE and the Combined Authority will be made between June and August, and final documentation presented to the Combined Authority for sign off in September 2024, for final submission to the DfE.

### **3.0 Financial Implications**

- 3.1 Submission of the readiness conditions by 29 May 2024 is required by Government to release devolved funds. Failure to submit the readiness conditions by this date could impact the devolvement of AEB funding.

### **4.0 Legal Implications**

- 4.1 Evidencing readiness to deliver adult education functions is required by Government for them to make the order to devolve statutory functions to the Combined Authority. Failure to submit the readiness conditions by 29 May 2024 could impact Governments decision to make the order.

### **5.0 Equalities Implications**

- 5.1 No direct equalities implications arise from this report.

### **6.0 Environmental Implications**

- 6.1 No direct environmental implications arise from this report.

### **7.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

- 7.1 All areas within York and North Yorkshire

### **8.0 Recommendations**

- 8.1 The Combined Authority is recommended to delegate authority to the Interim Head of Paid Services, in consultation with the Mayor or Co-Chairs, for the submission of draft documentation required for the Adult Education Budget (AEB) Implementation DfE readiness conditions, to include:

- AEB Strategic Skills Plan
- AEB Commissioning & Delivery Framework
- AEB Funding & Performance Management Rule

### **9.0 Reasons For Recommendations**

- 9.1 It is a requirement of DfE for us to submit draft documentation as part of our readiness conditions by 29 May 2024. This draft documentation is currently being developed, which will be supported by a series of stakeholder engagement activities taking place throughout March and April, as required by DfE.

## 10.0 Contact Details

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**COMBINED AUTHORITY MEETING****18 March 2024****COMBINED AUTHORITY ASSURANCE FRAMEWORK****Report of the Director of Economy**

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**1.0 Purpose of the Report**

- 1.1 The report seeks adoption of York and North Yorkshire Combined Authority's Local Assurance Framework.

**2.0 Recommendations**

- 2.1 That the Combined Authority Local Assurance Framework be endorsed.

**3.0 Background**

- 3.1 The Government requires Mayoral Combined Authorities with devolution deals to produce, submit and publish a Local Assurance Framework, setting out how all devolved and awarded funding and powers, including Mayoral Investment Fund, Adult Education Budget (AEB), Net Zero Fund and Brownfield Housing Fund will be administered. The Department for Levelling Up, Housing and Communities (DLUHC), the Department for Transport (DfT) and the Department for Education (DfE) - must consider and approve the Local Assurance Frameworks of all Combined Authorities with devolution deals prior to funding being released. As Brownfield Housing Fund and Net Zero Fund programmes have commenced prior to the establishment of the Combined Authority (CA), bespoke assurance arrangements were approved by the Devolution Joint Committee at its meeting on 30 November 2023 and submitted to government for approval.

- 3.2 Local Assurance Frameworks are a requirement under the English Devolution Accountability Framework, and set out how Combined Authorities will use public money responsibly, make robust and lawful decisions, achieve best value for money and act in an open and transparent manner. They explain the governance structures in place for making decisions, outlines the policies and procedures in place to support decision-making, summarise how investments and interventions are appraised and managed, and how the Combined Authority will publish information.

- 3.3 The Local Assurance Framework attached at Appendix 1 has been developed in accordance with the principles of the Levelling Up White Paper, the English Devolution Accountability Framework (issued in March 2023), and HM Treasury Green Book (November 2022).

- 3.4 This Local Assurance Framework has been drafted in such a way to establish the Combined Authority on a compliant foundation to draw down its first allocation of resources, make robust and lawful decisions, and be well placed to build upon to bid for further devolved powers and funding where available. Whilst the Local Assurance Framework must be reviewed annually, it should be noted at this stage, that there will be several subsequent amendments required throughout 2024-2025 to incorporate the assurance requirements for emerging responsibilities such as the Adult Education Budget and Transport which will be subject to further regulations.
- 3.5 The Local Assurance Framework has been reviewed the Department for Levelling Up, Housing and Communities, Department for Education and Department for Transport in two stages. The feedback from both typically related to minor typographical matters and the clarification on internal processes and roles to ensure clarity and consistency. Government
- 3.6 The Local Assurance Framework is attached at Appendix 1.

#### **4.0 Local Assurance Framework Requirements**

- 4.1 The English Devolution Accountability Framework sets out a range of expectations for Local Assurance Frameworks:
- Confirm Accountable Body arrangements for funding received from government through devolution deals
  - Confirm that the use of resources is subject to the usual local authority checks and balances – including the financial duties and rules which require authorities to act prudently in spending, which are overseen and checked by the responsible Chief Finance Officer (the Section 73 Officer) and to ensure that annual accounts are published. This should include reference to the Combined Authority’s overview and scrutiny and audit committee functions
  - Confirm, where applicable, that investment decisions using public funds will be made with reference to statutory requirements, conditions of the funding, local objectives (e.g. transport objectives) and through formal LEP involvement
  - Describe the arrangements for enabling effective and meaningful engagement of local partners and the public to inform key decisions and future strategy development.
- 4.2 The Local Assurance Framework should set out the key roles and responsibilities in decision making. In particular, it should set out which body (or bodies) has the authority to set strategy, budgets, and individual investment decisions, including any delegated authority. It should set out, for example, the distinct responsibilities of the Mayor and other Combined Authority members.

- 4.3 In line with the Local Government Accountability Framework, Government expects the Level 3 institution to ensure appropriate arrangements are in place so that decision-making and recording is transparent, and that requests for information, conflicts and complaints are dealt with appropriately. Government would also expect to see arrangements in place to enable effective engagement with local partners and the public.
- 4.4 Local Assurance Frameworks should set out the means by which directly elected leaders will be involved in funding allocation and decision making. No spending commitments beyond the initial 5-year allocation should be made until elected leaders are in place and have agreed to the investment strategy. This is consistent with the ambition and agreement to hold a single democratically elected leader accountable, and for their democratically invested power to influence the allocation of funding.

## **5.0 Next Steps**

- 5.1 The Combined Authority approved a draft of the Local Assurance Framework at its meeting on 22 January and gave delegated authority to the Interim Head of Paid Service, in consultation with the Co-Chairs, to make any material changes which may be necessary for the agreement of a final version with Government.
- 5.2 The review process concluded on 26 February in consultation with the Combined Authority's Co-Chairs and the final version of the framework was published on the Combined Authority's website.
- 5.3 Government subsequently confirmed on 28 February that the first funding payment would be released on 1 March 2024.
- 5.4 Although a final version of the Local Assurance Framework has been agreed under delegated authority it is presented to the Combined Authority for endorsement at this meeting in the interest of openness and transparency.
- 5.5 Regular updates on the Local Assurance Framework will be reported to the Audit and Governance Committee, and a revised version will be presented annually to the Combined Authority.

## **6.0 Financial Implications**

- 6.1 Agreement of a final draft was required to release the initial £9m Investment Fund payment.

## **7.0 Legal Implications**

- 7.1 The Local Assurance Framework reflects the powers and governance arrangements set out in the York and North Yorkshire Combined Authority Order 2023. It describes the statutory responsibilities set out in the Order and the Combined Authority's Constitution, which should be read alongside it.

7.2 Failure to have in place an approved Local Assurance Framework would be a breach of the Combined Authority’s statutory duty.

**8.0 Equalities Implications**

8.1 No direct equalities implications arise from this report.

**9.0 Environmental Implications**

9.1 No climate change implications arise from this report.

**10.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

10.1 The Local Assurance Framework is a corporate document covering a range of functions across the entirety of the Combined Authority area.

**11.0 Recommendations**

11.1 That the Combined Authority Local Assurance Framework be endorsed.

**12.0 Reasons For Recommendations**

12.1 It is a requirement of Government to produce, submit and publish a Local Assurance Framework prior to devolved funds being released to Combined Authorities.

**13.0 Contact Details**

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<b>Date:</b>	28 February 2024

**Background papers**

[National Local Growth Assurance Framework \(September 2021\)](#)

[English Devolution Accountability Framework \(March 2023\)](#)

[HM Treasury Green Book \(October 2023\)](#)

[The York and North Yorkshire Combined Authority Order 2023](#)

**Appendices – Appendix 1 – YNYCA Local Assurance Framework**



# ASSURANCE FRAMEWORK

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## 1. Introduction

### Purpose of the Assurance Framework

- 1.1 The aim of this document is to set out how the York and North Yorkshire Mayoral Combined Authority (CA) will use public money responsibly, both openly and transparently, and achieve best value for money. This document outlines:
  - The respective roles and responsibilities of the Mayoral Combined Authority, the York and North Yorkshire Mayor and other elements of the decision-making and delivery structure;
  - The key processes for ensuring accountability, probity, transparency, legal compliance, and value for money;
  - How potential investments will be prioritised, appraised, approved, and delivered; and
  - How the progress and impacts of these investments will be monitored and evaluated.
- 1.2 The Assurance Framework sits alongside several key governance and policy documents – most notably the Devolution Agreement and Settlement Letter, the CA Constitution the Strategic Economic Plan (SEP), and Monitoring and Evaluation Framework.
- 1.3 The Assurance Framework has been developed in accordance with the English Devolution Accountability Framework (March 2023) the HM Treasury Green Book (November 2022).
- 1.4 This Assurance Framework takes effect from the establishment of the CA in January 2024. It will apply to all new decisions, approvals, and funding bids, regimes, and projects from this date. For continuity and consistency purposes, some existing projects commenced and managed by York and North Yorkshire Local Enterprise Partnership, will conclude their funding approval in line with the current Local Assurance Framework Arrangements.
- 1.5 In addition to this document, the Office of the Police, Crime and Fire Commissioner observe the following assurance frameworks in respect of Police and Fire functions:
  - North Yorkshire Police – <https://www.northyorkshire-pfcc.gov.uk/police-oversight/governance/assurance-framework/>
  - North Yorkshire Fire and Rescue Service – <https://www.northyorkshire-pfcc.gov.uk/fire-oversight/governance/assurance-framework/>

Both documents should be read in conjunction with this assurance framework.

### Updating the Assurance Framework

- 1.6 The Assurance Framework will be subject to a review and approval process with Government at least annually, however, will remain under constant review to reflect any updates to the English Devolution Accountability Framework, the CA's constitutional arrangements or internal processes, or new guidance issued by Government. The next scheduled review of this document will take place after the Mayoral elections in May 2024
- 1.7 The first draft of this Assurance Framework was approved by the Devolution Joint Committee of North Yorkshire Council and City of York Council prior to the commencement of the CA for submission to Government, and was later ratified at the inaugural meeting of the CA in January 2024. The CA will work with Department for Levelling Up, Housing and, Communities (DLUHC), Department for Business & Trade, the Department for Transport (DfT) and the Department for Education (DfE) to approve and maintain the suitability of the Assurance

Framework.

- 1.8 As further devolved funding and powers are unlocked, this assurance framework will be monitored and revised.
- 1.9 The Government's Autumn Statement (22 November 2023) announced that the Levelling Up White Paper would be updated to introduce a Level 4 Devolution package which can be drawn down by Combined Authorities. It is anticipated that this assurance framework will need to be revised in order to access funding and powers available under Level 4.

## 2. About York and North Yorkshire

### History

- 2.1 The York and North Yorkshire geographical area consists of the unitary authorities of City of York Council and North Yorkshire Council.
- 2.2 The York and North Yorkshire Local Enterprise Partnership (Y&NY LEP) was formed in 2011 and previously covered the former nine local authority areas within York and North Yorkshire prior to local government reorganisation. It is a public-private partnership whose Board includes business, educational and Local Authority Leaders. Y&NY LEP provides strategic economic leadership to the area, driving the delivery of the Strategic Economic Plan, which sets out York and North Yorkshire's vision to strengthen the area's economy and provide more opportunities for businesses and communities. The Y&NY LEP has delivered a significant number of development and growth projects which have begun to transform the area, and provide an effective framework to manage and commission the multi-million-pound investment programmes designed to improve and support the region's economy. North Yorkshire County Council currently acts as accountable body for the York & North Yorkshire LEP. All LEPs were subject to a wide-ranging review in 2021 to determine their form and function in future years. The outcome of that review was published in March 2022 and placed a requirement on all LEPs to integrate into a combined authority or democratic institution with devolved local powers to improve democratic accountability whilst still providing a strong voice of business. The LEP will become the Business Committee of the combined authority.
- 2.3 The York and North Yorkshire Devolution Deal was announced on 1 August 2022 and the York and North Yorkshire Combined Authority signed into law on 20 December 2024.

### Geography

- 2.4 The CA's geographical boundary is York and North Yorkshire.



- 2.5 This geography provides a functional economic area for the region and parallels the geography of North Yorkshire Police.
- 2.6 York and North Yorkshire contains two national park authorities – North York Moors and the Yorkshire Dales. Each national park is also the planning authority for their respective geographies.

**Economic Framework**

- 2.7 The CA’s Economic Framework was approved by the Devolution Joint Committee on 15 December 2023.
- 2.8 It is illustrated in the diagram below:



- Key:
- = Overarching ambitions
  - = Health and wellbeing should be reflected through all priorities
  - = Thematic priorities

- 2.9 The Framework is under-pinned by three strategic ambitions;
  - Transition to a carbon negative region: A carbon negative, circular and more resilient economy;



- Deliver good economic growth: A global, innovative, productive economy with strong and thriving businesses;
- Increase Opportunities for all: A thriving and inclusive economy.

- 2.10 Health and wellbeing has been embedded across the framework, recognising the role in supporting the wider determinants of health (e.g. transport / air quality, good housing, good jobs etc.).
- 2.11 The strategic ambitions, coupled with a commitment to improving health and wellbeing should be at the heart of decision making for all aspects of the Framework.
- 2.12 In order to deliver the over-arching ambitions, the framework sets out 8 priority themes under which investment plans will be developed:
1. Great Places sit at the heart of the plan, reflecting their importance to the economy of York and North Yorkshire and reflecting they often act as the link between the other seven investment themes.
  2. A Well-Connected Economy, reflects the importance of transport and digital in connecting businesses and people to opportunities;
  3. Housing, with a particular focus on increasing affordable and sustainable homes;
  4. A Thriving Workforce will develop clear opportunities and skills pathways for all;
  5. A Green & Circular Economy, reflects the value of our natural capital and economic potential of a sustainable energy sector;
  6. A Global Economy, will develop the inward investment potential of the region prioritising high growth sectors;
  7. A Productive & Innovative Economy will drive the performance of established core sectors, innovation and R&D;
  8. Culture & Heritage, reflects the world leading status of our assets and will seek to strengthen and increase investment into our cultural assets;

### **Devolved Powers and Funding**

- 2.13 The York and North Yorkshire Devolution Deal provides the ability to establish a single pot of funding to invest in economic development, including the Mayoral Investment Fund (Gainshare), the Adult Education Budget, a consolidated transport budget and other devolved monies as detailed below. Further information on how decisions are made and assured to invest the fund is provided elsewhere in this document.

### **Mayoral Investment Fund**

- 2.14 The Gainshare (grant-based investment funding) allocation for York and North Yorkshire through the Devolution Deal is £18m per annum for a period of 30 years. This consists of 35% capital and 65% revenue funding and is to be invested in the delivery of the CA's strategic and economic priorities.

### **Transport**

- 2.15 The CA is the local transport authority ('LTA') and integrated transport authority ('ITA') for the Combined Authority Area and has all the functions of an LTA and ITA.
- 2.16 The CA will develop policies for the promotion and encouragement of safe, integrated, efficient and economic transport to, from and within their area, and will prepare and publish a local transport plan containing its policies and proposals for their implementation.

## **Adult Education Budget (AEB)**

- 2.17 From August 2025 the CA assumes responsibility for the revenue-based Adult Education Budget (AEB) in York and North Yorkshire. Devolution of AEB supports the delivery of high- quality adult education at NVQ Levels 1,2 and 3 to individuals aged 19 years and above. This equates to around £10.8m per academic year.
- 2.18 Prior to commencement of the CA, the ongoing development and management of the AEB implementation phase will be undertaken by the LEP's Skills and Employability Board. Following commencement of the CA, this role will be undertaken by a Skills and Employability Working Group which will report directly to the Combined Authority.
- 2.19 The formal devolution of AEB will be detailed in a statutory instrument in the future and this assurance framework will be reviewed in light of all:
- (a) statutory duties relating to adult education and training which have been transferred to the mayoral combined authorities under Statutory Instruments
  - (b) statutory entitlements to education and training of adults living in devolved areas, and policy entitlements where relevant
  - (c) statutory and non-statutory guidance.
- 2.20 The CA will observe the requirements of the English Devolution Accountability Framework (2023) and ensure that devolved skills funding will align to local skills plans (name of relevant plan/strategy) while also addressing national priorities.
- 2.21 Each year the CA will produce an Annual Assurance Report on delivery of Adult Education Budget functions in accordance with the criteria set out in the Monitoring and Evaluation section of the English Devolution Accountability Framework.

## **Brownfield Housing Fund (BHF)**

- 2.22 The CA was allocated £12.7m in 2023 to deliver a capital programme of housing schemes on brownfield sites over the next 5 years through the Government's Brownfield Fund.

## **Net Zero Fund (NZF)**

- 2.23 The CA was allocated £6m in 2023 to deliver a capital programme of grants for project delivery, enabling the delivery of net zero projects that otherwise would not happen, through the Government's Net Zero Fund.
- 2.24 The CA was allocated £1m in 2023 to deliver a revenue programme of Project Development Support, supporting the development of net zero projects from idea to investor-ready, through the Government's Net Zero Fund.

## **UK Shared Prosperity Fund (UKSPF)**

- 2.25 The UKSPF is the Government's major economic development fund to replace EU Structural and Investment Funds. The UK Shared Prosperity Fund is a central pillar of the UK government's ambitious levelling up agenda and a significant component of its support for places across the UK. The ambitions are based around the government's 3 investment priorities: communities and place, supporting local business, and people and skills.
- 2.26 In addition, NY has secured Rural England Prosperity funding (capital funding only) to

support the agenda in our most rural communities.

- 2.27 York and North Yorkshire collectively have been awarded £28.5m in total, to be distributed over 3 years between April 2022 and March 2025. The focus of North Yorkshire’s plan is to materially improve the life chances of residents (especially the most deprived), support business growth and boost pride and confidence in the region:
- North Yorkshire has been allocated just over £22.3m in total from the funds for 3 years between April 2022 to March 2025 (UKSPF £16.8m / REPF £5.4m)
  - York has been allocated c£6.2m in total from the funds for 3 years between April 2022 to March 2025 (UKSPF £5.8m / REPF £400k).
- 2.28 At present both constituent authorities have detailed plans on the distribution of this funding based on ‘programmes’ under each of the 3 Governmental investment priorities with a heavy weighting on spend allocated to year three 2024-2025. Largely co-designed with a wide range of stakeholders the programmes are designed to support the further development and implementation of both Authorities economic, skills and environmental strategies as well as meet the expected outcomes and outputs identified by the Government for their Levelling Up agenda.
- 2.29 Collaboration has begun on the development and promotion of ‘shared programmes’ - where opportunities are offered across the entirety of the CA geography. This will support the future planning of a united SPF Round 2 application in the near future. Discussions to work up a combined SPF Investment Plan for the future will commence in January 2024.

## **Multiply**

- 2.1 In 2022, North Yorkshire was awarded £2.6m and York was awarded £741,000 from the Government’s Multiply funding via UK Shared Prosperity Fund to invest in the provision of numeracy and maths courses for adults to increase the levels of functional numerary in the UK adult population.

<b>Year</b>	<b>North Yorkshire</b>	<b>York</b>
<b>1</b>	£806 587	£224 111
<b>2</b>	£930 678	£258 559
<b>3</b>	£930 678	£258.559
<b>Total</b>	£2.6m	£741 000

## **Powers**

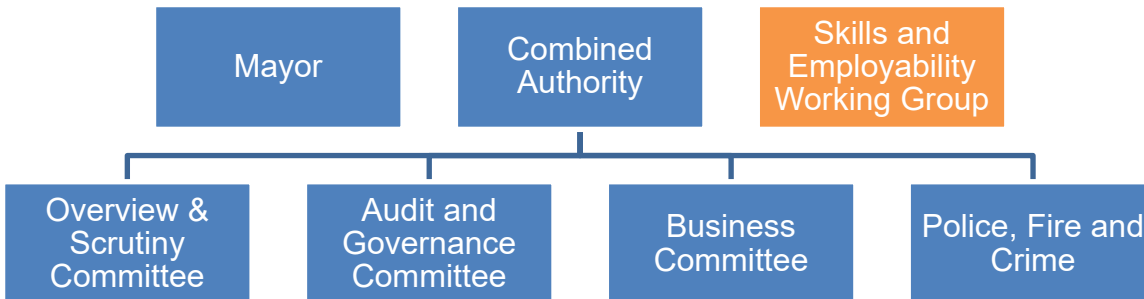
- 2.2 Under the York and North Yorkshire Devolution Deal, the CA and Mayor were granted the following devolved powers from Government:
- The full devolution of the 19+ Adult Education Budget for college and training providers
  - The ability to borrow against funds
  - To improve the supply and quality of housing and secure the development of land or infrastructure
  - To create a non-statutory Spatial Framework for York and North Yorkshire
  - The option to establish Mayoral Development Corporations

- To provide grants and make agreements with other bodies on the management of the strategic highway network
- The option to introduce a Mayoral precept.

### 3. Structures and Roles

#### Overview

- 3.1 The CA governance model combines public sector capacity, transparency, and accountability with private sector expertise from its Business Committee.
- 3.2 The Combined Authority is the primary decision-making body.
- 3.3 The Mayor and Combined Authority are supported by committees, Working Groups, Combined Authority Leadership Team and the Secretariat. The Secretariat advises the Mayor, CA and committees on policy and investments, and manages and monitors the delivery of projects.
- 3.4 The CA's Leadership Team also support the decision-making process. Two independent committees - the Audit and Governance Committee and Overview and Scrutiny Committee, ensure that the CA and Mayor are fulfilling their legal obligations, and developing and delivering strategies and public transport services that are in the best interests of local people.
- 3.5 Below is a summary diagram of the CA's committee structure. Additional committees may be established in accordance with the CA's constitution and scheme of delegation.



- 3.6 The following sections provide a description of the different elements of the structure and their respective roles and responsibilities.

#### The Mayor

- 3.7 The Mayor is directly elected by the electorate in the region and serves a four-year term of office. The first Mayoral election will take place in May 2024.
- 3.8 Following the CA's inaugural meeting, the Mayor will be known by the designation "Mayor" in accordance with paragraph (2)(a) of section 107H of the Local Democracy, Economic Development and Construction Act 2009, subsequent to section 76 of the Levelling Up Act 2023.
- 3.9 The Mayor will appoint a member of the CA to be the Mayor's deputy.

#### Role and Responsibilities of the Mayor

- 3.10 The Mayor exercises powers and functions that are devolved to the CA by central Government.

- 3.11 The Mayor will be the Chair of the Combined Authority and lead the CA in terms of proposing and agreeing the revenue and capital budgets of the CA, including allocation of the consolidated transport budget, appropriate use of the Adult Education Budget and how Gainshare is utilised to support the CA's policies. The CA will appoint a Chair and Vice--Chair to serve until the Mayor takes office.
- 3.12 The Mayor is a member of the CA's Business Committee and will promote the region as a place to live, work, visit and invest in.
- 3.13 The decision-making powers and functions of the Mayor are:
- Development of a strategy and spending plan for the delivery of mayoral functions
  - Responsibility for a consolidated, devolved transport budget, with a multi-year settlement
  - Responsibility and the power to approve franchised bus services, to support the CA's delivery of smart and integrated ticketing
  - Responsibility for an identified Key Route Network of local authority roads that will be collaboratively managed and maintained by the CA on behalf of the Mayor
  - Powers over strategic planning, including the responsibility to create a spatial framework for York and North Yorkshire
  - Ability to create Mayoral Development Areas or Corporations in agreement with the relevant CA member

### **The Mayoral Combined Authority (CA)**

- 3.14 The York and North Yorkshire Combined Authority was formally constituted in law on 20 December 2024. It comprises the two constituent local authorities of North Yorkshire Council and City of York Council.

### **Role of the CA**

- 3.15 The CA is the legal and accountable body for funding devolved and awarded to the CA and Business Committee (acting as the LEP). The CA is also the Local Transport Authority for York and North Yorkshire. This role and its accompanying responsibilities are defined in the CA Constitution.

### **Responsibilities of the CA**

- 3.16 The CA's core remit is strategic economic development, housing, carbon reduction, skills, transport infrastructure and strategic and operational transport functions.
- 3.17 The CA is responsible for setting the policy direction in North Yorkshire and York and maximising financial investment to achieve economic growth. The CA is also responsible for making large investment decisions and ensuring that the policy and strategic objectives of the SEP are delivered.
- 3.18 On this basis, typically the agenda for the CA is focused on different elements of the Economic Framework and takes decisions and oversees performance on items including:
- Programme updates – on initiatives being delivered
  - Investment decisions
  - Monitoring of financial and output performance
  - Assurance, strategic risk management and governance
  - Strategies and plans

- 3.19 The constituent members of the CA are accountable for where and how public money is being spent.
- 3.20 Additional responsibilities and further powers may be devolved to the Mayor and the CA, pending agreement by Government, the Mayor, CA and the constituent authorities.

### Membership of the CA

- 3.21 Membership of the CA is set out in Table 1 below. This specifies the type of membership; constituent, non-constituent, and observer.

Table 1: Membership of the CA 2023/24

Member	Post	Membership Type
Combined Authority	Mayor	Constituent
City of York Council	Appointed Member (Lead)	Constituent
City of York Council	Appointed Member	Constituent
North Yorkshire Council	Appointed Member (Lead)	Constituent
North Yorkshire Council	Appointed Member	Constituent
Business Committee	Chair	Associate Member (Non-Voting)
<i>Combined Authority</i>	<i>Deputy Mayor (Police, Fire and Crime)</i>	<i>Constituent (Non-Voting)</i>

- 3.22 Named substitutes will be appointed by each constituent council.
- 3.23 Key stakeholders are invited to attend CA meetings in an observational capacity. These can include Government agencies (such as Homes England or Network Rail) and other partners and bodies which have close economic links with York and North Yorkshire, such as neighbouring Combined Authorities.
- 3.24 All CA members are expected to conduct themselves in accordance with the Nolan Principles of Public Life. These principles are embedded in the CA Members' Code of Conduct as detailed in the CA Constitution.

### Combined Authority Meetings

- 3.25 The Combined Authority will agree a schedule of meetings each year, with meetings to be held at least every two months and in public.
- 3.26 All constituent members of the Combined Authority and the Mayor have one equally weighted vote. Non-constituent members have no automatic right to vote. The CA Constitution allows for voting rights to be extended to non-constituent members at the discretion of the constituent members.
- 3.27 The voting requirements for prescribed matters are included in the CA's Constitution.
- 3.28 The Mayor's budget proposals are approved by the CA in accordance with the Combined Authorities (Finance) Order 2017 and the Constitution.

### Quoracy for Combined Authority Meetings

- 3.29 At least three voting members of the CA must be present for a meeting to be valid. If a



decision is required to meet agreed timescales and a meeting of the CA is either not possible or scheduled, written procedures for decision making apply, in line with the CA Constitution and the relevant Overview and Scrutiny regulations.

### **The Business Committee (Formerly the LEP)**

- 3.30 Local Enterprise Partnerships (LEP) are voluntary business-led partnerships which brings together business leaders, local politicians, and other partners to promote and drive economic growth. The York and North Yorkshire LEP was established in 2010 and will become the Business Committee of the CA.
- 3.31 The Business Committee will advise on strategy and policy that will unlock the region's economic potential and stimulate growth and prosperity, and ensure that policy and decisions of the CA receive the input and views of key business leaders and take account of the views of the wider business community. It will engage with local, national and international businesses to understand the needs of different sectors and markets. It will engage business and policy makers at a national and international level in promoting economic growth in the region.
- 3.32 The Business Committee will comprise of four public sector members and eight private sector members. Private Sector Members will form the majority of the Committee. In addition, the Chair can co-opt up to five additional private sector members with specialist knowledge for specific purposes. Co-opted members will not be counted in the private sector majority.
- 3.33 Business Committee Chair – The Mayor will appoint a Chair from the private sector members who will provide strategic leadership on business growth for the region. The Chair will assist the Mayor in building the reputation and influence of the region at national and international levels. The Chair will be a non-voting member of the CA. The Vice Chair will be appointed to act as substitute who will act in the absence of the Chair.

### **Audit and Governance Committee**

- 3.34 The Audit and Governance Committee ensures that the CA and Mayor are operating in a legal, open, and transparent way.
- 3.35 In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, the Committee provides a high-level focus on assurance and governance arrangements.
- 3.36 The Audit and Governance Committee monitors the operation of the organisation. Their role is to ensure that the CA is fulfilling its legal obligations, complies with statutory requirements, is managing risk effectively and has robust control measures in place for all devolved powers and funding. The Committee scrutinises, reviews, and endorses the Treasury Management Strategy, Financial Regulations, and statutory accounts, before they are finalised and presented to the CA for approval, as well as identifying any risks.
- 3.37 Membership of the Audit and Governance Committee is politically balanced and consists of 8 elected Councillors (or their nominated substitute) - 4 from each of the two constituent local authorities, plus one independent member appointed by the CA.

3.38 The Audit and Governance Committee meets at least quarterly and reports into the CA on both financial and non-financial performance. The Chair of the Audit and Governance Committee is invited to present the work that the committee is undertaking to the CA at least once per year. The Chair will maintain regular contact with the CA's s73 officer, monitoring officer and head of paid service.

### **Overview and Scrutiny Committee**

3.39 The Overview and Scrutiny Committee holds the CA and Mayor to account for all decisions taken, including devolved powers and funding. The Overview and Scrutiny Committee has the authority to review and scrutinise any decision made, or action taken by the CA or Mayor. The Committee can, at their discretion, produce reports and make recommendations for change or improvements.

3.40 The Overview and Scrutiny Committee is responsible for checking that the CA is delivering its objectives, and that policies, strategies and plans are made in the best interests of residents and workers in York and North Yorkshire. They provide independent scrutiny of initiatives and LEP activities and public consultation on draft strategies.

3.41 Membership of the Overview and Scrutiny Committee is politically balanced and consists of 12 elected Councillors - 6 from each of the two constituent local authorities in accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit and Governance Committees) Order 2017.

3.42 The Overview and Scrutiny Committee meets on a quarterly basis. The CA is required to consider the conclusions of any review by the Overview and Scrutiny Committee at the next available meeting.

3.43 The Combined Authority will observe the guidance contained in the Scrutiny Protocol published by DLUHC on 22 November 2023.

### **Statutory Officers**

3.44 The CA appoints Statutory Officers to discharge duties and obligations on their behalf. The Statutory Officers ensure that the CA is acting in accordance with its legal duties and responsibilities, operating within the financial regulations and receiving appropriate advice on policy and governance.

3.45 The Statutory Officer roles are defined in the CA Constitution and comprise:

- **Head of Paid Service** – The Interim Director of Delivery fulfils the role of the Head of Paid Service. The Head of Paid Service discharges the functions in relation to the CA as set out in section 4 of the Local Government and Housing Act 1989.
- **Section 73 Officer** – the role of Section 73 Officer in accordance with the Local Government Act 1985. The Section 73 Officer administers the financial affairs of the CA. The Section 73 Officer is equivalent to a Section 151 Officer.
- **Monitoring Officer** – The Monitoring Officer discharges the functions in relation

to the CA as set out in section 5 of the Local Government and Housing Act 1989.

- **Scrutiny Officer** – The Scrutiny Officer promotes the role of the overview and scrutiny committee as set out in Article 9 of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit and Governance Committees) Order 2017
- **Data Protection Officer** – As required by the Data Protection Act 2018. This role will be undertaken by Veritau Ltd.

### **Independent Remuneration Panel**

- 3.46 An independent Remuneration Panel convenes to identify the salary and allowances that should be paid to the Mayor, Deputy Mayor for their term of office. The CA does not currently have a Deputy Mayor.
- 3.47 The Remuneration Panel reports their recommendations in a report to the CA who decide the salary and allowances that will be paid.

### **The CA Secretariat**

- 3.48 The CA is supported by the CA Secretariat. The CA Secretariat is a dedicated resource that provides impartial advice and works in collaboration with partners and stakeholders.
- 3.49 The role of the Secretariat is to advise and support the CA and Mayor execute the decisions made.
- 3.50 The Secretariat are employed by the CA and support the following activities:
- **Develop and Propose Policy** - supporting the CA and Mayor to draft key policies to inform decision-making on investment
  - **Initiate and Recommend Project Ideas** – support project applicants in identifying and bringing forward viable project ideas that will deliver the CA's strategic objectives
  - **Develop and Commission Solutions** – ensure projects in the funding pipeline are fully developed and that delivery options are fully explored
  - **Advise Funding Applicants** – on how to develop a robust and comprehensive Business Case by working collegiately with the applicant to develop the project, and advise on the assurance process
  - **Manage the Investment Appraisal Process** – ensure that funding applications follow the correct process, and manage the independent review and appraisal of business cases and funding applications including contracting specialists and subject experts to undertake technical reviews as required
  - **Advise the CA and Mayor** – on the value for money, risk, and deliverability of funding applications
  - **Programme and Project Design and Development** – design and develop investment programmes and projects to deliver the agreed policy objectives of the Mayor and CA, in line with the agreed Investment Plan, including the preparation and submission of funding bids to central Government or in response to specific calls and opportunities that may arise
  - **Programme and Project Monitoring** – monitor and report on the delivery, performance and achievements of programmes and projects to the CA and its committees, DLUHC, DfT and DfE as per the Government's requirements
  - **Manage the Evaluation Process** - manage the monitoring and evaluation

framework, ensure that all programmes and projects are appropriately evaluated and provide regular reports and updates to the CA and its committees, individual Government departments and nationally appointed evaluators

- **Administration and secretariat function for the CA and Committees** – ensuring CA and its committees are planned and arranged in a timely fashion and communicated
- **Compiling Papers and Reports** - for the Mayor and CA/Committee members
- **Enquiries** – dealing with the media and handling general enquiries from the public
- **Publishing Information** – ensuring that minutes, agendas, and papers of the meetings of the Combined Authority, Business Committee, Audit and Governance Committee and Overview and Scrutiny Committee are published promptly on the CA website and publishing information on CA policies and procedures
- **Inward Investment** – to potential investors and the public as a place to invest, work and live
- **Growth Hub**

3.51 The functions of the Secretariat are organised to maintain 'ethical walls' and ensure that there are no opportunities for conflicts of interest between project and programme commissioning and project appraisal.

3.52 Some of the duties outlined at 3.50 may be contracted and undertaken by other authorities or organisations within formal Service Level Agreements.

#### **4. Accountability for Public Funds**

- 4.1 Several measures are in place to ensure that the Mayor and CA manage and administer public funds in a responsible, efficient, transparent, and accountable manner.

#### **The Accountable Body**

- 4.2 The CA is established as a legal entity under the York and North Yorkshire Combined Authority Order 2023 and will act as the legal and accountable body for powers and funding devolved by Government and be responsible for all decisions and expenditure
- 4.3 Prior to its establishment, North Yorkshire Council acted as accountable body on an interim basis for the commencement of advanced devolved funding programmes. I.e. Brownfield Housing Fund.
- 4.4 The CA holds all funding, enters contractual arrangements and processes payments. The CA also provides programme management to account for the funding and ensures that the impact of investment is assessed.
- 4.5 The CA is accountable for:
- Ensuring that its decisions and activities conform with legal requirements regarding equalities, environmental and UK and European legislation (such as Subsidy Control), and that records are maintained so that this is evidenced
  - Retaining overall responsibility for the appropriate use of public funds by the CA
  - Ensuring that the approved Assurance Framework is being adhered to
  - Ensuring that all contracts entered discharge their duties
  - Maintaining and publishing annual accounts (including devolved and other funding sources received from Government), in accordance with the relevant regulations, each year in draft form by 31 May and finalised in July.
- 4.6 In accordance with section 101 of the Local Government Act 1972, and The Openness of Local Government Bodies Regulations 2014, the CA delegates certain decisions to the Statutory Officers. The Scheme of Delegation in the CA's Constitution specifies the delegations for funding and decision-making that are available to the Head of Paid Service, the Section 73 Officer, and the Monitoring Officer.

#### **Section 73 Officer**

- 4.7 The Section 73 Officer is fully engaged in the operation of the organisation, ensuring that devolved funds are managed responsibly and allocated through a robust application process.
- 4.8 The Section 73 Officer is accountable for:
- Ensuring that devolved funds, including the AEB, are used legally, appropriately and are subject to the usual local authority checks and balances, including discharging financial duties under the Financial Regulations
  - Ensuring that the CA acts in a manner that is lawful, transparent, evidence based, consistent and proportionate, including the publication of annual audited accounts
  - Signing-off Value for Money Statements for all funding applications during the appraisal process as true and accurate
  - Certifying that funding can be released under the appropriate conditions (in line with statutory duties)
  - Accepting grants for funding on behalf of the CA, where the CA has approved the

submission of a funding bid to Government

- Accepting tenders or quotations for the supply of goods, materials or services provided that the spend is within the CA approved budget or capital programme
- Signing-off quarterly reports to individual Government departments on programme performance and expenditure
- Ensuring that the established professional codes of practice are applied
- Ensuring that strong governance arrangements policies are in place to ensure that the CA is operating robustly and transparently (by providing an Annual Assurance Statement).

### **Internal and External Audit**

- 4.9 The CA has an established process for internal and external audit. Internal audit is a contracted service provided by Veritau. The CA will appoint external auditors under the Public Sector Audit Appointments scheme. The Combined Authority will provide those external audit services. The audit arrangements cover the CA's funding and activities, including devolved monies, and transport operations.
- 4.10 In conjunction with the internal audit team, the CA Head of Paid Service, Section 73 Officer and Monitoring Officer will prepare Audit Policy and an annual Internal Audit Plan at the start of each financial year, which is reviewed towards the end of the financial year. The Internal Audit Plan includes all aspects of the appraisal, assurance, monitoring and evaluation processes and transport operations. This provides independent and objective assurance to the CA. The Plan is approved by the CA and progress against the plan is discussed by the Audit and Governance Committee at each meeting.

### **Audit and Governance Committee**

- 4.11 The Audit and Governance Committee reviews in detail the opinions of the internal and external auditors on behalf of the CA. The Committee holds the Statutory Officers to account for any improvements identified and required and contributes to the audit opinion at the end of each financial year.
- 4.12 The Audit and Governance Committee has an annual Work Programme, which includes undertaking a detailed review of the strategic risk management and financial management processes that are in place, assessing the level of risk, reviewing elements of the CA funded programmes in detail, and contributing to the setting and approval of the Internal Audit Plan.

### **Overview and Scrutiny**

- 4.13 The independent Overview and Scrutiny Committee holds the CA and Mayor to account on behalf of the public. They have the authority to review and scrutinise any decisions made including the investment of devolved funds, or actions taken. The Committee can at their discretion, make recommendations for change or improvement.
- 4.14 The Overview and Scrutiny Committee has an annual Work Programme of topics that they will scrutinise. Committee members are encouraged to propose additional topics for scrutiny.

### **Ensuring Value for Money**

- 4.15 All projects and programmes that apply for funding are appraised and assessed for Value for Money (VfM) using the HM Treasury Green Book and appraisal guidance published by individual Government departments such as the Department for Education, Department for Transport and the Department for Levelling Up, Housing and Communities.
- 4.16 The VfM assessment considers the potential costs, benefits, risks, uncertainties and impacts of the project. A Benefit Cost Ratio (BCR) is calculated for the project wherever

possible, but this is just one of the basket of metrics considered in the VfM assessment. All the wider monetised and non-monetised impacts and benefits of a project are quantified wherever possible and non-quantifiable benefits are also assessed qualitatively. Non-monetised costs and disbenefits are also qualitatively assessed.

- 4.17 The VfM Statement is published on the CA website, along with the business case. The initial, adjusted, and final BCR for transport projects is calculated in accordance with the DfT's Value for Money Advice Note for Local Transport Decision Makers. The VfM statements and the technical assessment, conducted are proportionate to the level of risk, complexity and funding sought.
- 4.18 The Combined Authority's Assurance Team are responsible for providing independent oversight of the VfM process and will maintain ethical walls with project sponsors and delivery officers. The Section 73 Officer is responsible for signing-off VfM Statements on behalf of the CA's Leadership Team upon completion and this must be done before a project can progress and a funding agreement can be signed.
- 4.19 The VfM Statement for each project, is presented to the appropriate board or committee. The Statement includes the Assurance Panel's justification and recommendation on whether the project should be approved, deferred, or rejected and any conditions that should be put in place if funding is approved.
- 4.20 The ambition is always to support projects that demonstrate High VfM. However, projects that are appraised as offering lower VfM, may still be funded where the project will deliver the strategic and economic objectives in the Economic Framework and aligns with HM Treasury Green Book principles, or where the project is essential to unlock or enable other development to take place. However, the CA can decide to remove a project from the programme if the appraisal identifies Poor or Low VfM.

### **Managing Risk**

- 4.21 The approach to risk management is comprehensive and in accordance with HM Treasury's Orange Book principles and other project management guidance. The Director of Resources of the CA is the named officer for managing risk.
- 4.22 Robust control measures and a Risk Management Strategy are in place to provide accountability and support due diligence. The Risk Management Strategy guides the identification, assessment, and management of risks for all activities.
- 4.23 Risk management controls and mitigation action plans are agreed and added to the Risk Registers. A plan is then constructed to reduce the likelihood of the risk occurring and/or decrease the impact of a risk, should it occur.
- 4.24 Funding applicants are required to include risk and contingency plans as part of their application for funding. Once a project has received funding approval, the Secretariat works with project applicants to monitor delivery of the contract and risks. Quarterly Monitoring reports are compiled to identify any issues with delivery, perceived or actual risks to the project, any corrective action, and any change requests (for example, a reduction in grant or an extension to the timescale for delivering key milestones).

### **Annual Reviews by Government**

- 4.25 The CA holds a review meeting with Government each year to discuss delivery of the Devolution Deal and Devolution Mayoral Investment Funds (known as Gainshare). The meeting is an opportunity to identify achievements and successes and any areas for improvement.
- 4.26 In addition, the CA is required to submit annual reports to individual Government departments on specific devolved funding programmes including AEB, UK Shared Prosperity Fund and Multiply, to publicly state how the funding is being invested in York and North Yorkshire and to report on the achieved outputs and outcomes to date.



4.27 The LEP had been reviewed twice a year by Government; a Mid-Year Review and an Annual Performance Review. The reviews considered the governance arrangements that are in place, strategic approach and performance against profiled expenditure and outputs on funding awarded to the LEP. The Annual Performance Review meeting has been attended by the LEP Chair and LEP Deputy Chairs. The next iteration of the National Local Growth Assurance Framework will confirm if these reviews will continue in future.

## 5. Robust and Transparent Decision-Making

- 5.1 In accordance with transparency codes and Government guidance on best practice, the Mayor, CA and its committees will act in the interests of York and North Yorkshire when making investment decisions. All decisions are made via an approved process, free from bias or perception of bias and in accordance with the seven Nolan principles on conduct in public life.
- 5.2 To ensure decision-making is robust and transparent, all meetings of the CA, Audit and Governance Committee and Overview and Scrutiny Committee are held in public. The CA also publishes a monthly Forward Plan of Key Decisions to alert the public to decisions that will be taken, in advance of the decision being made. The decision-making process is detailed at Appendix 1 to this assurance framework.
- 5.3 There is no legal requirement to live stream public meetings online but the CA will endeavour to do so where it practical and proportionate to do so.

## Budget Setting and Allocation

- 5.4 The annual Mayoral Budget is developed by the Mayor, alongside the CA revenue and capital budget. The budgets are presented to the CA in draft form in December and again for final approval each February. The budgets must be agreed in accordance with the Combined Authorities (Finance) Order 2017 and the CA's Constitution.
- 5.5 All approved capital and revenue budgets are published on the CA website. Budgets are monitored on a quarterly basis with reports submitted to the relevant committee. Quarterly financial monitoring reports on individual programmes and projects are also submitted.

## Commissioning and Open Calls

- 5.6 In accordance with the agreed policy, programme and project applications for funding usually originate from two sources:
  - **Secretariat** – the Secretariat, in discussion with partners and stakeholders, may identify a need for a programme or project that either meets the policy objectives and strategic outcomes of the Economic Framework or other strategies which will respond to an economic shock. These details may be held within an agreed Delivery Plan.
  - **Via a targeted Open Call for Project Applications** – open calls inviting applicants to bid for funding or propose a project are published on the CA website. Calls have a specific focus, such as delivering an investment priority or targets in the Economic Framework. Project applicants will then submit a response or bid.
- 5.7 The procurement process for programme delivery follows its legal duties, appropriate guidance, established rules and best practice for procurement including the latest HM Treasury Green Book and appraisal guidance and will seek best value for money.

## The Appraisal Process

- 5.8 All schemes seeking investment undergo a proportionate process to assess the merits of the application, its strategic fit and value for money.
- 5.9 Each project and application for funding is assessed on its own merit, including where there are potentially competing applications for funding.
- 5.10 For transport schemes, central case assessments must be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). This requirement does not prevent the CA from considering alternative planning assumptions. Sensitivity test results of alternatives assist in reaching a decision on whether to approve a scheme.
- 5.11 The Secretariat assesses the broad anticipated equality and environmental impacts of programmes and projects at various stages of the appraisal process, alongside social

value, value for money and Benefit Cost Ratio. This ensures that the CA considers economic, social, and environmental impacts of its investment from the outset.

- 5.12 At the earlier stages of project development, funding applicants are required to hold a workshop with key staff, senior officers, and stakeholders where necessary, to discuss the options and possible delivery models for the project or scheme. This assists the applicant in identifying the long-list and short-list of viable options for delivering the scheme in line with guidance from the HM Treasury Green Book.
- 5.13 The steps involved in the full appraisal process are detailed and illustrated at Appendix 1. However, the CA can agree a revised process if circumstances demand it and will ensure compliance with all the relevance conditions and guidance.
- 5.14 The steps involved in the fast-tracked appraisal process are also included in Appendix 1. Fast-tracked appraisals should by exception and justifications must be provided for why the full appraisal process cannot be utilised.
- 5.15 In cases where there is a departure from the process, the CA will agree a revised process and CA Statutory Officers will confirm this based on an assessment of risk, complexity, value for money, uniqueness and funding availability. This will always be in line with HM Government advice and best practice; and existing CA transparency commitments.

## **6. Contract Management**

- 6.1 Once funding is approved for a project, either for project development costs or full award, contracts are issued and regular communication with the project applicant or scheme promoter is maintained throughout the project's lifetime.

### **Contracting**

- 6.2 A Grant Letter (for project development costs) or Funding Agreement (for full award) between the CA and project applicant/scheme promoter sets out the conditions relating to the CA's agreement to fund the project and the responsibilities of the CA and applicant/scheme promoter in managing, delivering and monitoring the project. A Grant Letter will only be required where projects are drawing down development cost funding ahead of full approval and full award.
- 6.3 The Funding Agreement specifies that grants and loans are capped, and applicants/scheme promoters bear the risk for all overspend on the project beyond the approved amount.
- 6.4 The Funding Agreement also stipulates the expected outputs and outcomes that the project will deliver.

### **Payment Against Claims**

- 6.5 Payment milestones are agreed with the project applicant/scheme promoter at the point of contract. The milestones depend on the complexity, cost, and timescales of the project. This forms part of the programme management role of the CA, which is subject to external audit.
- 6.6 Each grant claim is crosschecked against the approved project baseline information as part of the reporting processes. Prior to payment of grant, evidence checks are conducted on approximately 10% of the claim value. The value of the required checks is determined by the level of risk and project performance to date.

### **Managing Contract Performance**

- 6.7 The Secretariat manages the delivery of the contract and works with the applicant/scheme promoter to monitor the project's progress and risks. Monitoring conditions are set out initially in a grant determination letter from Government for each funding source, so the Secretariat is required to adopt a flexible approach to managing contract performance. This may be dependent on the funding source, value or risk of a particular programme or project.
- 6.8 The Secretariat monitors the delivery of the project, and the progress made in achieving the outputs and outcomes, in line with the Monitoring and Evaluation Framework.
- 6.9 The Secretariat is responsible for immediately addressing any slippages or concerns regarding project delivery and taking corrective action, including updating the Risk Register as necessary.
- 6.10 A change control process is in place to ensure that variations to an approved project are discussed with the project applicant and agreed with the Secretariat. Variations to a project are logged on the project's file and reported to the CA when appropriate. Minor changes can be agreed between the project applicant and Secretariat where the change does not affect the principles of the project and does not exceed the CA funding allocated for the year. The CA is however, notified of any changes that are significant or contrary to the terms of the Funding Agreement.
- 6.11 Where there is significant underperformance or cause for concern, a project will be referred to the CA for a decision and reported to the Audit and Governance Committee.

## **Clawback**

- 6.12 The Grant Letter and Funding Agreement include a mechanism for clawback based on an assessment of risk. This ensures that funding is only spent on the specified eligible activity and is linked to the delivery of outputs and outcomes. It also gives the CA the option of clawing back funds for poor performance, misuse or defrauding of funds.

## **7. Measuring Performance and Success**

- 7.1 Monitoring and measuring the performance of projects and programmes provides important lessons which are used to improve future decision-making. This increases the likelihood of successful delivery of future projects.

### **Monitoring and Evaluation Framework**

- 7.2 A comprehensive monitoring and evaluation framework for the CA is in place which has been designed in accordance with the most recent HM Treasury's Magenta and Green Book principles and other monitoring and evaluation guidance, such as that published by the What Works Centre.
- 7.3 The Monitoring and Evaluation Framework sets out the key principles for how the CA will manage evaluations across various levels, including: project/programme level, investment fund level (e.g. Mayoral Investment Fund, Adult Education Budget), and the overall impact of the CA through its various funding allocations on strategic priorities. Ultimately, the Framework demonstrates the CA's commitment to integrating robust evaluations within its processes; ensuring that the CA can identify its impact on the economy, but equally, opportunities to improve efficiencies and ensure future policy decisions are evidence-led.
- 7.4 The framework sets out several logic models (linked to the CA's Economic Framework priorities) and identifies high-level performance metrics and indicators that are used to assess the impact of a project or programme and its contribution to delivering the Devolution Deal and the CA's priorities within its Economic Framework objectives. This includes any specific objectives and targets within individual devolved funding programmes. Also, where appropriate, alternative indicators may be considered if they link to the delivery of the CA's ambitions.
- 7.5 Alongside the CA's Monitoring and Evaluation Framework, where there are statutory requirements, further evaluation strategies will be in place, aligning with the CA's overarching framework and any government department requirements. For example, Government's five-yearly Gateway Review process for the Mayoral Investment Fund requires a separate Local Evaluation Framework.
- 7.6 The process for monitoring and evaluating project and programme performance is summarised in the sections below.

### **Monitoring**

- 7.7 All project applicants/scheme promoters and delivery partners are required to provide regular financial and delivery information, including progress made in achieving the expected outputs and outcomes, to the Secretariat. Performance Reports are expected quarterly as a minimum, however, reporting frequency is based on the assessment of risk. Where a project or programme is considered high risk, the frequency of formal monitoring increases to monthly. The frequency of reporting on the delivery of outputs and outcomes can reduce to every six months following the completion of works or activity. Again, the frequency is determined by the level of risk.
- 7.8 The applicant/scheme promoter and AEB delivery partner submits quarterly reports to Secretariat. All quarterly reports are signed-off by the Section 73 Officer. This enables the CA to fulfil its duties on reporting and accounting for public monies.
- 7.9 Site visits to project applicant/scheme promoters and delivery partners are conducted once per year as a minimum. Site visits may by exception, be conducted more or less frequently based on an assessment of risk.
- 7.10 Project Applicants/scheme promoters and delivery partners are responsible for informing the Secretariat of any changes to the scope, costs, and implementation timescales for their project. The Secretariat assesses the impact of any changes on the overall programme, budget, and expenditure. Cost increases, financial slippage and significant changes to

outputs and outcomes are reported to the appropriate Board where necessary. The CA does not guarantee that it will meet any cost increases either in full or in part.

- 7.11 The Secretariat presents Performance Reports on project and programme delivery, to the CA. This ensures that members are informed of progress on projects and are sighted on any issues that will result in financial slippage or underperformance.
- 7.12 Performance Reports are also submitted to the relevant Government department, specifically Department for Levelling Up, Housing and Communities, the Department for Education and the Department for Transport. The frequency of reporting is determined by the relevant Government department although it usually consists of the submission of quarterly updates to the department and a formal annual report.
- 7.13 Following devolution of the AEB in 2025 academic year, the CA will be required to submit an annual report to Government each January on the delivery of AEB functions from the previous academic year to date including:
  - York and North Yorkshire policies for adult education
  - Expenditure against AEB
  - Data analysis of AEB delivery in York and North Yorkshire

## **Evaluation**

- 7.14 The frequency and type of evaluation conducted, depends on the contract value, duration, and complexity of the project. The level of evaluation required is determined at Outline Business Case stage so that adequate resource can be allocated to fund the cost of evaluation prior to the project's approval. This enables evaluation to be factored into a project and programme's design from the outset.
- 7.15 Pilot projects and major schemes such as UKSPF and the Mayoral Investment Fund are subject to more extensive and frequent evaluation; typically, annual interim evaluation and a final evaluation after the project has ended.
- 7.16 As a minimum, all projects will undertake a progress evaluation, reviewing progression on the outputs and financial spend and the extent that original objectives have been achieved. Impact and process evaluations will be applicable to most investments, but in exceptional circumstances this may not be required (i.e. the project is heavily tried and tested and a substantial evidence base already exists). This will be judged on a case-by-case basis, ensuring best value for money.
- 7.17 The Secretariat will procure external and independent evaluation of CA funded programmes and projects where it is appropriate and proportionate to do so, to evaluate the impact of specific funding streams, significant investments, and pilot projects.
- 7.18 The use of external evaluation experts to provide technical expertise and specialist advice on conducting project and programme evaluation, ensures that all evaluation conducted on projects and programmes funded by the CA and LEP is as objective and impartial as possible.
- 7.19 Project evaluation provides accountability for the investment made. It also provides local evidence on which to base future projects and programmes. The Secretariat reviews the results of the evaluation against the objectives of the project as set out in the business case and Funding Agreement and the most appropriate counterfactual. Evaluation results for all projects are published on the CA website.
- 7.20 Where there is a variation between a project's objectives and its outcomes, the Secretariat works with the promoter to agree corrective action. If the corrective action is unsuccessful, clawback clauses in the Funding Agreement can be invoked as a final resort and to secure the desired outcomes via alternative measures.



- 7.21 The Secretariat compiles a summary report for the CA of all projects that have completed during the previous quarter. This report confirms whether the project has delivered against its spending profile and achieved the outputs and objectives in the Funding Agreement. The report also recommends whether each project can be closed.
- 7.22 As part of the annual report to Government on the delivery of AEB functions from the previous academic year to date, the CA will also provide an update on interim evaluation findings on the impact that AEB has had in York and North Yorkshire. These findings will be derived from qualitative data such as employer and learner survey responses and quantitative data on the take-up of AEB funded provision in York and North Yorkshire and improvements in participation, progression, and attainment in statutory and non- statutory training.

## **8. Inclusive and Collaborative Working**

- 8.1 The strength and success of the CA in York and North Yorkshire is founded on good governance and partner collaboration. The former LEP and its local authority partners have built the foundations of its devolution deal on strong collaboration and engagement with one another and with all key stakeholders. Continuing this philosophy of consensus and good faith is essential to delivering the commitments of devolved powers and funding, and to unlocking future funding opportunities as they become available.

### **The LEP Network**

- 8.2 The Business Committee is an active member of the national LEP Network and is committed to developing and sharing best practice with the LEP Network and its members.

### **Collaboration with Metro Mayors, the Northern Powerhouse and LEPs**

- 8.3 The Mayor and CA are committed to working in collaboration with other Mayoral Combined Authorities, the Northern Powerhouse and LEPs, to pool knowledge and resource and enhance the effectiveness, transparency, decision-making and leadership in local economic development.

### **Engaging with Other Partners**

- 8.4 Regular meetings are held with partners to ensure an open and two-way dialogue on activity being undertaken across York and North Yorkshire, and to discuss the development of strategies and progress in delivering the SEP priorities and objectives. These meetings take place with business representative organisations, including the Chambers of Commerce, Federation of Small Business, CBI, Institute of Directors and Make UK, as well as local authority partners and the universities, such as the Business Advisory Group meetings.

### **Engaging with the Public**

- 8.5 The CA will produce and maintain a plan of key decisions that will be taken at least 28 days before the decision is due to be made. The Forward Plan of Key Decisions includes decisions defined within the constitution that have a financial implication (such as projects that are seeking investment from the CA, new programmes or schemes that would be delivered across York and North Yorkshire, or new strategies) and non-financial decisions which impact on both local authority areas. The plan is refreshed and published on the CA website every month and it enables members of the public to view information on decisions before they are made so that they can comment on them.
- 8.6 The plan provides brief information on the project, programme or strategy, the date the decision will be taken, the lead officer's contact details and information on how to access any relevant reports (subject to restrictions on their disclosure).
- 8.7 The CA website also explains how members of the public can request information as well as providing feedback and submitting questions for CA meetings.

### **Formal and Public Consultation**

- 8.8 In accordance with the CA's statutory obligations, the Secretariat undertakes a public consultation exercise when appropriate. The consultation period runs for between 6 and 12 weeks. Information on the consultation is posted on the CA website with a draft document and details of how to submit views, comments and supporting evidence electronically and by post. Information on any scheduled consultation events is also displayed.

8.9 Comments and evidence submitted by partners and individuals during the public consultation period are logged, analysed, and categorised, with records kept on how the final draft of the strategy has been amended to reflect the comments and evidence received.

## **9. Publishing Information**

9.1 The CA is subject to the same Transparency Code that applies to local authorities. To deliver the responsibilities under the code, the CA has developed a robust, but proportionate, approach to sharing and publishing information so that it is accessible to the public.

9.2 The CA is subject to the Localism Act 2011, the Local Government Transparency Code 2015 and the Accounts and Audit Regulations 2015. It will publish on its website data including, but not limited to, the following:

- Grants to voluntary, community and social enterprise organisations
- Its organisational chart
- Senior salaries
- The combined authority's constitution
- Pay policy statements, including gender pay gap reporting

## **Access to Information**

9.3 The CA Constitution includes a publication scheme which sets out how and when agendas, minutes, papers, and other documents produced by the CA and Secretariat will be made available to the public. It also sets out any exceptions to publishing information, such as not disclosing information that is prohibited by law or which is exempt under the Local Government Act 1972 Schedule 12A or Freedom of Information Act 2000.

9.4 The Publication Scheme is published on the CA website. CA and committee papers clearly state whether the paper will be published under the Publication Scheme and whether any exemptions apply.

9.5 The CA is subject to the Local Government Act 1972, Freedom of Information Act 2000, Data Protection Acts of 1998 and 2018, the General Data Protection Regulations (GDPR) the Environmental Impact Regulations 2004 and Public Sector Equality Duty.

9.6 The public are made aware of their right to access information through the CA website. Requests for information are dealt with in accordance with the relevant legislation and information is not unreasonably withheld. The Secretariat elects to publish more information on activities and decisions than is stipulated in Government guidance, so that Freedom of Information requests are less necessary.

9.7 All data supplied to the CA and Secretariat, including personal, financial, confidential, and sensitive information is processed and handled in line with data protection legislation. Personal information is stored securely to maintain privacy. This process is detailed in the Privacy Policy.

## **CA Website**

9.8 Core information regarding activity being undertaken by the CA and Mayor will be available on the CA website.

## **Meeting Papers**

- 9.9 The schedule of Combined Authority, Business Committee, Audit and Governance Committee and Overview and Scrutiny Committee meetings for the year ahead will be published in advance on the CA website.
- 9.10 The notice of the meeting, the agenda and accompanying papers are published five clear working days in advance of the meeting. Where papers contain commercially sensitive information or are subject to one of the exemptions under the Local Government Act 1972 Schedule 12A or Freedom of Information Act 2000, they are not published and are categorised as a private item.
- 9.11 Draft minutes of meetings are published will be published in accordance with section 100C of the Local Government Act 1972 and the National Local Growth Assurance Framework.

## **Notice of Decisions**

- 9.12 As stated in previous sections, the CA will publish a Forward Plan of Key Decisions that will be taken by the CA at least 28 days before the decision is made to enable members of the public to view and comment on them.
- 9.13 Details of all project approvals made by the CA are recorded in the Minutes of the meetings. In addition, the Secretariat maintains and publishes a Grants and Contracts Register on the CA website which provides details of all contracts and agreements signed, a summary of the project, and the value of the contract.
- 9.14 A Delegated Authority Report will be produced for decisions taken under the CA's Scheme of Delegation. The report will describe all decisions taken, including any approval given to projects within the delegated authority limit and any endorsement, deferment or rejection of projects that exceed that delegation.

## **Information on Combined Authority Members**

- 9.15 The following information on Combined Authority and Committee Members will be available on the CA website:
- Biography – including name, role, constituent authority represented, membership of Committees and any special responsibilities
  - Appointments to outside bodies
  - Individual Register of Interests
  - Declarations at Meetings
  - Attendance Record
  - Gifts and Hospitalities Record
  - Term of Office
- 9.16 Business Committee members are not remunerated. Members are entitled to claim back travel and subsistence costs incurred whilst undertaking pre-approved duties and responsibilities on behalf of the CA in accordance with the CA's Member Allowances Scheme. The Secretariat publishes details of all expenses and subsistence claimed by Business Committee Members and authorised by the Head of Paid Service in Quarterly Expenses Reports.
- 9.17 The Secretariat also publishes any gifts or hospitality accepted and received by Business Committee members with a notional or actual value that exceeds £100. Gifts and hospitality are recorded in each Business Committee Members' Individual Register of Interest.

## **Financial Information**

- 9.18 A range of budgetary and financial information will be published on the CA website in accordance with statutory requirements and guidance, including the Local Government Transparency Code, so that it is transparent and accessible to the public.
- 9.19 CA and Mayoral budgets are set prior to the start of the financial year within the Budget and Policy Framework.
- 9.20 The CA is also responsible for agreeing an annual programme of capital expenditure, together with proposals for the financing of that programme. This includes projects promoted and projects directly managed by the CA.
- 9.21 Regular updates on the performance of capital and revenue programmes are provided to the CA and these are published in meeting papers. Project risks will be clearly identified and any slippage in delivery will be reported to CA members.

The CA's Audit and Governance Committee will receive additional regular updates from its internal and external auditors, and statutory officers. The Committee will agree and publish a programme of business identifying its work for each year.

Updates will be provided to the CA and its committees on monitoring and evaluation of funded projects throughout the year. Overview and Scrutiny will consider these reports and may choose to conduct deep-dive reviews on a project or programme basis.

- 9.22 As stated previously in this section, funding decisions are also published on the CA website in the Grants and Contracts Register. Payments to general suppliers that have a value of more than £500 are published quarterly on the CA website.
- 9.23 The roles and salary bands of all staff employed in the Secretariat which exceed £50,000 per annum are also published on the CA website.

## **Procurement and Funding Opportunities**

- 9.24 The Secretariat will publish calls for projects on a regular basis on the CA website and social media feeds. The application templates and guidance documents for each commissioning call will be available via the CA website.
- 9.25 An open and competitive procurement process is in operation. When undertaking any procurement, all Members, officers, and staff must comply with the Contract Procurement Rules. Opportunities to supply goods and services are advertised on the CA website.
- 9.26 Information on how businesses can access advice and support services, including applying for grant-funded programmes, can be found on the CA website.

## **Branding**

- 9.27 In accordance with branding guidance on awarded and devolved funding, the Secretariat ensures that the correct logos and wording are displayed in all promotional materials for CA funded projects and programmes. Promotional materials include the CA website, websites of project applicants/scheme promoters, signage, social media posts, press notices and marketing literature.

## Glossary of Terms

<b>AEB</b>	Adult Education Budget
<b>AGM</b>	Annual General Meeting
<b>BCR</b>	Benefit Cost Ratio
<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>BHF</b>	Brownfield Housing Fund
<b>BJC</b>	Business Justification Case
<b>CIAT</b>	Central Independent Appraisal Team
<b>CRF</b>	Community Renewal Fund
<b>DfE</b>	Department for Education
<b>DfT</b>	Department for Transport
<b>DLUHC</b>	Department for Levelling Up, Housing and, Communities
<b>DIT</b>	Department for International Trade
<b>FBC</b>	Full Business Case
<b>FLUTE</b>	Forecasting the interactions of Land-Use, Transport and Economy
<b>GBF</b>	Getting Building Fund
<b>LEP</b>	Local Enterprise Partnership
<b>LGF</b>	Local Growth Fund
<b>LTA</b>	Local Transport Authority
<b>CA</b>	Mayoral Combined Authority
<b>NZF</b>	Net Zero Fund
<b>OBC</b>	Outline Business Case
<b>OPFCC</b>	Office of the Police, Fire and Crime Commissioner
<b>R&amp;D</b>	Research and Development
<b>SBC</b>	Strategic Business Case
<b>Section 73</b>	Equivalent to a Section 151 Officer
<b>SEP</b>	Strategic Economic Plan
<b>TAG</b>	Transport Appraisal Guide (formerly known as WebTAG)
<b>TCF</b>	Transforming Cities Fund
<b>UKSPF</b>	UK Shared Prosperity Fund
<b>Y&amp;NY CA</b>	York and North Yorkshire Combined Authority

# **York and North Yorkshire Combined Authority**

## **Standard Assurance Process**



**Development**

**Members**

**Assurance**

Call for Proposal pack developed including investment priorities, eligibility criteria, appraisal criteria and deadlines

Head of Assurance reviews pack and provides feedback

Call for Proposals launched

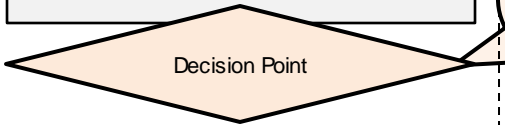
Development Officer responds to queries from applicants and provides advice and support as needed

Expression of Interest (EOI) submitted

Moderation Panel convened including Head of Assurance, Head of Strategy, Head of Delivery Service and Development Officers using a clearly defined and documented scoring system to determine which EOIs should progress - each members to be retained on file.

Prioritised list of submitted EOIs completed

Relevant Members Committee review s prioritised list and recommendations



*Do Members approve or reject the proposed prioritised projects?*

Yes - Development Officer contacts applicant to progress to Outline Business Case (OBC)

Yes - approve

No - rejected

See Outline and Full Business Case development process

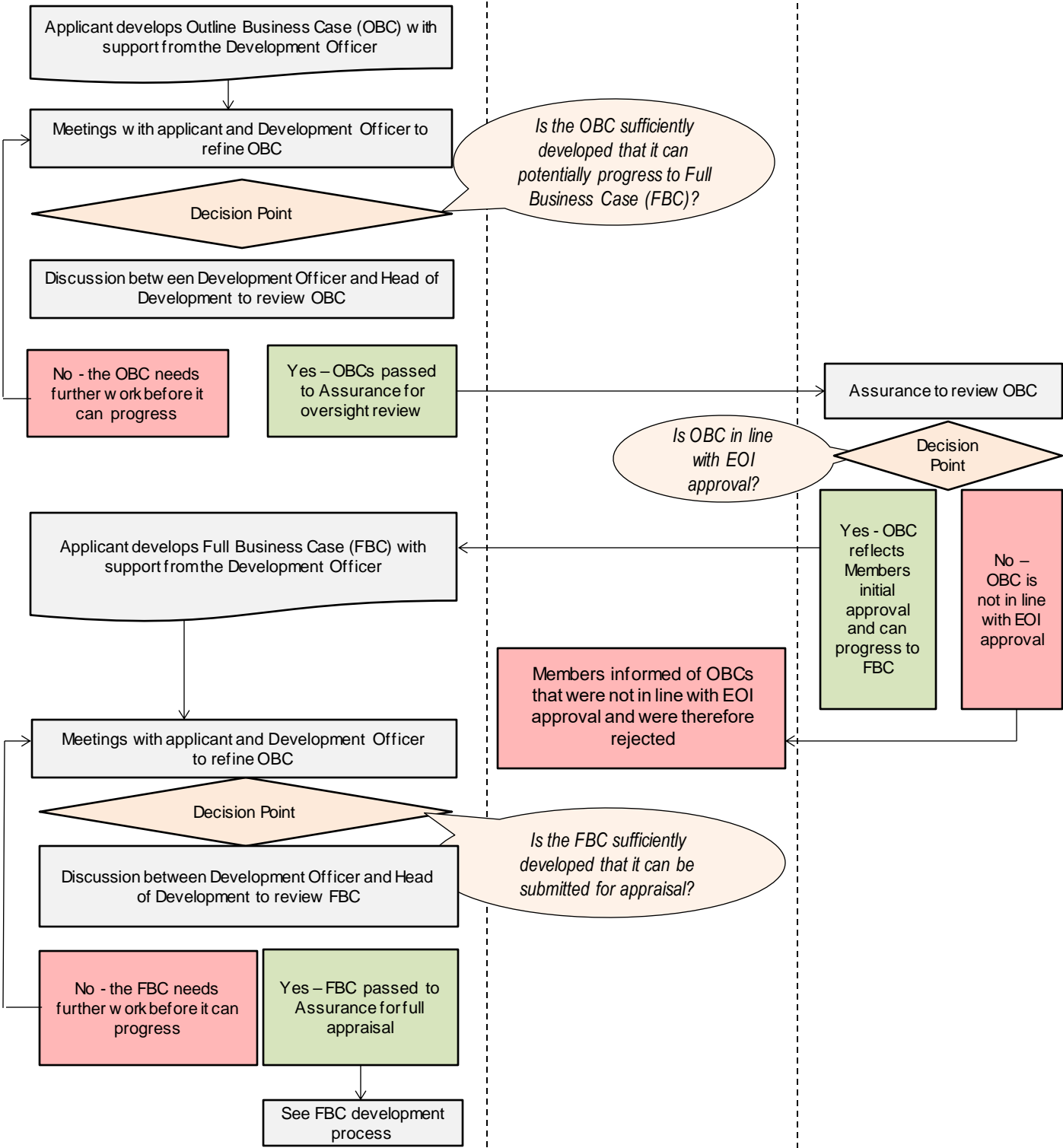
No - Development Officer to contact applicants and inform them of outcome

**Appeals process invoked**

## Development

## Members

## Assurance



Development

Members

Assurance

Applicant develops FBC with support from the Development Officer

Meetings with applicant and Development Officer to refine FBC

Is the FBC sufficiently developed that it can be submitted for appraisal?

Decision Point

Development Officer completes Gateway Review

Discussion between Development Officer and Head of Development to review FBC

Decision Point

Yes; commission appraisal

No; further information needed

No - there are significant financial or legal deliverability concerns

Members informed of FBCs that changed in scope or where significant financial or legal concerns were identified

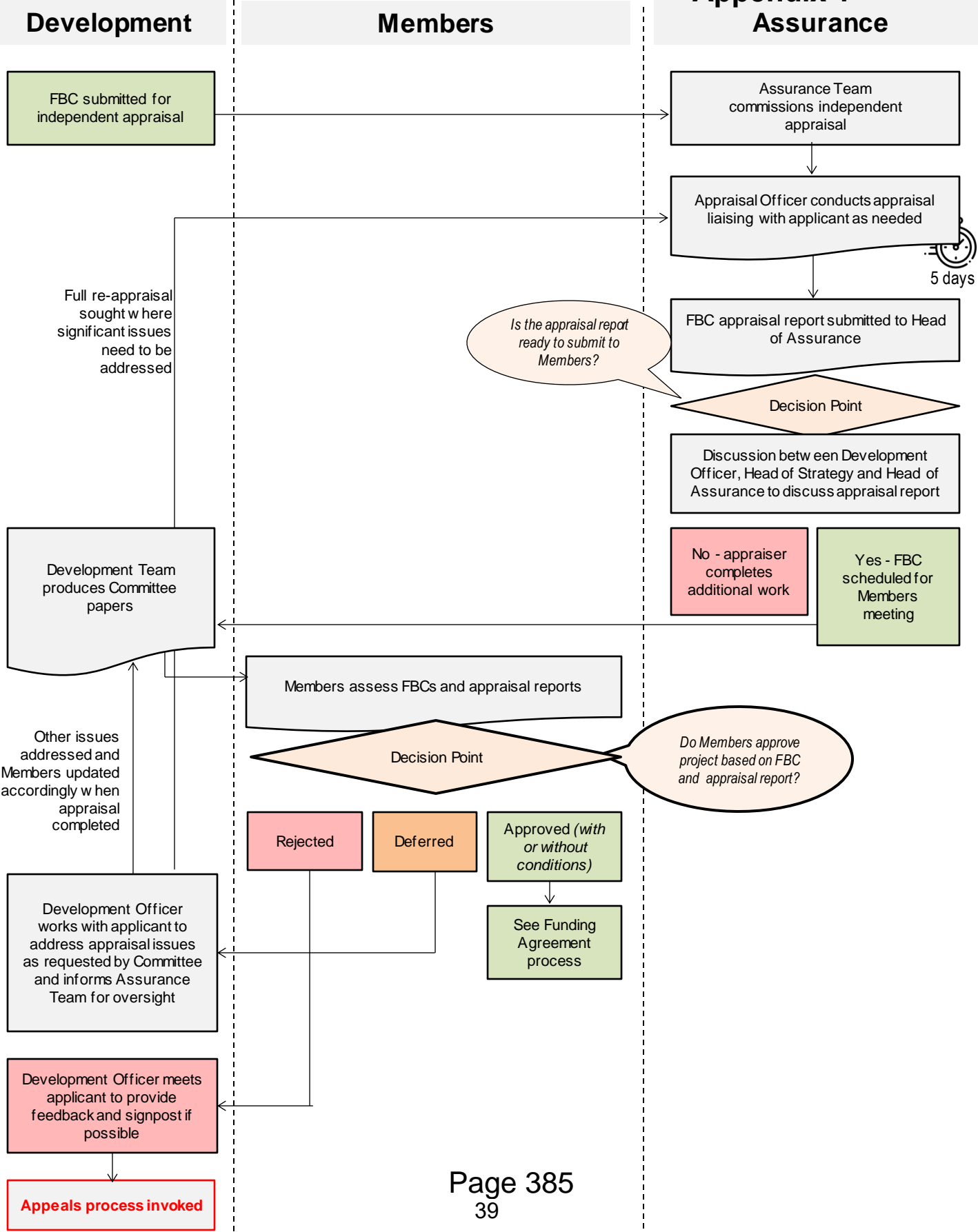
See FBC appraisal process

Development Officer asks applicant for required information

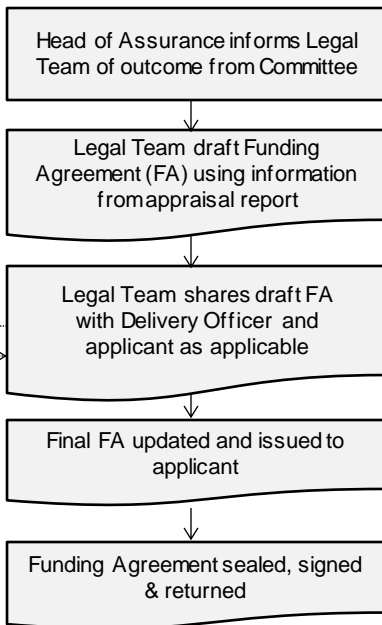
Applicant submits additional information

# Full Business Case appraisal (40 days)

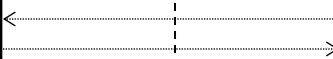
## Appendix 1 Assurance



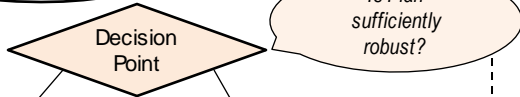
Delivery



Delivery Officer reviews draft FA and returns with any comments for Legal Team



Applicant submits Monitoring & Evaluation Plan within 3 months of signing Funding Agreement



No; Delivery Officer arranges meeting with applicant to review the Monitoring & Evaluation Plan

Yes; proceed to monitoring stage

Applicant updates Monitoring & Evaluation Plan

Delivery Officer signs them off when all feedback has been addressed

Delivery

Delivery Officer contacts project lead in first 5 days of each month to discuss RAG rating

Delivery Officer receives monitoring report

Decision Point

Is the project on track to achieve financial, output and milestone targets?

No – Delivery Officer contacts applicant to seek to resolve concerns

Yes - no further action is required

Head of Delivery produces regular monitoring progress report to relevant Scrutiny Committee

Relevant Scrutiny Committee review monitoring progress report and focus on amber and red rated projects. Committee will review green rated projects as appropriate.

Is the Committee willing to recommend any requested variations?

Decision Point

Delivery Officer liaises with applicant to gather additional information needed to inform monitoring progress report

Yes

More information required

No; decision made to stop project

Delivery Officer reviews information and provides feedback to Legal Team

Legal Team drafts variation to Funding Agreement (FA)

Legal Team Solicitor issues project closure letter

Legal Team issues variation to FA

Delivery Officer meets sponsor to discuss closure letter

Applicant signs and returns variation to FA

# **York and North Yorkshire Combined Authority**

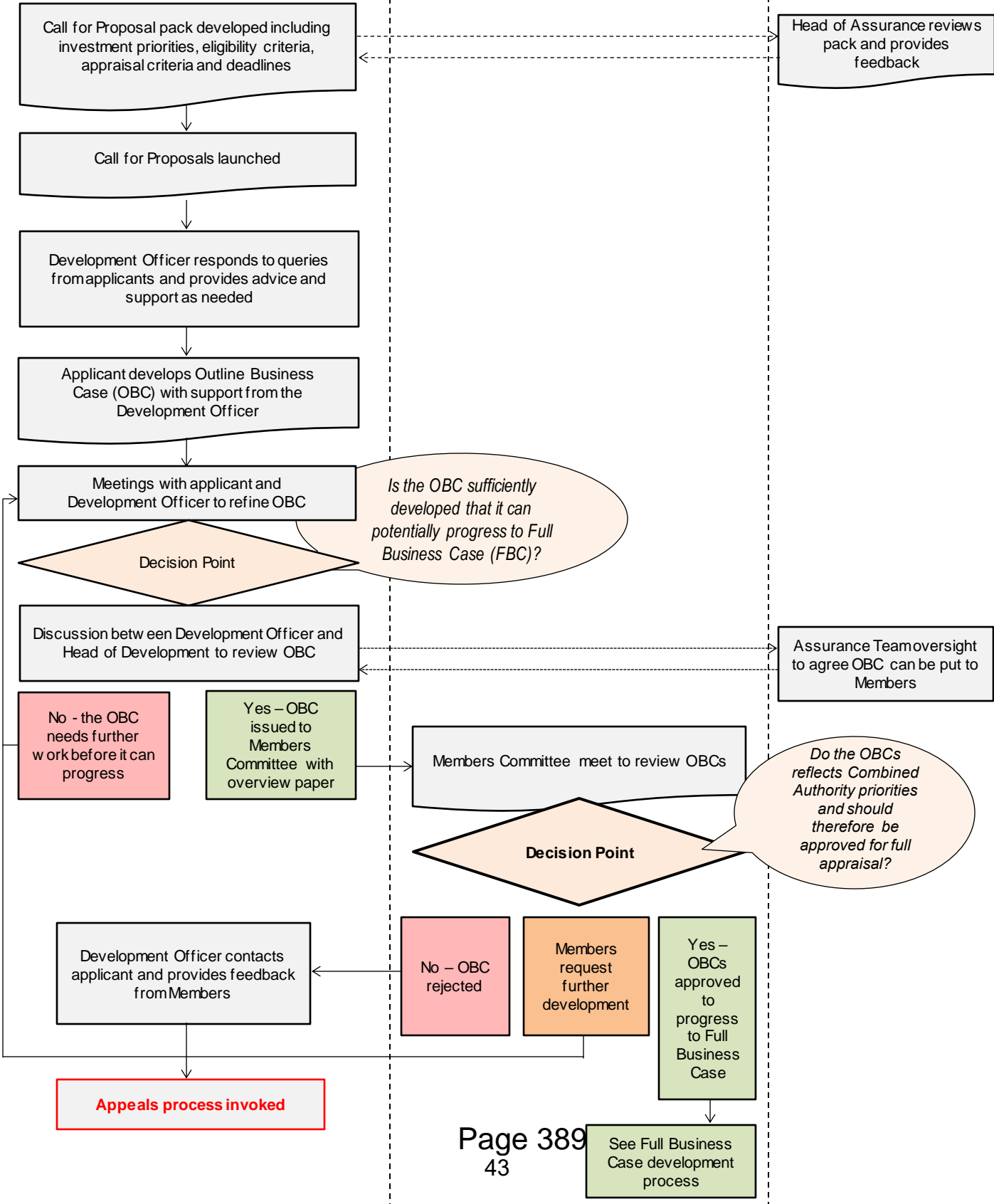
## **Accelerated Assurance Process**



**Development**

**Members**

**Assurance**



Development

Members

Assurance

Applicant develops FBC with support from the Development Officer

Meetings with applicant and Development Officer to refine FBC

*Is the FBC sufficiently developed that it can be submitted for appraisal?*

Decision Point

Development Officer completes Gateway Review

Discussion between Development Officer and Head of Development to review FBC

Decision Point

Yes; commission appraisal

No; further information needed

No - there are significant financial or legal deliverability concerns

Members informed of FBCs that changed in scope or where significant financial or legal concerns were identified

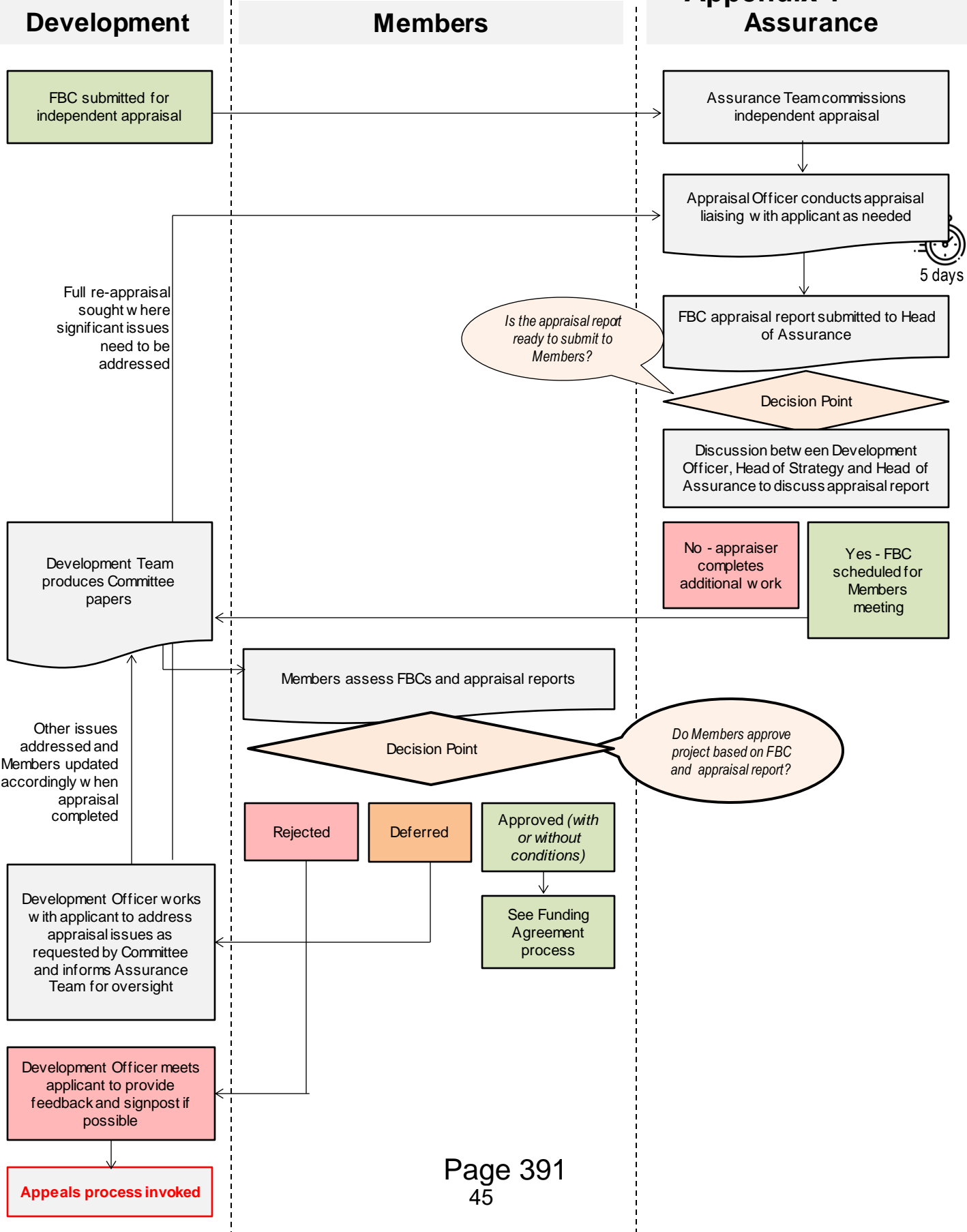
See FBC appraisal process

Development Officer asks applicant for required information

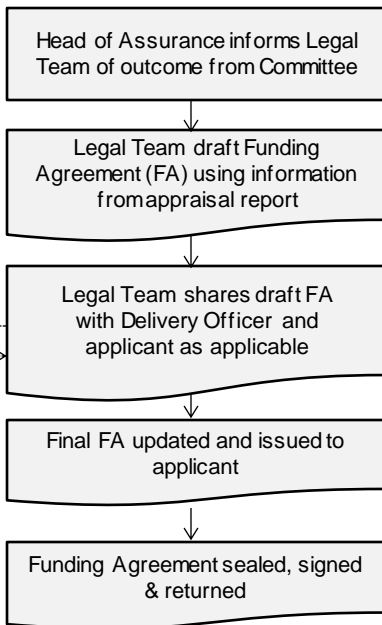
Applicant submits additional information

# Full Business Case appraisal (40 days)

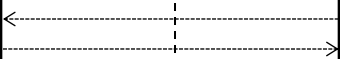
## Appendix 1 Assurance



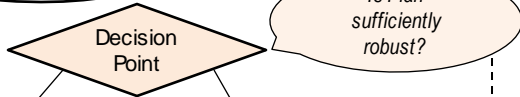
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Yes; proceed to monitoring stage

Applicant updates Monitoring & Evaluation Plan

Delivery Officer signs them off when all feedback has been addressed

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Delivery Officer contacts project lead in first 5 days of each month to discuss RAG rating

Delivery Officer receives monitoring report

Decision Point

*Is the project on track to achieve financial, output and milestone targets?*

No – Delivery Officer contacts applicant to seek to resolve concerns

Yes - no further action is required

Head of Delivery produces regular monitoring progress report to relevant Scrutiny Committee

Relevant Scrutiny Committee review monitoring progress report and focus on amber and red rated projects. Committee will review green rated projects as appropriate.

*Is the Committee willing to authorise any requested variations?*

Decision Point

Delivery Officer liaises with applicant to gather additional information needed to inform monitoring progress report

Yes

More information required

No; decision made to stop project

Delivery Officer reviews information and provides feedback to Legal Team

Legal Team drafts variation to Funding Agreement (FA)

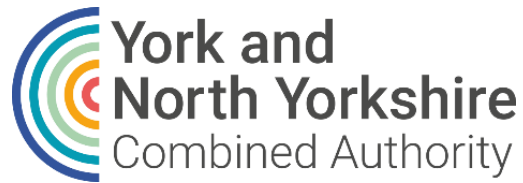
Legal Team Solicitor issues project closure letter

Legal Team issues variation to FA

Delivery Officer meets sponsor to discuss closure letter

Applicant signs and returns variation to FA

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## York and North Yorkshire Combined Authority

### COMBINED AUTHORITY MEETING

18<sup>th</sup> March 2024

### LGP Employer Discretions Policy

Report of the Head of HR (Sara Jeffs)

#### **1.0 PURPOSE OF REPORT**

- 1.1 This report sets out the Combined Authority's proposed LGPS Employer Discretions Policy.

#### **2.0 RECOMMENDATIONS**

- 2.1 The Combined Authority is asked to agree the proposed LGPS Employer Discretions Policy.

#### **2.0 BACKGROUND**

- 2.1 The regulations governing the application of the Local Government Pension Scheme (LGPS) allow each employer to determine how certain discretionary provisions of the scheme will be applied.
- 2.2 Due to changes of the Scheme over time, different regulations and provisions may apply to pension benefits and pensionable service accrued under different arrangements. The policy sets out the relevant discretions in different sections. At the commencement of each section the applicable Regulations are detailed.
- 2.3 The policy will be reviewed every three years or in the event of any change which makes an earlier review necessary- in this instance a review will need to take place post transfer of OPFCC and Fire Service staff in May '24 who will retain existing discretionary arrangements
- 2.4 Should any provision within the policy contradict any LGPS Regulation then the Regulation would apply.

#### **5.0 FINANCIAL IMPLICATIONS**

5.1 None.

**6.0 LEGAL IMPLICATIONS**

6.1 None.

**7.0 EQUALITIES IMPLICATIONS**

7.1 The LGPS Employer Discretions Policy will allow for fair application of discretionary provisions within the Combined Authority.

**8.0 ENVIRONMENTAL IMPLICATIONS**

8.1 There are no environmental implications arising from the adoption of the LGPS Employer Discretion Policy.

**8.0 COMBINED AUTHORITY AREA IMPACTED**

8.1 York and North Yorkshire

**9.0 RECOMMENDATIONS**

9.1 The Combined Authority is asked to agree to the proposed LGPS Employer Discretions Policy.

**10.0 REASONS FOR RECOMMENDATIONS**

10.1

**CONTACT DETAILS**

For further information please contact the authors of this Report.

**Author**

<b>Name:</b>	Sara Jeffs
<b>Job Title:</b>	Head of HR
<b>Service Area:</b>	Human Resources

**Background papers [If applicable]**

None

**Appendix One** – Draft Pensions Discretions Policy



LGPS Employer Discretion Policy

Produced – March 2024	Approved by the Combined Authority - TBC
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**Introduction**

1. The regulations governing the application of the Local Government Pension Scheme allow each employer to determine how certain discretionary provisions of the scheme will be applied. The following is a statement of York and North Yorkshire Combined Authority's (YNYCA) policy on the exercise of these discretions. This policy excludes councillor members and the Mayor.

**Scope and Policy**

2. Due to changes of the Scheme over time, different regulations and provisions may apply to pension benefits and pensionable service accrued under different arrangements. This policy sets out the relevant discretions in different sections. At the commencement of each section the applicable Regulations are detailed.
3. The sections are as follows:

<b>Section</b>	<b>Contents</b>
Section 1	Discretions from 1.4.14. in relation to post 31.3.14. active members and post 31.3.14. leavers
Section 2	Discretions in relation to scheme members who ceased active membership on or after 1.4.08 and before 1.4.14
Section 3	Discretions in relation to: <ul style="list-style-type: none"> <li>• any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08</li> </ul>
Section 4	Discretions in relation to scheme members who ceased active membership before 1.4.98
Section 5	Discretions in relation to redundancy and compensatory payments on the early termination of employment
Section 6	Discretions in relation to any compensatory added years awarded before 1 April 2007

Section 7	Injury allowances as they apply to leavers, deaths and reductions in pay that occurred after 15 January 2012
Section 8	Injury allowances as they apply to leavers, deaths and reductions in pay that occurred before 16 January 2012

4. Unless otherwise stated, the application of these discretions will be in accordance with the Officers Delegation Scheme with advice from the Director of Resources and the Head of HR – who is accountable for the proper and consistent application of this policy on behalf of YNYCA.

### Definitions

5. Within the Regulations all discretions have a classification as follows:

**Mandatory** - an employer must formulate, publish and keep under review a policy on these discretions.

**Recommended** - there is no requirement for an employer to publish a written policy on these discretions. However, as these matters arise fairly frequently it may be appropriate so that members can be clear on your policy on these matters.

**Less common** - there is no requirement for employers to publish a written policy on these discretions, though they may choose to do so.

6. Within a number of the discretions, reference is made to **administrative shortcomings**. The following would be considered an administrative shortcoming:
- A scheme member is not given appropriate advice/information to enable him/her to transfer pension rights
  - A scheme member contacts YNYCA, NYPF or a previous pension scheme regarding transfer within 12 months but does not receive correct or sufficient information to enable them to make a proper decision
  - A scheme member believes that the action he/she has taken within 12 months is sufficient to have effected transfer
  - A scheme member has used his/her best endeavours to effect a transfer within 12 months of joining the scheme but the transfer has not taken place for reasons outside of his/her control, e.g. investigation into mis-selling, winding up of previous fund, etc.

### Injury Allowances

7. The process for the consideration and approval of injury allowances detailed in Section 7 and Section 8 is attached as appendix 1 to this policy.

## **Review**

8. This policy will apply from the date of approval and replaces all previous employer discretion policies from that date. The policy in force at the time a relevant event occurs will be the one that is applied.
9. This policy will be reviewed every three years or in the event of any change which makes an earlier review necessary.
10. Should any provision within this policy contradict any LGPS Regulation then the Regulation would apply.

DRAFT

**Section One - Discretions from 1.4.14. in relation to post 31.3.14. active members and post 31.3.14. leavers**

**Applicable Regulations:**

R = Local Government Pension Scheme (LGPS) Regulations 2013 (SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014

A = LGPS (Administration) Regulations 2008 (SI 2008/239)

B = LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) (SI 2007/1166)

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
1	<b>Granting additional pension</b>	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a - figure at 1 April 2014. This is inflation proofed annually)	R31	Employer	<b>Mandatory</b>	YNYCA will not grant additional pension to a member
2	<b>Shared cost Additional Pension Contributions (to buy additional pension)</b>	Whether, how much and in what circumstances to contribute to a shared cost Additional Pension Contributions (APC) scheme  A member can buy additional pension through an APC contract. The discretion is whether the employer will share the cost of the APC	R16(2)(e) & R16(4)(d)	Employer	<b>Mandatory</b>	YNYCA will contribute to Shared Cost APC Schemes only when an employee has opted to buy back 'lost' pension due to a period of authorised unpaid leave (including sickness and child related leave) within 30 days of returning to work from that leave. In these circumstances, the employee will pay one third of the cost of the Shared Cost APC and the employer will pay two thirds of the cost
3a	<b>Flexible retirement</b>	Whether all or some benefits can be paid if an active member aged 55 or over and with at least 2 years qualifying service reduces their hours or grade (flexible retirement)	R30(6) & TP11(2)	Employer	<b>Mandatory</b>	YNYCA will consider applications in accordance with its policy on early/flexible retirement.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
3b	<b>Flexible retirement (cont.)</b>	Whether to waive, in whole or in part, actuarial reduction to benefits paid on flexible retirement	<b>R30(8)</b>	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not waive any actuarial reduction on benefits paid on flexible retirement. All applications for flexible retirement will be considered in line with the process and criteria set out in YNYCA's policy on early/flexible retirement.
4	<b>85 Year Rule</b>	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	<b>TPSch 2, para, 1(2) &amp;1(1)(c)</b>	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not switch on the 85 Year Rule for any employee voluntarily drawing benefits on or after age 55 and before age 60
5a Page 401	<b>Waive Reduction</b>	Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/14 and post 31/3/14 membership) a) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06, b) on compassionate grounds (pre 1/4/14 membership) and in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20 inclusive	<b>TP3(1), TPsch 2 para 2(1) &amp; B30(5) &amp; B30A(5)</b>	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not waive any actuarial reduction arising out of a voluntary early or flexible retirement. YNYCA will pay any pension strain costs arising out of voluntary early or flexible retirement where this has been approved through its early/flexible retirement policies.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
Page 402	<b>Waive Reduction (cont.)</b>	c) on compassionate grounds (pre 1/4/16 membership) and in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/3/16 d) on compassionate grounds (pre 1/4/20 membership) and in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20 inclusive				
		Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31/3/14 membership)	R30(8)	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not waive any actuarial reduction on benefits paid which a member voluntarily draws before normal pension age
6	<b>Shared cost Additional Pension Contributions (to buy lost pension following a period of authorised unpaid absence)</b>	If a member has an <b>authorised unpaid</b> absence (not including illness or injury, relevant child-related leave or reserve forces service leave) and within 30 days of returning to work they elect to buy back the lost pension, the employer must share the cost (2/3rds)  The discretion is whether to extend the 30 day deadline for a member to elect for a shared cost APC	R16(16)	Employer	Recommended	YNYCA will extend the deadline for a member to elect for a shared cost APC to 60 days or longer where there is evidence of administrative shortcoming.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
7	<b>Transferring in non LGPS pension rights</b>	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(6)	Employer and Admin. Authority	Recommended	YNYCA will allow members to opt to transfer pension rights beyond the 12 month period in exceptional circumstances and/or if there is evidence of administrative shortcomings.  The Administering Authority can provide guidance on individual queries.
8	<b>Transferring in LGPS pension rights (only for pre 1.4.14 rejoiners)</b>	Whether to extend the 12 month option period for aggregation of deferred benefits <b>Care: This must match your existing discretion under the 2008 Scheme.</b>	A16(4)(b)(ii)	Employer	Recommended	YNYCA will only permit aggregation beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
9b	<b>Transferring in LGPS pension rights (only for post 1.4.14 rejoiners)</b>	Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment	R22(8)(b)	Employer	Recommended	YNYCA will only extend the 12-month option period beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
		Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment	R22(7)(b)	Employer	Recommended	YNYCA will only extend the 12-month option period beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings
10	<b>Transferring in LGPS pension rights (i.e. final salary benefits which will buy CARE pension only for post 1.4.14 rejoiners)</b>	Whether to extend the 12 month option period for a member (who did not become a member of the 2014 Scheme by virtue of TP5 (1)) to elect that pre 1 April 2014 deferred benefit should be aggregated with a new employment	TP10 (6)	Employer	Recommended	YNYCA will only permit aggregation beyond 12 months in exceptional circumstances and/or if there is evidence of administrative shortcomings

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
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11	<b>Employee contribution rate</b>	<p>Employers to assess the relevant contribution band to determine the rate of employee contribution.</p> <p>Banded contribution rates for employees are based on actual pensionable pay received and not whole time equivalent salary. Employers to allocate appropriate band at each 1 April and determine other circumstances in which the banding will be reviewed.</p>	R9(1) & R9(3)	Employer	Recommended	<p>On 1st April each year, YNYCA will allocate the appropriate band for all members' pensionable pay based on the previous years' pensionable pay and include incremental progression and cost of living increases where known as at 1 April . This will not change during the financial year unless there is a post change or cessation of salary protection arising from that change, or a pay award which cannot be applied on 1 April. This would include a pay award which is being applied retrospectively to 1 April or a pay award which applies from a date other than 1 April. For new posts commencing during the year, their band will depend on starting salary. Only permanent changes to pensionable pay will result in re banding.</p> <p>If members have variable or nil hours contracts, the relevant band will be based on an assessment of the total pensionable pay received in the previous year. For new variable or nil hours posts, banding will be based on the whole time equivalent salary, and reviewed 6 months after appointment to ensure the correct band has been allocated (based on total pensionable pay in their first 6 months). If any member believes this would be inaccurate, they should ask their Line Manager to contact ESS for further information.</p>
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No.	Area	Discretion	Regulation	Exercised by	Key	Policy
12a	<b>Assumed Pensionable Pay (APP)</b>	In determining APP, whether a lump sum payment made in the previous 12 months is a “regular lump sum”	R21(5)	Employer	Recommended	YNYCA would include lump sum payments in the calculation of APP where there is evidence that the lump sums were regularly received.
12b		<p>Where in the employer’s opinion, the pensionable pay received in relation to an employment (adjusted to reflect any lump sum payments if appropriate) in the 3 months (or 12 weeks if not paid monthly) before the start of APP, is materially lower than the level of pensionable pay the member would have normally received</p> <p>The discretion is whether to substitute a higher level of pensionable pay by taking into account the pensionable pay received by the member in the previous 12 months</p>	R21(5A) & R21(5B)	Employer	Recommended	YNYCA will allow the substitution of a higher level of pensionable pay assessed over the previous 12 month period.
13	<b>Late conversion of AVCs to service</b>	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01)	TP15(2A)(b) & L66(8) & former L66(9)(b)	Employer	Less Common	YNYCA will extend the 30 day deadline if there is evidence of administrative shortcomings.
14	<b>Shared cost AVCs</b>	Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements	R17(1) & definition of SCAVC in RSch 1	Employer	Less Common	The YNYCA will pay Shared Cost Additional Voluntary Contributions (SCAVC) where an employee has elected to pay AVCs by salary sacrifice. Employees will be required to contribute a minimum of £1 per month into the SCAVC. YNYCA’s SCAVCs will not contribute more than the amount of salary sacrificed by the employee.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
15	<b>Refund of contributions - member left due to an offence/grave misconduct</b>	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment unless employer directs a total or partial refund is to be made	R19(2)	Employer	Less Common	YNYCA will consider whether or not to make a refund based on the merits of each case and in light of advice from Audit.
16	<b>Pensionable payments</b>	<b>Specify in an employee's contract</b> what other payments or benefits, other than those specified in R20(1)(a) and not otherwise precluded by R20(2), are to be pensionable	R20(1)(b)	Employer	Less Common	YNYCA reserves the right to specify what, if any, other payments or benefits are to be pensionable in accordance with the Regulations and will automatically include "detriment" or "protected" pay as pensionable pay. See the YNYCA Pay Policy for guidance on pensionable and non-pensionable pay.
17	<b>T3 III health review</b>	Determine whether person in receipt of Tier 3 ill health pension has started gainful employment	R37(3) & (4)	Employer	Less Common	YNYCA will make a determination whether to suspend or cease the pension, if it is made aware that such a person has started gainful employment (more than 30 hours for more than 12 months).
18	<b>T3 III health review overpayments</b>	Whether to recover any overpaid Tier 3 pension following commencement of gainful employment	R37(3)	Employer	Less Common	YNYCA will recover any overpaid Tier 3 pension following commencement of gainful employment.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
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19	<b>Deferred member - Ill health</b>	Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	<p>YNYCA will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP)</p> <p>Applications from former employees with deferred benefits will be managed by former Service; the Service is responsible for referring the former employee to the Independent Registered Medical Practitioner (IRMP) via the Health and Wellbeing Service and notifying the former employee of the outcome of the application. Payment of pension benefits will commence from the date YNYCA makes the decision that the member meets the criteria for early release of the deferred pension benefits.</p>
20	<b>T3 Ill health recommencement</b>	Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	<p>YNYCA will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).</p> <p>See above</p>
21a	<b>Forfeiture certificate</b>	Whether to apply to Secretary of State for a forfeiture certificate where member is convicted of a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	R91(1) & (8)	Employer	Less Common	YNYCA will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Audit.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
21b	<b>Forfeiture certificate (cont.)</b>	Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited (other than rights to GMP – but see R95 below)	R91(4)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit
21c		Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	R92(1) & (2)	Employer	Less Common	YNYCA will not direct that interim payments are made from the Fund pending a decision.
22	<b>Recovery of monetary obligation</b>	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than benefits from transferred in pension rights or APCs or AVCs or, subject to R95 below, in respect of any GMP) where the obligation was incurred as a result of a grave misconduct or a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	R93(2)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit.
Page 409						
23	<b>GMP forfeiture</b>	Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under R91 or recovery of a monetary obligation under R93 should deprive the member or the member's surviving spouse or civil partner of any GMP entitlement	R95	Employer	Less Common	YNYCA will consider each case on its merits.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
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24	<b>Bulk transfer</b>	Agree to bulk transfer payment  Whether to agree to bulk transfer payment where two or more members' active membership ends on their joining a registered non local government pension scheme	R98(1)(b)	Employer / Admin. Authority / trustees of new scheme	Less Common	YNYCA will consider whether or not to agree on the merits of each case after consideration with the Administering Authority and after having taken appropriate actuarial advice.
25	<b>Final pay period (fees)</b>	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending 31st March in the 10 years prior to leaving	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B11(2)	Employer	Less Common	YNYCA will allow members to so choose.

**Section Two - Discretions in relation to scheme members who ceased active membership on or after 1.4.08 and before 1.4.14**

**Applicable Regulations:**

A = LGPS (Administration) Regulations 2008

B = LGPS (Benefits, Memberships and Contributions) Regulations 2007

T = LGPS (Transitional Provisions) Regulations 2008 (SI 2008/238)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
26a	<b>85 Year Rule</b>	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para, 1(2) & 1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	YNYCA will not switch on the 85 Year Rule for any deferred member voluntarily drawing benefits on or after age 55 and before age 60

26b		Whether to “switch on” the 85 year rule for a pensioner member with deferred benefits (i.e. a suspended tier 3 ill health pensioner) voluntarily drawing benefits on or after age 55 and before age 60,	TPSch 2, para, 1(2) &1(1)(c)	Employer (or Admin. Authority where Employer has become defunct)	Mandatory	YNYCA will not switch on the 85 Year Rule for any deferred member voluntarily drawing benefits on or after age 55 and before age 60
26	<b>Waive reduction</b>	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5) TPSch 2, para 2(1)	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	Applications from deferred Pensioners will <b>only</b> be considered on compassionate grounds, taking into account the costs of waiving any reduction. All applications will be considered by the relevant Service Director and the Chief Executive.
27 Page 411	<b>Waive reduction</b>	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits, i.e. a suspended tier 3 ill health pensioner)	B30A(5) TPSch 2, para 2(1)	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	Applications from deferred Pensioners will <b>only</b> be considered on compassionate grounds, taking into account the costs of waiving any reduction. All applications will be considered by the relevant Service Director and the Chief Executive.
<b>No.</b>	<b>Area</b>	<b>Discretion</b>	<b>Regulation</b>	<b>Exercised by</b>	<b>Key</b>	<b>Policy</b>
28	<b>Late conversion of AVCs to service</b>	Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 13/11/01)	TSch1 & L66(8) & former L66(9)(b)	Employer	Less Common	YNYCA will extend the 30 day deadline if there is evidence of administrative shortcomings.
29	<b>Refund of contributions - member left due to an offence/grave misconduct</b>	No right to return of contributions where member left employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless employer directs a total or partial refund is to be made	A47(2)	Employer	Less Common	YNYCA will consider whether or not to make a refund based on the merits of each case and in light of advice from Audit.

30a	<b>Forfeiture certificate</b>	Whether to apply to Secretary of State for a forfeiture certificate where member is convicted of a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	A72(1) & (6)	Employer	Less Common	YNYCA will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Audit.
30b		Where forfeiture certificate is issued, whether to direct that benefits are to be forfeited	A72(3)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit
30c		Where forfeiture certificate is issued, whether to direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	A73(1) & (2)	Employer	Less Common	YNYCA will not direct that interim payments are made from the Fund pending a decision.

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No.	Area	Discretion	Regulation	Exercised by	Key	Policy
31a	<b>Recovery of monetary obligation</b>	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment	A74(2)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit.



31b		Whether to recover from Fund any financial loss caused by fraudulent offence or grave misconduct of employee (who has left employment because of that fraudulent offence or grave misconduct), or amount of refund if less	A76(2) & (3)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit.
32	<b>Deferred member - Ill health</b>	Decide whether deferred beneficiary meets permanent ill health and reduced likelihood of gainful employment criteria	B31(4)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	<p>YNYCA will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP)</p> <p>Applications from former employees with deferred benefits will be managed by former Service; the Service is responsible for referring the former employee to the Independent Registered Medical Practitioner (IRMP) via the Health and Wellbeing Service and notifying the former employee of the outcome of the application. Payment of pension benefits will commence from the date certified by the IRMP.</p>

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
33	<b>T3 Ill health recommencement</b>	Decide whether a suspended ill health tier 3 member is permanently incapable of undertaking any gainful employment	B31(7)	Employer (or Admin. Authority where Employer has become defunct)	Less Common	<p>YNYCA will be guided by the recommendation of an Independent Registered Medical Practitioner (IRMP).</p> <p>See above</p>

**Section 3 - Discretions in relation to:**

- a) councillor members who ceased active membership on or after 1.4.98., and
- b) any other scheme members who ceased active membership on or after 1.4.98. and before 1.4.08

**Applicable Regulations:**

L = LGPS Regulations 1997 (as amended) (SI 1997/1612)

R = LGPS Regulations 2013([SI 2013/2356)

TP = LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
34	<b>Employer consent retirement</b>	Grant application for early payment of deferred benefits on or after age 50 and before age 55	L31(2)	Employer	<b>Mandatory</b>	YNYCA will not grant early payment of deferred benefits before the age of 55.
36	<b>Waive reduction</b>	Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early	L31(5) & TPSch 2, para 2(1)	Employer	<b>Mandatory</b>	YNYCA will not waive actuarial reduction on deferred benefits paid early.
36	<b>Employer consent at Normal Retirement Date for optant out</b>	Where a member who opted out of the scheme continues to be employed by a Scheme employer, the member is only entitled to receive their benefits at NRD if their employer consents to them doing so (in respect of a member who opted out of the scheme after 31 March 1998 and before 1 April 2008).	L31(7A)	Employer	<b>Mandatory</b>	YNYCA will agree to optants out being able to get benefits paid from their NRD.
37	<b>85 Year Rule</b>	Whether to “switch on” the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1)(f) & R60	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not switch on the 85 Year Rule for any deferred member voluntarily drawing benefits on or after age 55 and before age 60

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
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38	<b>No double entitlement</b>	Decide, in the absence of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership  (i.e where a member is entitled to a the 'normal' payment of a preserved benefit and an ill health benefit from preserved status, they are not entitled to both payments. In the absence of an election from the member, the employer can decide which benefit can be paid)	L34 (1)(b)	Employer	Less Common	YNYCA will choose to automatically apply the regulations of greatest benefit to the employee.
38 Page 415	<b>Refund of contributions - member left due to an offence/grave misconduct</b>	No right to return of contributions where a member left their employment due to offence of a fraudulent character or grave misconduct in connection with that employment, unless employer directs a total or partial refund is to be made	L88(2)	Employer	Less Common	YNYCA will consider whether or not to make a refund based on the merits of each case and in light of advice from Audit.
40a	<b>Forfeiture certificate</b>	Forfeiture of pension rights on issue of Secretary of State's certificate following a relevant offence (a relevant offence is an offence committed in connection with an employment in which the person convicted is a member, and because of which the member left the employment)	L111(2) & (5)	Employer	Less Common	YNYCA will consider whether or not to apply for and enact a certificate based on the merits of each case and in light of advice from Audit.
40b		Where forfeiture certificate is issued, direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits	L112(1)	Employer	Less Common	YNYCA will not direct that interim payments are made from the Fund pending a decision.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
41a	<b>Recovery of monetary obligation</b>	Recovery from Fund of monetary obligation owed by former employee or, if less, the value of the member's benefits (other than transferred in pension rights)	L113(2)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit.
41b		Recovery from Fund of financial loss caused by employee, or amount of refund if less	L115(2) & (3)	Employer	Less Common	YNYCA will consider whether or not to recover and reduce benefits accordingly based on the merits of each case and in light of advice from Audit.

**Section 4 -**

**Discretions in relation to scheme members who ceased active membership before 1.4.98**

**Applicable Regulations:**

LGPS Regulations 1995 (as amended) (SI 1995/1019)

TL = LGPS (Transitional Provisions) Regulations 1997 (SI 1997/1613)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
42	<b>Employer consent retirement</b>	Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds	TP3(5A)(vi) TL4 & L106(1) & D11(2)(c)	Employer (or Admin. Authority where Employer has become defunct)	<b>Mandatory</b>	YNYCA will not grant applications for early payment of deferred benefits between the ages of 50 and 55. Over the age of 55, NYCC will consider on a case by case basis.
43	<b>No double entitlement</b>	Decide, in the absence of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership  (i.e where a member is entitled to the 'normal' payment of a preserved benefit and an ill health benefit from preserved status, they are not entitled to both payments. In the absence of an election from the member, the employer can decide which benefit can be paid)	D10	Employer	Less Common	YNYCA will choose to automatically apply the regulations of greatest benefit to the employee.

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**Discretions in relation to redundancy and compensatory payments on the early termination of employment**

**Applicable Regulations:**

**Section 5 -**

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended) (SI 2006/2914)

	Area	Discretion	Regulation	Exercised by	Key	Policy
44	<b>Redundancy Pay on actual week's pay</b>	To base redundancy payments on an actual weeks pay where this exceeds the statutory week's pay limit	5	Employer	<b>Mandatory</b>	When calculating redundancy payments YNYCA will use the employee's actual weekly pay plus the applicable employer pension contribution rate, where the total does not exceed the statutory weekly capped amount. Where these combined payments exceed the statutory weekly capped amount the higher of actual weekly pay or the statutory weekly amount will be used. These entitlements will be applied to part-time staff on a pro rata basis.
45	<b>Lump sum compensation</b>	To award lump sum compensation of up to 104 weeks' pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment	6	Employer	<b>Mandatory</b>	YNYCA will not award any lump sum compensation in any situations.

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**Discretions in relation to any compensatory added years awarded before 1 April 2007**

**Applicable Regulations:**

Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) (SI 2000/1410)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
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**Section 6 -**

46	<b>Abatement during re-employment</b>	Whether and to what extent to reduce or suspend the member's annual compensatory added years (CAY) payment during any period of reemployment in local government	17	Employer	<b>Mandatory</b>	YNYCA will make a determination after consultation with the administering Authority and having regard to the date of original award.
47	<b>Reduction following cessation of reemployment</b>	How to reduce the member's annual CAY payment following the cessation of a period of re-employment in local government	19	Employer	<b>Mandatory</b>	YNYCA will make a determination after consultation with the administering Authority and having regard to the date of original award.
48	<b>Apportionment of survivor benefit</b>	How to apportion any surviving spouse's or civil partner's annual CAY payment where the deceased person is survived by more than one spouse or civil partner	21(4)	Employer	<b>Mandatory</b>	YNYCA will consider on a case by case basis.
49a	<b>Effects of remarriage, new civil partnership or co-habitation on survivor's compensation payments</b>	Whether, in respect of the spouse of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries, enters into a new civil partnership or cohabits after 1 April 1998, the normal pension suspension rules should be disapplied i.e. whether the spouse's or civil partner's annual CAY payments should continue to be paid	21(7)	Employer	<b>Mandatory</b>	YNYCA will consider on a case by case basis.
49b		If, under the preceding decision, the authority's policy is to apply the normal suspension rules, whether the spouse's or civil partner's annual CAY payment should be reinstated after the <b>end</b> of the remarriage, new civil partnership or cohabitation	21(5)	Employer	<b>Mandatory</b>	If YNYCA determined to suspend such payment, it will reinstate after the end of the remarriage, new civil partnership or cohabitation.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
49c	<b>Effects of remarriage, new civil partnership or co-habitation on survivor's compensation payments (cont.)</b>	Whether, in respect of the spouse or civil partner of a person who ceased employment before 1 April 1998 and where the spouse or civil partner remarries or cohabits or enters into a civil partnership on or after 1 April 1998 with another person who is also entitled to a spouse's or civil partners annual CAY payment, the normal rule requiring one of them to forego payment whilst the period of marriage, civil partnership or co-habitation lasts, should be disapplied i.e. whether the spouses' or civil partners' annual CAY payments should continue to be paid to both of them	21(7)	Employer	<b>Mandatory</b>	YNYCA will consider on a case by case basis.

## Section 7 - Injury allowances as they apply to leavers, deaths and reductions in pay that occurred after 15 January 2012

### Applicable Regulations:

Discretions under the Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011(SI 2011/2954)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50a	<b>Injury Allowances</b>	Whether to grant an injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(1)	Employer	<b>Mandatory</b>	YNYCA will consider each case on its merits.



50b	Amount of injury allowance following reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job	3(4) and 8	Employer	<b>Mandatory</b>	Any injury allowance granted will not exceed the amount of the reduction in remuneration offset against any other benefits, payments or awards received in relation to the injury or disease.
50c	Determine whether person continues to be entitled to an injury allowance awarded under regulation 3(1) (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	3(2)	Employer	<b>Mandatory</b>	Any injury allowance granted will cease when the employee leaves employment with YNYCA. The injury allowance will be reviewed should the employee's circumstances change e.g. relation to the employee's working or earning capacity or other payments received.
50d	Whether to grant an injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job.	4(1)	Employer	<b>Mandatory</b>	YNYCA will consider each case on its merits.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50e	<b>Injury Allowances (cont.)</b>	Amount of injury allowance following cessation of employment as a result of permanent incapacity caused by sustaining an injury or contracting a disease in the course of carrying out duties of the job	4(3) and 8	Employer	<b>Mandatory</b>	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50f		Determine whether person continues to be entitled to an injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity)	4(2)	Employer	<b>Mandatory</b>	Any injury allowance granted will cease when the employee reaches their state pension age or is granted tier 1 ill-health retirement.

50g	Whether to suspend or discontinue injury allowance awarded under regulation 4(1) (loss of employment through permanent incapacity) if person secures paid employment for not less than 30 hours per week for a period of not less than 12 months.	4(5)	Employer	<b>Mandatory</b>	Any injury allowance granted will be reassessed or suspended if the employee becomes capable of working again.
50h	Whether to grant an injury allowance following cessation of employment with entitlement to immediate LGPS pension where a regulation 3 payment (reduction in remuneration as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job) was being made at date of cessation of employment but regulation 4 (loss of employment through permanent incapacity) does not apply	6(1)	Employer	<b>Mandatory</b>	YNYCA will not make an injury allowance.
50i	Determine amount of any injury allowance to be paid under regulation 6(1) (payment of injury allowance following cessation of employment)	6(1)	Employer	<b>Mandatory</b>	YNYCA will not make an injury allowance.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
50j	<b>Injury Allowances (cont.)</b>	Determine whether and when to cease payment of an injury allowance payable under regulation 6(1) (payment of injury allowance following cessation of employment).	6(2)	Employer	<b>Mandatory</b>	YNYCA will not make an injury allowance.

50k	Whether to grant an injury allowance to the spouse, civil partner, co-habiting partner or dependent of an employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job.	7(1)	Employer	<b>Mandatory</b>	YNYCA will consider each case on its merits.
50l	Determine amount of any injury allowance to be paid to the spouse, civil partner or co-habiting partner under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	7(2) and 8	Employer	<b>Mandatory</b>	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease.
50m Page 423	Determine whether and when to cease payment of an injury allowance payable under regulation 7(1) (employee who dies as a result of sustaining an injury or contracting a disease in the course of carrying out duties of the job).	7(3)	Employer	<b>Mandatory</b>	Any injury allowance granted will cease at the date when the employee would have reached their state pension age or may be reviewed if the beneficiary remarries, enters into a new civil partnership or cohabits.

**Section 8 - Injury allowances as they apply to leavers, deaths and reductions in pay that occurred before 16 January 2012**

**Applicable Regulations:**

Discretions under the Local Government (Discretionary Payments) Regulations 1996 (as amended) (SI 1996/1680)

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
52a	<b>Injury Allowances</b>	Suspend or discontinue injury allowance if person becomes capable of working again	34(4)	Employer	<b>Less Common</b>	Any injury allowance granted will be reassessed or suspended if the employee becomes capable of working again.

52b	Amount and duration of a dependant's, spouse's or civil partner's injury allowance following death of employee after sustaining an injury or contracting a disease as a result of anything required to do in carrying out duties of job	37(3), 37(6) and 38	Employer	<b>Less Common</b>	Any injury allowance granted will not exceed 85% of the employee's final pensionable remuneration, offset against any other benefits, payments or awards received in relation to the injury or disease. This allowance will cease at the date when the employee would have reached their state pension age or may be reviewed if the beneficiary remarries, enters into a new civil partnership or cohabits.
52c	Reinstate spouse's or civil partner's injury allowance following earlier cessation due to cohabitation, remarriage or registration of a new civil partnership	37(4)	Employer	<b>Less Common</b>	If YNYCA determined to suspend such payment, it will reinstate after the end of the remarriage, new civil partnership or cohabitation.
52d	Amount of gratuity payable to surviving dependant, spouse or civil partner where amount of annuity payments fall short of their capital value at date of award	41(4)	Employer	<b>Less Common</b>	YNYCA will not award a further gratuity.
52e	Amount of gratuity payable to surviving dependant, spouse or civil partner where amount of redundancy annuity payments fall short of their capital value at date of award.	42(4)	Employer	<b>Less Common</b>	YNYCA will not award a further gratuity.

No.	Area	Discretion	Regulation	Exercised by	Key	Policy
52f	<b>Injury allowances (cont.)</b>	Amount of gratuity payable to any other surviving dependant, spouse or civil partner where amount of annuity payments paid under 42(4) fall short of their capital value at date of award.	42(7)	Employer	Less Common	YNYCA will not award a further gratuity.

**York and North Yorkshire Combined Authority**

**Injury Allowance Payment Scheme**

**Guidance Notes**

**1. Introduction**

- 1.1 Any employee who sustains an injury or contracts a disease whilst at work which results in permanent incapacity may apply to the Combined Authority for an injury allowance. In the event that an employee dies in the course of their duties, their dependents may be awarded an allowance.
- 1.2 The scheme applies the provisions of the YNYCA LGPS Employer Discretion Policy and should be read in conjunction with that policy.
- 1.3 Allowances are decided and paid by the Combined Authority and any payment awarded is administered by North Yorkshire Pension Fund. The award of an allowance is not an admission of any liability.

**2. Scope and Eligibility**

- 2.1 Any employee of York and North Yorkshire Combined Authority, who is eligible to be a member of the Local Government Pension Scheme, may apply for an allowance under this scheme. Membership of the scheme is not necessary.
- 2.2 The scheme applies where an employee sustains an injury or contracts a disease as a result of anything he or she was required to do in carrying out his or her work and, as a result, suffers permanent incapacity. Such incapacity results in the employee being unable to work again or only able to work in a reduced capacity, that is, his or her remuneration or potential remuneration is permanently reduced, or in his or her death.
- 2.3 The Combined Authority will, therefore, consider a payment of an injury allowance in the following situations:
  - Where permanent incapacity results in loss of employment
  - Where permanent incapacity results in the employee only being able to work in a reduced capacity such that their remuneration or potential remuneration is permanently reduced
  - On the death of an employee
- 2.4 To be eligible for consideration, the injury must have occurred or the disease contracted 'during the course of employment'. If the accident/injury occurred during the journey

to or from work or on his/her way to a lunch break, this would not be construed as 'during the course of their employment' unless the employee was travelling in a vehicle with the Combined Authority's express permission and the vehicle was at the time being operated on behalf of the Combined Authority (other than as a public service vehicle).

### **3. Conditions**

3.1 The Combined Authority may choose to review appropriate cases from time-to-time or in the event that the employee's circumstances change, for example, in relation to the employee's working or earning capacity or other payments received. The employee (or widow/widower) may also request a review on receipt of new evidence.

3.2 Conditions for the termination or review of payments is detailed for each type of injury allowance in sections 4 to 6 below.

3.3 Any award assessed will be reduced by the full amount of any other benefits or payments or awards received in relation to the injury or disease, including ill health or other pension payments (whether LGPS or otherwise), statutory benefits, compensation and damages/insurance payments. The employee must furnish the Combined Authority with documentary evidence of all of the above on request and any other income/capital that may be relevant.

3.4 The Combined Authority may choose to pay a lump sum or annual allowance. Any lump sum payments or awards may be taken at 1/12th of their amount to produce a comparative 'annual' income.

3.5 Any change in circumstances must be notified immediately to the relevant Service Director, e.g. relating to the employee's working or earning capacity or withdrawal of benefits relating to the injury or disease. If the employee fails to notify the Combined Authority of any relevant change, the Combined Authority may later seek to recover all or part of any allowance made since the change of circumstances.

3.6 If the Combined Authority decides there should be a regular review of the allowance, the employee will be advised of its decision and any allowance may be suspended or terminated if the employee does not comply with reasonable requests on review.

### **4. Loss of employment through permanent incapacity**

4.1 Where an employee ceases employment due to permanent incapacity as a direct result of injury or disease contracted in the course of carrying out their employment, the Combined Authority will consider paying the employee an allowance not exceeding 85 per cent of the employee's annual rate of pensionable remuneration at the point the employment ceased. The allowance will be offset against other payments detailed in paragraph 3.3 above.

4.2 Where the employee was receiving no pay or reduced pay at the time the employment ended because of absence, the Combined Authority will assess the remuneration on the basis of the pay the employee would have received but for being absent.

4.3 The Combined Authority may suspend or discontinue the allowance if the former employee secures gainful employment (paid employment for not less than 30 hours in each week for a period of not less than 12 months).

4.4 Payment of the allowance will cease when the employee reaches their state pension age or is granted Tier 1 ill-health retirement.

## **5. Reduction in remuneration**

5.1 Whilst an employee is receiving reduced pay as a direct result of an injury or disease contracted in the course of carrying out their employment, the Combined Authority may consider paying the employee an allowance while the reduction in pay continues.

5.2 The value of the allowance, when added to the reduced pay being received by the employee, will not be of a value that means the employee receives total pay in excess of the pay that they would normally expect to have received but for their injury or disease. The allowance will be offset against other payments detailed in paragraph 3.3 above.

5.3 Should the employee's remuneration change as a result of a move to another role within YNYCA or due to a change in the employee's capacity, either improvement or deterioration, then their allowance will be reviewed.

5.4 The award will be payable from the date remuneration was reduced and may be increased in line with cost of living rises where appropriate. The allowance will cease when the employee leaves YNYCA.

## **6. Death award**

6.1 Where an employee dies as a direct result of injury or disease contracted in the course of carrying out their employment, the Combined Authority will consider paying an annual allowance or a lump sum to a surviving spouse, civil partner, nominated co-habiting partner, or dependant (as defined by the Regulations).

6.2 The Combined Authority may make an award of up to 85% of his or her final pensionable pay. Where the employee was receiving no pay or reduced pay at the date of death because of absence related to the injury or disease, the Combined Authority will assess the remuneration on the basis of the pay the employee would have received but for being absent. The allowance will be offset against other payments detailed in paragraph 3.3 above.

6.3 An allowance to a dependant ("an eligible child") shall continue for such period as the Combined Authority will determine and will be considered on a case-by-case basis.

6.4 Any allowance to widow or widower, surviving civil partner or nominated cohabiting partner will be reviewed on remarriage, civil partnership or cohabitation. An allowance will not be payable if the individual's marriage to, or civil partnership or cohabitation with, the employee took place after the event causing the injury or illness.

6.5 The allowance will cease at the date when the employee who have reached their state pension age.

## **7. Process**

7.1 Applications under the Scheme must be made without unreasonable delay (which will depend on the specific circumstances of the case).

7.2 The employee is required to claim the injury allowance in writing and provide all supporting information or evidence he or she wishes to submit in support of the claim. In the event of a claim after death, this should be submitted by the Executor or Administrator of the estate. The claim should be sent to the employee's line manager/former line manager.

7.3 Claims may be authorised by the relevant Service Director in conjunction with the Head of HR. Advice must be sought from HR and Finance.

7.4 On receipt of any injury allowance claim the employee should be referred to Occupational Health. OH will refer the employee for consideration by an Independent Registered Medical Practitioner (IRMP) who will be asked to advise on:-

- Whether the injury or disease was received or contracted wholly in the execution of the employee's duties
- The degree of disability if employment is terminated as a result of the injury or disease
- Whether the injury or disease is likely to be temporary or permanent
- If temporary, the possible length of the effect of the injury or disease
- Whether the award should be subject to regular review
- Any other matters either the Director, Occupational Health Service or the IRMP thinks appropriate
- And to certify to the same by completing and signing the Certificate to be provided by Occupational Health Service

7.5 In the case of deaths, written evidence will be submitted to Occupational Health.

7.6 In all cases, a copy of the relevant accident reports should be supplied with the Occupational Health referral to be forwarded to the IRMP. The accident report will be an important document in determining whether an employee has an entitlement under this scheme and managers should ensure that the appropriate form or forms are completed at the time of the incident.

7.7 Any other correspondence or documentation relating to the event (including any insurance claims) should be provided to the relevant Service Director who may share these with OH and the IRMP if relevant to the employee's claim. If the employee was working at a site not operated or managed by the Combined Authority, the Service Director may contact a representative of the site operator, manager or owner for information.



- 7.8 Occupational Health, on the advice of the IRMP, may decide that the employee should be referred for specialist and/or up to date advice. In that case, the employee will be required to give his authority for disclosure of medical details and information and to attend for examination as reasonably requested. Should the employee refuse to give this authority the Service Director will make their decision based on the information they have available to them at the time.
- 7.9 The Service Director will notify the employee of their decision in writing. If the application is unsuccessful, the employee will be provided with reasons for this decision.

## **8. Appeals**

- 8.1 Appeals against whether an award was made should be directed to the Chief Executive and should be submitted within 10 working days of receipt of the decision letter.
- 8.2 An appeal against the Chief Executive's decision can be made, in the first instance, through the Internal Disputes Resolution Procedure – see [www.nypf.org.uk](http://www.nypf.org.uk) for application forms. There is no right of appeal against the amount of benefit awarded.

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# Forward Plan

<b>Publication Date:</b>	<b>Date Updated:</b>	<b>Period Covered Until:</b>
6 March 2024	6 March 2024	31 January 2025

The decisions likely to be taken by York and North Yorkshire Combined Authority in the following 12 months are set out below:

**PLEASE NOTE:-**

- (a) In accordance with the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017, at least 28 clear days' notice, excluding the day of notification and the day of decision taking, must be published on the Forward Plan of any intended key decision.
- (b) Exempt information need not be included in the Forward Plan and confidential information cannot be included. There may be times when a decision has not been published in the forward plan 28 days in advance, this is usually because the matter is urgent, and a decision has had to be made quickly. These decisions can still be made but are subject to the regulations within 'the Order'.
- (c) New additions to the Forward Plan are highlighted in green text for ease of navigation.

**Contact(s):** Paul Clark, Governance and Assurance Manager ([governance@yorknorthyorks-ca.gov.uk](mailto:governance@yorknorthyorks-ca.gov.uk))

Decision to be made	Description	Planned Decision Date	Key Decision?	Decision maker's name & title	Lead Officer name	Documentation for consideration & other relevant documents	Prohibitions Restrictions Exemptions
Approve Corporate Plan	Seeking approval of an interim Corporate Plan	18/3/2024	Yes	Combined Authority	James Farrar	Officer report to Combined Authority	None
Constitution Review	To seek approval of an amended constitution, incorporating Police, Fire and Crime Functions, and considering a report on proposed changes made by City of York Council's Joint Overview & Scrutiny and Audit Committee.	18/3/2024	No	Combined Authority	Barry Khan/Rachel Antonelli	Officer report to Combined Authority	None
Approval of the Economic Framework	Seeking approval of the final Economic Framework	18/3/2024	Yes	Combined Authority	Andrew Leeming	Officer report to Combined Authority	None
Net Zero Fund Programme Update	Seeking approval for the increase of funding in relation to two projects.	18/3/2024	No	Combined Authority	Andrew Leeming	Officer report to Combined Authority	None

Member Allowance Scheme	To consider a report of the Independent Remuneration Panel and seek approval of a Combined Authority Member Allowances Scheme	18/3/2024	No	Combined Authority	Barry Khan/Rachel Antonelli	Officer report to Combined Authority	None
Pension Discretion Policy	To seek approval of a pensions discretion policy.	18/3/2024	No	Combined Authority	Sara Jeffs	Officer report to Combined Authority	None
AEB Implementation Readiness Conditions	To request delegated authority to the Interim Head of Paid Services, in consultation with the Mayor or Co-Chairs, for the submission of draft documentation required for the Adult Education Budget (AEB) Implementation DfE Readiness Conditions, to include:	18/3/2024	No	Combined Authority	Andrew Leeming	Officer report to Combined Authority	None

	<ul style="list-style-type: none"> <li>• AEB Strategic Skills Plan</li> <li>• AEB Commissioning &amp; Delivery Framework</li> <li>• AEB Funding &amp; Performance Management Rule</li> </ul>						
Local Assurance Framework	To seek endorsement of the YNYCA Local Assurance Framework	18/3/2024	No	Combined Authority	Paul Clark	Officer report to Combined Authority	None
Skills Commissioning Framework	Seeking approval of a Skills Commissioning Framework	28/6/2024	Yes	Combined Authority	Andrew Leeming/Tracy Watts	Officer report to Combined Authority	None
Approval of Draft Strategic Local Transport Plan	Seeking approval of the draft Strategic Local Transport Plan	28/6/2024	Yes	Combined Authority	David Hern	Officer report to Combined Authority	None
Approval of Draft Key Route Network	Seeking approval of the Key Route Network	28/6/2024	Yes	Combined Authority	David Hern	Officer report to Combined Authority	None
Quarterly Budget Monitoring Report	Provide a quarterly budget monitoring update report.	28/6/2024	Yes	Combined Authority	Debbie Mitchell	Officer report to Combined Authority	None