

Area Constituency

Harrogate & Knaresborough – 8 January
2021

Content

Members Seminar 6 Jan = Recap & Questions?

1. Latest Budget & MTFS Forecasts
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Headlines for NYCC

1. £82m cash shortfall projected over next 3 years
2. £30m recurring shortfall at end of MTFS (BUT.....)
3. So many moving parts = big health warnings on all forecasts
 1. No Spending Review beyond 2021/22 – further austerity to follow?
 2. Covid duration and legacy?
 3. LGR
4. 2021/22 balanced mostly through one-off Government funding and Reserves
5. Council Tax consideration
6. 2022/23 can be balanced through Reserves should that be required but not sustainable so will need **STRONG & CREDIBLE PLAN**

Latest Forecast

| | 21-22 | 22-23 | 23-24 | | Total |
|-----------------------------|---------------|---------------|---------------|--|---------------|
| Pre-Covid Position | £000 | £000 | £000 | | £000 |
| In-year shortfall | 21,547 | 7,198 | 5,629 | | 34,373 |
| Cumulative shortfall | 21,547 | 20,585 | 21,586 | | 63,718 |
| | | | | | |
| Savings from Feb 2020 | -8,159 | -4,628 | -2,584 | | -15,371 |
| | | | | | |
| Post Covid Pressures | | | | | |
| Council Tax Shortfall | 12,920 | -2,679 | -4,542 | | 5,699 |
| Business Rates Shortfall | 6,465 | -2,062 | -2,339 | | 2,064 |
| Net Service Pressures | 10,641 | -3,049 | -804 | | 6,788 |
| New Savings | -1,791 | -461 | -20 | | -2,272 |
| | 28,235 | -8,251 | -7,705 | | 12,279 |
| | | | | | |
| Spending Review | | | | | |
| Govt Income Guarantee Fund | -7,031 | 7,031 | 0 | | 0 |
| LCTS Allocation | -4,709 | 4,709 | 0 | | 0 |
| Social Care Grant | -1,180 | 0 | 0 | | -1,180 |
| Covid Grant | -10,860 | 10,860 | 0 | | 0 |
| ASC Precept? | 0 | 0 | 0 | | 0 |
| NHB One off | -574 | 574 | 0 | | 0 |
| | -24,354 | 23,174 | 0 | | -1,180 |
| | | | | | |
| Revised Position | | | | | |
| In year position | 17,269 | 17,492 | -4,660 | | 30,101 |
| Cumulative Shortfall | 17,269 | 34,761 | 30,101 | | 82,131 |

Funding

| | 21-22 | 22-23 | 23-24 | | Total |
|-------------------------------|----------------|----------------|----------------|--|----------------|
| | £000 | £000 | £000 | | £000 |
| Revised Position | | | | | |
| In year position | 17,269 | 17,492 | -4,660 | | 30,101 |
| Cumulative Shortfall | 17,269 | 34,761 | 30,101 | | 82,131 |
| | | | | | |
| Funding of shortfall:- | | | | | |
| ASC Market Shaping | -5,100 | -5,100 | -5,100 | | -15,300 |
| Reserves | -12,169 | -29,661 | -25,001 | | -66,831 |
| | -17,269 | -34,761 | -30,101 | | -82,131 |

Net Service Pressures

| | 21-22 | 22-23 | 23-24 | | Total |
|------------------------------|--------|--------|--------|--|--------|
| | £000 | £000 | £000 | | £000 |
| Net Service Pressures | | | | | |
| Savings Non-delivery | 2,797 | 1,938 | 2,000 | | 6,735 |
| Covid related demand | 7,141 | -376 | 50 | | 6,815 |
| Other Growth | 5,834 | -2,336 | -2,308 | | 1,190 |
| Reprofiled Savings | 2,639 | -1,110 | -1,323 | | 206 |
| Change to grant | -150 | 0 | 0 | | -150 |
| Housekeeping | -2,045 | 0 | 0 | | -2,045 |
| Pay | -495 | -1,165 | -1,223 | | -2,883 |
| DSG adjustment | -5,080 | 0 | 2,000 | | -3,080 |
| | 10,641 | -3,049 | -804 | | 6,788 |

Investments

Locality Budgets

£10k per member per annum for 2021/22 and 2022/23

Total cost = £1,440k

Carbon / Environmental Pump Priming Fund

£1m to provide for feasibility etc

Business cases needed for subsequent funding of schemes

Council Tax

| Year | General | ASC Precept | Total | Band D C Tax |
|---------|---------|-------------|--------|--------------|
| 2015/16 | 1.99% | - | 1.99% | £1,099.98 |
| 2016/17 | 1.99% | 2% | 3.99% | £1,143.86 |
| 2017/18 | 1.99% | 2% | 3.99% | £1,189.50 |
| 2018/19 | 2.99% | 2% | 4.99% | £1,248.85 |
| 2019/20 | 2.99% | 2% | 4.99% | £1,311.16 |
| 2020/21 | 1.99% | 2% | 3.99% | £1,363.47 |
| 2021/22 | 1.99% | >3% | >4.99% | |
| 2022/23 | 1.99% | c/fwd? + | ? | |

Adult Social Care Precept Options

| | 21-22 | 22-23 | 23-24 | | Total |
|--------------------------------------|---------------|---------------|---------------|--|---------------|
| | £000 | £000 | £000 | | £000 |
| Position at ASC Precept of 1% | | | | | |
| In year position | 14,269 | 17,492 | -4,660 | | 27,101 |
| Cumulative Shortfall | 14,269 | 31,761 | 27,101 | | 73,132 |
| | | | | | |
| Position at ASC Precept of 2% | | | | | |
| In year position | 11,269 | 17,492 | -4,660 | | 24,101 |
| Cumulative Shortfall | 11,269 | 28,761 | 24,101 | | 64,132 |
| | | | | | |
| Position at ASC Precept of 3% | | | | | |
| In year position | 8,269 | 17,492 | -4,660 | | 21,101 |
| Cumulative Shortfall | 8,269 | 25,761 | 21,101 | | 55,132 |

Band D Council Tax Increase Illustration 2021/22

| | 2021/22 | | |
|--------------------------------|----------------|----------------|---------------|
| | Per annum £ | Per month £ | Per week £ |
| General Council Tax @ 1.99% | 27.18 | 2.27 | 0.52 |
| Adult Social Care Precept @ 1% | 13.59 | 1.13 | 0.26 |
| Total @ 2.99% | 40.77 | 3.40 | 0.78 |

Risks / Issues (Our Plan)

- So much uncertainty = how to budget?
 - Corporate Risk Contingency; Reserves; Survive!
- How address longer term budget shortfall?
 - LGR?; Reserves to buy time; Possible Intermediate Budget later 2021?
- Council tax level to be determined iro Adult Social Care Precept
 - Bird in hand?; Retain flexibility for future?
- Council Tax base / collection rates = still awaiting latest position
 - Next few weeks info from DCs; govt Income Guarantee Fund

Next Steps

| | |
|-------------|---|
| 17 December | Provisional Finance Settlement |
| 6 January | Members' Seminar – Directorate Sessions |
| January | Updated C Tax information |
| Various | Constituency Committee Budget Sessions |
| 26 January | Executive considers Budget / MTFS |
| Early Feb? | Final Local Govt Finance Settlement |
| 10 February | Members' Seminar – Budget / MTFS |
| 17 February | County Council Budget / MTFS |
| On request | Group / Group Leader Meetings |

Harrogate & Knaresborough – Financial Issues

School Projections - Based on May 2020/21 Start budgets

- 115 LA maintained schools (49%) are projecting an in-year deficit in 2020/21
- 7 schools will move from a surplus balance to a deficit balance by March 2021
- 15% of LA maintained schools are in deficit – that is projected to rise to just over one in five by 2021/22 and two out of every five by March 2023.

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---------|---------|---------|---------|---------|---------|
| Number of Schools in Deficit | 54 | 47 | 37 | 35 | 55 | 93 |
| Value of Deficit | £4.4M | £6.0M | £7.2M | £9.4M | £12.5M | £18.3M |
| Proportion of schools in deficit | 19% | 18% | 15% | 15% | 23% | 40% |



Schools in Financial Difficulty – Harrogate and Knaresborough

10 primary schools, 3 secondary schools, and 1 special school

2020/21

4 schools projecting to be in deficit by March 2021; 28.6% schools in Harrogate and Knaresborough

2 primaries; 1 secondary and 1 special

Total value of deficits = £1.1M

Average primary deficit = £126k;

Average secondary deficit = £872k

Average special deficit = £11k

2022/23

5 schools projecting to be in deficit by March 2023; 36% schools in Harrogate and Knaresborough

4 primaries; 1 secondary

Total value of deficits = £1.6M

Average primary deficit = £92k;

Average secondary deficit = £1.3M

HAS Budget Issues

The Adult Social Care Budget is managed across five areas:

- Hambleton and Richmondshire
- Scarborough, Whitby, Ryedale
- Selby
- Harrogate
- Craven

The Harrogate and Knaresborough Constituency covers the following budget areas:

- *Harrogate*

HAS Budget Issues

The Q2 forecast for the financial year show that the Directorate is expected to overspend by £10.3m. This reflects COVID-19 related budget pressures of £13.9m and non-COVID net underspends of £2.7m relating to business-as-usual activity. However, non-financial performance suggests that a large contributory factor to the “business-as-usual” underspend is reduced activity – as a result of COVID. Therefore while the council is seeing increased costs directly related to COVID as described above, reduced activity is having the opposite effect. Examples of these are shown in the table below:

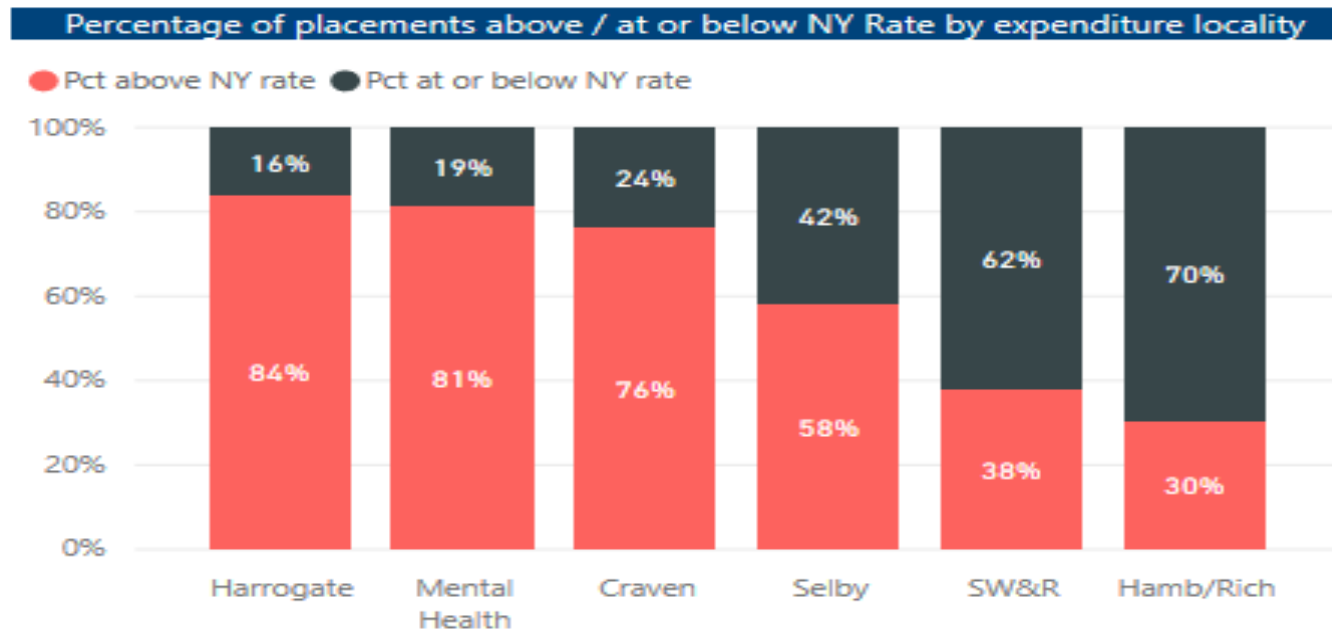
| | |
|-------------------------------|---|
| Contacts and Referrals | <ul style="list-style-type: none"> • contacts in the year to date: down 13.2% on November 2019 • referrals year to date: down 18% on 2019 |
| Reablement | <ul style="list-style-type: none"> • Activity levels for the year to date are down 25% year-on-year |
| Living Well | <ul style="list-style-type: none"> • 30% reduction in referrals for April – November (details below) |

HAS Referrals

| Apr-Nov | Referrals | | |
|-------------------------------|-----------|---------|------|
| | 2019/20 | 2020/21 | |
| Other | 70 | 57 | -19% |
| Selby | 266 | 178 | -33% |
| Hambleton & Richmondshire | 502 | 296 | -41% |
| Scarborough, Whitby & Ryedale | 817 | 688 | -16% |
| Harrogate & Craven | 981 | 632 | -36% |
| North Yorks | 2636 | 1851 | -30% |

Care Market

- This is reflected in the fact that 94.7% of new residential and nursing payments (i.e. those since April 2020) cost more than the Council's official rate. The figure for Craven is 67.5%. This means that for all existing contracts (including those from before April), the percentage of those paid above those rates is 60% and by locality (excluding NYCC provision) are:



Harrogate and Knaresborough

- Personal Budgets for Adults with Learning Disabilities have increased across the county since April by 2.2%, with the figure in Harrogate being 3.3%
- The Council is currently finalising an **Actual Cost of Care Exercise**, working with care providers and CCGs and progress so far suggests that costs in Harrogate are approximately 20% higher than the county average.

Other Market Issues

- The County Council works with 30 residential and nursing homes and 24 home care providers in the constituency. Fee rates for the latter vary between £17.92* and £30.88*. The lowest rate is below the national benchmark but the highest is above the national benchmark.
- Sourcing care packages at home is becoming increasingly difficult throughout the County. 27 of the local residential and care providers do not accept County Council fee rates.

Highways and Transport Schemes

- Junction 47 works on A1(M). Budget = c£8m of which c£1.5m is NYCC
- Harrogate to York rail line improvement (doubling number of trains per hour). Budget = c£8m of which £1.7m is NYCC
- Kex Gill. Budget = c£60m split £5m NYCC, £55m DfT.
- Transforming Cities Fund. Improvements to Harrogate rail station access. Budget £7.8m of which NYCC is £100k.

Other Questions?