

NORTH YORKSHIRE COUNTY COUNCIL

19 February 2020

COUNTY COUNCILLOR GARETH DADD

Budget / Medium Term Financial Strategy / Fair Funding

As the Leader has already indicated, one of the key items for County Council today is the budget for 2020/21 and the Medium Term Financial Strategy which runs up to 2023/24. I do not propose to go through the detail of that budget in this statement but wanted to flag a number of related issues for Members attention.

As members are already aware, the Local Government Finance Settlement for 2020/21 is a one year roll over of 2019/20 and we continue to await a new Spending Review which will set out the quantum of funding for councils. The new formula for funding in line with the Fairer Funding Review has also been delayed to 2021, as has the review of the Business rates retention system which will determine the share of business rates that Councils can expect as part of their core funding.

Whilst 2020/21 will be the first year in a decade with a real terms funding increase, these delays coupled with growing demand led cost pressures in both Adult Social Care and Children's services mean we will continue to work in a risky environment.

As you would expect the Leader, myself and relevant officers continue to make strong representations to the Government to ensure that the voices of rural councils like North Yorkshire are heard; to lobby for a fairer deal for local government generally; and to achieve more certainty over future funding to enable more informed longer term planning.

However, in the meantime we continue to work with significant uncertainty which is why it is important that we remain focussed on delivering a sound financial plan in the medium term.

On the national scene, a number of you may have seen some headlines last month when the LGA's Labour Group published their projection on reductions in funding for Metropolitan Councils under the new Social Care Formula being proposed by Government. Member's may have also seen further information later produced by the County Council's Network which questioned that analysis and showed that both Metropolitan and County Councils were forecast to gain under the changes but based upon a whole raft of assumptions.

Such headlines are possibly a sign of things to come as the Government builds up to consulting on the complete set of proposals under the Fair Funding Review. In the meantime, I would urge Members to simply await Government settign out the full proposed system as it is simply not possible to work out the impact on individual councils until we have all of the moving parts together. Then of course we need to know how much money is being put into the Local Government system in the first place before we can talk about distribution and that is of course subject to the Government's Spending Review which we expect during this year so all is somewhat speculative in the meantime.

Q3 Finance Update

As alluded to in the update on the Budget and MTFs above and as reported in previous quarterly updates to the Executive, we are experiencing significant cost pressures in our Adult and Children's services and managing in-year overspends largely through non-recurring savings in both Corporate and Business and Environmental Services.

Over the last quarter the position overall has improved but the underlying challenges remain. Given the challenges, work is underway to bridge the gap through a programme of transformation, focussed reviews and service planning. Work in these areas continues to progress to allow proposals to be included within the revenue budget / MTFS report.

County Hall Works

As Members are aware, works remain ongoing within the Brierley Building at the County Hall Campus that will both result in the transformation of the building to provide a working environment that meets the requirements of a Modern Council and also address the essential maintenance requirements of the building.

I am pleased to note that the project is progressing in accordance with both programme and budget expectations. The works that have been completed to date include significant amounts of demolition within the building to open up former individual offices to form what will be larger, open and more flexible working areas. Demolition of the single storey corridor to the courtyard has also now been completed. Maintenance works to refurbish original sash windows throughout the building and to address failing masonry remain ongoing.

The project will include important environmental improvements, including the replacement of the current gas boilers with more efficient alternatives, the provision of a more controllable heating system and more efficient lighting. These features will improve the environmental performance of the building and make a contribution to the County Council's wider sustainability targets.

The works, which will complete during the Autumn of this year, form part of broader plans for the rationalisation of the County Council's property in Northallerton which will result in the achievement of annual revenue savings of £173,000 by 2023. Further updates will be provided to Members during the course of the year.

In addition, work is also being undertaken in other areas of the County to identify and implement further rationalisation opportunities. It is expected that this work will result in the achievement of annual revenue savings of a further £208,000 by 2021-2022. The detail of each scheme will be provided to Members as they are implemented.

LGS Pay 2020

Members may be aware that the Unions had lodged a 10% pay claim. That was always unlikely to be accepted and the employers have made a subsequent offer of 2% which the unions have unsurprisingly rejected. There will now be further discussions between the employers and trade unions and we await progress. In the meantime, the budget has provided for a headline of 2.75% increase.

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