

North Yorkshire County Council

Richmond (Yorks) Area Constituency Committee

Minutes of the meeting held on 6 January 2022, commencing at 1.30pm – held remotely via Microsoft Teams.

Present:-

Members: County Councillors David Hugill, (Chairman), David Blades, Caroline Dickinson, Helen Grant, Bryn Griffiths, Carl Les, Heather Moorhouse, Yvonne Peacock, Karin Sedgewick, Angus Thompson, John Weighell OBE, Annabel Wilkinson, and co-opted member Malcolm Warne.

Other Cllrs Present: County Councillor Gareth Dadd

Apologies: There were no apologies submitted.

NYCC Officers: Gary Fielding (Corporate Director Strategic Resources) and Steve Loach (Democratic Services Officers)

Copies of all documents considered are in the Minute Book

161. Chairman's Welcome

The Chairman welcomed everyone to the meeting.

162. Declarations of Interest

There were no declarations of interest to note.

163. Public Questions and Statements

The were no public questions or statements.

164. County Council Budget proposals – 2022/23

Gary Fielding (Corporate Director Strategic Resources) gave a presentation detailing the budget proposals for 2022/23 in respect of the overall County Council, and on a Constituency area basis, and invited Members comments. The presentation highlighted the following:-

NYCC Budget Headlines

Background

Last year at Budget time:

1. Two year recurring shortfall of £18.5m per annum
2. Assumed Council Tax rise of 1.99% for each year
3. Low inflation
4. LGR outcome awaited

This year and next year characterised by:

- Covid - past, present and future?
- LGR - single biggest Transformational Programme

LGR – What it means for 22/23 Budget and MTFS

1. 2022/23 - 8 x Sovereign Council Budgets
2. 2023/24 and 2024/25 based on “going concern” - building blocks
3. March 2022 onwards - start to aggregate “shadow” Council Budget
4. Currently assessing funding challenge now in aggregate (i.e. across the 8) for period 2022/23 to 2024/25
5. New Council to determine

- 2023/24 Budget and beyond
- Savings plan
- Council tax harmonisation

Provisional Local Government Finance Settlement

1. Services grant £822m nationally - “one-off” only issue
2. Another social care grant £700m nationally
3. Council Tax referendum trigger at 2% plus 1% ASC precept as expected
4. Extra New Homes Bonus = expected to lose year’s worth
5. Spending power increased by £3.5bn but presumes:
 - All council tax increases taken
 - Includes new funding for new responsibilities re ASC market, fees, contributions
 - New grants

Complexity of ASC future reforms

Conclusions

Need to balance all of:

- Uncertainty on all fronts (Covid response; Covid legacy and demand led services; future funding; LGR)
- Provide good start for new NY Council
- Worry on ASC Funding Reform

Next Steps

Members raised the following issues in relation to the initial part of the presentation:-

- Deputy Leader, County Councillor Dadd, whose Executive portfolio includes Finance, highlighted the benefit of ensuring that sufficient reserves were retained over the years, as this was now able to be utilised to ensure the Council remained viable and could move forward. A Member asked what level of reserves had to be retained. The Corporate Director explained the retention of reserves and the purposes for those. The General Working Balance (GWB) was determined by County Council Policy which was 2% of the overall budget, together with an additional £20m. For the next three years, therefore, the GWB would be £27m.
- Noting the intended use of reserves to assist the budget, and whilst recognising the current position, a Member highlighted his concerns of the impact of reducing the level of reserves held, particularly when taking account of the commitment to Carbon Reduction by the Council. The Corporate Director acknowledged the comments of the Member and how using the reserves went against the natural instinct, but he emphasised that the budgetary pressures made this inevitable. In terms of Carbon Reduction, £1m had been built into the budget to pump-prime initiatives, and capital

budgets were providing energy reduction initiatives, therefore, this had been factored into the financial situation. County Councillor Dadd stated that there would be costs associated with Carbon Reduction and these would be open and transparent. He noted that LGR would result in an overall reduction in the property footprint for North Yorkshire Local Authorities, which would assist with Carbon Reduction. He also outlined how schools were being provided with more efficient gas boilers, rather than non-gas alternatives, as, on affordability, this allowed more schools to reduce their carbon footprint. It was noted that the pump-priming funding could be utilised where an appropriate carbon reducing business case was submitted.

Richmond Constituency Area – Financial Issues

School Projections based on May 2021/22 start budgets
Schools in financial difficulty – Constituency area – 2021/22 to 2023/24
HAS budget issues
HAS referrals
Care Market
Highways and transport schemes
Local town WiFi schemes

Members raised the following issues in relation to this part of the presentation:-

- A Member asked whether housing projections indicated that there would be an increase in the amount of Council Tax obtained in the area and whether this would meet the additional impact on service requirements. The Corporate Director stated that the County Council had been working closely with the Districts on projections, and the figures indicated an improved position for the Council Tax base. He also noted that Council Tax collection was excellent in North Yorkshire. The impact on services from additional housing was difficult to determine as much depended upon the people who moved into the area and the type of services they required.
- A Member highlighted the particular difficulties facing smaller schools in remaining sustainable, as additional requirements from schools required increased costs, many of which could not be sustained due to the smaller nature of the school. It was emphasised that this issue was particularly difficult for smaller Secondary Schools in terms of the delivery of a wider curriculum and the areas that they covered, for a relatively small number of pupils. It was considered that, following the return after the pandemic, there was likely to be an enhanced element of remote learning introduced. Although that also had issues that would need to be addressed.
- A Member highlighted the difficulties faced by schools, particularly smaller secondary schools, in terms of funding, and asked how this position could be addressed. The Corporate Director stated that the ring-fenced school funding had not assisted the position as core funding could not be utilised to assist schools and SEND commitments were overcommitting school budgets. He noted that smaller Secondary Schools in rural areas, were the most affected by this due to relatively low numbers at the school but large catchment areas. It was hoped that a forthcoming review of the funding formula would provide greater flexibility in terms of school funding.
- The position regarding the funding of schools that become Academies was clarified. It was stated that should this be due to the school entering special measures any deficit would remain with the Local Authority, should a school elect to become an Academy the school did not have to take forward any surplus, but the Local Authority could allow this to be carried forward by the school. The details of what happened to a deficit when a school elected to become an Academy was not known and would be provided to the Member following the meeting.
- A Member raised concerns regarding the deficit position for a Special Needs School in 2023/24, as highlighted in the report. The Corporate Director stated that he would provide a definitive answer to the Member outside of the meeting in relation to this matter.

- The Leader of the Council emphasised that the budget position was challenging due to a number of issues, as outlined by the Corporate Director. He recognised that an increase to the Council Tax would have an impact on cost of living issues, however, an appropriate budget had to be set to maintain essential services and ensure that the vulnerable in society were adequately protected.
- The Deputy Leader stated that the County Council had done a tremendous job in terms of maintaining the budget over the previous 10 to 12 years, and being able to provide a good level of reserves. The early decisions taken had been difficult but had proven to be appropriate and necessary. He considered that, going forward, LGR would go some way to addressing the black hole of local Government finance in the area. In respect of the reserves he considered that some Members saw this as a sacred, whereas, in reality, it equated to six weeks of normal operations by the County Council. He considered that the position outlined by the Corporate Director had provided a welcome buffer, but there was still a lot of work to do, going forward.

Resolved –

That Gary Fielding be thanked for his presentation and updates in respect of the budget position 2022/23, the contents of which be noted.

The meeting concluded at 2:45pm.

SML