

Budget Setting. C & P OSC 2 September 2019

Member's Seminar 4 September 2019

Budget / MTFS

Gary Fielding

Corporate Director, Strategic Resources

7 Months and Counting



Content

1. Current MTFS & Budget Position
2. Fair Funding update
3. Spending Round / Review update
4. Next Steps

MTFS & Budget Position

Savings Summary

	11/12 – 18/19 £m	19/20 £m	20/21 £m	21/22 £m	Ongoing £m
Savings as at Feb 2019	157.4	20.8	10.5	9.0	197.7
Directorate Savings					
CYPS		2.9	1.1	1.2	5.2
BES		3.3	0.8	0.0	4.1
CS		4.9	2.0	2.5	9.4
HAS		4.4	2.2	1.0	7.6
Shortfall		5.3	4.4	4.3	14.0
Total		20.8	10.5	9.0	40.3

Demand Led Pressures

	11/12 – 18/19 £m	19/20 £m	20/21 £m	21/22 £m	Ongoing £m
Previously Agreed Demand Led Pressures as at Feb 18					
SEN Transport	1.0	0.0	0.0	1.0	3.4.24
Adult Social Care	3.0	0.0	0.0	3.0	3.4.9
	4.0	0.0	0.0	4.0	
Additional Demand Led Pressures					
SEN Transport	2.3	0.0	0.0	2.3	3.4.24
High Needs	6.0	3.6	2.0	11.6	3.4.17
Schools in Financial Difficulty	1.0	0.0	0.0	1.0	3.4.22
Children and Families	0.7	0.0	-0.4	0.4	3.4.25
Adult Social Care	0.0	2.0	2.0	4.0	3.4.9
	10.0	5.6	3.7	19.3	
Total Demand Led Pressures £m	14.0	5.6	3.7	23.3	

Revenue Budget – Q1 Outturn

Directorate	Budget (£k)	Projected Outturn (£k)	Variance (£k)	Outturn 2018/19 (£k)
HAS Gross	157,109	162,199	+5,090	+£4,654
iBCF Funding	-	-2,666	-2,666	-£2,230
Winter Pressures Grant	-	-2,424	-2,424	-£2,424
HAS Net	157,109	157,109	0	0
BES	78,407	78,259	-148	-£3,855
CYPS Gross	74,211	83,751	+9,540	-
LA Cont. to High Needs	3,748	-	-3,478	-
Additional High Needs DSG	-	-1,243	-1,243	-
Transfer from DSG Schools Block	-	-2,448	-2,448	-
CYPS Net	77,959	80,060	+2,101	+£7,099
Central Services	62,148	62,717	+569	-£510
Corporate Miscellaneous	11,820	5,620	-6,200	-£5,226
TOTAL	387,443	383,765	-3,678	-£2,492

- Overall 0.9% underspend against net budget
- Financial pressures in HAS and CYPS
- Savings in Corporate Miscellaneous some of which is of a one-off nature

Budget Pressures

Directorate	Service Area	Projection at Q1
HAS	Care and Support	+£4,934k
HAS	Mental Health	+£429k
CYPS	Home to School Transport	+£854k
CYPS	High Needs Commissioning	+£1,350k
CYPS	Pooled Budgets for Residential Care	+£959k
Corp Misc.	Corporate Contingency	-£5m
Corp Misc.	Business Rates Pilot Scheme	-£1.2m

Budget Pressures

CYPS

- Transport 13,310 children to school every term day at a total annual cost of £22m. Average cost per child £1,800 per annum (amongst the highest in the country)
- Average cost of supporting a child with SEND is £8,000 (on top of school contribution)
- Children with Education, Health and Care Plans (EHCP) have increased by 13% in the last 12 months at 2,945;
- Between 2015 and 2018 = 68% increase in the number of EHC plans, higher than the increases nationally (49%) or regionally (58%)

HAS

- 46.3% of residential/nursing placements for older people continue to be above approved rates. In Harrogate, 92% of new placements for older people made so far this year have been above approved rates.

Grant Funding Dependency

Grant Funding	Value in 19/20 £m	Included within Base Budget for future years
Negative RSG	3.7	✓
Additional Rural Services Delivery Grant (now contained within Business Rates as part of pilot for 75% Business Rates Retention)	1.6	x
High Needs Funding	1.2	x
Social Care Support Grant	4.1	x
Winter Pressures	2.4	x
Improved Better Care Fund (iBCF)	11.0	✓
IBCF (£1.9bn)	3.4	✓
Better Care Fund	13.4	✓
Total £m	£40.9m	£31.5m = ✓

Fair Funding Update

The Rural / Counties Dilemma

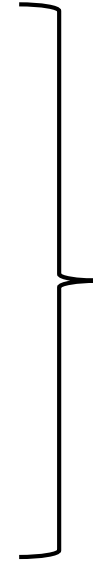
Higher Council Tax

+

Less Government Funding

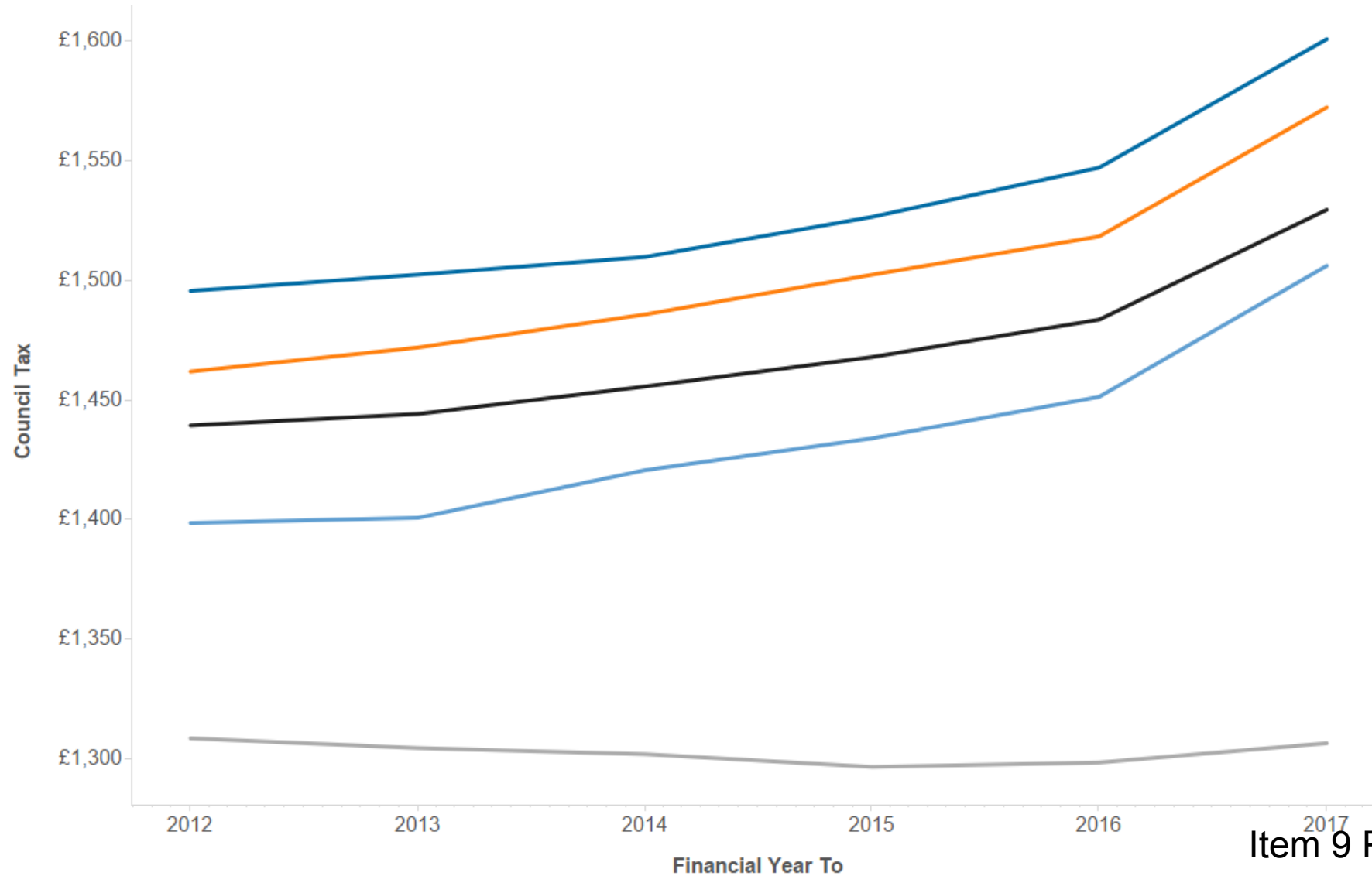
+

Higher Cost of Delivery

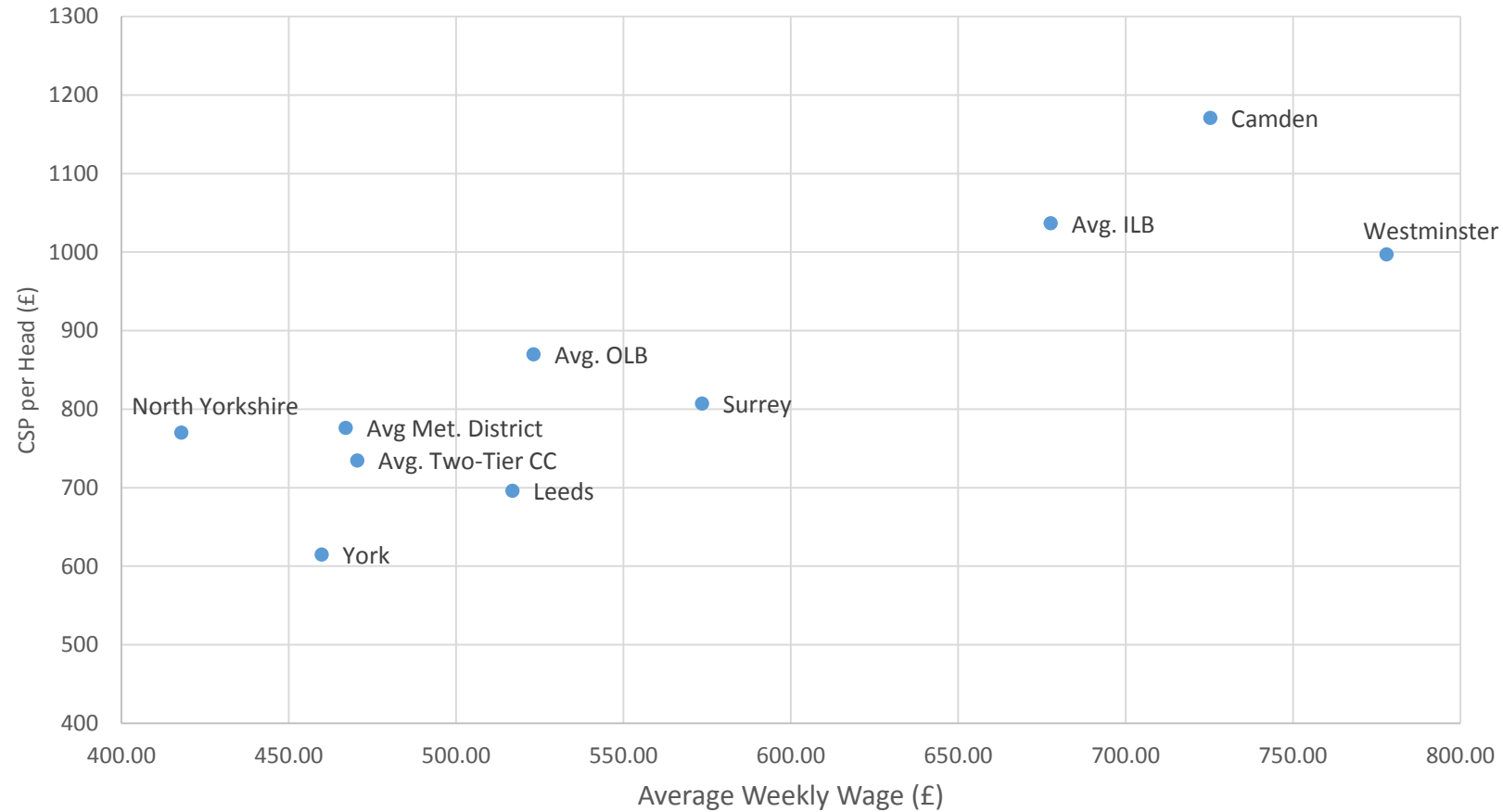


= Less Services

Council Tax Trends



CSP per Head against Average Weekly Wage



Why do we support Fairer Funding?

1. We receive less funding because we can raise more through higher council tax !
2. Insufficient consideration of what drives costs (£29m per annum more on Cost Driver Model)
3. Rural costs of provision tend to be higher than urban but more emphasis on deprivation in Westminster
4. Damping in the past means we don't get the upside that we are supposed to through the formula
5. Current approach lacks transparency and is too complicated

Fairer Funding – Draft Model

Foundation Formula					Area Cost Adjustment	
Adult Social Care ¹	Children's and Young People's Services ¹	Highways Maintenance ¹	Fire and Rescue Services ¹	Public Health ¹	Flood Defence and Coastal Protection ²	Legacy Capital Finance ¹²
ASC ACA	CYPS ACA	HM ACA	FRS ACA	PH ACA	Flood ACA	CF ACA

Note ¹Upper tier local authorities

²Lower tier local authorities

Background

MHCLG Key Milestones – last year

Date	Issues
Dec 2018	Consultation on FFR and BRR (closed February 2019)
Spring/Summer 2019	Further policy development including work on transition and implementation through working groups
Before Provisional Settlement	Further consultation on proposed reforms to the system including details of transition and implementation ALL DEFERRED
Early 2019	Technical Business Rates Retention consultation and links to Fair Funding Review. Potential consultation on Business Rates Baseline Reset
Later 2019	Indicative impact of systemic changes potentially this late
Winter 2019	Reforms to be implemented in 2020/21 announced

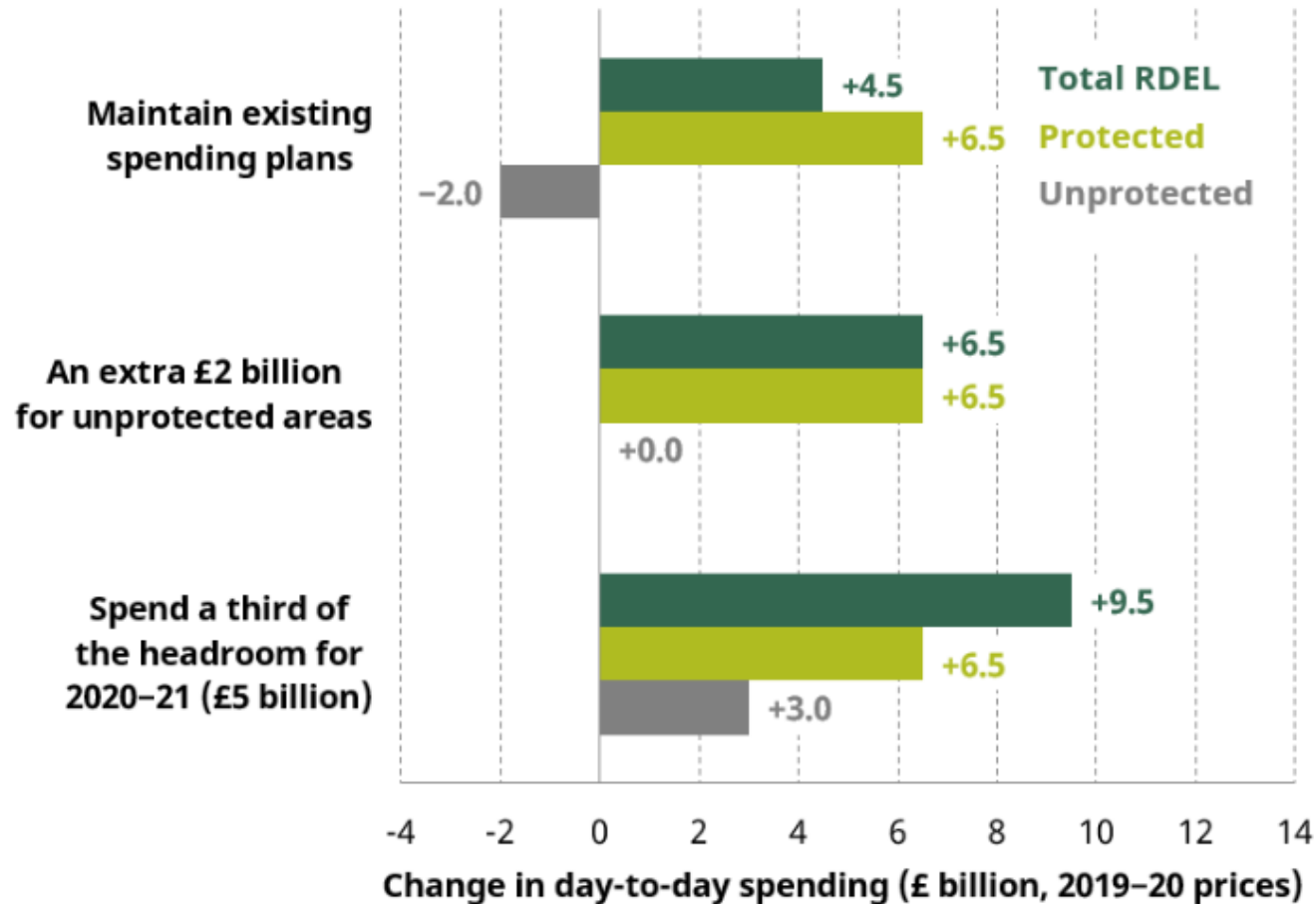
Spending Round / Review

What the Chancellor said

“Thanks to the hard work of the British people over the last decade, we can afford to spend more on the **people's priorities** - without breaking the rules around what the government should spend - and we'll do that in a few key areas like **schools, hospitals and police**. But at the same time, it's vital that we **continue to live within our means** as a country. “

Protected v Unprotected Depts.

Figure 1. Changes in day-to-day spending between 2019–20 and 2020–21 under illustrative scenarios

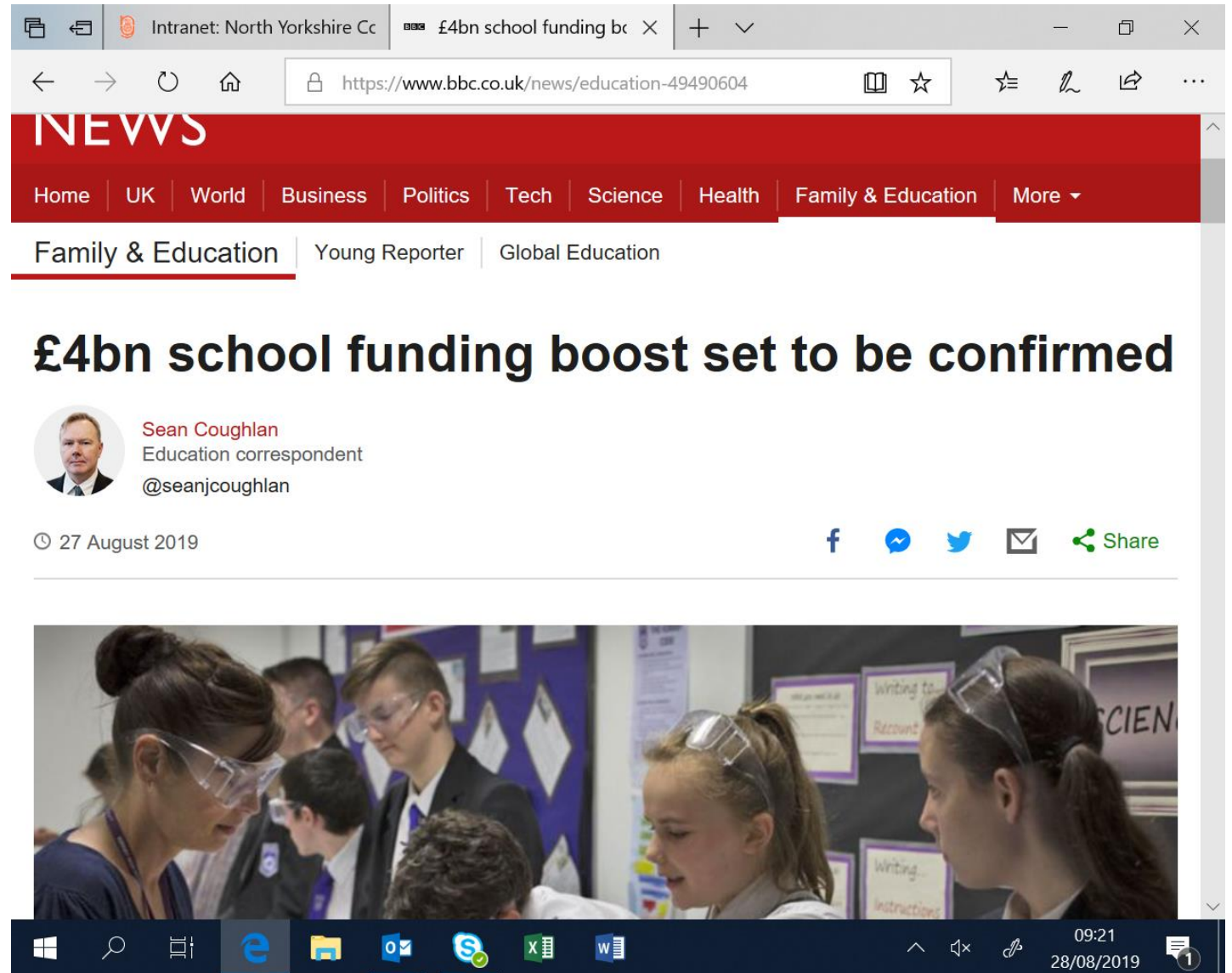


Extra Funding for Schools

1. Extra pay for teachers?
2. More special schools?
3. £800m for SEN?
4. FE / Sixth Form funding?

Issues for NY Schools System

- a) Places funding for existing schools
- b) EHCPs and Council funding
- c) Funding disparities
- d) Smaller school pressures



Intranet: North Yorkshire Cc £4bn school funding bc


https://www.bbc.co.uk/news/education-49490604

NEWS

Home | UK | World | Business | Politics | Tech | Science | Health | Family & Education | More ▾


Family & Education | Young Reporter | Global Education

£4bn school funding boost set to be confirmed

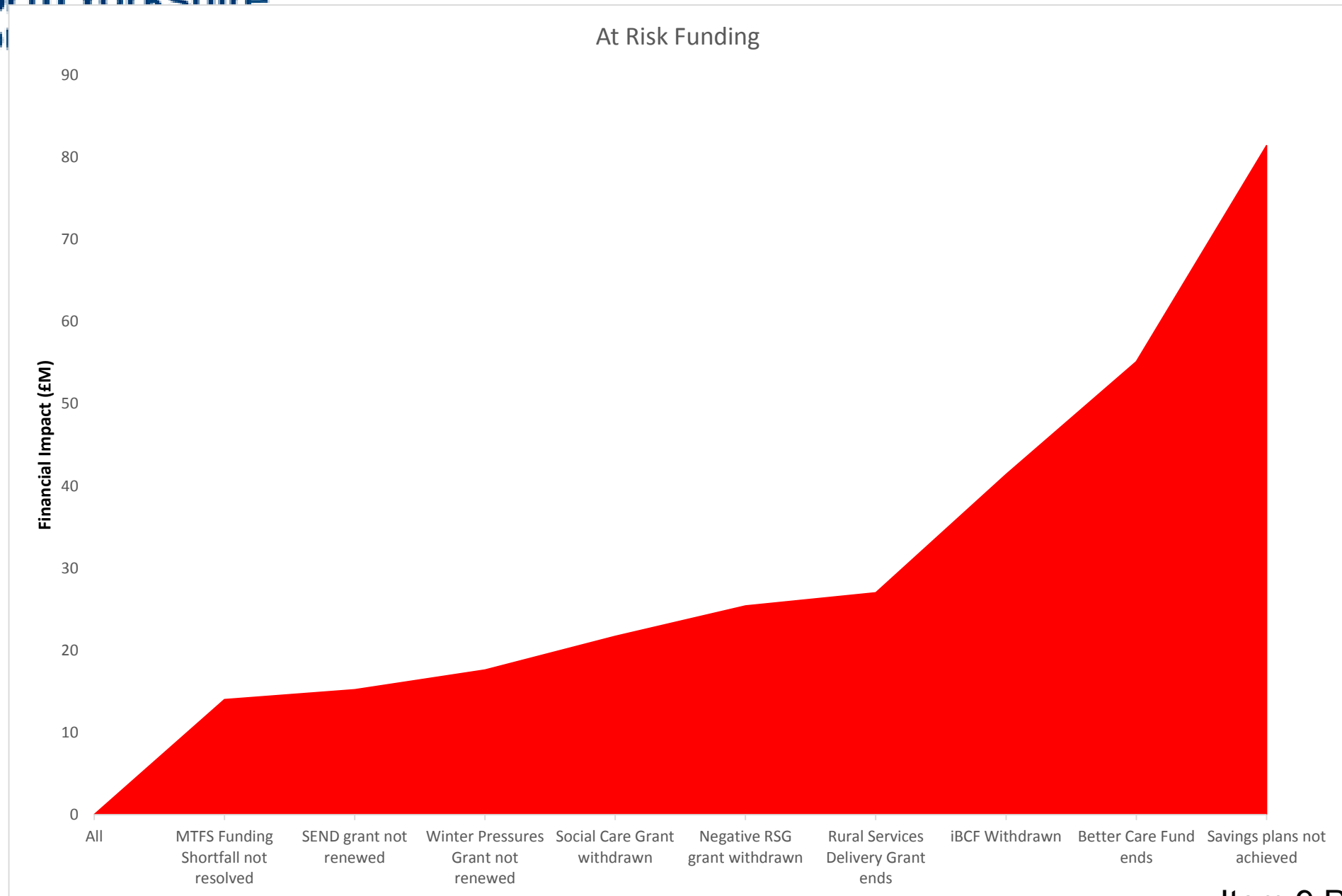
 Sean Coughlan
Education correspondent
@seanjcoughlan

🕒 27 August 2019

📧 📧 📧 📧 📧 Share



Windows taskbar: 09:21 28/08/2019



Next Steps

Government Timetable

- One year Spending Round / Review – Later Today!
- Follow up autumn statement – November???
- Working on the basis that 2020/21 will be a ‘roll-over’ settlement = Provisional LG Finance Settlement in Dec 2019?
- Multi-year review now expected in 2020 for 2021/22 onwards but no indication how many years will be included



NYCC Timeline

- October? – possible members seminar post Spending Round announcement
- 18th December 2019 Member's Seminar – 20/21 Budget & MTFS Update
- 8th January 2020 Member's Seminar – Savings workshop
- 6th – 15th January 2020 Area Constituency Committees – 20/21 Budget & MTFS
- 5th February 2020 Member's Seminar – 20/21 Budget & MTFS Update
- 19th February 2020 20/21 Budget & MTFS presented to Full Council
- 26th February (reserve date)

Issues to Navigate

1. What if the temporary money is found again in 2020/21? What if its not?
2. As above but roll-forward on year and 2021/22 plus?
3. What council tax options and what political will?
4. What savings options and what political will?

IN ABSENCE OF CLARITY = PLAN FOR ALL

Final Questions?