

# NORTH YORKSHIRE COUNTY COUNCIL

16 November 2022

## COUNTY COUNCILLOR GARETH DADD

### Revenue Budget

We eagerly anticipate the Government's fiscal statement which is due on the 17 November. This may provide a clue as to how councils will fair over the next year or two and, as usual, we will be expecting the Local Government Finance Settlement sometime in the run up to Christmas. In his previous time as Secretary of State for the Department for Levelling Up, Housing and Communities Michael Gove had indicated that he intended to provide a multi year settlement for local government but, I suspect, that may no longer prove to be the case. Combined with the growing pressures on the public purse I therefore suspect we are in for difficult times ahead when it comes to funding and we may also anticipate a growing demand for services for vulnerable people.

Given the national financial backdrop that is why it is even more important that the new North Yorkshire Council grasps the savings opportunities that are presented from unitary government. There have been a number of questions raised by Members about whether or not the savings indicated through the County Council's Case for Change will actually be deliverable, particularly given the financial pressure. It is important that we distinguish the financial pressures which are likely to come our way with the ability to deliver the savings. The two are absolutely separate but the opportunities that will come the way of the new council mean that we are better placed than most to be able to meet the financial challenges head on. Had we not had the level of savings from unitary government then I would be extremely worried about how the County Council would have had to make the necessary savings whilst maintaining critical services.

To remind Members the LGR savings were estimated at between £30m to £70m per annum depending upon the scale of ambition. Over a five year period this amounted to a net saving of circa £252m. **I can commit to Members that we will be monitoring the work towards delivering the savings and I will report this to each Full Council in my statement going forward.** This will also be set out in greater detail in the Quarterly Monitoring reports to the Executive which already set out the break down of the costs in delivering the transition to the new unitary council alongside delivery of existing savings programmes. We have always been, and continue to be, transparent in the way that we go about meeting these financial challenges and delivering the essential savings to deliver for our residents, especially the vulnerable.

### Capital Projects

In addition to the financial pressures on the revenue budget we are also experiencing significant inflationary pressure on capital projects. A number of tenders have been returned of late which are significantly in excess of expectations and construction projects are regularly seeing averages of circa 25% increase in costs. This comes at a time when there has been significant increase in the number of government funded initiatives such as the Town Deal, Transforming Cities and the opportunities to bid into the Levelling Up Fund.

Across all eight North Yorkshire Councils we currently have circa £250m of regenerational schemes where the government funding levels were set before the increases in inflation and where any cost overrun has to be borne 100% by the Council.

Clearly we would wish to deliver as many of these regenerational schemes as is possible but we will also need to try and re-negotiate with central government for additional flexibility on scheme deliverables whilst maintaining as much capital funding as we can should we need to find extra funding to complete key priority schemes. Myself and the Leader met recently with District Council

Leaders to run through this conundrum as we wanted to make sure that this was understood more widely and will also have some material impact on our thinking about requests for additional spending approvals under the Section 24 Consent regime.

Again more information will be provided in the Quarterly Monitoring reports although I will bring key issues to Full Council through my statements in the usual fashion.

### **Property**

Members will be aware of the high levels of inflation that currently exist within the energy market, and of the potential impact that this will have upon the County Council's budget.

The County Council has been proactive in its management of energy and has been successful in achieving significant reductions in its consumption of energy in recent years. Between 2017-18 and 2021-22 there was a reduction of almost 6 million kilowatt hours in the combined use of gas and electric to heat, light and power the property estate.

This has been achieved through a combination of property disposal, investment in energy efficiency measures and the encouragement of more energy efficient behaviours by our building users. We will continue to pursue all of these measures where we can.

During this coming heating season we will be increasing our efforts to reduce energy utilisation in order to avoid unnecessary cost. This will include through the temporary closure of some office spaces that are under utilised as staff continue to work in a 'hybrid' way.

I am pleased to say also, that following a detailed procurement exercise a contract for most of the new Council's electricity supplies for 2023-24 to be provided by EDF via the Crown Commercial Services framework. The contract provides options for the extent to which the electricity that is purchased is generated from sustainable sources. We are currently in discussion with CCS and EDF about the nature of each of the tariffs and the costs associated with them and I will give a verbal update as to the position at the Council meeting

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