

# **NORTH YORKSHIRE COUNTY COUNCIL**

## **EXECUTIVE**

**24 January 2023**

### **Joint Report of the Chief Executive and the Corporate Director – Strategic Resources**

<b>EXECUTIVE SUMMARY</b>
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#### **Item 5 a. - REVENUE BUDGET FOR 2023/24 & MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2025/26**

##### **Context (Section 2)**

1. Bringing together the budgets from the 8 predecessor councils in North Yorkshire, this report sets out the financial issues and risks for the new North Yorkshire Council and makes recommendations to the Council regarding the:
  - Revenue Budget for 2023/24; and
  - Medium Term Financial Strategy (MTFS) for 2024/25 to 2025/26; and
  - Council Tax for 2023/24.
2. Like councils across the country the new NYC faces a large budget deficit. The deficits are a consequence of many factors – covid pressures; distressed markets; demand for services; high inflation levels; reduced income levels into the council; and the complexity of all of these factors, alongside preparation for unitarisation, making it difficult to produce sufficient sustainable savings in the short term and therefore the budget relies on the use of reserves to balance the budget. However, NYC has the opportunity to cash in the unitary savings to address this deficit over the medium term to ensure that the Council remains financially sustainable.
3. This is the first Budget for new unitary North Yorkshire Council with a net revenue budget proposed at £623.5m for 2023/24.
4. The pressures highlighted in paragraph 2 above are such that, even after some planned savings, reserves of £30m will be required in 2023/24. This provides for approximately £18m structural deficit from the 8 councils combined, plus a further £12m in-year deficit in 2023/24. Looking ahead the projected recurring shortfall of £30m builds to £44m by 2025/26.

## **Medium Term Financial Strategy (Section 3)**

7. There are a significant number of pressures on service budgets as a result of a combination of factors including for example; extreme volatility and distress in the adult social care market; children's placement costs; home to school transport services impacted by increased number of SEND pupils and fuel costs; high energy costs impacting services such as leisure centres and income levels still not back to pre-covid levels; and workforce retention and recruitment challenges.

## **Corporate Financial Issues (Section 4)**

### **Provisional Local Government Finance Settlement**

8. The 2023/24 Finance Settlement included the following key headlines:
  - An increase in the Council Tax referendum principle from 1.99% to 2.99% in 2023/24 and 2024/25;
  - The ability to levy an adult social care (ASC) precept of up to 2%;
    - increase in funding for social care via including repurposing funding for the ASC charging reforms to support ongoing pressures. The NYC share for 2023/24 is £11.97m.
    - An ASC Discharge fund of which the NYC allocation is £2.43m.
    - A ring-fenced grant "to support capacity and discharges" from which NYC will receive £4.03m in 2023/24.
  - Rural Services Delivery Grant remains unchanged in cash terms at £11.0m and New Homes Bonus payments continue for at least a further year with the Council expected to receive £4.3m.
  - Services grant has reduced to reflect the diversion of some funding and the clawback of enhanced employer National Insurance contributions. The NYC allocation will be £3.3m in 2023/24.
  - The decision to freeze the business rates multiplier will be fully funded, but, from 2023-24 onwards, compensation to authorities for under-indexation will be paid based on the Consumer Price Index rather than the Retail Price Index.

### **Council Tax**

9. Following consultation, the harmonisation of Council Tax over 2023/24 and 2024/25 is confirmed, with an increase of 4.99% (including the 2% ASC precept). This raises the average Band D council tax by £83.64 per annum (or £6.97 per month) and results in an overall average Band D level of £1759.96 in 2023/24.

10. The report also confirms, following consultation, the implementation of the 100% second homes premium although this remains subject to the Levelling Up and Regeneration Bill receiving Royal Assent.

### **Fees and Charges**

11. The default inflationary uplift approved by Executive in November 2022 has been applied to income budgets with some notable exceptions - car parking and some commercial property rentals will be frozen pending a review of the approach to charging for these services. Fees and charges are not generally proposed for harmonisation for 2023/24, with the exception of green waste collection, taxi licensing fees, court costs and building control fees.

### **Reserves & Balances**

12. Given the level of risks facing the new unitary Council, it is proposed that the policy target for the minimum level of the General Working Balance is set 10% of the net revenue budget. Whilst at £53.5m, the opening balance is below this minimum threshold there are other reserves which will help to mitigate the shortfall until a full review of reserves is undertaken in 2023/24.
13. At 1 April 2023 the Council is forecasting to hold £83m in a Strategic Capacity Reserve – these funds are available to support the revenue budget.

### **Savings**

14. Savings totalling £14.7m are proposed for 2023/24, leaving a budget shortfall of £30.4m.

### **Investments**

15. New investments included in the proposed budget are: **Members Locality Budgets** - provision has been made for the life of the MTFS for a £10k annual Member Locality Budget. This Budget now provides for all 90 Councillors to access £10k per annum on an on-going basis subject to the rules of the scheme; and **Area Constituency Committees (ACCs)** - an annual sum of £50k has been provided for each ACC.

### **Revenue Budget Position in 2023/24 (Section 5)**

16. The proposed net revenue budget for 23/24 is £623.5m.

## **Consultation (Section 6)**

17. A range of initiatives have taken place to engage with stakeholders to consult on views on priorities and the Budget including the 'Let's Talk Money' public campaign.

## **Equality Implications (Section 7)**

18. An overview of equality issues associated with the Council's budget proposals has been carried out and summarises the potential equality impacts in line with the Public Sector Equality Duty.

## **Section 25 Statement (Section 8)**

19. The Corporate Director, Strategic Resources is obliged to offer a view of the robustness of estimates used in the Revenue Budget 2023/24 and the associated level of balances/reserves. The Corporate Director, Strategic Resources is satisfied that the report meets such a requirement.
20. Attention is also drawn to the context of significant volatility including:
  - provision for demand and supply chain pressures within services impacting expenditure and income;
  - rising revenue and capital costs in a high inflation environment;
  - an uncertain outlook on government funding;
  - pump priming sufficient LGR transitional costs;
  - likely impacts of aggregation of services across the eight NY councils;
  - the impact of current and forecast interest rates on the expected returns from investment of cash balances;
  - the probability of achieving the savings targets during the MTFS period;
  - the availability of reserves and impacts of non-delivery of savings.
21. Members attention is particularly drawn to the following reference from the s151 officer – "While many councils are facing section 114 notices across the country, that is not the case in North Yorkshire at this stage. That is because the Council has sufficient Reserves and Balances to bridge the deficit of £30m in 2023/24. It cannot be ruled out that the North Yorkshire Council may well find itself in a situation where it has not been possible to develop a comprehensive savings programme over the next 3 years that largely eliminates any in-year deficit. The Council, its Members and officers therefore should carefully consider this Section 25 opinion and guard against complacency and the risk of a section 114 notice in the foreseeable future. The onus is on the Council to ensure that the time "bought" by the use of Reserves and Balances in 2023/24 is a valuable investment that delivers

lasting, sensible and deliverable savings proposals. These proposals can be brought forward at any time but the Budget report for 2024/25 will be a key acid-test of this approach.”

### **Risk (Section 9)**

22. An assessment of the key financial risks to the County Council has been carried out noting that the current environment is highly uncertain.

### **Environmental Implications (Section 10)**

23. Section 10 sets out the various initiatives and key budgets which support the Council ambition to be carbon neutral in its operational activities by 2030.

### **Item 5 b. - CAPITAL PLAN**

24. As with the Medium Term Financial Strategy, the Capital Plan for North Yorkshire Council up to 2025/26 is an aggregation of the current plans for the 8 predecessor councils.
25. The resulting Capital Plan for 2023/24 is put forward for approval. The new unitary Council is currently planning to invest £154.9m on capital schemes across the County in 2023/24 and £323.8m, in total, over the 4 year capital plan period (**paragraph 3.3 and Appendix A**).
26. A Capital Forward Plan and procedures for (i) proposing and subsequently approving new schemes for capital investment and for (ii) seeking approval to apply for and accept external funding are currently under development and will be included in a future report.
27. Financing of the Plan is also set out in **Appendix A**, with the majority from grants and contributions.

### **Item 5 c. - TREASURY MANAGEMENT**

28. As with the preceding reports, the Treasury Management Strategy for the new North Yorkshire Council is an aggregation of the future projections of all 8 councils.

29. The Annual Treasury Management Strategy for 2023/24 (**Annex 1 Section1**) sets out the requirements for the overall Treasury, Borrowing, Investment and Capital Policies. It includes: the Capital Prudential Indicators (**Annex 1 Section 2**); Borrowing Strategy (**Annex 1 Section 3**); Annual Investment Strategy (**Annex 1 Section 4**) and associated the Treasury Management Strategy Appendices (**A – F**) which are put forward for approval in line with Code of Practice requirements.
30. The Capital Strategy is included at **Annex 2** of the report.
31. The Debt Recovery Policy is set out at **Annex 3**.
32. The key elements of the Treasury Management Strategy include the key limits relating to borrowing:
- (a) an authorised limit (maximum amount that can be borrowed) for external debt of £652.1m in 2023/24;
  - (b) an operational boundary (the most likely level) for external debt of £631.1m in 2023/24.
33. The Prudential Indicators have been revised and updated in line with the latest CIPFA Code of Practice. The Estimated Ratio of Capital Financing Costs is no longer a required indicator and as a result has been removed along with the local indicator. The Minimum Revenue Provision (MRP) Policy Statement is also included.
34. The Annual Investment Strategy details the Council's Investment Policy and approach to the investment of funds. The strategy is broadly in line with the North Yorkshire County Council policy which was unchanged from the previous year.

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24 January 2023

# NORTH YORKSHIRE COUNCIL

## EXECUTIVE

24 January 2023

### REVENUE BUDGET FOR 2023/24 & MEDIUM TERM FINANCIAL STRATEGY TO 2025/26

#### Joint Report of the Chief Executive and Corporate Director – Strategic Resources

## 1.0 PURPOSE OF REPORT

1.1 For the Executive to make recommendations to the Council regarding:-

- a) the Revenue Budget 2023/24;
- b) the Council Tax for 2023/24; and
- c) the Medium Term Financial Strategy (MTFS) for 2024/25 to 2025/26.

## 2.0 INTRODUCTION AND CONTEXT

2.1 This is the first Budget for the new North Yorkshire Council (NYC). It has been produced by bringing together the known financial positions of the eight predecessor councils following excellent cooperation from all of those bodies. The start of any new council will bring great uncertainty but the production of this Budget and MTFS has been at a time of significant financial pressure and uncertainty due to external factors including:-

- The highest levels of inflation since 1981;
- Distressed adult social care markets;
- Workforce challenges with recruitment and retention;
- High demand for some key, high cost services; and
- Adapting to a post-covid environment.

2.2 Like councils across the country the new NYC faces a large budget deficit. Indeed many councils have recently received “notices of financial distress” from their section 151 officers as they struggle to bridge the financial gaps. The deficits are a consequence of many factors – covid pressures; distressed markets; demand for services; high inflation levels; reduced income levels into the council; and the complexity of all of these factors, alongside preparation for unitarisation, making it difficult to produce sustainable savings plans in time to fend off any deficit. However, unlike most of the country, NYC has the opportunity to cash in the unitary savings to address this deficit **over the medium term**. This will still require time, planning and hard work to achieve the savings and the scale of the gap is such that other difficult measures are likely to be needed in parallel to ensure that the Council remains financially sustainable.

- 2.3 The Budget for 2023/24 and the high-level MTFS both depend very heavily upon a high level of reserves to balance the deficit. Reserves can only be used once whereas there is little to suggest that the deficit is likely to improve of itself (excepting a possible reduction in energy costs at some indeterminate time). The position for 2023/24 therefore needs to be seen as a “one-off” in that reserves are used to buy time to deliver the necessary savings, recognising that the transition to the new NYC has been a period in which it has been difficult to deliver the scale of savings required to achieve medium term financial sustainability. NYC inherits a good level of reserves so this is very helpful: it can not, however, be seen as anything other than a device to buy time to deliver wholesale savings in 2024/25 and beyond. This situation is explained in more detail in **Section 8** where the section 25 notice is provided – Members are urged to read and digest the import of this advice.
- 2.4 The new Council inherits a greater range of risks, albeit with the opportunities presented by the unitary dividend, as it faces the challenges of high costs in social care alongside the pressures of energy in leisure provision and depressed income levels in response to the cost of living crisis. Risk has been a permanent feature of local government finance but the current environment is probably the most risky and uncertain in modern times. More detail is set out in **Section 9**.
- 2.5 Along with savings and efficiencies, the new NYC provides an opportunity to apply our considerable combined asset base to both rationalise and facilitate local economic growth and regeneration and drive improved outcomes for residents, businesses and visitors to our area.
- 2.6 The Table below outlines a projected recurring shortfall of £30m in 2023/24 which then builds to £45m by 2025/26.



	2023/24 £000	2024/25 £000	2025/26 £000
Starting Budget	583,351	623,458	644,475
Added Pressures			
- Pay Inflation	19,035	11,451	8,589
- Non Pay Inflation	46,914	14,500	8,000
- Savings	-14,695	-4,599	-2,575
- Other	1,298	-1,579	2,663
<b>Net Revenue Budget</b>	<b>635,903</b>	<b>643,231</b>	<b>661,152</b>
Funded by			
Grants	76,275	85,330	80,998
Business Rates (NNDR)	119,453	109,902	96,626
Council Tax*	427,730	449,244	467,302
<b>In-year shortfall</b>	<b>12,446</b>	<b>-1,245</b>	<b>16,226</b>
Cumulative Shortfall	30,350	29,105	45,331
Cumulative use of reserves	30,350	59,455	104,786

\*Please note council tax figures are based on 4.99% (as per Recommendation in this report) in 2023/24 and then 3.99% in 2024/25 followed by 2.99% in 2025/26 (both are for illustrative purposes at this stage).

- 2.7 As a result of the position set out in the Table above there is a need to deliver a sizeable savings programme as part of the Council's broader transformation programme, seizing upon the opportunities of unitarization. There remains limited financial certainty beyond 2023/24 and it would be imprudent to assume that further financial shocks are not only possible, but likely. As a result, savings of circa £70m need to be targeted over the next 3 years with an immediate focus on a very significant reduction to the in-year deficit in 2024/25. Much greater work and detail will be required to produce deliverable savings plans, albeit that many can build upon the LGR transitional work including the workstreams. While it is desirable to deliver savings that are efficiency related, the pace of savings needed may be such that savings of all kind will need to be considered (i.e. savings that impact upon services and / or service users). Priority should be given to efficiency savings but it is essential that the profile of savings is not back-loaded and riddled with optimism-bias.
- 2.8 The Budget and MTFS also includes proposals and assumptions relating to the equalisation of council tax alongside a new Council Tax Reduction (CTR) scheme that seeks to increase the net level of support for the most financially disadvantaged residents in North Yorkshire, in recognition of the cost-of-living pressures. It also considers the proposal to charge an additional premium on council tax for second home owners following public consultation and the Executive

consideration of the issue on 20 September 2022 and Council on 16 November 2022.

- 2.9 The MTFS and the Council Plan are presented to the Executive and full Council as a coherent package. The MTFS continues to provide the financial underpinning to deliver the core objectives as articulated in the Council Plan, recognising that next year is the first year of the new Council and that both are likely to change significantly as the new organisation matures.

### **3.0 THE MEDIUM TERM FINANCIAL STRATEGY**

#### **3.1 SERVICE PRESSURES**

- 3.1.1 There are a significant number of pressures on service budgets as a result of a combination of factors. The following paragraphs seek to identify the greatest areas of financial risk and explain the issues at play within those areas.

##### **Health and Social Care Funding**

- 3.1.2 The Autumn Statement confirmed that the major reforms proposed for how people access, and pay for, adult social care have been delayed until at least October 2025. However, expectations raised by these around rates paid by the council to care providers have increased the financial pressure on a market which was already overheating.
- 3.1.3 That Statement and subsequent provisional financial settlement recognised these pressures with funding which had been earmarked for the reforms remaining in place to help with pressures in both Adults' and Children's Social Care. Additional funding has also been allocated to support hospital discharge and market sustainability issues at least in the short term.
- 3.1.4 Social care continues to be funded from multiple different funding sources (grants, council tax, social care precept, charges, money passported from the NHS). While the new grants recognise the increasing pressures of discharge and market sustainability, it should be noted that the increased grants add up to a sum which is lower than the costs of stand-still inflation for care.
- 3.1.5 This approach of cumulative and different funding sources brings with it many unwelcome complexities and does not provide for longer term sustainable planning.
- 3.1.6 The Table below identifies the various tranches of external funding that have been provided by government to support adult social care in the current and next year. It does not include Adult Social Care Precept (an increase in council tax) but it demonstrates that current spending within the Council depends upon circa £76m of on-going funding from government. The government has indicated that all of the current sources of funding will continue into 2023/24 and the MTFS has assumed that they will continue in perpetuity at this stage, as any reduction in funding will have a profound impact both locally and nationally. Clearly this assumption will

need to be tested regularly and if there are reductions then further savings will be required possibly in very short timescales.

### **Adult Social Care Grant – Dependency upon Government Funding**

	2022/23 £ m	2023/24 £ m	Ongoing £m
Better Care Fund (BCF)	17.3	17.3	17.3
Improved Better Care Fund (iBCF)	11.5	11.5	11.5
iBCF (£1.9bn)	3.4	3.4	3.4
Winter Funding	2.4	2.4	2.4
Existing Social Care Grant	20.0	20.0	20.0
New Social Care Grant	0	12.0	12.0
Independent Living Fund	1.4	1.4	1.4
Adult Social Care Discharge Fund	0	2.4	4.0
Existing Market Sustainability Fund	1.6	1.6	1.6
New Market Sustainability and Improvement Fund	0	4.0	6.8
	57.7	76.1	80.3

3.1.7 The Council has committed to deploying elements of the funding to reduce delayed transfers of care within health and social care as well as to increase social care capacity and to stabilise the social care market. The impact of any sudden end to this funding would therefore be felt in the wider health and care sectors.

### **Adult Social Care Precept**

3.1.8 2023/24 will be the eighth year in which the government have allowed those councils who provide social care the opportunity to generate an additional “social care precept”. For 2023/24, that amount has been set at a maximum addition of 2%. This sum is set as an increase on the whole council tax base (i.e. including both the general council tax base and the adult social care precept).

3.1.9 The government has stated that the additional social care precept should only be used for that purpose. The Council’s Section 151 officer is required to evidence that the additional council tax has been allocated to adult social care. The Council has been able to demonstrate that a combination of inflation provision and demand for the service are well in excess of funds raised by the social care precept (total projected budget increase of £32.7m).

### **Public Health**

3.1.10 Public Health is funded by a ring-fenced grant (£23.0m in 2022/23 with future years not yet confirmed) and therefore has no impact on the Council’s net budget. However, the grant does fund work across the council (for example, the bulk of the Stronger Communities programme) that improves and protects the health of people, as well as services mandated by Government (children’s health, sexual health and substance misuse services) and recent uncertainties about its future and one-year allocations adds to the complexities mentioned above.

## Schools Funding

3.1.11 The Council will continue to receive a specific ring-fenced grant, the Dedicated Schools Grant (DSG), which funds all school-related responsibilities, including delegated budget shares. It is a ringfenced grant and should therefore be treated very similarly to High Needs and Housing Revenue Account in that it is not possible to move money freely between DSG and core council funding (the General Fund).

3.1.12 The amount currently allocated for 2023/24 shows an increase in the baseline figure of £31m to £534.4m. This is due to the following factors:

- Additional funding allocated due to the new school funding settlement of £18.8m
- An increase in High Needs Block funding estimated to be in the order of £7.4m
- An increase in the Local Authority early years funding rate of 26p per hour for 3 & 4 year olds and 13p per hour for vulnerable 2 years olds providing an estimated funding increase of £1.7m
- An overall net increase in the mainstream school pupil population and increases in the take up of early years funded places providing an estimated funding increase of £2.9m.

3.1.13 In summary, therefore, the change in DSG (before deductions for Academies and other direct funding of High Needs Places by the Education and Skills Funding Agency) shows:

	<b>£'000</b>
2022-23 base*	503,403
New funding settlement – NFF	28,011
Primary and Secondary schools – population	1,362
Universal 3 & 4 yr. old numbers	759
Working parents (3 & 4 yr. olds) numbers	824
Entitlement for 2 year olds	4
Other	219
Central School Services Historic Commitments Reduction	-183
Sub-total	<b>534,399</b>
High Needs deduction**	-6,366
National Non-Domestic Rates Deduction for Academies	-995
Total DSG Allocation (after High Needs deduction)	<b>527,038</b>

\* Original DSG baseline as at December 2021. Total DSG amounts change throughout the year based on academy conversion, high needs recoupment and import/export adjustments.

\*\*High Needs Recoupment as per the ESFA is currently £5.8m, but the final figure is not confirmed until a later date. NYCC internal calculations estimate the figure at £6.4m.

3.1.14 After the deductions for High Needs and NNDR, the DSG figure is revised to £527,038k. The final allocation is dependent on final early years' numbers and academy recoupment and therefore the total DSG will change throughout the financial year.

3.1.15 The Autumn 2022 Spending Review confirmed a net additional £2.0 billion funding increase for schools and high needs for the 2023/24 financial year, above the funding settlement announced in the 2021 Spending Review that year. Nationally, £1.6 billion of the additional funding has been allocated to schools via the Mainstream Schools Additional Grant and £400 million has been allocated as additional high needs funding within the Dedicated Schools Grant (DSG) High Needs Block allocations. The indicative additional funding allocations for the Council are £13.94m for the Mainstream Schools Additional Grant and £3.23m additional funding for high needs.

3.1.16 As in previous years, the DSG will be recalculated regularly throughout the year to take account of future Academy conversions, finalising High Needs and changes in Early Years numbers. For this reason, **it is recommended that the Executive agrees that the Corporate Director – Children and Young People's Service, in consultation with the Corporate Director, Strategic Resources and Executive Members for CYPS and Finance, are authorised to take the final and any subsequent decisions, as a result of continuing amendments to the DSG, on the allocation of the Schools Budget including High Needs, Early Years and the Central Schools Services Block.**

### High Needs

3.1.17 The financial pressure associated with the rise in the number of Education, Health and Care Plans (EHCPs) has resulted in a projected overspend of c.£0.5m in 2022/23. If confirmed, this will increase the accumulated deficit on High Needs from £9.6m to £10.1m by March 2023. The financial pressure is expected to continue in 2023/24 despite an estimated additional £4.2m in High Needs DSG funding and the £3.3m of additional funding announced in the Autumn budget statement.

3.1.18 Despite the additional funds announced by DfE, High Needs funding for North Yorkshire remains insufficient to meet the statutory obligations arising from legislative reform in 2014. The reforms extended the age range of children and young people supported from 0-18 up to 25 years old. It also increased parental expectations about the packages of support that could be delivered through EHCPs. Since 2014, there has been a 148% increase in the number of EHCPs and this trend is expected to continue in 2023/24 and beyond.

3.1.19 The Council is currently refreshing the Strategic Plan for SEND which will seek to deliver efficient and effective services across the county. Additionally, the Council is due to commence engagement in Tranche 3 of the DfE's Delivering Better Value in SEND programme from April 2023.

3.1.20 Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs Block funding allocations. In 2020, the government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authority DSG deficits could be separated from their wider accounts. The government has agreed an extension of the DSG statutory override for a further three years (up to end of March 2026) to provide time to work with local authorities to implement sustainable change, underpinned by (i) wider reform through the publication of the Department for Education's (DfE) SEND and AP Improvement Plan in early 2023, and (ii) Safety Valve and Delivering Better Value in SEND intervention programmes. The Statutory Instrument (SI): Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2022 came into force in December 2022.

3.1.21 Until this year the Council has sought to provide a matching fund to offset the deficit. However, given the sharp financial pressures in 2023/24 this approach has been paused for 2023/24 and this approach will need to be reviewed as we navigate our way through the more immediate financial pressures.

### **Home to School Transport**

3.1.22 In 2022/23 there are 190 transport days. The daily rate for transport has continued to rise during 2022/23 and as at November 2022 represented a cost increase of an additional 7.2%. This is, in part, due to a rapid increase in demand for transport for SEND pupils. In September 2022, there were 1,372 pupils receiving SEN transport which has increased 9.3% year-on-year. Contract pressures remain arising from inflationary pressure, fuel costs and driver shortages.

### **Pooled Budget**

3.1.23 This budget provides for the cost of caring for children with multiple vulnerabilities who often have care, education, and health-funded components in their care package. Whilst the overall number of children in these very expensive placements has remained broadly static, the level of need and cost of placements has continued to rise. Market failure and supply and demand pressures have added to price pressures in a tight provider market. Although growth provision has been made within the 2023/24 budget and MTFS, management action to address the cost pressures will be undertaken during 2023 to identify alternative accommodation and support options.

### **Disabled Children's Services**

3.1.24 Budget and MTFS provision of £1m has been made to address the immediate cost pressures facing the Disabled Children's Service arising from staff pressures and use of agency workers. During 2023, the CYPS Directorate will review service

delivery models within the social work assessment team and the Children's Resource Centres to ensure efficient deployment of resources. A review of contributions to funded care packages will also be undertaken in order to reduce the net budget requirement in the medium-term.

### **School Improvement**

- 3.1.25 In November 2021, the Department for Education undertook a consultation "Reforming how local authorities' school improvement functions are funded". The consultation proposed the full withdrawal of the LA School Improvement Monitoring & Brokering Grant by April 2023. This has now been confirmed and the full grant amount will be withdrawn for 2023/24. North Yorkshire received £843k of grant funding in 2021/22 which was used to fund statutory service provision for core school improvement activities for maintained secondary, primary, and special schools and PRS.
- 3.1.26 De-delegation applies only to LA-maintained schools and is the process by which schools can "hand-back" elements of funding should they choose to as the budget is technically initially delegated to schools. The Council consulted the North Yorkshire Schools Forum in November 2022 and agreed de-delegation of funding to address the full grant removal from April 2023.

### **Leisure**

- 3.1.28 The leisure service across North Yorkshire is currently a mixed economy model, with services provided in-house in Craven and Hambleton; outsourced to external providers in Richmondshire, Scarborough, Selby, and Ryedale, and via a local authority owned Teckal company in Harrogate. The diversity of provision makes budgeting more challenging with visibility of issues varying across the different types of provision.
- 3.1.29 However, what is clear is the leisure sector has been particularly impacted by events over recent years. Covid lockdowns have seen income severely impacted and as the country continues through recovery, demand has not returned to pre-Covid levels – a situation exacerbated by some local competition on gym memberships and of course the current cost of living crisis.
- 3.1.30 Staffing shortages are also impacting and whilst there are obvious vacancy savings, the lack of staff in critical areas such as swimming lessons, is putting further pressure on income generation. In addition, inflation on gas and electricity is driving significant cost rises across all facilities. A number of operators have also experienced service interruptions and closures as capital improvements have been made to facilities, e.g. carbon reduction schemes. This range of variables, and their interrelationships, make accurate financial estimating more challenging than normal.
- 3.1.31 The future scale and shape of services will be the subject of a strategic review early in the life of the new council but these income and cost pressures need to be

recognised in the budget for 23/24 if services are to continue in the meantime. In summary the following pressures have been included in the draft budget:

## **Planning**

- 3.1.32 Budget provision of £0.75m has been made to address the immediate cost pressures facing the Planning Service arising from challenges with recruitment of staff and backlogs of applications, both of which are requiring the use of agency staff at additional cost. This is a reduction on the additional budget requirement identified across the district councils in an earlier exercise in consolidating the new Council's planning budget when growth of c.£1.1m had initially been identified. The Planning Service will continue the drive to recruit to vacant posts, work to reduce the backlogs and review service delivery models to ensure efficient deployment of resources.
- 3.1.33 The proposed service budgets for 2023/24 are set out in **Appendix C**. It should be noted that these are draft allocations and further work will need to be undertaken to align the budget with the new organisational structure in 2023/24.

## **4.0 CORPORATE FINANCIAL ISSUES**

- 4.1 The following sections consider the key assumptions within the MTFS and their impact on the County Council's financial position over the next three years.

## **4.2 LOCAL GOVERNMENT FINANCE SETTLEMENT**

### **Provisional Settlement**

- 4.2.1 The 2023/24 Provisional Local Government Finance Settlement was announced by the Department of Levelling Up, Housing and Communities (DLUHC) on 19<sup>th</sup> December 2022. The key headlines of the announcement for NYC were as follows:
- The Government confirmed that the referendum principle will allow local authorities to raise basic Council Tax by up to 2.99% in 2023/24 and 2024/25;
  - The ability to levy an adult social care (ASC) precept has been further extended. Authorities can apply a precept of up to 2%.
  - As well as the roll forward of existing ASC funding, the provisional settlement confirmed a significant cash increase in funding for social care via three separate grant streams:
    - Funding for the ASC charging reforms will be re-purposed to fund ongoing pressures. The NYC share for 2023/24 is £11.97m.
    - An ASC Discharge fund of which the NYC allocation is £2.43m.
    - A ring-fenced grant "to support capacity and discharges" from which NYC will receive £4.03m in 2023/24.
  - Rural Services Delivery Grant remains unchanged in cash terms at £11.0m



- New Homes Bonus payments continue for at least a further year with the Council expected to receive £4.3m. Although the Government haven't yet confirmed the position for later years the MTFS assumes the same figure for 2024/25.
- Services grant has reduced to reflect the diversion of some funding and the clawback of enhanced employer National Insurance contributions. The NYC allocation will be £3.3m in 2023/24.
- The decision to freeze the business rates multiplier will be fully funded, but, from 2023-24 onwards, compensation to authorities for under-indexation will be paid based on the Consumer Price Index rather than the Retail Price Index.

## **Final Settlement Announcement**

- 4.2.2 At the time of writing it is still unclear when the Final Local Government Finance Settlement for 2023/24 will be announced although it is expected to be no later than early February 2023.
- 4.2.3 It is envisaged, as in previous years, that there will be little or no difference between the final and provisional settlements. However, there remains the possibility of late adjustments. Such adjustments are unlikely to have a recurring impact and it is therefore **recommended that any difference in overall funding is merely reflected in a transfer to / from the Strategic Capacity Unallocated Reserve so long as the value is no greater than £5m in 2023/24.**
- 4.2.4 Should the Recommendations in this report be compromised by any aspect of the Final Local Government Finance Settlement, then alternative recommendations would need to be formulated. Every attempt will be made to ensure that Members are advised of the implications of the Final Settlement and any proposed amendments on the part of the Executive.

## **4.3 COUNCIL TAX**

### **Tax Base**

- 4.3.1 The Tax Base figures for North Yorkshire for 2023/24 is itemised at **Appendix C** - the total for NYC is 243,033.59. This represents a provisional increase in tax base from the current year of 1.37%. Given the current economic situation, the future tax base assumptions on growth rate have been retained at 1% for the remainder of the MTFS cycle.

### **Council Tax Harmonisation**

4.3.2 The Local Government Finance Act 1992 requires local authorities to set a single basic ["Band D"] rate of Council Tax for their area. Where local authorities merge or unitarise this means setting a single level of Council Tax that applies across the whole local authority area. In the case of local government re-organisation the legislation allows for an extended period of up to eight years to achieve this harmonisation.

4.3.3 A members working group explored the options for harmonisation and concluded that the most appropriate option for North Yorkshire was a straight-line harmonisation over two years. This approach was approved by Executive on 18<sup>th</sup> October 2022 and then Full Council on 16<sup>th</sup> November 2022, subject to consultation. This means for 2023/24 the Band D rate will vary depending upon which former district or borough council area the Council Taxpayer resides in.

### **Band D Charge**

4.3.4 The provisional settlement confirmed the maximum allowable increase in the basic council tax rate (before triggering a referendum of residents) as 2.99%. In addition, the Government extended the option to levy a special precept for Adult Social Care (ASC) of up to 2%. In light of the exceptionally difficult financial environment for local government and the pressures outlined above the Executive is recommending an increase of 4.99% (2.99% general council tax and 2% for adult social care precept). Over the last decade, council tax has proven to be the most important source of council funding and once in the base it is secure unlike government grant and business rates.

4.3.5 A 4.99% increase in 2023/24 would raise the average Band D council tax by £83.64 per annum (or £6.97 per month). The calculation is set out at **Appendix D** and would result in an overall average Band D level of £1759.96 in 2023/24. Details of the individual area rates are also contained in this appendix.

4.3.6 It should be noted that the basic amount includes special expenses of £90,000 relating to the new charter trustee arrangements for Harrogate and Scarborough towns together with an historical arrangement whereby Ryedale district council undertake the management of street lighting in the areas of the former Malton and Norton Urban District Councils and Pickering Rural District Council. The special expenses must be included in the calculation of the Band D figure for referendum purposes but are a specific charge to the residents of the parishes concerned

4.3.7 Based on the Tax Base assumptions at **paragraph 4.3.1** and applying a 4.99% increase in the Band D charge in 2023/24, council tax income is forecast to rise to £427.7m in 2023/24 (including an additional £8.7m for Adult Social Care).

### **Alternatives**

4.3.8 The alternatives to the recommended 4.99% aggregate increase in Council Tax (i.e. 2.99% for general council tax plus 2% for adult social care precept) in 2023/24 would be to:

- i) set the aggregate Council Tax increase at somewhere between 0% and 4.99% - each additional or lesser 0.1% equates to + / - £427k. Any unused element of the social care precept would not be available to be applied in the Budget for 2024/25;
- ii) increase the aggregate Council Tax increase at more than the 4.99% referendum trigger which would require planning a second budget and incur the costs of undertaking a referendum (estimated to be £1m unless combined with an existing election by no later than the first Thursday in May of the year concerned).

### Proposed Council Tax 2023/24

4.3.9 In accordance with the proposed MTFs and 2023/24 Revenue Budget, the following Council Tax Requirement and Band D Council Tax Charge are proposed. More detail, including the specific area rates and other Council Tax Bands, is provided in **Appendix D**. A formal Council Tax Resolution Report will accompany this budget report at full Council on 22 February 2023.

COUNCIL TAX 2023/24	
	<b>4.99%</b>
Council Tax Requirement	£ 427,729,812
District Council Tax Base (equivalent number of Band D properties)	243,033.59
Basic Amount of Council Tax per Band D property	£ 1,759.96
Increase over 2022/23 (£ 1,676.32)	
£ increase	£ 83.64
% increase	4.99%
Of which:	
Adult Social Care Precept (2.00%)	£ 50.12
Council Tax Precept	£33.52

4.3.10 From the total council tax requirement in 2023/24, £379m relates to the basic amount of council tax and the remainder (£49m) is made up by the Adult Social Care Precept.

### Council Tax Premiums on Second Homes

4.3.11 On the 16<sup>th</sup> November 2022, Full Council approved, in principle, the introduction of a 100% premium on council tax for properties in North Yorkshire that are second homes. The issues were set out in the report to the Executive on 20 September 2022. This issue has been considered within the Council's consultation exercise and 79% of responses agreed with the proposals to introduce a 100 per cent

council tax premium for second home owners with 14% disagreeing (see **Section 6** for more detail).

- 4.3.12 The proposal is dependent upon the Levelling Up and Regeneration Bill receiving Royal Assent. The recommendation included in this report to introduce the second homes premium is therefore consistent with the previous decision of 20 September 2022; supported by the findings of the consultation with the public; and is dependent upon the Bill being progressed as currently drafted.

## **4.4 KEY SPENDING ASSUMPTIONS**

### **Inflation**

- 4.4.1 The last twelve months have seen a significant rise on the general rate of inflation (CPI) with CPI reaching 11.1% in October 2022. All eight former councils have seen inflationary pressures impact upon their respective budgets over the last 12 months, with a higher than budgeted pay award for local government staff, high energy costs and a number of contingency budgets being deployed to support pressures within adult social care. To demonstrate the impact, last year's aggregated MTFS assumed an additional £21m would be required for inflation in 2023/24 whilst this Budget report now provides for £66m.
- 4.4.2 Inflation has been applied consistently across most budget heads and a general rate of 10.1% has been used based on the increase in the Consumer Prices Index (CPI) in the year to September 2022. This national index does not necessarily reflect the local price pressures faced by local government but it is regarded as a reasonable general indicator.
- 4.4.3 Inflation provision has been reviewed and applied according to need on other more specific budget heads. This includes Highways (25%), Electricity (100%), Gas (100%), Fuel (26.5%) and Children and Adult Social Care (up to 10.24%).

### **Fees and Charges**

- 4.4.4 Following the adoption of the Fees and Charges Strategy, which was approved by Executive Members in November 2022, income budgets have been reviewed and updated in accordance with the strategy. Given the historically high levels of inflation that the UK is currently experiencing, a minimum inflationary increase of 6% was approved for 2023/24 budget setting. The default charging policy, which is set out at **Appendix E**, is full cost recovery and for those services following an alternative approach, a clear rationale has been provided:

**Car Parking** - car parking charges are frozen for 23/24. Car parking charges (and any increase) will be reviewed as part of an overarching parking strategy. Charging can be used, not just to generate income, but also influence/stimulate local visitor economies and also to encourage environmentally beneficial travel choices. The impact of this proposal is an

estimated loss of income of £437k which has been included in the draft budget as an income pressure.

**Commercial Property Rentals** – no increases are proposed from April 2023. Charges are subject to specific agreements and some are linked to market valuations. A review of charges will be undertaken during 23/24. The impact of this proposal is an estimated loss of income of £0.2m which has been included in the draft budget as an income pressure.

**Allotment Holders** – holders require 12 months notice of increases in charges. An increase of 2.85% has been previously agreed for 23/24. Notice will be given to holders to enable a 6% fee increase from 24/25. With only £16k generated from allotments in the Harrogate area the marginal impact is minimal.

**Harmonisation of Fees and Charges** – as a general approach the majority of fees and charges are not proposed for harmonisation for 23/24. Fees and charges will be considered as services are reviewed from vesting day onwards. There are some services however, where early harmonisation is considered important – green waste collection, taxi licensing fees, court costs and building control fees are under review but all will take into account the default 6% inflationary increase in income overall.

## **Pay and the Living Wage**

- 4.4.5 Pay award assumptions are included within the MTFS at 6% for 2023/24, 4% for 2024/25 and 3% for 2025/26.
- 4.4.6 The government have also confirmed the National Living Wage (NLW) will rise from £9.50 to £10.42 per hour from 1<sup>st</sup> April 2023, as recommended by the Low Pay Commission. As per the local government NJC pay award, the lowest spinal point 1 will be dis-established from the 1<sup>st</sup> April 2024. From the 1<sup>st</sup> April the new local government NJC pay spine starts at £10.60 an hour.
- 4.4.7 A number of factors, including the NLW have put further pressure in certain markets such as the care sector and has led to other measures being considered and funding approved as part of this budget

## **4.5 RESERVES AND BALANCES**

- 4.5.1 The Council uses reserves to manage spending and savings delivery over the longer term. As part of the initial budget process the various legacy council reserves have been collated to identify those earmarked for specific initiatives/projects, those that are restricted in use (for example s106 sums) and those that are effectively unallocated and available to help support the revenue budget and manage risk.

4.5.2 Reserves are crucial to sustainable financial management but money set aside must be appropriate to the risks facing the organisation and must support delivery of corporate objectives. At this stage a wholesale review of reserves for the new Council has not been undertaken but this will be done over the coming year as the Council's priorities are refined and on-going financial issues and pressures become clearer. In broad terms however, the following categories of reserve are identified:

- **Earmarked £285m** – these reserves help to manage financial risk, commitments and support improvement and investment within service directorates. £83m is earmarked as 'Strategic Capacity' (net of £18m MTFS shortfall), £28m is earmarked for Local Government re-organisation and £31m is categorised as 'Business Rates and Council Tax Equalisation Reserves' which contain funds to equalise annual movements in business rates income as well as funds to support revenue budgets, generally; and £10m is earmarked for self-insurance;
- **Restricted £78m** - some reserves are restricted in use due to legislative requirements or specific legal/funding agreements – examples include: ring-fenced Housing Revenue Account reserves (£24m); Community Infrastructure Levies/s106 sums for specific investments (£14m); capital receipts (£12m); and capital grants (£7m);
- **Unallocated £61m** forecast at 31 March 2023 of which **£53.5m of this held as General Fund Working Balances**. The General Fund Working Balance is the Council's funding of last resort. It provides the contingency to manage risk across the Council and is subject to a proposed minimum 10% policy requirement. The current balance is below this minimum level but there are other reserves which can mitigate in the short-term, pending a full review of reserves in 23/24.

4.5.3 All 8 legacy councils had on-going investment plans and a schedule of reserves is set out at **Appendix F** along with their planned movements based on current spending plans and the proposed budget/MTFS.

4.5.4 **Appendix G** sets out the proposed reserve policy and also includes a set of "good practice rules".

## 4.6 FINANCIAL OUTLOOK TO 2025/26

4.6.1 The MTFS included in this report includes up to 2025/26 in full. It should be noted, however, that only 2023/24 is based upon "firm" government announcements. The government has made some pronouncements about 2024/25 which are helpful for planning purposes and are included in the MTFS but the single biggest impact upon the Council's finances is likely to be the impact of inflation – i.e. what we need to increase our spending by to deliver the same level of service.

- 4.6.2 The future financial prognosis for local government therefore remains unclear beyond 2023/24 but the same may be said for the whole of the public sector and the private sector. The government has indicated that it expects councils to use its own reserves in order to bridge the deficits predicted in 2023/24. This Budget does that but the key challenge is to identify how that deficit is met when reserves are depleted. This Council, as explained earlier, has the advantage of being able to target unitarization savings so needs to grasp this advantage to cement financial stability in the midst of national and international uncertainty.
- 4.6.3 The Secretary of State for DLUHC has indicated that the next two years will, more or less, stick with the base funding position for each council. Whilst there is an admission that the current methodology of council funding is outdated, the current environment does not lend itself to introducing change. The prospect of the Fairer Funding Review has always been attractive to places like North Yorkshire but it now looks less likely that this will be introduced within the current parliamentary timetable, if at all. Financial planning cannot therefore be predicated on an improved distribution of government funding, regardless of the perceived inequities.
- 4.6.4 The single biggest area of spending for the Council remains adult social care. The government has delayed its proposed reforms to the cost cap but it has helpfully provided the earmarked funding to deal with some of the fundamental issues impacting upon social care. This area has been set out earlier in **Paras 3.1.2 to 3.1.7**. Should the government revisit the cap on care costs and other associated changes then this is likely to result in further significant costs for the Council. For the purposes of this Budget / MTFS it is assumed that any such implementation will be met by equal funding from government.
- 4.6.5 It should also be borne in mind that there remains a systemic shortfall in the Dedicated Schools Grant funding for SEND and demand is continuing to increase. The deficits are currently ringfenced as negative reserves but this remains an unsustainable approach. In parallel, there remains a shortfall on capital funding particularly for schools and a lack of availability of special schools provision given rising demand.
- 4.6.6 This year's proposed Budget relies upon Reserves to ensure a balanced position. The MTFS as set out in this report assumes that the funding gap will again be supported by the use of one-off Reserves pending implementation of a comprehensive savings programme. In the meantime, **para 2.6** illustrates that £30m of reserves are needed to balance the budget in 2023/24 alone and this could rise to £45m by the end of 2025/26 should no further savings be forthcoming. This would deplete Reserves and corrective action would be required prior to this position.
- 4.6.7 The recurring annual savings from establishing a unitary council for North Yorkshire were estimated to range from £31.9m to £68.5m. Given the scale of the financial deficit it is clear that savings will need to be towards the top-end of this range and

other savings will need to be found to supplement LGR inspired savings. It is very possible that many of the savings will be hard to attribute towards LGR or otherwise – the key requirement is that savings are identified and delivered regardless of the catalyst.

## 4.7 SAVINGS

### Savings Programme

4.7.1 The previous Medium Term Financial Strategies of the individual authorities included some savings plans for future years. These plans have been reviewed and although a lot of resource is being focused on transitioning to the new council, there has been some new savings captured, including some early LGR savings linked to transition. The table below sets out the savings for the new council.

Directorate Savings	23/24 £m	24/25 £m	25/26 £m	Ongoing £m
Children and Young People's Services	0.4	3.0	2.3	5.7
Environment Services	1.6	1.4	-	3.0
Central Services /Corporate Savings	7.1	-	-	7.1
Health and Adult Services	1.3	1.3	0.3	2.9
Community Development Services	1.1	-	-	1.1
LGR Savings	3.2	-	-	3.2
Shortfall	30.4	-1.2	16.2	45.4
<b>Total</b>	<b>45.1</b>	<b>4.5</b>	<b>18.8</b>	<b>68.4</b>

## 4.8 INVESTMENTS

4.8.1 Given the scale of the financial challenge and the need for reserves to bolster the revenue budget there is very limited scope for investments. There are two areas, however, where additional funding has been proposed:

### Members Locality Budgets

4.8.2 Provision has been made for the life of the MTFS for a £10k annual Member Locality Budget. This was in place for NYCC Members previously and Craven DC also had a similar scheme. This Budget now provides for all 90 Councillors to access £10k per annum on an on-going basis subject to the rules of the scheme.

### Area Constituency Committees (ACCs)

4.8.3 An annual sum of £50k has been provided for each ACC. This is to allow ACCs to commission works they feel appropriate to their local areas. This may, for example, involve a feasibility study for transport / regeneration which means the Council is then well placed to attract funding (external or core funding).

4.8.4 Previous investments made as the County Council continue to exist:

- environmental schemes to target net zero for the Council (balance currently standing at £518k)



- LGR Transition Reserve to fund the one-off work to deliver the unitary NYC and the associated savings / benefits (balance currently standing at £21.1m).

4.8.5 There are no other proposed investments set out in this Budget / MTFS. Future investment decisions will be able to be made once there is greater certainty about the medium term financial position, including confidence about the deliverability of key savings initiatives.

## 5.0 REVENUE BUDGET POSITION IN 2023/24

5.1 A summary of the 2023/24 revenue service budget set out below with further detail (including initial forecast MTFS assumptions through to 2025/26 in **Appendix G**).

REVENUE BUDGET AT DIRECTORATE LEVEL			
BUDGET REQUIREMENT	2022/23 Budget/ MTFS £ '000	Changes	2023/24 Budget/ MTFS £ '000
<b>Directorate Net Budgets</b>			
Environmental Services	93,928	10,345	104,273
Children & Young People Services	90,725	17,106	107,831
Community Development Services	30,580	8,896	39,476
Health and Adult Services	199,170	30,951	230,921
Central Services	151,549	10,617	166,166
Corporate Miscellaneous	16,599	-25,362	-8,763
<b>Net Expenditure</b>	<b>583,351</b>	<b>52,553</b>	<b>635,903</b>

5.2 The 2023/24 Services revenue budget is balanced by a contribution from reserves, as detailed in paragraph 4.5.10.

5.3 An analysis of the 2023/24 Revenue Budget at Directorate level is attached at **Appendix C**.

## 6.0 CONSULTATION

### Partners

6.1 There have been unprecedented levels of consultation with the public, partners, businesses and communities over the last 12 months principally as a result of LGR. These include:

**Health partners** – The creation of the Humber and North Yorkshire Health and Care Partnership has provided further opportunity for the Council and health partners to work together on areas of common interest such as health and social care workforce, the social care market, complex care and wider health and wellbeing needs of residents.

**Business** – significant engagement has take place with the business sector over the least year particularly as part of the consultation on devolution. This builds upon

the strengthening relationship with local businesses through the Covid pandemic alongside the on-going relationship with a number of SMEs, the Federation for Small Business, Chamber of Commerce and the York & North Yorkshire LEP.

**Voluntary & Community Sector (VCS)** – the last three years has seen strengthened arrangements between the County Council, the seven district councils and the VCS as the VCS was at the forefront of the community responses to covid and the cost of living crisis. This was building on the strong foundations of the Stronger Communities Programme and a mature and well established network of relations that will continue to help shape priorities and plans. Future priorities across a range of issues of shared interest were explored in detail at the Wider Partnership Conference in September 2022 and through the Thriving Communities Partnership. In addition two well-attended webinars were held relating to LGR.

**Town and parish councils** – four well-attended webinars have been held with Town and Parish Councils building upon the earlier areas of engagement relating to LGR. A joint working group has also developed a revised Parish Charter.

**LGR** – following the decision by Government to undertake LGR a wide range of stakeholders including local residents have continued to be engaged through regular briefings and eight webinars, which have provided an opportunity to better understand the priorities of all stakeholders.

- 6.2 The engagement as described above means that the Council feels well placed to understand the priorities of a range of partners as it seeks to bring together the Council Plan and the Budget.

### **General Public**

- 6.3 Let's Talk Money was launched on 31 October 2022 and ran until 23 December 2022. The survey included questions on spending, council tax, people's priorities and the impact of the cost of living crisis. The survey was hosted on 'Commonplace', our digital engagement platform. It was run alongside the Let's Talk Local campaign for which there were engagement events across the county and at which the survey was also promoted. The work was supported by a marketing campaign using owned, earned and paid for print, digital, broadcast and social media channels, directing people to the platform. Hard copies and alternative formats were available on request.
- 6.4 2,654 valid responses to the survey were received. Responses were received from people who live and work within all districts across North Yorkshire, although people from Harrogate were over represented in the responses as where people aged 50-64.
- 6.5 The survey asked people to allocate a budget of £100,000 across 12 council services. The top ranked services, based on the services which people allocated most budget to, were:
- Education – average allocation of 15% of the budget

- Adult social care– average allocation of 15% of the budget
  - Highways and transport– average allocation of 12% of the budget
  - Children’s social care– average allocation of 11% of the budget
- 6.6 More than three-quarters of responses (79%) agreed with the proposals to introduce a 100 per cent council tax premium for second home owners.
- 6.7 People were asked what they thought about how the new council plans to make council tax rates the same for all of North Yorkshire across two years. Around half the responses (51%) supported the approach of harmonising council tax rates over two years, around one-in-five (21%) thought it should happen sooner and a similar proportion (19%) thought it should take longer. However, results varied across districts. People in Harrogate and Richmondshire, who will see a reduction in their bills, were much more likely to agree that this should happen over two years (60% of responses in both districts). Scarborough people were much more likely to say it should happen sooner than two years (33% of responses). A higher proportion of people in Hambleton, Craven and Selby felt that this process should take longer than two years (Hambleton 31%, Craven 23%, Selby 22%) and a higher proportion said other (Hambleton 17%, Craven 18%, Selby 15%).
- 6.8 People were asked how much would they would be willing to increase council tax by to help deliver critical services across North Yorkshire on a scale of 0% to 5+%. A quarter of responses (25%) in the survey stated that they would be willing to pay a 2% increase in council tax to help deliver critical services across North Yorkshire. A further 22% would support a 1% increase and 15% a 3% increase. Around one-in-five responses (18%) would not support an increase of any amount.
- 6.9 In addition, people were asked how much extra they would be willing to pay to fund the demand for adult social care services across North Yorkshire on a scale of 0% to 5+%. A third of responses (33%) would be willing to pay a 1% increase in council tax to fund adult social care services. A further 20% would support a 2%. Around one-in-five (22%) would not support an increase of any amount.
- 6.10 Further detail, including feedback on comments received and questions on the cost of living crisis can be found in Appendix

### **Members Involvement**

- 6.11 A number of Member’s Seminars have been carried out (or are due to be) during the year to include the Budget and MTFS in the run up to consideration of the Budget at County Council on 22 February 2023. These include:-
- |                 |  |
|-----------------|--|
| 7 December 2022 | Update on Autumn Statement and latest projected Revenue Budget position  |
| 4 January 2023  | Update on Budget / MTFS including Provisional Local Government Finance Settlement followed by sessions to discuss directorate financial issues |

5 – 16 Jan 2023      Updates at all 6 Area Constituency Committees with discussion on possible local financial impacts

1 Feb 2023              Update on Budget/ MTFS following the Executive recommendations from 24 January 2023

- 6.12 In addition there was a Members' Working Group which considered the issue of council tax harmonisation and met three times culminating in a report to the Executive on 18 October 2022 with subsequent recommendations.

## **Overview and Scrutiny and the Budget / MTFS**

- 6.13 The Council's five thematic overview and scrutiny committees undertake regular scrutiny of policies and strategies that have significant budgetary implications. The committees also have ongoing dialogue with Corporate Directors, Portfolio Holders, Spokespeople and partners about departmental and service finances, budgetary pressures and what action is being taken to address them.
- 6.14 At the meeting of the County Council on 20 July 2022, the Transition (Local Government Reorganisation (LGR)) overview and scrutiny committee was constituted for the period July 2022 to March 2023. The role of the committee is to scrutinise significant decisions made by the Executive regarding the creation of the new unitary authority.
- 6.15 As part of the engagement of all members in the development of policies and approaches relating to the new unitary council, 7 member working groups were established. Whilst these were private meetings and not part of a formal scrutiny process, they did enable members to review proposals ahead of them going to the Executive, the Member Working Group on the Constitution and formal scrutiny. The working groups typically met 3 times each over the period August to October 2022.
- 6.16 The formal scrutiny of the budgets for Children and Young People's Services and Health and Adult Services is now well established and was undertaken throughout 2022 by the Young People's Overview and Scrutiny Committee and the Care and Independence Overview and Scrutiny Committee. This was in response to known demand and cost pressures being faced by services.

### Corporate and Partnerships Overview and Scrutiny Committee

- 6.17 Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:
- The development of the Customer Portal as the first point of access to some Council services and the progress being made with the channel shift to online services
  - The management of the Council's property portfolio, the impact of inflationary pressures and the potential for future savings following the creation of the new unitary council

- The contribution that volunteers make to the Council and the delivery of key aspects of some services
- Workforce data and statistics, including vacancy levels and its impact upon service delivery
- An analysis of insurance claims, including trend data and how risks are managed
- The delivery of the Council Plan and progress against key objectives and performance indicators.

#### Care and Independence Overview and Scrutiny Committee

6.18 Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- Financial pressures and the departmental budget position, taking into account increasing demand for services, the impact of inflation and adult social care charging reforms
- The Local Account for North Yorkshire Health and Adult Services, which details how services have supported people across the county, how public money has been invested, and what the aims are for the following year
- The care market and the cost and availability of care placements.

#### Young Peoples Overview and Scrutiny Committee

6.19 Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- Children and Young Peoples Services department financial position, taking into account increasing demand for services, the impact of inflation and the cost of living crisis
- School finances and the actions undertaken to support schools in financial difficulty
- The financial pressures arising from an increasing number of children with Education Health and Care plans in schools.

#### Transport, Economy and Environment Overview and Scrutiny Committee

6.20 Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:

- The management of waste and recycling and the performance of the Allerton Waste Recovery Park
- The performance of NY Highways
- North Yorkshire Local Flood Risk Management Strategy and the work underway to prevent and/or reduce the impact of flooding
- The Council's climate change strategy and the work underway to meet carbon reduction targets
- An update from Highways England on the maintenance and improvement of strategic road routes and networks.

### Scrutiny of Health Committee

- 6.21 The Scrutiny of Health Committee has also undertaken key aspects of overview and scrutiny work looking at changes to health service commissioning and provision in the county, which in turn impacts upon a range of services provided by the Council, particularly adult social care. This has included:
- The development of Integrated Care Systems and Partnerships and what this means for the commissioning and provision of health and social care services in the county
  - A review of CQC reports and follow up on improvement action plans for York and Scarborough Hospitals and the Tees Esk and Wear Valleys NHS Foundation Trust
  - An update on the maintenance of Airedale Hospital and progress with the proposed build of a new hospital on the site.

### Transition (LGR) Overview and Scrutiny Committee

- 6.22 Some of the areas that the committee has reviewed that have a significant budgetary implication are as below:
- The proposed countywide Strategic Leisure Services Review and the proposals for leisure services in Selby
  - Proposals for Council Tax harmonisation
  - Customer services in the new unitary council
  - An update on the HR matters relating to the transition from 8 local authorities to 1
  - The consultation on the draft Hackney Carriage and Private Hire Licensing Policy
  - Economic development and tourism and the support for small and medium enterprises in the new unitary council.

### Scrutiny Board

- 6.23 Scrutiny Board brings together the Chairs of the six overview and scrutiny committees at the Council and the Older Peoples' and Young People's Champions. It provides an opportunity for a whole council view of scrutiny activity, which avoids gaps and overlaps and helps establish a lead committee for areas of joint interest.
- 6.24 Scrutiny Board has formally reviewed the quarterly Performance and Budget Management report and attended the meetings of the Executive to raise queries and/or issues of concern.

### Member working groups

- 6.25 Some of the areas that the working groups have reviewed that have a significant budgetary implication are as below:

- Council Tax Harmonisation
- Planning and licensing functions/decision making in the new unitary council
- Support for members in their division based work
- The role and remit of the Area Constituency Committees
- Waste collection and disposal
- Parish and Town councils and double devolution
- Customer services and the approach to 'one front door' for the new unitary council.

6.26 In addition, the six Area Constituency Committees reviewed the Council's annual budget proposals at their January 2023 round of formal, public committee meetings.

## **7.0 LEGAL IMPLICATIONS**

### **General Legal Duties in respect of Budget**

- 7.1 The legal duties upon the Council to calculate the budget, consider savings proposals, calculate council tax requirement and the amount of council tax are set out in the report and in the remainder of this section.
- 7.2 The Council has statutory duties to set a balanced budget pursuant to section 31 (A) Local Government Finance Act 1992. Section 151 Local Government Act 1972 requires a suitably qualified named officer to keep control of the Council's finances. It is a legal requirement that the Chief Finance Officer, our Corporate Director Strategic Resources, has to report to Full Council on the robustness of the estimates provided and the adequacy of financial reserves allowed in the budget in accordance with Section 25 Local Government Act 2003. The estimates must be sufficient to cover any regular recurring costs, accounting for any reasonable risks and uncertainties, and in the event of unexpected expenditure there are adequate reserves to draw upon.

## **7.3 Further General Legal Implications**

### **Equality Implications**

- 7.3.1 The Council must demonstrate that it pays due regard in developing its budget and policies and in its decision-making process to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their activities with regard to the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. This includes taking account of the additional compounding factors such as the rural nature of the county and the cumulative impact of proposals on groups with protected characteristics across the range of services. The impact of proposals and decisions on the Council's activities as a service provider and an employer must be considered.

- 7.3.2 At the earliest possible opportunity, significant proposed changes in service provision and budget are considered to identify whether there are likely to be any equality implications.
- 7.3.3 If potential equality implications are identified, the Council follows an Equality Impact Assessment (EIA) process to enable the collection of data and analysis of impacts and to try to reduce and mitigate any impact. EIAs are developed alongside savings proposals, with equalities considerations worked into the proposals from the beginning.
- 7.3.4 If a draft EIA suggests that the proposed changes are likely to result in adverse impacts, further detailed investigation and consultations are undertaken as the detailed proposals are developed. Proposed changes will only be implemented after due regard to the implications has been paid in both the development process and the formal decision-making process.
- 7.3.5 Where the potential for adverse impact is identified in an EIA, services will seek to mitigate this so far as it is possible to do so in a number of ways including developing new models of service delivery, partnership working and by helping people to develop a greater degree of independent living.
- 7.3.6 The Council has also carried out a high-level equality assessment to highlight which protected groups may be affected by the budget proposals in 2023/24, identify any emerging themes and cumulative impacts, and consider them within evidence gathering and more detailed EIAs. The high-level equality assessment can be found at **Appendix J**. Members are required to read the individual EIAs to inform their decision making and ensure legal compliance with the public sector equality duty under the Equality Act 2010. There must be conscientious consideration by Members, as decision makers, of the impact upon the proposals on the relevant groups. This duty cannot simply be discharged by officers and due regard must be paid by Members.
- 7.3.7 Pursuant to Section 149 Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - (b) advance equality of opportunity between person who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

## **7.4 Overview**

- 7.4.1 This section provides an overview of equality issues associated with the new unitary Council's budget proposals for 2023/24. It summarises potential equality impacts identified in relation to the budget, and the steps taken to minimise any potentially adverse impact on protected groups during the development of the budget.
- 7.4.2 Individual equality impact assessments have been carried out for specific proposals identified as having potential equality implications.



7.4.3 The establishment of the single unitary council for North Yorkshire means that savings for 2023/24 are concentrated on increased efficiency and the reduction of duplication. There will be fewer councillors, reducing the cost of local democracy while also providing a clearer, stronger and more accountable political voice for our county. Consolidating eight local authorities into a single organisation is also enabling significant immediate and ongoing savings to be made from the rationalisation of senior management posts. Further savings are being made through managing vacant posts.

## **7.5 Information used to analyse the effects on equality**

7.5.1 This assessment is based on a process of consultation and equality impact assessment built into the Council's overall budget development process. This has included:

- Equality impact assessments (EIAs) for specific budget proposals where a potential equality impact has been identified
- On-going discussions between colleagues, partners and Executive councillors
- Additional consideration of cumulative equality and wider community impact of the proposals
- Responses to public consultation through a number of channels, including our comprehensive Let's Talk engagement programme which was launched in September 2022. This programme is designed to help to shape priorities for vital services for everyone across the county through face-to-face events and use of our digital engagement platform.

7.5.2 Statistical information and research such as demographic data have been referenced where appropriate. Other information has informed equality impact assessments for specific proposals where appropriate.

## **7.6 Summary of impact**

7.6.1 Funding provided by central government to local authorities to deliver services has been reduced significantly in recent years. The COVID-19 pandemic and current cost of living rises have only exacerbated this and we know that the long term financial position remains uncertain and difficult.

7.6.2 However, moving to unitary status, combined with an ambitious transformation programme, will enable the new council to refocus its operating model around its key priorities and outcomes, redesigning its interactions with customers and partners and front and back-office functions. This will provide initial savings in the cost of democracy and senior management and there will be opportunities for further efficiency savings going forward such as Property Rationalisation and the implementation of New Ways of Working that align to the new authority's implementation of Modern Council Principles. The rationalisation will result in the transformation of the Councils property portfolio to achieve an annual reduction of £1.5 million. We will remain focused on maintaining a strong financial grip on delivering further financial savings and income growth.

7.6.3 The Council are aware that raising council tax may have an adverse impact upon household budgets particularly for those of working age with protected characteristics e.g. disability and sex, and especially during the current cost of living crisis. In the current financial climate, however, a lower council tax increase would require greater

cuts to frontline services. The likely impact may be higher where the households are reliant upon social security benefits. More details of how protected characteristics may be affected are included in **Appendix J**.

- 7.6.4 North Yorkshire Council is proposing to recommend to Executive and if they agree recommend to Full Council to take up the government's offer to raise an additional social care precept. This can only be used to fund extra costs of adult social care. Without this precept, the Council would have to find additional savings as demand for adult social care is increasing and the costs of care packages are increasing.
- 7.6.5 There is a legal requirement to harmonise council tax base level across the county and, to get the right balance of fairness for everyone, the recommendation is that council tax levels are made the same over a period of two financial years starting from 1 April 2023. This avoids the sharp and sudden increase that would happen by making council tax the same in a single year, but means that people are paying the same amount for the same services more quickly than they otherwise might. For people in some areas this will mean an increase in their council tax bill and for others it will mean they pay less.
- 7.6.6 Some potential adverse impact may occur as supporting vulnerable adults is a very high cost to the Council and more and more people require the Council's support. Around a quarter of the county's adult population is over the age of 65. This is considerably higher than the national percentage of 18.6%. Every year the population of older people increases, and with it the demand for the care and support which the council provides. By 2035, 32.60% of North Yorkshire's total population will be aged 65+ and 5.97% will be aged 85+. (Nationally 23.26% will be 65+ and 4.05% will be 85+ by 2035).
- 7.6.7 The rurality and sparsity of population in some parts of the county also present challenges for the council in provision of services.
- 7.6.8 The council needs to make savings and proposes to seek this school improvement element of the locality board funding from other sources including DfE, through the investment areas, and consideration of using delegated funds agreed by North Yorkshire Schools Forum as well as the Early Years Block. The council intends to ensure that all funding for school improvement is supported by evidence informed and effective actions.
- 7.6.9 **Among the efficiency savings are:**
- reducing the costs of democracy through having fewer councillors as a unitary authority
  - reducing our management costs through having fewer senior managers, therefore saving on salaries and on-costs
  - vacancy management
  - rationalisation of the property portfolio
- 7.6.10 There are no additional frontline savings planned for this budget year, although, in future years, savings are anticipated from the transformation of services across the council.
- 7.6.11 Overall impacts for the protected groups relating to savings proposals are summarised in **Appendix J**.

## **7.7 Summary of overall action to decrease adverse impact or increase positive impact**

7.7.1 Various programmes have been implemented to increase resilience in the communities of North Yorkshire and reduce demand on services. These should help mitigate the effects of service reduction, particularly on those with protected characteristics.

7.7.2 Our Stronger Communities team has been set up specifically to support communities to help themselves and to take on a greater role in the provision of services. This is particularly in the areas of community libraries, community transport, activities for young people, children and families, and support for older and more vulnerable people to remain involved and active within their community.

### **7.7.3 Community Support - Covid19 Recovery**

Stronger Communities will continue to work with the network of 23 Community Support Organisations (CSOs) until March 2023, to evolve the local community support offer developed as part of the place-based response to the Covid pandemic. Although Covid response has now been scaled back as individuals and communities focus on recovery activities, it is acknowledged that as we move into winter, there will be broader community resilience challenges such as cost of living and winter pressures. CSOs will therefore continue to work in partnership with NYCC to act as a place-based single point of contact for locally based support, in collaboration with their volunteers, partners and networks.

7.7.4 As well as pandemic recovery, the Stronger Communities programme continues to lead a number of other work areas including:

Holiday Activities and Food (HAF) Programme: The Stronger Communities programme continues to lead on the delivery of HAF, in partnership with Children and Young People's Service (CYPS) and the voluntary and community sector. Coordination of the programme is being undertaken by North Yorkshire Together who in conjunction with locally placed clubs and community organisations, deliver a range of enriching activities over holiday periods (excluding half terms). Since the Programme's inception, 17,105 primary aged children and 5,529 secondary aged children have benefitted from a mix of free activity club places and activity packs. Provision has also been made for paid for places, with 12,361 primary aged children and 698 secondary aged children accessing over the lifetime of the programme.

Household Support Fund: Work continued to distribute North Yorkshire County Council's allocations of Household Support Fund in 2021/22. The Department for Work and Pensions (DWP) funded programme aims to support those most in need with significantly rising living costs. In line with the expenditure guidelines of each phase, eligibility frameworks have been developed in partnership with the seven District and Borough Councils, to provide a mixture of targeted and universal support for households in need. A total of 59,647 households have been supported since the scheme's inception in October 2021, with a further 40,000 anticipated to be supported this winter.

Local Food Support: Work continues on the collaborative insight work with City of York Council to better understand the food insecurity landscape in the region. The

work will evaluate the range of support services that were established during the pandemic and explore potential opportunities for future service provision.

In addition to the Food for the Future programme launched in Autumn 2021, additional grants have also awarded to food banks and / or organisations that supply food to those in need through the three rounds of Household Support Fund (October 2021 – March 2022, April 2022 – September 2022 and October 2022 – March 2023). Across all three phases of Household Support Fund, 44 grant awards have been made, totalling £465,000 to bolster the capacity of the free food infrastructure across the County.

Suicide Prevention: Stronger Communities has administered a range of NHS mental health grants since 2019/20 including grassroots suicide prevention, self-harm co-design project and postvention support (activities which reduce risk and promote healing after a suicide death). In 2020/21, the programme was asked to manage the entire budget for the Humber Coast & Vale ICS geographic footprint as well as Harrogate and Craven; the grants programme was subsequently launched in September 2021.

Since 2019/20, Stronger Communities has managed a total investment of £313,988 across 6 NHS mental health grant programmes for suicide prevention work in the County as well as on behalf of colleagues in Darlington and also Humber, Coast and Vale geographical patches.

Across these investments 56 unique VCSEs / community organisations have received awards to deliver services / interventions at community level from grassroots suicide prevention, self-harm co-design project and postvention support.

The aim of these programmes is to provide funding across various areas to support an overall national 10% reduction in suicide rate. Our outcomes include;

- Reducing stigma and discrimination
- Developing mentally healthy communities and workplaces
- Reducing loneliness and social and emotional isolation
- Reducing suicides.

Reboot North Yorkshire: A collaborative project led by the County Council was formed in 2021 to address digital inequalities and to increase digital inclusion by getting as many people online as possible. Work on Reboot North Yorkshire continued to progress in 2022 with a particular focus on encouraging the public and small businesses to consider donating their surplus or unwanted devices to Reboot NY before disposing of them. The number of organisations and services referring their clients into the scheme has increased and 627 devices and 133 SIM cards have been gifted to socially isolated individuals or those in need since the scheme started.

Cost-of-living support: In conjunction with internal and external partners, the cost-of-living support page on the NYCC website has been updated and reconfigured to provide as comprehensive a picture as possible. This encompasses links to national schemes but also to more local sources of information, encompassing help available at District and Borough Council level with details of housing costs, rent and council tax support and how to access local Community Support

Organisations (CSOs) for advice and guidance. This will continue to be updated over the winter as new offers of support and / or initiatives become available.

A Cost-of-living media and communications campaign with a range of key messages each week will be delivered over the winter focussing on support for children and families, food insecurity, advice on money, free Wi-fi and digital, transport, energy saving and support for voluntary and community groups delivering cost-of-living support activity.

7.7.5 Also, as part of the wider prevention service, our Living Well Coordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals. Team members provide help with practical and emotional issues. Since 2019 the service has supported over 13000 people. For the year 2021/22 the majority of people being supported are those that are physically frail or have another vulnerability (52%) with 19% needing mental health support and 91% of people receiving Living Well support said that they would definitely recommend the service to others.

7.7.6 Through our Extra Care programme we are providing homes where people can live independently, but with care on hand when they need it. We also support people with the skills and equipment they need to live independently. As shown above, and based on the evidence of the period 2011-2023, Extra Care does represent a positive change in provision, both in terms of outcomes for people and financially for individuals and NYCC. Future provision will follow this model and as such impacts are expected to be in line with those already established.

7.7.7 The North Yorkshire Local Assistance Fund (NYLAF) is a fund providing practical support for vulnerable people, for example those fleeing domestic abuse, or those with complex mental health issues and individuals who might have recently experienced a crisis and need a few basic essential items to help them cope. Awards are goods made in kind and do not have to be repaid. The Fund is to be used when other forms of support have been exhausted.

Since October 2021, NYLAF has temporarily increased award entitlement for emergency provision. Eligible applicants are now able to apply for up to four awards of emergency food and/or utility vouchers. The fund received additional funding in 21/22 to make sure people who might be struggling and feeling the financial pressures of paying their bills over winter get additional help.

Beyond the direct voucher awards and emergency items, NYLAF operates the fund using Authorised Agents – who are frontline charities, or council teams and services that offer more in depth short or long-term specialist support.

Last year, NYLAF received 8,343 applications. 89% of these applications were approved with 13,370 individual items provided.

7.7.8 The Council commissions practical and strategic support to voluntary and community organisations and volunteering from Community First Yorkshire. This helps support the needs of the wider voluntary and community sector, much of which provides support and prevention services for vulnerable members of our communities.

- 7.7.9 In 2019 the County Council established an independent Rural Commission to investigate the challenges to our most rural communities and explore opportunities for them to grow and prosper. The Rural Commission's final report, including 57 recommendations, was published in July 2021. The work of the Commission provided a new evidence base for making North Yorkshire's case to the Government for increased support for our rural communities. At the recommendation of the Rural Commission, North Yorkshire Rural Taskforce was assembled in October 2021, to take forward the vision of the Commission and support delivery of the recommendations.

The Taskforce is chaired by the Chief Executive of the County Council and includes 15 core members from major rural partners and stakeholders across the County. The Taskforce meets quarterly to share progress on actions and activities across the seven key policy themes identified by the original Commission. Despite a challenging national backdrop, the Taskforce has responded successfully to its task and has built momentum. A report to the County Council's Executive in November 2022 recommended that the new North Yorkshire Council should embed the work of the Taskforce within its organisational structures and play an enhanced role in tackling long-standing and deep-rooted rural challenges. The report to the County Council's Executive also noted that rural challenges in North Yorkshire cannot be separated out from the national context and the development and direction of national Government policy. The report recommended that the Council should continue to lobby the national Government on the need for it to recognise the distinctive challenges experienced by rural communities and place the rural dimension and rural problems at the heart of the national policy framework.

## **7.8 Protected characteristics**

- 7.8.1 **Appendix J** is a summary based on findings of EIAs carried out for specific proposals. It provides background information about the profile of the county and notes other factors likely to affect specific sections of the community. It then highlights any anticipated adverse (12.6% of total impacts) or mixed impact (0% of total impacts) for each group and notes steps taken to minimise impact. Where proposals are not specifically referenced, impacts are anticipated to be positive (23.4% of total impacts) or neutral (64% of total impacts). (NB. Percentages are rounded so may not add up to 100).
- 7.8.2 A number of other projects are also being progressed which aim to increase efficiency and improve customer experience. These projects are not intended to make cash savings in 2023/24 and therefore are not included in the information provided in **Appendix J**.
- 7.8.3 Specific details of how individual proposals have been adjusted to minimise impact and promote equality are set out in the EIAs for individual proposals which can be found at Equalities assessment and consultation | North Yorkshire County
- 7.8.4 **Members are required to read the individual EIAs to inform their decision-making and ensure legal compliance with the public sector equality duty under the Equality Act 2010.**

## **8.0 Other Statutory Requirements Relating to Budget Setting**

## Local Government Act 2003 - Section 25

- 8.1 Under the terms of Section 25 of the Local Government Act 2003 the s.151 Officer is required to report to the Council on two specific matters:-

**the robustness of the estimates** included in the Budget, and  
**the adequacy of the reserves** for which the Budget provides

- 8.2 The Council then has a statutory duty to have regard to this report from the Section 151 Officer when making its decision about the proposed Budget and Precept (see **paragraph 8.12** below for the Section 25 opinion of the Section 151 Officer).

### Robustness of the estimates

- 8.3 The Corporate Director, Strategic Resources, as Section 151 Officer, has undertaken a high level assessment of the Council's anticipated potential financial risks in 2023/24 (**Appendix K**) and the subsequent period up to 2025/26 as far as that is possible, including:
- the realism of the Revenue Budget 2023/24 estimates for
    - price increases and general levels of inflation
    - fees / charges income
    - changes to specific grants and / or changes to their eligibility requirements
    - provision for demand and supply chain pressures within services
    - pump priming sufficient LGR transitional costs
    - likely impacts of aggregation of services across the eight NY councils
    - the financing costs arising from the Capital Plan.
    - the impact of current and forecast interest rates on the expected returns from investment of cash balances
    - the probability of achieving the savings targets during the MTFS period
    - and the likelihood of being able to deliver further necessary savings without dangerous levels of depletion of Reserves / Balances
  - the realism of the Capital Plan estimates in light of
    - the potential for slippage and underspending of the Capital Plan
    - the risks of overspends due to inflation and / or contractor distress
    - the possible non-achievement of capital receipts targets and its implications for the funding of the Capital Plan
  - financial management arrangements including
    - the history over recent years of financial management performance across the eight predecessor councils including delivery / non-delivery of savings programme
    - the impact on current financial management arrangements of the budget savings required on management within services, and in finance and related functions across the Council, whilst at the same time retaining a capability to help achieve the necessary saving targets across the Council as a whole

- the need to continue to be able to respond to Covid or other similar scenarios whilst retaining existing services and implementing new arrangements as part of the new unitary North Yorkshire Council
- potential losses, including
  - claims against the Council
  - bad debts or failure to collect income
  - major emergencies or disasters
  - contingent or other potential future liabilities

8.4 An assessment has also been made of the ability of the Council to offset the costs of such potential risks. The MTFS therefore reflects:

- the provision of a contingency fund in the Corporate Miscellaneous budget
- specific provisions in the accounts and in earmarked reserves
- a commitment to maintain the level of the General Working Balance at its policy target level of £62m.
- a Local Taxation Equalisation reserve to smooth surpluses and deficits from billing authorities' Collection Funds.
- A recurring Corporate Risk Contingency of £6m to provide for service growth and / or non-delivery of savings as a direct or indirect result of Covid
- A reserve to fund LGR Transitional Costs
- comprehensive insurance arrangements using a mixture of self-funding and external top-up cover

8.5 It is inevitable that the first cut of a new Council Budget / MTFS will be imperfect and that better information will be ascertained once the new Council is in existence. Estimates used in the Budget for 2023/24 are therefore based on pragmatic assumptions, taking into account:

- future pay and price increases across services
- anticipated levels of both specific and general grants
- the impact of the economic situation on future interest rates, the Council Tax tax base, District Council Collection Fund surpluses and deficits, and the future levels of Business Rates collected in North Yorkshire
- policies and priorities as expressed in the Council Plan and associated Service Plans
- best estimates of continuing funding streams for services
- commitments in terms of demand for services

8.6 Budget monitoring will continue to be carried out on a regular basis and reported, alongside other key performance information, to the Executive on a quarterly basis. Given the newness of the Council it is to be expected that there may be more significant variations in the budget position so such budget monitoring will be of immense importance.

### **Adequacy of Reserves and Balances**

8.7 The Council has inherited a good level of Reserves and Balances. This is primarily as a result of sound financial management across the eight councils. The healthy level of reserves is now extremely valuable given the financial deficit and the need



to make time for delivery of a comprehensive savings programme underpinned by local government reorganisation. The availability of “one-off” funding from Reserves and Balances is therefore of central importance to support the 2023/24 Budget and to provide time for a coherent longer term financial strategy.

- 8.8 A good level of Reserves and Balances will need to be maintained as it remains possible that further shocks will emerge alongside the existing financial challenges and the work towards implementing the new council and its savings programme. This report sets out a robust reserve policy for the new Council and proposes the maintenance of both unallocated and earmarked reserves to manage risk and investment.
- 8.9 The s151 officer is content that there are adequate levels of Reserves and Balances for the 2023/24 Budget and for the early stages of the MTFS beyond. However, this position may be significantly eroded should the Council not be able to develop a comprehensive savings programme as set out elsewhere in this report. The position will need to be reviewed constantly throughout 2023/24 and earlier corrective action may be required should any forecast indicate that Reserves and Balances could become near-exhausted before any sustainable financial plan is in place.
- 8.10 Reserves and Balances can only be used once. They are therefore best suited to bridging any financial deficit pending a recurrent savings plan or, even more desirable, for investing in one-off initiatives that deliver policy value and / or provide returns on investments (e.g. savings).

## **Section 25 opinion of the Corporate Director, Strategic Resources**

- 8.11 While many councils are facing section 114 notices across the country, that is not the case in North Yorkshire at this stage. That is because the Council has sufficient Reserves and Balances to bridge the deficit of £30m in 2023/24. It cannot be ruled out that the North Yorkshire Council may well find itself in a situation where it has not been possible to develop a comprehensive savings programme over the next 3 years that largely eliminates any in-year deficit. The Council, its Members and officers therefore should carefully consider this Section 25 opinion and guard against complacency and the risk of a section 114 notice in the foreseeable future. The onus is on the Council to ensure that the time “bought” by the use of Reserves and Balances in 2023/24 is a valuable investment that delivers lasting, sensible and deliverable savings proposals. These proposals can be brought forward at any time but the Budget report for 2024/25 will be a key acid-test of this approach.
- 8.12 Taking all of the above factors and considerations into account the Corporate Director, Strategic Resources is satisfied that the:-
- i) estimates used in the Revenue Budget 2023/24 are as realistic and robust as possible given the extremely challenging circumstances and that the provision of a £10m Corporate Risk Contingency plus the associated level of balances / reserves is adequate within the terms of the proposed revised policy.
  - ii) associated level of balances / reserves for the MTFS period is adequate within the terms of the policy noting the extremely challenging financial position in 2023/24 and beyond with great levels of uncertainty on all key

moving parts of the Budget. This view is offered, however, with the strong proviso that the new Council will need to develop the comprehensive savings plan as set out in this report and specifically in paragraph 9.11 above.

- iii) high level estimates used in the projections for the MTFS up to 2025/26 are as realistic as can be assessed at this stage given the large scale uncertainty across a range of factors.

## 9.0 RISKS

9.1 The Corporate Risk Register is attached as **Appendix L**. It is, however, appropriate to consider a more detailed range of risks at this stage which could adversely impact upon the Council's Budget / MTFS.

9.2 **Appendix K** sets out some of the key financial risks and a ready reckoner to quantify certain potential financial impacts. This should not be regarded as exhaustive due to many national and local uncertainties.

9.3 A brief summary of the key risks is identified below:-

- i) *Cost pressures* – the financial strains in large parts of the Council's supply chain but particularly in the high impact areas of adult social care, transport and energy lead to increased prices. In addition, higher levels of inflation potentially impact upon pay award levels for council staff.
- ii) *Inability to identify and deliver sufficient savings* – the £30m in-year budget deficit for 2023/24 and the shortfalls for future years will require a sizeable savings plan that allows the Council to protect those areas that are of highest priority. The complexity of LGR and producing such large savings plans could take too long to address the deficit resulting in a sub-optimal approach of short-term "cuts".
- iii) *Workforce* – Insufficient resource to deal with competing demands of the authority and inability to deliver service and/or progress strategically important initiatives.
- iv) *Financial assumptions* – the MTFS includes assumptions around council tax levels and base; continuation of core funding streams; business rates levels; pay; income levels and inflation all of which carry a degree of uncertainty and risk.
- v) *Demand for services* – certain services such as children's social care, SEN, home to school transport, adult social care, homelessness and welfare and benefits are likely to be subject to increased demand and / or increased care needs.
- vi) *Legal challenge* – savings proposals and the way in which the Council delivers services may be subject to legal challenge from third parties resulting in delays and additional costs.
- vii) *Emergencies / incidents* – incidents such as flooding and severe winters will incur additional costs which it is simply not possible to predict and will compound costs and pressures.
- viii) Others including –

- *Schools / DSG* – increasing levels of deficit budgets
- *Unfunded additional responsibilities*

9.4 The on-going monitoring of the above and other risks will be essential throughout 2023/24 as there is less headroom to work with.

## **10.0 ENVIRONMENTAL IMPLICATIONS**

### **10.1 Strategic:**

10.1.1 NYCC continues in its ambition to become carbon neutral in its operational activities by 2030. This year, the Council has taken a step change in both its own ambition and in recognising the significant role in tackling climate change across North Yorkshire. Executive declared a Climate Emergency in July 2022. A NYCC Climate Change Policy Officer was appointed in January 2022.

10.1.2 Also in July, the Local Enterprise Partnership Board approved the York and North Yorkshire Routemap to Carbon Negative which provides a clear, co-owned and evidenced based plan to achieve net zero for the region by 2034 and carbon negative by 2040: This ambition being outlined in the York and North Yorkshire Devolution Deal. North Yorkshire County Council was one of many partners that contributed to the development of the Routemap.

10.1.3 The Local Area Energy Plan for North Yorkshire was also completed in December 2022 and this will provide essential data for the transition to the low carbon economy to support investment decisions in renewable energy supply and demand.

10.1.4 Over the last 6 months, the North Yorkshire Council Climate Change Strategy Consultation Draft has been developed. The process has engaged many Members, Officers and community groups across North Yorkshire in developing the key objectives: to mitigate climate change by reducing greenhouse gas emissions, to prepare and adapt to the changing climate and to support nature to thrive. The consultation period will be from January 2023 to March 2023.

10.1.5 The LGR process has included Climate Change as a key design principle and the LGR Climate Working Group has been able to advise every workstream to ensure climate change is 'built in' to the new Authorities policies and processes.

10.1.6 The Electric Vehicle Charging Strategy was out for public consultation in December 2022. This outlines the Council's vision for supporting zero emission mobility and ensuring that a comprehensive network of electric vehicle charge points is developed over the next 10 years.

10.1.7 We continue to embed climate change activities throughout the Council's policy development and services which is essential for us to meet our carbon reduction targets. All officers and Members have access to the bespoke Climate Awareness training package and climate change impact assessments are completed for all reports.

### **10.2 Operational**

10.2.1 The Beyond Carbon Transformation Board continues to recommend several projects for approval and 9 are currently underway. Funding approvals this year include

- Engaging with our suppliers – particularly SMES – to identify their pathway to net zero and how this will impact on our 'scope 3' emissions.
- Communications and engagement activity – to enable a programme of awareness raising in the community through the library hubs, an e-newsletter and engagement activity specifically with young people.
- Research into the potential for county owned land to be utilised to tackle climate change.

10.2.2 There remains £518K in the pump priming pot to support the development of projects to decarbonise the Council's operational activity. This is for use over and above normal service budgets.

10.2.3 Throughout the year, services have continued to bid to Government for capital and revenue projects to make a difference 'on the ground.' This includes bids to:

- The Levelling Up Fund which focusses on improving access to rail travel (outcome awaited)
- The Shared Prosperity Fund, which, amongst other things, will support our community based climate change actions.
- The Local Electric Vehicle Infrastructure Fund to pilot innovative ways to install rural EV Charging Points.
- A Community Energy Pathfinder programme, jointly with City of York.
- Woodland Creation Accelerator Programme – 2 years funding to support NYCC to bring forward tree planting in the County.
- Home Upgrade Grant Phase 2 – Funding over 2 years to support energy efficiency and low carbon heating in private homes off the mains gas grid across North Yorkshire. (Publication of outcome awaited)
- Public Sector Decarbonisation Fund Phase 3b bid for application has been submitted for £425k to improve energy efficiency and low carbon heating at 4 Council properties. (outcome awaited)
- Active Travel England bid to the Capability and Ambition Fund of £220,780 to support cycling and walking initiatives in the Selby and Whitby areas.

10.2.4 We continue to support innovation in public transport solutions. We have extended the YorBus Demand Responsive Transport Pilot Scheme extended for 12 months. The £7.8m by the Department for Transport's Zero Emissions Bus Regional Areas (ZEBRA) scheme which will enable zero emissions buses, alongside supporting charging infrastructure in the Ripon and Harrogate area over the next 3 years is now being delivered.

10.2.5 Through the Government's Transforming Cities Fund a £42m package of infrastructure improvements for Selby, Harrogate and Skipton which aim to increase productivity through improved transport connectivity and promote healthy and sustainable travel is being delivered. The proposals include improved access to public transport, cycling and walking connections. *Our Public Health team have also taken part in the LGA Behavioural Insights programme research the barriers and facilitators to encouraging people to take a walk rather than the car for a short journeys.*

10.2.6 To support both climate change and health and wellbeing in a period of escalating energy prices we have launched the North Yorkshire Home Energy Efficiency Fund – to support residents to upgrade their insulation and low carbon heating in a

number of District areas. This resulted from an £8 million bid to Government funding led by our Public Health team

10.2.7 The Wifi in market towns programme extending to a further 8 towns, bringing the total to 20. The 'Reboot' programme (refurbishing IT devices) supports our digital inclusion work, with the added bonus of the 'circular economy' approach.

## **11.0 DELEGATION ARRANGEMENTS**

11.1 It is the responsibility of the Executive to ensure the implementation of the Budget once it is agreed by the Council, and the Officer Delegation Scheme sets out the authority delegated to the Corporate Directors in relation to the implementation of the Budget within their services areas, subject to the Budget and the Policy framework.

## **12.0 CONCLUSION**

12.1 This is the first Budget for the new North Yorkshire Council. It has largely been produced by aggregating the eight predecessor authorities and then reflecting the appropriate rates of inflation, growth and savings etc. Given the scale of the exercise it is inevitable that there will be significant changes that need to be made as further information comes to light.

12.2 The focus on transitioning to the new Council has inevitably restricted opportunities to deliver large scale savings. The savings and transformation opportunities as a result of unitarization are, however, very significant and the high-level planning can move into more detailed planning and, in some cases, execution from vesting day onwards.

12.3 The Council is facing the compounding factors of high levels of inflation, strong demand for some high cost services, reduced income levels, distressed supply chains and an extremely challenging labour market. Against this backdrop the Council is facing a revenue budget deficit in 2023/24 of £?m and that is after additional government funding as announced in the Autumn Statement; additional savings proposals; and a proposal to set council tax (including the social care precept) at a 4.99% increase. This Budget proposes that this deficit is funded by the use of Reserves.

12.4 The position set out above is not unique to North Yorkshire – it is a national phenomena. Very few councils will be able to deliver a balanced budget without drawing significantly from reserves. Reserves are one-off in nature and it is therefore unsustainable to use them to fund a recurring budget deficit. That is why it is imperative that the Council regards the use of Reserves as a valuable investment to buy planning time for a lasting, sensible and deliverable savings proposals. These proposals can be brought forward at any time but the Budget report for 2024/25 will be a key acid-test.

## 13.0 RECOMMENDATIONS

13.1 That the Executive recommends to the County Council:

- a) That the Section 25 assurance statement provided by the Corporate Director, Strategic Resources regarding the robustness of the estimates and the adequacy of the reserves (**paragraph 8.12**) and the risk assessment of the MTFS detailed in **Section 9** are noted;
- b) An increase in Council Tax of 4.99% (basic 2.99% and Adult Social Care 2%) resulting in a Band D weighted average charge of £1,759.96 – an increase of £83.64 (**paragraph 4.3.8 and Appendix D**);
- c) That, in accordance with Section 31A of the Local Government Finance Act 1992 (as amended by Section 74 of The Localism Act 2011), a Council Tax requirement for 2023/24 of £427,729,811.74 is approved;
- d) That a Net Revenue Budget for 2023/24, after use of reserves, of £623,458k (**Section 5.0 and Appendix H**) is approved
- e) That in the event that the level of overall external funding (including from the final Local Government Settlement) results in a variance of less than £5m in 2023/24 then the difference to be addressed by a transfer to / from the Strategic Capacity Unallocated Reserve in line with **paragraph 4.2.3** with such changes being made to **Appendix F** as appropriate.
- f) That the Corporate Director – Children and Young People's Service is authorised, in consultation with the Corporate Director, Strategic Resources and the Executive Members for Schools and Finance, to take the final decision on the allocation of the Schools Budget including High Needs, Early Years and the Central Schools Services Block (**paragraph 3.1.16**).
- g) That the Medium Term Financial Strategy for 2023/24 to 2025/26, and its caveats, as laid out in **Section 3.0** and **Appendix G** is approved in line with the proposed council tax option.
- h) That the Corporate Director – Environment is authorised, in consultation with the Executive Members for Highways & Transportation and Open for Business, to carry out all necessary actions, including consultation where considered appropriate, to implement the range of savings as set out in **Appendix B (ENV 1 to 6)**.
- i) That the Corporate Director – Community Development is authorised, in consultation with the Executive Member for Planning for Growth, to carry out all necessary actions, including consultation where considered appropriate, to implement the range of savings as set out in **Appendix B (CDS 1)**.

- j) That the Corporate Director – Health and Adult Services is authorised, in consultation with the Executive Members for HAS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B (HAS 1 to 3)**.
- k) That the Corporate Director – Children and Young People's Services are authorised, in consultation with the Executive Members for CYPS, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B (CYPS 1 to 5)**.
- l) That the Chief Executive is authorised, in consultation with the Executive Members for Central Services, to carry out all necessary actions, including consultation where he considers it appropriate, to implement the range of savings as set out in **Appendix B (CS 1 to 3)**.
- m) That any outcomes requiring changes following **Recommendations h), i), j), k) and l)** above be brought back to the Executive to consider and, where changes are recommended to the existing major policy framework, then such matters to be considered by full Council.
- n) That the proposed policy target for the minimum level of the General Working Balance is £62m in line with **Appendix E**.
- o) That £900k be provided annually to provide for a Member Locality Budget at £10k per annum per Member as set out in **paragraph 4.8.2**.
- p) That £50k be provided annually for each Area Constituency Committee to commission works they feel appropriate for their local areas as set out in **paragraph 4.8.3** and to delegate authority to the Corporate Director, Community Development in consultation with the Executive Member for Planning for Growth to determine application of the scheme.

- 13.2 That the Executive notes and agrees the delegation arrangements referred to in **Section 11** that authorise the Corporate Directors to implement the Budget proposals contained in this report for their respective service areas and for the Chief Executive in those areas where there are cross-Council proposals.
- 13.3 That the Executive confirms introduction of a council tax premium of 100% on second homes following consultation subject to the legislation receiving Royal Assent as currently drafted.
- 13.4 That the Executive have regard to the Public Sector Equality Duty (identified in **Section 7** and **Appendix J**) in approving the Budget proposals contained in this report.

RICHARD FLINTON  
Chief Executive

GARY FIELDING  
Corporate Director, Strategic Resources

County Hall  
24 January 2023



24 January 2023

**SCHEDULE OF APPENDICES TO MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO  
2025/26 & REVENUE BUDGET FOR 2023/24**

<b>Appendix</b>	<b>Title</b>	<b>Section Colour</b>
<b>A</b>	Objectives	<b>Cream</b>
<b>B</b>	Savings Schedule	<b>Lilac</b>
<b>C</b>	Service Spending Analysis	<b>Mid Green</b>
<b>D</b>	Calculation of Council Tax Requirement	<b>Light Blue</b>
<b>E</b>	Charging Policy	
<b>F</b>	Reserves Schedule	<b>Buttercup</b>
<b>G</b>	Reserves & Balances Policy	<b>White</b>
<b>H</b>	Summary of MTFS to 2025/26	<b>Pink</b>
<b>I</b>	Budget Consultation	<b>Dark Blue</b>
<b>J</b>	Equalities Impact Assessment	<b>Mint</b>
<b>K</b>	Risk Assessment	<b>Cream</b>
<b>L</b>	Corporate Risk Register	<b>Lilac</b>

## MTFS Objectives

A **Medium Term Financial Strategy** is not a legal requirement, but given the scale of financial challenges and risks/uncertainties we face and as we establish, consolidate and transform the new unitary council, it is important that shorter-term decisions are seen in the context of a longer-term position and that there is clear line of sight on the financial sustainability of the new Council. Given the well-publicised difficulties of a number of councils this longer-term view is more important than ever. The MTFS provides the strategic framework for managing the Council's finances and ensures that:

- resources are aligned to achieve corporate objectives over the medium/longer term, and;
- the Revenue Budget, Capital Plan, Treasury Management Strategy and required Prudential Indicators are appropriately aligned.

The objectives of the MTFS, are as follows:

- to support the achievement of the vision and corporate objectives expressed in the Council Plan;
- to meet and respond to the perceived needs and priorities of local people;
- to maintain and improve service quality and the Council's improvement planning priorities so as to secure high performance which is sustainable over the medium term;
- to manage and minimise the risks to local services and customers;
- to achieve effective use of all land and property assets.

The MTFS achieves these objectives by:

- enabling the Council to understand its medium to longer term financial position;
- providing clarity over the revenue and capital resources available;
- informing decision making on the distribution of resources to deliver the Council's objectives;
- ensuring the Council can set a Council Tax that avoids central Government intervention;
- enabling the Council to plan and manage its day to day spending within affordable limits without undue reliance on balances and general reserves;
- identifying future budget 'pressure points' in order to plan accordingly and avoid unnecessary remedial action;
- identifying financial decisions that need to be taken to inform action planning and the development of projects;
- supporting a prudent, affordable and sustainable level of revenue and capital investment;
- creating financial capacity to deal with uncertain, volatile and unforeseen funding and cost pressures;
- Providing forecasts and insights on the financial issues and challenges that arise over the MTFS period.

## Savings proposals for Children and Young People's Service (CYPS) directorate

### Introduction

In developing these budget proposals, the Council has ensured that key principles are consistent with a positive, cross-council strategy and remains ambitious for children and young people in North Yorkshire.

- Good and outstanding educational provision liberates individuals and can change the nature of both individual trajectories and communities;
- The Council, whilst maintaining a strategic overview of educational outcomes recognises the evidenced improvement made through collaborative, sector-led arrangements;
- Families need to have access to high quality information, advice and guidance including web-based advice;
- High quality whole family interventions are increasingly provided through early help to those needing more targeted prevention to prevent those problems escalating;
- We continue to protect the provision of care and protection for those with higher level needs;
- We aim for children to live safely with their families within communities but, where care is needed, that high quality provision should ideally be family-based and more locally available, and;
- We continue to seek further opportunities to enhance partnership working and commissioning.

### Proposals

The proposals reflect the context and impact of recovery from the coronavirus pandemic, the potential opportunities of local government reorganisation, and to continue to support schools, early years and educational settings through flexible delivery models, and partnership working. The proposals are informed by, and recognise, the current levels of support, particularly to those children and families who are most vulnerable.

#### Children with special educational needs

Since the introduction of the **Children and Families Act 2014**, the local authority has experienced a rapid and sustained increase in the number of children and young people assessed as requiring a funded Education, Health and Care Plan (EHCP). Although funding has increased in the last few years, the local authority had an accumulated deficit of £9.6m as at March 2022. This is expected to increase to c.£10m by March 2023 despite additional funding for 2022-23. The DfE has confirmed that further funding will be allocated to local authorities for 2023-24 and, although this will be helpful in reducing the anticipated in-year deficit, it will not address the significant accumulated deficit. Special Schools and Alternative Provision establishments continue to operate under financially constrained circumstances particularly given their diseconomies of scale as relatively small special schools in a rural context. The increase in EHCPs also significantly impacts on the cost of providing home to school transport.

The Council continues to implement the Strategic Plan for SEND (Special Educational Needs and Disabilities) current plans include developing a free special school in Selby,

continuing with the identification and development of mainstream targeted provision across the county, building and reshaping capacity in special schools and building confidence in parents/carers. The aim of the strategy is to ensure the right educational provision is in the right place to ensure children can be educated locally without the need for extensive travel. The local authority will be engaging with the Department for Education's Delivering Better Value in SEND programme to undertake diagnostic work to inform the development of a plan to achieve a financially sustainable SEND system. Work will also progress to review health contributions to care packages and to identify measures to reduce the overspend position.

Disabled Children's Services	£1,000k
Education Psychology	£200k
SEN Administration and Co-ordination	£200k

### Children and Families

We continue to support children and families to remain at home or with family, where it is safe to do so. This approach requires relentless efforts to meet challenging targets for maintaining the numbers of children in care without compromising either the rigour of our child protection arrangements or the quality of care provided for those that we have assessed as requiring it.

Proposals include vacancy management within Early Help and a strategic review of the Young People's Accommodation Pathway. Further work will also be undertaken to identify strategic options to reduce overspending in the pooled budget of complex care packages which are funded by health, education and care.

Early Help	£225k
Young People's Accommodation Pathway	£1,000k
Pooled Budget	£2,500k

### School Improvement and the role of the Local Authority in Education

Our School Improvement service aims to provide a more streamlined and targeted service that recognises the strategic role of the local authority in the monitoring and oversight of educational outcomes for children and young people throughout the county.

Our aim remains to ensure that every child in North Yorkshire has the chance to be educated in a good or outstanding school. The DfE has consulted on changes to the way in which School Improvement is funded and has confirmed the complete removal of all grant funding by April 2023. The local authority has requested funding to be de-delegated from maintained schools through the local Schools Forum.

Proposals include a reduction in the local authority base budget for school improvement functions.

Mainstream Transport	£100k
School Improvement	£250k
Strategic Planning	£30k
Other	£150k

## Children & Young People's Services

## Appendix B

Project No.	Savings Area	Description	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
CYPS 1	SEND & Mainstream Transport	Impact of previously agreed changes to the mainstream transport policy.	100	0	0	100
CYPS 2	Children and Families	Vacancy management and reduction in held vacancies in Early Help. Review of the Young People's Accommodation Pathway.	125	350	750	1,225
CYPS 3	High Needs and SEN	Review of SEN administration, co-ordination and education psychology. Review of health contributions to care packages and identification of measures to reduce overspends within Disabled Children's Services	0	1,200	200	1,400
CYPS 4	Other school and LA support services	Review of a range of strategic LA functions including pension provision and school place planning. Reduction in school improvement.	205	175	50	430
CYPS 5	Pooled Budget	Earlier intervention and exploration of alternative options for high-cost and emergency placements.	0	1,250	1,250	2,500
			<b>430</b>	<b>2,975</b>	<b>2,250</b>	<b>5,655</b>

## **Savings proposals for Environment directorate**

### **Introduction**

The Environment directorate provides a number of service areas that complement each other. Highways and transportation including parking services, street scene, parks and grounds maintenance along with environmental services and the council's agenda for becoming a carbon neutral council. Waste services, including both the collection responsibility and the disposal of waste is also part of the directorate.

Passenger transport services is also covered by the Environment directorate along with fleet and transport operations, licensing, rights of way and the responsibility for the East Coast harbours. Regulatory services, including trading standards and environmental health, the registration services, the bereavement services including the coroners service are also provided by the directorate.

The Environment Directorate, like many areas has been impacted by the prevailing national financial climate including significant inflationary price increases and adapting to a post covid environment. Particularly, passenger transport services are operating in a difficult sector of the market working with bus operators and large projects are challenging to deliver within budget due to ongoing price rises and labour and materials shortages. Naturally, this has provided an additional level of challenge when contending with continuing financial pressures on the Council. Part of that challenge is to not only continue to deliver high quality services and deliver a range of savings initiatives as laid out in the MTFS while also working as a new directorate as part of the new North Yorkshire Council.

Outside of service continuity following local government reorganisation, an area of particular focus and priority over the MTFS is the successful continued development of the Highways 'teckal', NY Highways. The company successfully went live at the conclusion of the Ringway contract in June 2021 and has been working to provide a more efficient service delivery model for the Council. Now that the company has been operating for over 18 months, the aim over the next two years is to drive forward the transformation of service delivery that has already started. For the savings programme, a number of the highlighted savings below are directly or indirectly to be achieved through working with NY Highways.

### **Proposals**

#### Highways & Transportation

The Highways and Transport savings are made up of a number of initiatives:

- Efficiencies delivered as a result of improved service delivery made possible through NY Highways arrangements. This will involve the continuation of the lean reviews and service improvement initiatives. These initiatives will include a reduction in the gritter fleet which should be able to be achieved through route optimisation and a revised approach to gritter resilience along with a less costly way of repairing some of the defects on the highway.

- Investment in resource to increase income in chargeable areas including development works and highways license enforcement. These are areas for which charges are already levied but there is scope to do more as the service grows.

### Waste Management Services

As part of the move to North Yorkshire Council, efficiencies are able to be achieved through the harmonisation of the fees charged for garden waste and bulky waste collection across the North Yorkshire Council area.

### Transport

Reduction of the England National Concessionary Travel Scheme budget to bring in line with usage.

### Trading Standards

Various small initiatives including reduction in staff levels and other efficiencies

## Environment Directorate

Appendix B1

Project No.	Savings Area	Description	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
<b>Highways &amp; Transportation</b>						
ENV 1	Highways	Efficiencies delivered as a result of improved service delivery made possible through NY Highways arrangements - Second Lean Review of Basic Maintenance	150	74	0	224
ENV 2	Highways	Efficiencies delivered as a result of improved service delivery made possible through NY Highways arrangements including a more efficient gritter fleet and less costly ways of repairing some of the defects on the highway.	400	0	0	400
ENV 3	Highways	Investment in resource to increase income in chargeable areas including development works and highways license enforcement.	0	200	0	200
<b>Waste</b>						0
ENV 4	Waste	As part of the move to North Yorkshire Council, efficiencies are able to be achieved through the harmonisation of the fees charged for garden waste and bulky waste collection across the North Yorkshire Council area and a review of commercial vehicles usage of HWRC's	550	1,050		1,600
<b>Transport</b>						
ENV 5	Transport	England National Concessionary Travel Scheme - reduce budget in line with usage	500	0	0	500
<b>Trading Standards</b>						
ENV 6	Trading Standards	Various small initiatives including reduction in staff levels and other efficiencies	0	50	0	50
<b>Environment</b>			<b>1,600</b>	<b>1,374</b>	<b>0</b>	<b>2,974</b>



## **Saving proposals for Health and Adults Services (HAS) directorate**

### **Introduction**

The Health and Adult Services directorate commissions and provides adult social care and public health services and leads on the Council's joint work with the NHS. Public Health is funded via a separate ring-fenced specific Grant from Government.

The financial impact of COVID on the Directorate for 2022/23 has reduced significantly since last year, but we are still experiencing the long-term fall-out and pressures caused by the impact on some services during the pandemic. In particular a combination of increased demand, inflation pressure and market sustainability issues mean that the contingencies agreed by Council for 2022/23 have all now been utilized.

These pressures include:

- Increased discharge costs and Temporary Placements following the end of the hospital discharge funding from central government at the end of 2021/22.
- High levels of hospital discharge which, on a daily rolling basis, are between 33% and 100% higher than pre-pandemic levels
- A shortage of home care capacity, resulting in many more people either going into short-term residential care pending a package at home, or moving into long-term residential care, both of which are costlier options, as well as being less appropriate for people themselves
- Inflationary pressures arising from cost of living and issues in the provider market resulting in an increased number of sustainability requests from care providers, seeking additional support to continue to operate.
- Impact of Cost of Care exercise for residential and nursing packages
- Increased average costs for new packages of care.

In addition to these, we have not yet seen the impact of the re-procurement of the Approved Provider List and the implementation of the Fair Cost of Care for domiciliary packages. These areas are expected to show very significant price uplifts.

It remains vitally important therefore that the Directorate continues to work as efficiently as it can and contribute to the MTFS savings programme.

The starting point always has to be prevention, without the need for long-term service intervention. Where people need services on a longer-term basis, then most want to be supported to live at home and to use services at home, or as near as possible. They want to remain with their family, in their community and to contribute to the community and the economy. They also want information and advice, support for their carers and short-term services to get them back on their feet or to give them a break from caring. To this end, the Council's model of public health and social care focuses much more on prevention and keeping people as independent as possible, as well as providing long-term support where it is needed. The Council works with

people who use services, carers, voluntary and independent sector colleagues and the NHS to deliver these services.

As part of this approach, we continue to expand our extra care housing provision across the County, while reviewing our in-house provider services' position in the market. We have invested in prevention through our Stronger Communities programme (which works with community groups and the voluntary sector) and our Living Well service, as well as through Public Health programmes. More recently, we have also worked with borough/district council colleagues to develop new care and housing services for people with complex life circumstances (mental health and substance misuse), such as the REACH project in Scarborough, and with the NHS on hospital discharge.

The pandemic has changed and grown the role of Public Health – particularly in terms of our local health protection services.

Whilst significant savings have had to be made in social care over the past few years, the social care budget has had relative protection, accounting for an increasing share of the Council's overall budget. It is also important to note that provision is being made in the budget for continuing demand and market pressures, which is in addition to inflation for the cost of care and other pay / price increases. As a result, the cumulative impact is entirely consistent with the principles of the adult social care precept.

The service continues to work to reduce the impact of these pressures wherever it can, with a comprehensive deficit action plan in place.

The Public Health budget sits within the Directorate. Although funded by grant, and therefore showing no net impact on the NYCC revenue account, the service has a medium-term plan in place to bring spending into line with a reduced grant, while also ensuring that services across the council which contribute to various Public Health programmes are fully funded by the grant. The County's Director of Public Health has reviewed all areas of spend and the relative performance and outcomes for Grant investment. This approach is necessitating some savings as well as short-term deployment of reserves, so that a broader range of priorities can be addressed.

### **Proposals – already agreed in previous years**

The savings for Extra Care were agreed in previous years and are being re-profiled due to delays in achievement while work has focussed on dealing with the pandemic. A summary of each is shown below.

#### **Extra Care Housing and Elderly Person's Homes (EPHs)**

This programme includes the current work on replacing the Council's own EPH estate with Extra Care Housing to improve accommodation choices for people who need support including those with complex needs. The overall target remains as agreed in previous years but a new timescale is suggested which takes into account the delays caused largely by the impact of COVID.

## **New Savings**

The area of new savings is around maximising the use of Public Health Grant to cover eligible costs currently funded by base budget. This could include services currently managed and paid for by the district and borough councils.

This will ensure that any efficiencies/underspends and any increases in the Public Health grant are maximised to continue to fund Public Health-related work that improves and protects the health of people. Where this activity is currently funded by the Council budget in future it can be met through the grant and has a beneficial impact on the Council's finances. Currently the Public Health programme is funded through a combination of the grant plus planned use of the earmarked reserve. This reserve has increased in recent years as a result of some reductions in services and additional funding through the pandemic and this will help to manage the MTFS contribution.

This expenditure will contribute to the eight priorities set out by the Director of Public Health:

- Reducing Health inequalities through healthy place-shaping and targeted work with groups, communities and neighbourhoods
- Ensure measures are in place to protect the population's health
- Improving mental health of our population
- Ensuring babies and children and young people have a good start in life
- Ensuring the working age population have the opportunity to live well
- Ensuring older people are able to age well
- Work with NHS partners to maximise our joint effectiveness and impact on health outcomes
- Develop a centre for public health in research, training, practice and behavioural science

Health & Adult Services

Appendix B

Project No.	Savings Area	Description	2023/24	2024/25	2025/26	Total
			£000	£000	£000	£000
HAS1	Extra care housing and Elderly Person Homes (EPH)	This programme includes the current work on replacing the Council’s own EPH estate with Extra Care Housing to improve accommodation choices for people who need support including those with complex needs.	250	250	325	825
HAS2	Provider Services	Scope and deliver e-rostering solution for provider services	75	0	0	75
HAS3	Public Health contribution to MTFS	Maximising use of ring-fenced Public Health grant.	1,000	1,000	0	2,000
	TOTAL		1,325	1,250	325	2,900

## **Savings proposals for Central Services directorate**

### **Introduction**

Central Services is comprised of three principal categories;

- Front line services including locality,
- A range of support services including property; and
- Investment & commercial income generation

Similar to the rest of the organisation, the additional workload of preparing for and the implementation of local government reorganisation (LGR) has been felt within Central Services placing additional demand on vital support services. This is in addition to the challenging national environment in which the Council is operating including external factors such as challenges with recruitment and retention. Central services teams are significantly impacted as resources are required to ensure LGR is delivered and then implemented successfully post vesting day. To this end, savings within Central services have necessarily been limited to those set out below.

### **Proposals**

#### Property

A review of the property portfolio continues, to rationalise properties across the county and identify areas where property related costs such as repairs and maintenance can be reduced. In addition, further property savings are anticipated as a result of LGR.

#### Stronger Communities

Due to continuing ongoing grant support from Government in relation to Domestic Abuse work, the existing base budget which has not been spent in previous years is able to be removed – this position will be reviewed if the funding provision from Government changes in the future.

## Central Services, LGR Transition and Community Development Services

## Appendix B

Project No.	Savings Area	Description	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
<b>Resources</b>						
CS1	Corporate Property	A review of the property portfolio continues, to rationalise properties across the county and identify areas where property related costs such as repairs and maintenance can be reduced. In addition, further property savings are anticipated as a result of LGR.	480			<b>480</b>
<b>Locality</b>						
CS2	Locality	Due to continuing ongoing grant support from Government in relation to Domestic Abuse work, the existing base budget which has not been spent in previous years is able to be removed – this position will be reviewed if the funding provision from Government changes in the future.	450			<b>450</b>
<b>CS</b>			<b>930</b>	<b>0</b>	<b>0</b>	<b>930</b>
<b>Corporate/ LGR Savings</b>						
CS3	LGR	Savings linked to the transition to the new council and rationalisation of Senior Management posts including the Chief Executive. In addition, savings linked to Members allowances as the overall number of members is reduced across the 8 councils. As well as other housekeeping efficiencies linked to the transition.	3,174			
CS4	Pension	Revised employers contribution rate	6,163			
			<b>9,337</b>	<b>0</b>	<b>0</b>	<b>9,337</b>
<b>Community Development</b>						
CDS1	Leisure	Due to a planned reduction in the management fee linked to Brimhams Active.	1,073			
			<b>1,073</b>	<b>0</b>	<b>0</b>	<b>1,073</b>

## Service Spending Analysis

	2022/23 Start Budget £'000	Savings £'000	Inflation* £'000	Growth £'000	Additional adjustments £'000	Draft Final Budget £'000
Health and Adult Services	199,970	-1,325	20,880	11,500	-104	230,921
Children and Young Peoples Service	90,725	-430	7,636	9,900	-	107,831
Central and Other Services	159,454	-4,104	12,682	-3,663	6,500	170,871
Community Development	36,935	-1,073	9,752	3,731	-2,870	46,476
Environmental Services	90,229	-1,600	13,797	595	-2,350	100,671
<b>Directorate Subtotal</b>	<b>577,314</b>	<b>-8,532</b>	<b>64,747</b>	<b>22,063</b>	<b>1,176</b>	<b>656,770</b>
Corporate Miscellaneous	6,037	-6,163	1,203	-16,357	-5,584	-20,866
<b>Net Expenditure</b>	<b>583,351</b>	<b>-14,695</b>	<b>65,950</b>	<b>5,706</b>	<b>-4,408</b>	<b>635,904</b>
<b>Budget/MTFS Shortfall</b>	-	-	-	-	-	-12,446
<b>Net Budget Requirement</b>						<b>623,458</b>
<b>Funded by</b>						
NNDR/Business Rates	-	-	-	-	-	119,453
Government Grants	-	-	-	-	-	76,275
Council Tax Requirement	-	-	-	-	-	427,730
<b>Tax Base</b>	<b>239,742.44</b>	-	-	-	-	<b>243,033.59</b>
<b>Band D Council Tax</b>	-	-	-	-	-	<b>1,759.96</b>

Please note directorate budget split is subject to change as further work is undertaken to align the new council budget to the new structure of the council.

## Appendix C

BUDGET REQUIREMENT	2022/23 Budget/ MTFS £'000	Changes	2023/24 Budget/ MTFS £'000	Changes	2024/25 Budget/ MTFS £'000	Changes	2025/26 Budget/ MTFS £'000
<b>Directorate Net Budgets</b>							
Health and Adult Services	199,970	30,951	230,921	13,316	244,237	4,767	249,004
Children and Young People's Services	90,725	17,106	107,831	2,313	110,145	2,112	112,257
Central and Other Services	159,455	11,416	170,871	4,612	175,482	3,468	178,950
Community Development	36,935	9,540	46,476	3,439	49,915	2,446	52,360
Environment and Regulatory	90,229	10,442	100,671	4,075	104,747	3,521	108,268
Other Corporate Miscellaneous	6,037	- 26,903	20,866	- 8,983	29,850	363	29,487
<b>Net Expenditure</b>	583,351	52,553	635,904	18,773	654,677	16,677	671,354
Prior Year Budget Shortfall					- 12,446		- 10,202
In-year Budget Shortfall	-	-	12,446	-	2,244	-	16,226
<b>Net Budget Requirement</b>	583,351	-	623,458	-	644,475	-	644,926
<b>Funded By</b>							
External Corp Funding			76,275		85,330		80,998
NNDR/ Business Rates			119,453		109,902		96,626
<b>Council Tax Requirement</b>			427,730		449,243		467,302
Council Tax Base			243,034		245,464		247,919
Band D Council Tax Rate			£1,759.96		£1,830.18		£1,884.90
Year-on-Year Increase							
%			4.99		3.99		2.99





## CALCULATION OF COUNCIL TAX REQUIREMENT AND BASIC AMOUNT OF COUNCIL TAX (BAND D EQUIVALENT) 2023/24

1. The Council has a statutory duty as a billing authority in accordance with Section 31A of the Local Government Finance Act 1992 (as amended by Section 75 of the Localism Act 2011) to calculate its Council Tax requirement each year. Additionally in accordance with Section 31B of the Local Government Finance Act 1992 (as amended by Section 75 of the Localism Act 2011) it must also calculate the basic amount (Band D equivalent) of Council Tax
2. Based on the Government's Provisional Funding Settlement figures announced in December 2022, the Council Tax position is set out below:-

<b>COUNCIL TAX REQUIREMENT</b>	<b>£ '000</b>	<b>£ '000</b>
North Yorkshire Council Net Expenditure Budget		<b>559,538</b>
Special Expenses		<b>90</b>
Contribution from Reserve (net shortfall)		<b>-12,446</b>
Net Budget Requirement		<b>547,183</b>
Funding from Business Rates		<b>-119,453</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>		<b>427,730</b>
Council Tax Base (equivalent number of Band D properties)		243,033.59
Basic Amount of Council Tax per Band D property (weighted average)		£ 1,759.96
Increase over 2022/23 (£1,676.32)		
£ increase		£ 83.64
% increase		4.99%
Basic Council Tax Increase (2.99%)		£ 50.12
Adult Social Care Precept (2.00%)		£ 33.52
Increase in Basic Council Tax (including tax base)		17,160
Increase in Adult Social Care Precept (including tax base)		8,703
Total Basic Council Tax	378,624	
Total Adult Social Care Precept	49,106	
<b>TOTAL BASIC COUNCIL TAX AND ADULT SOCIAL CARE PRECEPT</b>		<b>427,730</b>

3. To produce a Council Tax per property, the amount required to be levied has to be divided by a figure representing the 'relevant tax bases'. For the Council, this figure is the aggregate of the 'relevant tax bases' of each of the seven District Councils.
4. Each District Council prepares an estimate of its 'relevant tax base' expressed as the yield from a Council Tax levy of £1 as applied to an equivalent number

of Band D properties. This calculation takes into account the number of properties eligible for a single person discount, reductions for the disabled, anticipated property changes during the year and the extent to which a 100% recovery rate may not be achieved. The following information has been received from the District Councils:

Local Authority	Tax Base (Band D Equivalents) 2023/24
Craven	23,379.75
Hambleton	38,395.74
Harrogate	66,830.13
Richmondshire	19,884.71
Ryedale	22,264.54
Scarborough	39,131.27
Selby	33,147.45
<b>Total</b>	<b>243,033.59</b>

5. Using the above information the Council's equivalent Council Tax for a Band D property, based on a 4.99% increase, would be as follows:

Total Council Tax Requirement	427,729.812
Relevant Tax Base	243,033.59
@ Band D =	1759.96

6. This represents the overall weighted average for the new North Yorkshire Council but because of the harmonisation arrangements the actual Band D amounts will vary by area for 2023/24. These specific figures (plus rates for the other council tax bands) are detailed in the following table:

Appendix D – Council Tax

Band	Craven £ p	Hambleton £ p	Harrogate £ p	Richmondshire £ p	Ryedale £ p	Scarborough £ p	Selby £ p
A	1166.00	1143.42	1188.90	1178.59	1173.00	1185.18	1164.67
B	1360.33	1333.99	1387.05	1375.03	1368.50	1382.71	1358.78
C	1554.67	1524.56	1585.20	1571.46	1564.00	1580.24	1552.89
D	1749.00	1715.13	1783.35	1767.89	1759.50	1777.77	1747.00
E	2137.67	2096.27	2179.65	2160.75	2150.50	2172.83	2135.22
F	2526.33	2477.41	2575.95	2553.62	2541.50	2567.89	2523.44
G	2915.00	2858.55	2972.25	2946.48	2932.50	2962.95	2911.67
H	3498.00	3430.26	3566.70	3535.78	3519.00	3555.54	3494.00

7. It should be noted that the actual final bills for council taxpayers will be a combination of the above rates (adjusted for special expenses), a charge for police and fire services plus the tax payers specific parish precept. Complete details of these will be provided to the full Council in the Council Tax Resolution report.

## North Yorkshire Council

### Fees & Charges Policy

#### 1. Introduction and Context

- 1.1 Income generation is an important part of the Council's overall resources. Fees and charges can help to achieve income to support frontline service delivery and future investment, can influence customer behaviour and can help to ensure the council's policy objectives are achieved.
- 1.2 In total in 22/23 the former 8 councils in North Yorkshire expect to generate £113m from discretionary fees and charges - 11% of total income budgeted for the year. An effective Fees and Charges Policy will help to maximise income raised and lower the burden to Council Tax payers of providing various council services, instead ensuring that where appropriate, it is the direct users of these services that are paying towards the costs of these services.
- 1.3 The principle aims of this Fees and Charges Policy are to support future budget setting and medium-term financial planning processes and to provide a framework for the Council's approach to charging for services.
- 1.4 With this in mind, this Policy has been developed, to provide Service Managers with a centralised framework to consider when reviewing their fees and charges, helping to ensure a consistent approach across the Council.

#### 2. Scope

- 2.1 This Policy applies to:
  - Non-Discretionary (Statutory) Services that a Local Authority is mandated, or has a duty to provide, where charging is permissible in the legislation;
  - Discretionary Services that a Local Authority has the power, but is not obliged, to provide and may cost recover for providing such services.
- 2.2 This Policy does not apply to:
  - Any service where there is no ability to cost recover (charge) for such services;
  - Council Tax and Business Rates – local taxation charges are covered by separate legislation;
  - Fees and Charges that are set in statute and regulations, for example, Planning Application Fees;
  - Services that are free of charge at the point of delivery, under legislation, for example domestic general waste collection;
  - Contributions to the cost of care, as defined by social care legislation;
  - Housing Revenue Account (HRA) housing rents – a separate HRA rents policy covers these particular charges;
  - Services traded through North Yorkshire Education Services (NYES) and
  - Wholly controlled companies – as separate legal entities (within the NYC Group) fees and charges are set separately in accordance with their approved objectives, business plans and governance arrangements.

#### 3. Roles and Responsibilities

- 3.1 Within the Council's Constitution, Directors are responsible for establishing and reviewing fees and charges for their directorate in accordance with this corporate policy framework, the legal framework which enables such charges and the approved budget envelope.

- 3.2 The Corporate Director of Resources is responsible for reviewing this policy and providing advice and guidance for its implementation.

#### 4. Objectives

- 4.1 With the ever-increasing budget pressures facing the public sector, it is important for the Council to increase resilience and independence wherever possible. One of the main areas this can be explored through is Fees and Charges.

- 4.2 In line with the Council's savings requirements and commercial stance, it is vital to regularly review the continuing provision of those discretionary services where the council is unable, or unwilling, to recover the full costs of service. It is also important to ensure that where there is an opportunity to introduce new fees and charges, this opportunity is investigated fully to understand the implications of doing so.

- 4.3 The Fees and Charges Policy therefore has the following objectives:

- 4.3.1 Maximising consistency across services:

As part of local government reorganisation, there is a need to move towards a consistent approach to fees and charges to ensure charges reflect service costs and are fair across the whole of North Yorkshire. This Policy acknowledges that there will be different fees and charges in operation across North Yorkshire as services work towards single operating models. This Policy does not specify if, when or how the various fees and charges across all 8 former councils should be harmonised but as services are brought together, it provides a unified set of principles for services to follow.

Any departure from the agreed Policy should be clearly documented and clearly explained. A corporate list of fees and charges is maintained by Finance and will allow Directors and Service Managers to record when a charge was last reviewed and what was considered. To assist with this process, a Fees and Charges calculation tool/guidance has been developed. (Link to Intranet)

- 4.3.2 Ensuring Fees and Charges are robust and up to date:

All fees and charges are to be reviewed on an annual basis. Whilst it is acknowledged that a full review of each fee and charge implemented by the Council is not practicable each financial year, it is considered that as a minimum the fees and charges already charged by the Council are to be adjusted in line with inflation each year. This will ensure that any inflationary change to the costs of providing a service will be matched by a corresponding change to the charge made for the service. The inflation rate to be applied each year will be notified by the Corporate Director of Resources as part of the budget setting process. All fees and charges must be subject to a detailed review at least every 3 years.

- 4.3.3 Ensuring that Fees and Charges are clearly understood:

As part of the review of Fees and Charges, the cost of providing each service, and any legislation pertaining to this service, is to be considered. As services start to work together under local government reorganisation and budgets are re-worked, services will be better placed to understand the costs of providing services and will help inform future decisions around fees and charges. The Fees and Charges calculation tool will allow Directors and Service Managers to calculate the cost of providing a service and record any relevant legislation and store this information for future reference.

- 4.3.4 Maximising Council income:

When reviewing existing fees and charges, or when considering the implementation of a new charge, the charge should be set at such a level as to maximise the income received by the

Council. Please see (Link to intrant) for further guidance on the approach to use when determining a fee and charge.

Service income budgets will rise in line with inflation in each year. As budgeted income targets are set to increase, it is important for fees and charges to be regularly reviewed and updated to help in meeting this increased level of budgeted income.

It is also important to ensure that fees and charges are reflective of the council's costs of service provision, to ensure that services are not being inadvertently subsidised without a positive decision to this effect.

### 5. Implementation

5.1. The following costing approach to fees and charges should be adopted:

- When introducing or reviewing a fee or charge, the Council will follow one of three models set out below.
- As a general rule, Fees and Charges should be aimed towards full-cost recovery, including an appropriate share of corporate and departmental overheads.
- If the Council is unable, or unwilling, to recover the full costs of providing a discretionary service, then as part of the annual review, the continued provision of this service should be considered along with the rationale of the charging policy adopted.
- When finalising the costs of each fee and charge, consideration should be given to any wider implications of setting the charge at the proposed rate, to avoid any unintended consequences.

Costing Model	Objective	Key Considerations
<b>1. Full Cost Recovery</b>	To cover the full costs of delivering the service ensuring no element of subsidy from local taxpayers.	<ul style="list-style-type: none"> <li>• This is the Council's default charging method;</li> <li>• Charges should recover the full costs, including overheads, capital charges and recharges;</li> </ul>
<b>2. Cost Plus</b>	To cover the full costs of delivering the service plus a margin to contribute to re-investment in services.	<ul style="list-style-type: none"> <li>• In limited circumstances it may be appropriate to add a margin to full cost recovery, for example to contribute to re-investment in services where the income will not generate a surplus or profit against the service in totality. Guidance from Finance should be obtained before considering such charges</li> </ul>
<b>3. Subsidised</b>	To cover all or part of the costs of service delivery with support from local taxpayers.	<ul style="list-style-type: none"> <li>• The level of subsidy should have regard to the full cost of service delivery and there should be a clear and agreed rationale for subsidy</li> </ul>

5.2 Fees and Charges should be benchmarked against other local authorities to help identify potential best practice. When appropriate to the Fee and Charge in question, benchmarking against other relevant competitors in the market should also be undertaken.

5.3 Each Directorate is responsible for ensuring that their Fees and Charges are appropriately monitored and up to date. Each Directorate's list of Fees and Charges is to be overseen by the Directorate's lead Finance Business Partner.

- 5.4 Annual reviews should consider the following factors:
- Inflationary pressures, and when a flat rate uplift might not be the most appropriate option due to specific changes to the cost-of-service delivery;
  - Service-level budget targets, with the context of council-wide targets and advice from lead Finance Business Partners;
  - Cost of administration;
  - Scope for new charging areas, this might be entirely new discretionary service to deliver, or existing services that are currently not charged for;
  - Demand/volume and sensitivity to price changes;
  - Use stakeholder engagement and comparative data, where appropriate, to ensure that charges do not adversely affect the take up of services or restrict access to services (other than where this is a desirable outcome).
- 5.5 If a decision is taken to not increase some fees and charges the budget shortfall that this creates will need to be bridged through other operational and cost savings. Conversely, if charges are increased above inflation this can contribute to Directorate savings targets.
- 5.6 Service users should be given a reasonable period of notice before the introduction of new or increased charges and there may be a requirement to consult.
- 5.7 To ensure cost effectiveness and efficiency when setting and amending charging levels, the following are to be considered:
- The desirability of increasing the Council's market share e.g., temporarily reducing a fee or charge in order to stimulate demand for a service, leading to increased income generation;
  - Obstacles to maximising full cost recover when providing the service;
  - Future investment required to improve or maintain the service;
  - If full cost recovery would require a sudden and large uplift and may reduce market share, it may be prudent to phase-in that price rise over a longer period with a temporary agreed discount;
  - The desirability of reducing the uptake of a given service, i.e., raising charges during peak times.
- 5.8 Once the review of existing fees and charges has been completed, or any proposal for a new fee or charge has been developed, these will need to pass through each Directorate's agreed approval process before implementation.
- 5.9 Further guidance is available as part of the Fees and Charges Calculation Tool.

### 6. Regularity of Review

- 6.1 The Policy is to be reviewed every four years as a minimum and any required amendments will be subject to approval of the Executive.



## Summary of Usable Reserves

Usable Reserves	Estimated Balance 31 Mar 2023 £000	Appropriations In 2023/24 £000	Appropriation s Out 2023/24 £000	Transfer s 2023-24 £000	Estimated Balance 31 Mar 2024 £000	Appropriations In 2024/25 £000	Appropriations Out 2024/25 £000	Transfers 2024/25 £000	Estimated Balance 31 Mar 2025 £000
Earmarked	-285,497	-6,678	54,027	-75	-238,223	-7,510	22,299	-36	-223,471
Restricted	-78,191	-13,963	23,549	75	-68,530	-14,102	18,292	36	-64,305
Unallocated	-60,684		2,055		-58,629		1,128		-57,501
Grand Total	-424,372	-20,641	79,631	0	-365,382	-21,612	41,718	0	-345,276

## Appendix G – North Yorkshire Council Reserves Policy

### 1.0 Introduction

- 1.1 As part of the Budget process all balances and reserves are reviewed as to their adequacy, appropriateness and management arrangements.
- 1.2 A schedule of the Reserves/Balances forecast to be held by the former councils at 31 March 2023 and to be transferred to the new North Yorkshire Council from 1 April 2023, together with forecast movements over 2023/24 to 2025/26 is provided at **Appendix F**.
- 1.3 All the Reserves/Balances listed are reviewed and monitored on a regular basis by the Corporate Director Resources. The level of the General Fund Working Balance (GFWB) is specifically reported to the Executive as part of each Quarterly Performance and Budget Monitoring report. Reserves are reviewed to establish:
- The current justification of the need for the reserve together with its intended use and the timing of that use;
  - The likely value of any potential liability and whether the Reserve is sufficient;
  - Whether the liability is better met as part of a wider Council Reserve (i.e. either as part of general fund balances or another dedicated Reserve) thus eliminating the need for a specific earmarked reserve.

### 2.0 Reserve Classification

- 2.1 As an initial categorisation of the following types of Balances/Reserves have been identified:
- Earmarked - these reserves help to manage financial risk, commitments and support improvement and investment within service directorates.
  - Restricted - some reserves are restricted in use due to legislative requirements or specific legal/funding agreements – examples include: ring-fenced Housing Revenue Account reserves; Community Infrastructure Levies/s106 sums for specific investments; capital receipts; and capital grants;
  - Unallocated balances are available for general use and include the **General Fund Working Balance (GFWB)**. The GFWB is the Council's funding of last resort. It provides the contingency to manage risk across the Council and is subject to a minimum 10% policy requirement

A full review of reserves and their categorisation will be undertaken during 2023/24 in preparation for the next refresh of the Medium-Term Financial Strategy.

- 2.2 The operation of reserves and balances are subject to the following:

#### **General Fund (GF) Reserves**

#### **General Fund Working Balance (GFWB)**

- 2.3 The policy is to maintain the minimum level of GFWB at:

a) A minimum of 10% of the net revenue budget (rounded to the nearest £m) in order to provide for unforeseen emergencies etc.

2.4 The above policy is also accompanied by the following "good practice rules":

- (a) that any underspending on the Corporate Miscellaneous budget at the year-end will be allocated to the GFWB only if the balance drops below the target balance. Any other underspends will be allocated to the Strategic Capacity Reserve;
- (b) that should there be any call on the GFWB during a year such that the Target level (as defined in the MTFS) will not be achieved at the respective year end then:
  - (i) that shortfall be addressed in the next Budget cycle; and/or
  - (ii) that revenue or capital expenditure reductions be effected in either the current or following financial year, in order to offset the shortfall;
- (c) that in order to implement 2.4(b) the Executive should review the position of the GFWB on a regular basis as part of the Quarterly Performance and Budget Monitoring report process.

### **Earmarked Reserves**

2.5 These are specific funds for a range of initiatives and projects – balances are subject to annual challenge to establish appropriate levels and spend profiles, as part of the council's budget monitoring and financial management arrangements. Appropriations to and from these reserves will be considered on a case by case basis. Within earmarked reserves there are some strategic reserves which are important to the overall financial management of the Council:

#### **Strategic Capacity - Unallocated and MTFS Shortfall**

- 2.6 Appropriations to the Strategic Capacity reserve will be dependent upon in-year revenue surpluses (beyond those required to top-up GFWB) and windfall resources. The first call on this reserve will be to fund any revenue budget shortfalls after planned reserve movements. Subject to available resources, appropriations from this reserve to fund specific projects will be subject to approved business cases.
- 2.7 The MTFS Shortfall Reserve holds the deficits arising from revenue shortfalls (actual and forecast) so that the cumulative impact of budget decisions and savings delivered can be tracked.

#### **Local Taxation Reserves**

- 2.8 These reserves receive the surpluses and deficits on the Council's share of Council Tax and Business Rates Collection Funds. The purpose of these reserves is to mitigate the risk of a significant Collection Fund deficit impacting on the revenue budget in a single year. These reserves also receive the renewable energy business rates income received by the former Selby District Council earmarked for revenue budget support.
- 2.9 A maximum balance which is sufficient to provide a reasonable internal 'safety net' is proposed at 2% of these income streams – estimated at £11m for 2023/24.

- 2.10 Should this maximum balance be exceeded then the excess will be released to the Strategic Capacity Reserve for alternative use. In 2023/24 £20m is available for transfer to the Strategic Capacity Reserve but this will be considered as part of the full review of reserves in 2023/24.
- 2.11 A minimum balance of £2m is held and if this is insufficient to meet an expected net Collection Fund deficit, then the Strategic Capacity (Unallocated) Reserve will be used to fund any shortfall and reinstate the minimum balance.

### **Local Government Re-organisation (LGR)**

- 2.12 This reserve supports the additional transitioning and transformation costs for the new unitary council. Baseline funding of £38m was earmarked by the former County Council and there is currently £21.1m uncommitted..
- 2.13 Appropriations from and to this reserve will be considered on a case by case basis.

### **Housing Revenue Account (HRA) Reserves**

#### **HRA Working Balance (HRAWB)**

- 2.14 HRA reserves and balances are ringfenced to the HRA. The policy is to maintain the minimum level of HRAWB at:
- a) A minimum of 10% of the net HRA revenue budget (rounded to the nearest £m) in order to provide for unforeseen emergencies etc
- 2.15 This policy is also accompanied by the following "good practice rules":
- (a) that any underspending on the HRA revenue budget at the year-end will be allocated to the HRAWB only if the balance drops below the target balance. Any other underspends will be allocated to the HRA Major Repairs Reserve;
  - (b) that should there be any call on the HRAWB during a year such that the Target level (as defined in the MTFS) will not be achieved at the respective year end then:
    - (i) that shortfall be addressed in the next Budget cycle; and/or
    - (ii) that revenue or capital expenditure reductions be effected in either the current or following financial year, in order to offset the shortfall;
  - (c) that in order to implement 2.15(b) the Executive should review the position of the HRAWB on a regular basis as part of the Quarterly Performance and Budget Monitoring report process.

#### **HRA Major Repairs Reserve**

- 2.16 This reserve supports the HRA business plan and its forecasts for on-going cyclical replacements and improvements to the Council's HRA housing stock beyond the annual maintenance budgets within the HRA revenue budget.
- 2.17 In accordance with the financial framework governing HRAs, appropriations into this reserve include 'depreciation charges' applied to the HRA along with any net annual surpluses arising from housing rents received, less HRA annual running costs.

- 2.18 Appropriations from this reserve are subject to annual review of the HRA Business Plan and budget setting.

NORTH YORKSHIRE COUNCIL  
MEDIUM TERM FINANCIAL STRATEGY (MTFS)  
2022/23 to 2025/26

EXECUTIVE SUMMARY

	2023/24 £ '000	2024/25 £ '000	2025/26 £ '000
Districts	102,037		
NYCC	481,314		
<b>A Starting Position</b>	<b>583,351</b>	<b>623,458</b>	<b>644,475</b>
Pay Awards	19,035	11,451	8,589
Other Inflationary Costs	46,914	14,500	8,000
	<b>65,950</b>	<b>25,951</b>	<b>16,589</b>
<b>C Increased Spending / Growth Requirements</b>			
<b>Environment</b>			
Transport	(290)	-	38
<b>Community</b>			
Planning	750	-	-
Housing	764	-	125
Culture and Leisure	1,430	(391)	-
<b>Central</b>			
Area Constituency Committee	300	-	-
NYLAF	20	-	-
Catch Up Inflation	3,784	-	-
System Developments	214	-	-
<b>Corporate/Other</b>			
Changes to T&C's	1,374	-	-
Treasury Management & Capital Financing	(17,002)	(612)	-
Council Tax Deficit Adjustment	(4,709)	-	-
Business Rates Adjustment	(566)	-	-
Contingency	1,000	-	-
Brexit Contingency	(1,500)	-	-
Other adjustments	(3,921)	-	-
Removal of Renewables Expenditure	-	(9,551)	-
Hospital Discharge	(1,750)	-	-
<b>CYPS</b>			
SEN Administration & Coordination	400	-	-
Education Psychology	400	-	-
Disabled Children's Services	1,000	-	-
Home to School Transport	5,600	2,500	2,500
Digital EHCPs	50	-	-
School Improvement	(50)	(125)	-
Pooled Budget	2,500	-	-
<b>HAS</b>			
Structural Overspend	4,100	-	-
Hospital Discharge	2,400	1,600	-
Market Sustainability	5,000	5,000	-
	<b>1,298</b>	<b>(1,579)</b>	<b>2,663</b>
<b>D Cost Reduction / Savings Requirements</b>			
<b>Environment</b>			
Budget Savings	(1,600)	(1,374)	-
<b>Community</b>			
Community Development	(1,073)		
<b>Central</b>			
Central Services Budget Savings	(930)	-	-
<b>Corporate/Other</b>			
LGR Savings	(3,174)	-	-
Employer's Contribution Rate	(6,163)	-	-
<b>CYPS</b>			
Budget Savings	(430)	(2,975)	(2,250)
<b>HAS</b>			
Budget Savings	(1,325)	(1,250)	(325)
	<b>(14,695)</b>	<b>(5,599)</b>	<b>(2,575)</b>
<b>F Use of General Working Balances (GWB)</b>			
MTFS Balance/(Shortfall)	(12,446)	2,244	(16,225)
	<b>(12,446)</b>	<b>2,244</b>	<b>(16,225)</b>
<b>Sub Total</b>	<b>623,458</b>	<b>644,475</b>	<b>644,926</b>
<b>E Funding Sources</b>			
Revenue Support Grant	(175)	(188)	(188)
Rural Services Delivery Grant	(11,043)	(11,043)	(11,043)
New Homes Bonus	(4,332)	(4,332)	-
2022-23 Services Grant	(3,299)	(3,299)	(3,299)
Improved Better Care Fund (Original Allocation)	(17,328)	(17,328)	(17,328)
Social Care Grant (SR19, SR20 & SR21)	(31,992)	(36,557)	(36,557)
Adult Social Care Discharge Fund	(2,430)	(4,049)	(4,049)
Market Sustainability and Improvement Fund	(5,675)	(8,533)	(8,533)
	<b>(76,275)</b>	<b>(85,330)</b>	<b>(80,998)</b>
<b>H Business Rates</b>			
Total Retained by authority	(91,532)	(91,532)	(96,626)
Multiplier Cap and Renewables	(27,921)	(18,370)	-
	<b>(119,453)</b>	<b>(109,902)</b>	<b>(96,626)</b>
<b>I Balance Required from Council Tax</b>	<b>427,730</b>	<b>449,243</b>	<b>467,302</b>
<b>J Council Tax Base (Band D equivalents)</b>	243,033.59	245,463.93	247,918.57
<b>K Basic Amount of Council Tax (Band D)</b>	<b>1,759.96</b>	<b>1,830.17</b>	<b>1,884.89</b>
Annual % Increase	4.99%	3.99%	2.99%
Summary of In-Year Budget Shortfall	(12,446)	2,244	(16,226)
Cumulative Budget Shortfall	(30,349)	(28,105)	(44,331)

## Let's Talk Money

### 1.0 Summary

- 2,654 valid responses were received to the Let's Talk Money survey.
- Responses were received from people who live and work within all districts across North Yorkshire, although people from Harrogate were over represented in the responses.
- The top ranked services, based on those which people allocated most budget to were education, adult social care, highways and transport and children's social care.
- More than three-quarters of responses agreed with the proposals to introduce a 100 per cent council tax premium for second home owners.
- Around half the responses supported the approach of harmonising council tax rates over two years. However, results varied across districts. People in Harrogate and Richmondshire, who will see a reduction in their bills, were much more likely to agree that this should happen over two years. Scarborough people were much more likely to say it should happen sooner than two years. A higher proportion of people in Hambleton, Craven and Selby felt that this process should take longer than two years and a higher proportion said other.
- A quarter of participants in the survey stated that they would be willing to pay a 2% increase in council tax to help deliver critical services across North Yorkshire. Around one-in-five respondents would not support an increase of any amount.
- A third of people who replied would be willing to pay a 1% increase in council tax to fund adult social care services. Around one-in-five would not support an increase of any amount.

### 2.0 Introduction, background, and methodology

Our ambition for Let's Talk North Yorkshire was for it to be our biggest ever countywide conversation, to help understand how the public are feeling, and use that intelligence to improve decision making and inform the council's policy development process.

Three consultations fell under the Let's Talk banner – Local, Devolution and Money.

Let's Talk Local was launched on 26 September 2022. This strand focused on understanding people's priorities for their local areas and testing the geography of potential community networks. The survey also included a question on council priorities and the impact of the cost of living crisis.

Let's Talk Money followed, launching on 31 October 2022 and running until 23 December 2022. The survey included the same questions to understand people's priorities and the impact of the cost of living crisis. People who had already completed Let's Talk Local and had answered these questions did not need to complete them again.

Both surveys were hosted on 'Commonplace', our digital engagement platform. The work was supported by a marketing campaign using owned, earned and paid for print, digital, broadcast and social media channels, directing people to the platform. It was also promoted at engagement events across the county. An easy read version of the questionnaire was produced and, where requested, alternative formats such as large print were supplied.

2,654 valid responses to the Let's Talk Money survey were received. This report presents the results of the Let's Talk Money survey and includes the questions repeated on across both surveys. The Let's Talk Local report will consider the repeated questions in more depth.

Responses have been validated to remove test responses submitted during the development of the survey and technical duplicate responses submitted when respondents experienced technical problems in submitting their responses.

As usual with self-completion questionnaires, some participants did not complete all questions. This may be because they did not have an opinion on the question asked, but we cannot make this assumption in full confidence. Such 'missing data' is excluded from the results unless otherwise stated. All charts indicate the number of responses received for each question.

The survey results are reported as whole numbers for percentages. As a result of this ‘rounding’ process there may be occasions when the figures do not add up to 100.

Free text response questions were coded to look for patterns and themes in the responses.

### **Reliability of the results**

The number of responses received as part of the Let’s Talk Money survey indicates we can be confident that the survey results reflect the wider view of people in North Yorkshire and can be generalised to the whole population

The 95% confidence interval for overall survey results is calculated to be within +/- 1.9%, and this indicates a high level of certainty in the results. <sup>i</sup>

While the sample of response in the survey is broadly representative of the population in North Yorkshire in many respects, the over-representation of people from some sub-groups such as districts and age groups may have an impact on the survey results if people from these groups have different views on issues. Demographic group information was not provided by many people taking part in the survey, and this also limits the ability to determine how truly representative the sample of responses is.

We acknowledge that there is likely to be some survey error in the results, due to the over-representation of certain sub-groups in the sample. Although the survey is not truly representative, we always assume that there will be some sampling error and/or response bias in every survey, and this does not invalidate the survey findings.

## **3.0 Summary of main findings**

### **Survey respondent characteristics**

Most people completing the survey were residents of the county. Participants also included people who work, study or represent organisations in the county and there was a small number of people who stated other. People were asked for their connection to North Yorkshire and were able to choose several options.

#### **Chart 1 Connection to the area**

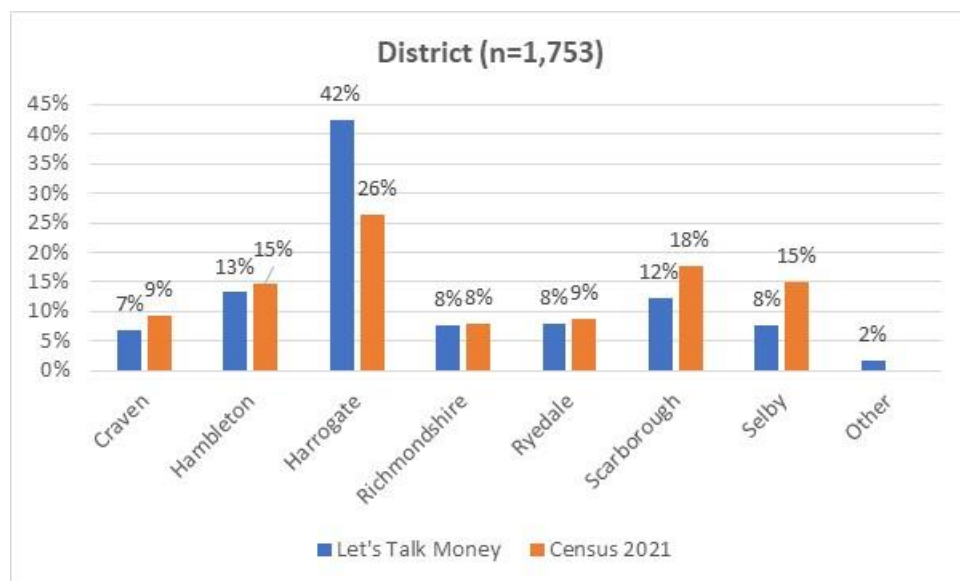
I live here	1209	93%
I work here	424	33%
I work for one of the local authorities	118	9%
I run a business here	103	8%
I represent an organisation here	103	8%
I study here	21	2%
Other	35	3%
Number responding	1,296	

The majority (93%) of those who provided a reply said that they lived here, a third (33%) said they worked here. Nearly one- in- ten worked for one of the local authorities (9%).

People were asked for their postcode to identify where they live, and this was used to indicate the district in which they live. The chart below compares the distribution of responses with the breakdown of population (age 16+) by district across North Yorkshire.



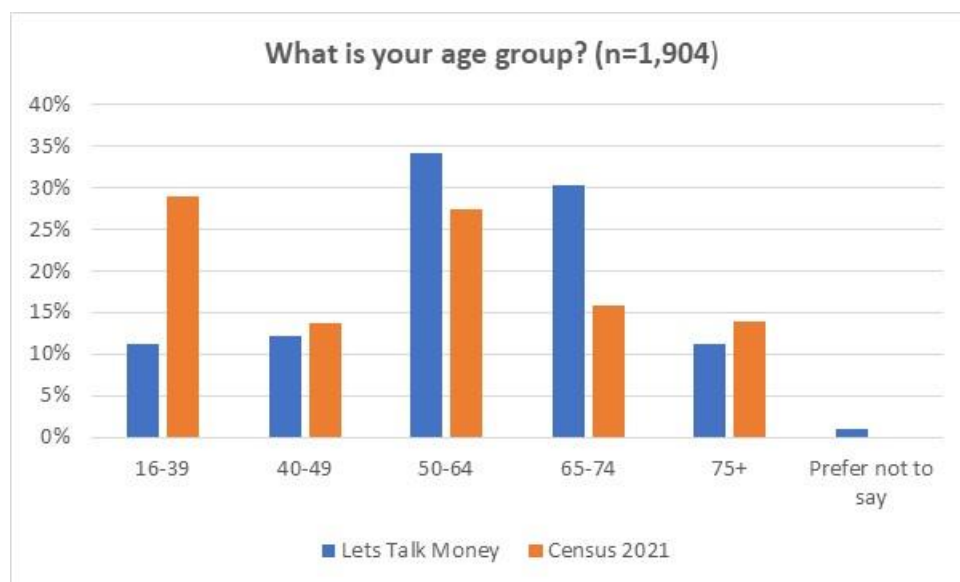
**Chart 2 Response sample and population by district of residence**



Harrogate is overrepresented in the responses, with 42% of the participants indicating that they lived within the Harrogate district. The proportion of responses from Hambleton, Richmondshire and Ryedale is representative. Scarborough and Selby are underrepresented. In addition, 2% of the responses were from people from outside North Yorkshire. The district of a further 901 responses is not known because this information was not provided or was incomplete.

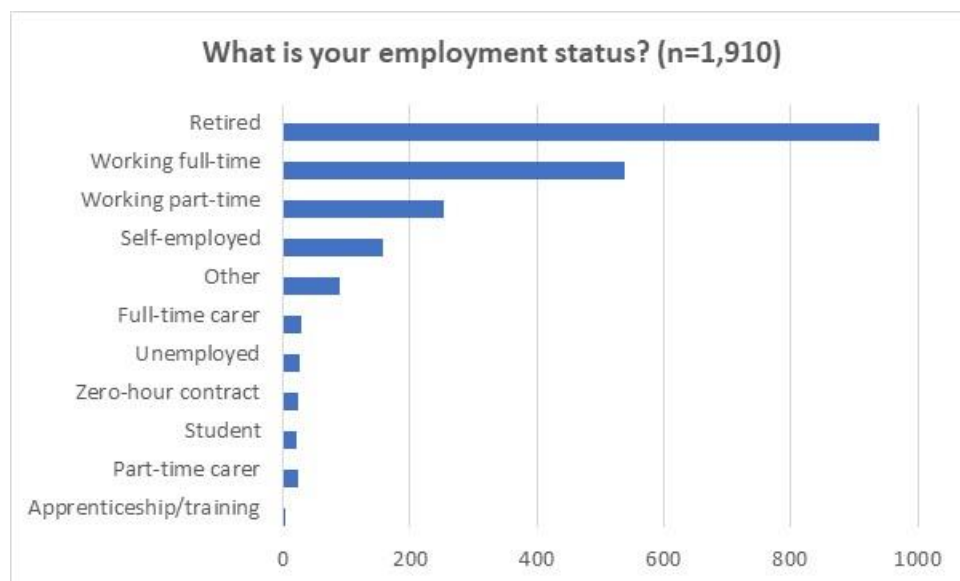
There were more responses from people identifying as male (50%) than female (46%), with 3% preferring not to say and a small number (5 responses) describing themselves in another way. In total 1628 responded to this question.

**Chart 3 Response sample and population by age group**



People in the 65-74 age group make up a high proportion of responses (30%) which is higher than the population of North Yorkshire as a whole, for this age grouping (16%). The 50-64 age group is also overrepresented, making up 34% of the responses and 27% of the population. The 16-39 age group is underrepresented, making up 11% of the responses and 29% of the population, this is despite targeting the younger age groups in the campaign. Again a significant number of people did not answer this question.

**Chart 4 - Employment status**

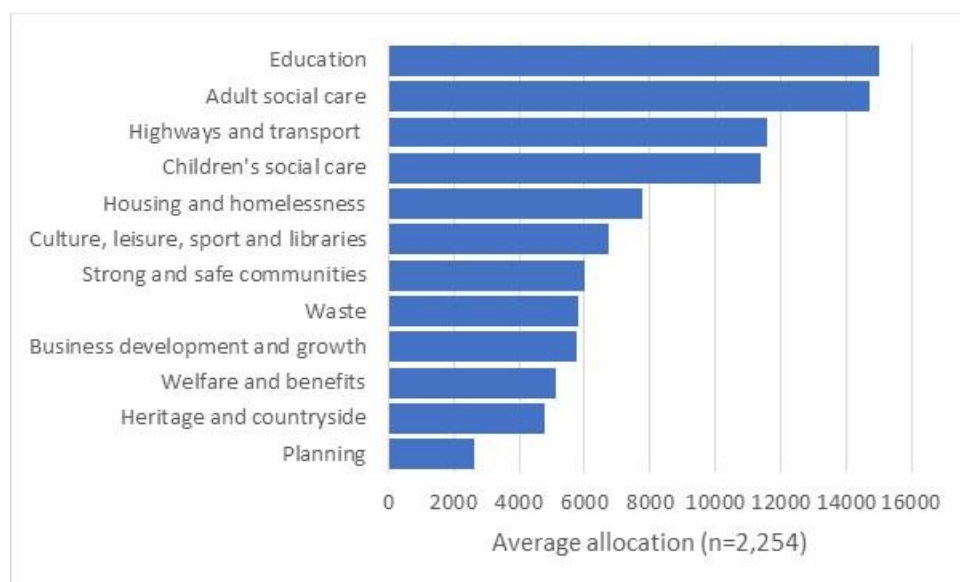


People were also asked their employment status and could choose more than one option. Of those answering the question, nearly half (49%) were retired, which reflects the age group of those responding. Around half of the respondents were working in one way or another, 28% were working full time, 13% part time, 8% were self-employed and 1% had zero-hour contracts.

### Priorities

The survey asked people to allocate a budget of £100,000 across 12 council services. This exercise was aimed at assessing how respondents would prioritise statutory services that need to be delivered.

**Chart 5 - If you had £100,000 to spend on council services how would you split it?**



The top ranked services, based on the services which people allocated most budget to, were:

- Education – average allocation of 15% of the budget
- Adult social care– average allocation of 15% of the budget
- Highways and transport– average allocation of 12% of the budget
- Children's social care– average allocation of 11% of the budget

The lowest ranked service was planning, which people allocated an average of 3% of the budget to.

## Council priorities

People completing both the Let's Talk Money and the Let's Talk Local surveys were asked what the new council should prioritise over the next three years by ranking eleven areas/themes.

The following were most commonly ranked in the top three priorities for the next three years in the Let's Talk Money survey:

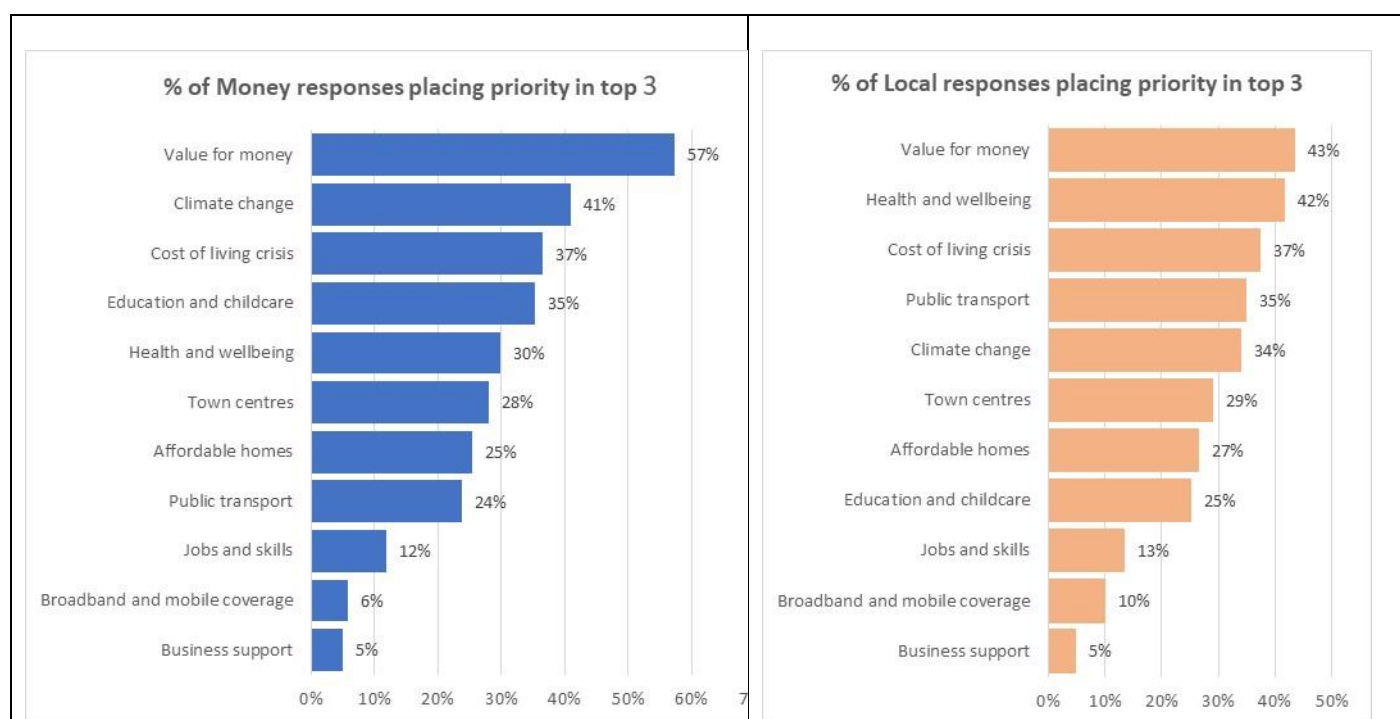
1. Value for money (ranked as a top 3 priority in 57% of responses)
2. Climate change (41%)
3. Cost of living crisis (37%)
4. Education and childcare (35%)
5. Health and wellbeing (30%)

Value for money, health and wellbeing, cost of living crisis and climate change are also ranked as the highest priorities in the Let's Talk Local survey, but public transport is also included in this list, in place of education and childcare.

Both sets of survey responses rank business support, broadband and mobile coverage, and jobs and skills as the lowest priorities for the next three years.

### Chart 6 - What should the new council prioritise over the next three years?

The charts below show the proportions of responses placing each area or theme in the top three priorities for the new council in each of the surveys.



Feedback received from our officers staffing Let's Talk Local events in the community has highlighted that some people struggled to complete this question with people not necessarily ranking all 11 options. Results from the question must be considered more widely alongside other feedback, and this will be undertaken in more depth in the Let's Talk Local survey report.

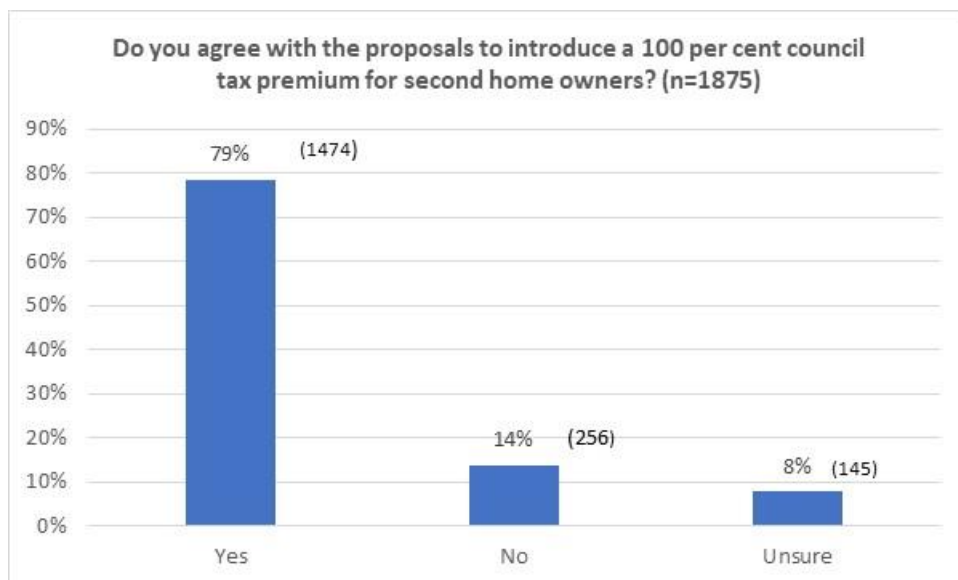
## Second homes premium

North Yorkshire has the highest number of second homes in the Yorkshire and Humber region, which affects the availability of housing for local people. In September 2022, senior councillors on North Yorkshire County Council's

executive backed a proposal to introduce a 100 per cent council tax premium on second homes within two years. This would mean that council tax bills are effectively doubled for second homeowners.

If the plans are agreed, the extra funding that would be raised by increasing council tax for people who own second homes is estimated at around £14m a year. This financial boost would help to fund key priorities for the new council such as tackling the affordable housing crisis. The 100 per cent council tax premium on second homes would not be introduced until 1 April 2024, if the Government's proposals to make these changes become law.

#### **Chart 7 - Do you agree with the proposals to introduce a 100 per cent council tax premium for second home owners?**



The text above was included in the survey and it then asked if people agreed with the proposals to introduce a 100 per cent council tax premium for second home owners. 79% of responses agreed with the proposals to introduce a 100 per cent council tax premium for second home owners and 14% disagreed.

Some people used the open-ended question on savings to give their views on the question on second homes. There were 15 responses supporting the increase with some suggesting a higher premium, there were 10 responses objecting to the proposal or seeking further clarification for particular circumstances. There were also a few comments about the need for more housing for residents and comments about holiday lets and the tax implications.

#### **Harmonisation**

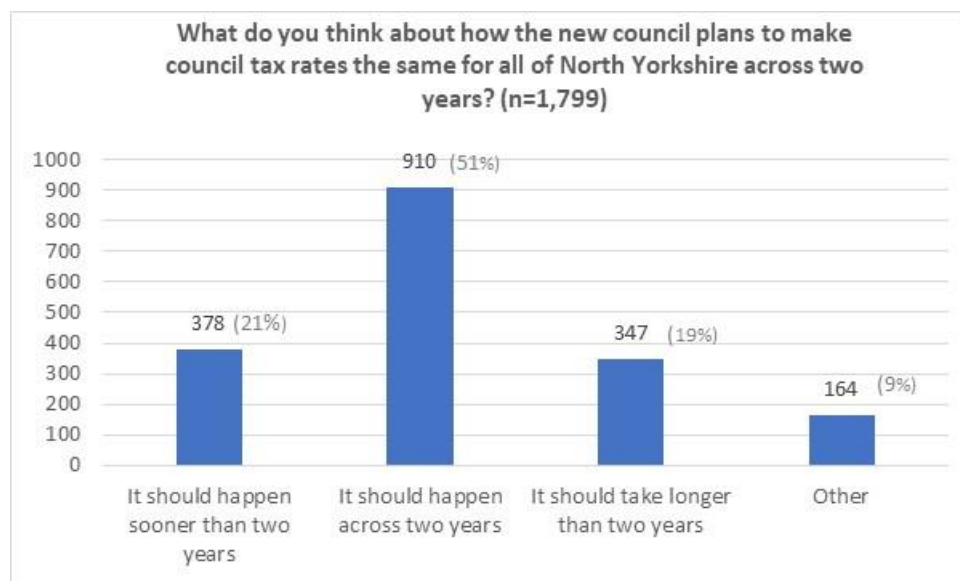
By law, North Yorkshire Council must set a single base level for council tax. Currently, the seven borough and district councils all charge different amounts.

The Government will allow the new council to make council tax levels the same over a period of up to eight years. To get the right balance of fairness for everyone, the recommendation is that council tax levels are made the same over a period of two financial years starting from 1 April 2023.

This avoids the sharp and sudden increase that would happen by making council tax the same in a single year, but means that people are paying the same amount for the same services more quickly.

For people in some areas this will mean an increase in their council tax bill and for others it will mean they pay less. If the proposals are agreed, the first change to the base level of council tax will take effect from 1 April 2023 and the second from 1 April 2024. This means that the base level of council tax for the financial year 2024/25 will be the same for the whole of North Yorkshire.

**Chart 8 - What do you think about how the new council plans to make council tax rates the same for all of North Yorkshire across two years?**



The information above the chart was detailed in the survey. People were asked what they thought about how the new council plans to make council tax rates the same for all of North Yorkshire across two years. The majority (51%) of responses supported the approach of making it happen over two years, around one-in-five (21%) thought it should happen sooner and a similar proportion (19%) thought it should take longer.

Although the majority of people thought the process should take place over two years, there were significant differences in views by area. People in Harrogate and Richmondshire who will see a reduction in their bills were much more likely to agree that this should happen over two years. Scarborough people were much more likely to say it should happen sooner than two years. A higher proportion of people in Hambleton, Craven and Selby felt that this process should take longer than two years and a higher proportion said other.

**Chart 9 – Opinion of the new council plans to make council tax rates the same for all of North Yorkshire across two years by district**

	Number of responses	It should happen sooner than two years	It should happen across two years	It should take longer than two years	Other
Craven	73	15%	44%	23%	18%
Hambleton	157	4%	48%	31%	17%
Harrogate	505	22%	60%	12%	7%
Richmondshire	95	22%	60%	12%	6%
Ryedale	92	26%	47%	17%	10%
Scarborough	151	33%	44%	15%	7%
Selby	88	18%	45%	22%	15%
Outside NY	22	18%	32%	41%	9%
Unknown	615	22%	47%	23%	8%
Total	1798	21%	51%	19%	9%

The other category was made up of:

- those who did not think that harmonisation should happen (74 responses), because they did not agree with the new council, and/or did not think it fair as they feel that access to services is not the same across the county

- people commenting on the council tax system such as the bands being out of date, the parish precept, and the single person discount (14 responses)
- people detailing why / how it should take longer than two years (12 responses)
- those who felt that harmonisation should be done on the lowest current rate (9 responses)
- a number stating that they are unsure or need more information (7 responses)
- those who raised issues on the ability to pay (6 responses)
- people saying it should be quicker (3 responses) or explaining that they agree with it taking two years (3 responses)
- people commenting about second homes (3 responses); and
- a wide variety of other responses (30 responses).

## Council tax

Council tax is now the most important source of funding for the council and each one per cent increase would raise £4m towards meeting rising costs and demand. Each one per cent increase in council tax would add:

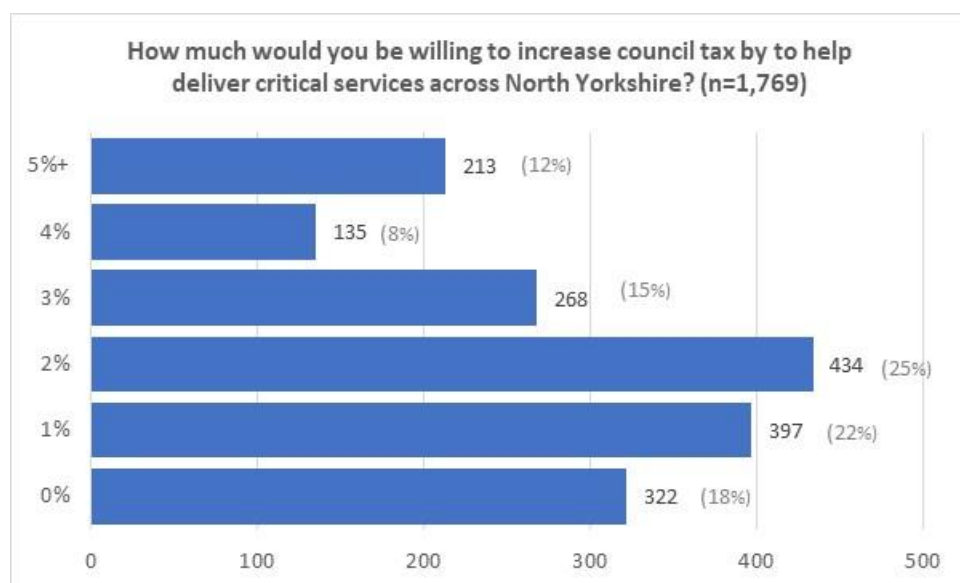
- £17 to the average Band D household bill for the year; or
- around £1.40 per month.

How far council tax can be raised is, in part, controlled by the Government. In recent years it has set a 'referendum limit' which means any increase above that rate must be voted on locally. The cost and practicalities of doing that means that this limit acts as a cap on council tax increases.

At the time of launching this consultation it was unclear whether the Government would impose a referendum limit for the coming year and how much that might be. In his Autumn Statement on 17 November 2022, the Chancellor announced that local authorities in England who provide social care will be able to increase council tax by up to 5 per cent without holding a local referendum, with a 3 per cent general increase and 2 per cent to fund social care.

People were asked how much would you be willing to increase council tax by to help deliver critical services across North Yorkshire?

**Chart 10 - How much would you be willing to increase council tax by to help deliver critical services across North Yorkshire?**

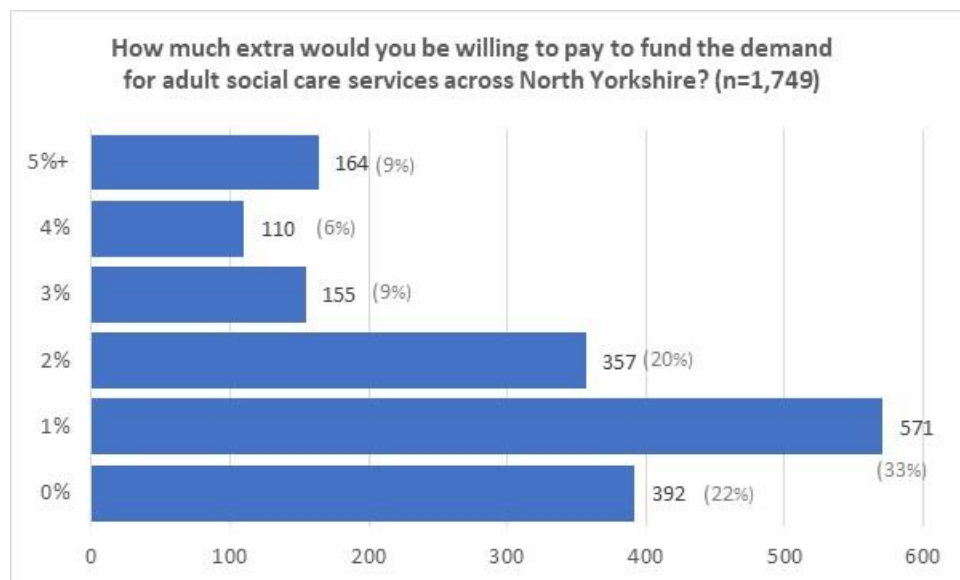


A quarter (25%) of responses would be willing to pay a 2% increase in council tax to help deliver critical services across North Yorkshire. A further 22% would support a 1% increase, 15% a 3% increase but 18% would not support an increase of any amount.

A significant proportion of people did not provide any response.

In addition, people were asked how much extra would you be willing to pay to fund the demand for adult social care services across North Yorkshire?

**Chart 11- How much extra would you be willing to pay to fund the demand for adult social care services across North Yorkshire?**



A third (33%) of responses would be willing to pay a 1% increase in council tax to fund adult social care services. A further 20% would support a 2% increase but 22% would not support an increase of any amount.

A significant proportion of people did not provide any response.

People were informed that by creating a single council for North Yorkshire there will be opportunities for transformation and savings in the future. There will be:

- fewer councillors;
- a smaller senior management structure; and
- less duplication by joining up services.

The larger organisation will also be able to buy goods and services in the most cost-effective way. In the longer-term, bringing together services, for example waste collection and disposal, will potentially give further opportunities for efficiencies. We expect that many of these changes will happen over several years.

People were then asked do you have any ideas or suggestions for how the new council could do things differently to make savings or generate income. These comments were coded to identify the most common ideas / suggestions made.

**Chart 12 - Do you have any ideas or suggestions for how the new council could do things differently to make savings or generate income?**

Comment Type	Comment description	Number
Staffing and councillors	Reduced management, reduced staff numbers, fewer councillors, cut in expenses / allowances, no redundancy reduced pay and expenses, pension changes,	181
Efficiencies	Reduced bureaucracy, join up services, improved ways of working, shared IT, online meetings, use of IT, efficiency reviews, service improvements	137
Highways and transportation	Comments regarding improvements for highways, turning street lighting off or using LEDs, street cleansing, car parking	110

Comment Type	Comment description	Number
	and public transportation. Including less improvement schemes, improved public transport, less or more cycling, leaving verges unmown	
Income generation	Ideas for income generation such as renting out properties, service charges, fines	82
Property	Property rationalisation, making property more efficient	78
Waste / recycling	Improve recycling rates, common methods / income, charging for garden waste, food caddies for food waste	73
Climate change / environment	Investment in renewable energy (solar panels, hydro, district heating systems, wind turbines), climate change as a priority, low emission zones, EV infrastructure, limitations on car usage	72
Funding of local government / council tax system	Suggested changes to council tax system including rebanding valuation, tax holiday properties, tourist tax	65
Housing / planning	Priorities around housing and planning, including gaining funding from developers, more or less new homes, efficiency of planning, council homes sold or leased, housing standards	57
Economic development	Priorities around economic development and tourism	46
Procurement	Improved procurement, contract management, reduced outsourcing	37
Cut unnecessary roles and activities	Focus on/only deliver statutory services, do fewer things, cut “non jobs”, don’t subsidise events	37
Second homes	Comments supporting proposed second homes council tax increase, some objecting to plan, others saying should be more, other comments around holiday homes / holiday lets	33
Devolution / Double devolution / community action	Comments on devolution negative and positive, role of parish councils and double devolution, locality working, use of volunteers, engaging with communities, community action	54
Social care	Priorities relating to social care, comments about standards in social care	31
Savings from single council	Expectation of savings related to the creation of the single council being made and stated in survey, comments about getting on with it	25
Objection to change	Comments objecting to the new council	22
Children and young people	Comments regarding services for children and young people, schools, areas for priority reducing spend on school transport including taxis	25
Reduce communication / marketing spend	Reduce communications spend, rebranding spend, spend on consultations	16
Support for vulnerable people	Comments about supporting vulnerable people including benefits, some as priority area for spend, others as a place to cut spending	16
Leisure services	Ensuring leisure services are self-funding, privatise, sell or put leisure services in a trust	9
Other public sector services	Comments about health, fire, and police	8
Other	A wide variety of other comments	99

There were 873 comments made including emailed comments to this question, some covered a number of topics. Many of these were about regarding achieving the savings that are in line with the plans from the reorganisation;



comments about achieving the proposed savings from the single council, saving on staff costs and property costs, savings on councillor costs, procurement savings and efficiencies.

There were a variety of comments around priorities such as climate change, highways and transportation, social care, children and young people's services and economic development.

There were also comments around factors which the council cannot directly deal with such as funding of local government, rebanding council tax bands, creating a tourist tax and stopping older people's bus passes.

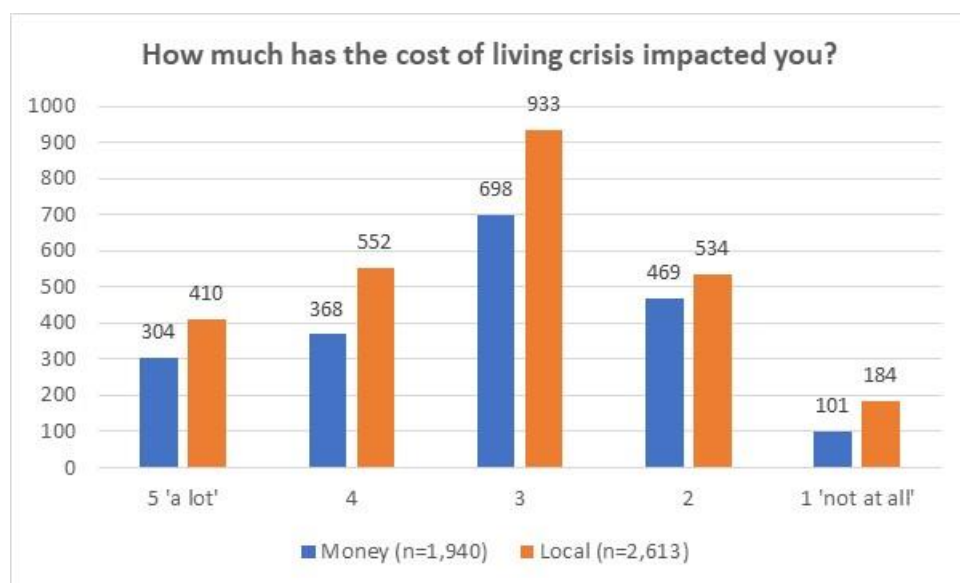
### Cost of living

We know that many people are struggling as the cost of food, energy and other essentials continues to rise, so any decisions on council tax will be considered very carefully. Supporting people during the cost of living crisis is a key priority for the new council, and the proposed new scheme for council tax reduction will give the maximum level of reduction for the people most in need.

People were asked about the cost of living, how much it affected them and how, across both the Let's Talk Money and Let's Talk Local Surveys.

People were asked how much has the cost of living crisis impacted them on a scale of 1 to 5, rating 1 'not at all' to 5 'a lot'.

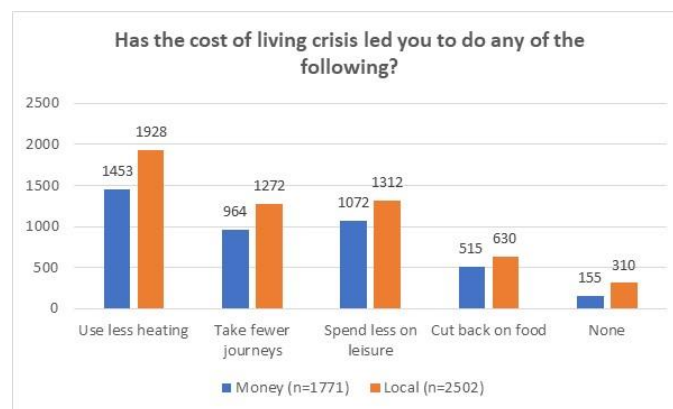
**Chart 13 - How much has the cost of living crisis impacted you?**



The most common responses (36%) for both surveys rated the impact of the cost of living as '3' on a scale of 1 to 5. Around 15% of responses for both surveys rated the impact as 5 'a lot'.

People were asked about the impacts of the cost of living crisis.

**Chart 14 – Actions resulting from the cost of living crisis**



Around four-out-of-five responses had used less heating, seven out of ten responses said that the cost of living crisis had resulted in shopping around, around half had reduced spending on leisure and around half had used savings.

People were asked if there is anything else you would like to tell us about the impact of the cost of living crisis on you and your family? In Let's Talk Money 31 responses mentioned council tax, examples below.

Very worried about council tax and rent

My family might be able to cope for now, but increasing (and especially doubling!) council tax would tip the balance and quickly make things worse

It is impossible for individuals living on their own to afford to pay the rent even in the smallest flats. My rent, bills and council tax make up 70% of my income. Something has to be done

The cost of living results will be considered in more depth in a separate report.

## Appendix 1 – Let's Talk Money tables of results

Number of responses: 2654

**If you had 100,000 to spend on council services how would you split it?**

	Responses	Ave	Ave	Min	Max
Education	2,234	14,984	15%	0	100,000
Adult social care	2,234	14,686	15%	0	100,000
Highways and transport	2,234	11,592	12%	0	100,000
Children's social care	2,234	11,384	11%	0	100,000
Housing and homelessness	2,234	7,750	8%	0	100,000
Culture, leisure, sport and libraries	2,234	6,722	7%	0	100,000
Strong and safe communities	2,234	6,004	6%	0	100,000
Waste	2,234	5,783	6%	0	100,000
Business development and growth	2,234	5,753	6%	0	100,000
Welfare and benefits	2,234	5,130	5%	0	100,000
Heritage and countryside	2,234	4,782	5%	0	100,000
Planning	2,234	2,648	3%	0	30,000

**Do you agree with the proposals to introduce a 100 per cent council tax premium for second home owners?**

	Responses	%
Yes	1474	79%
No	256	14%
Unsure	145	8%
Total	1875	100%

**What do you think about how the new council plans to make council tax rates the same for all of North Yorkshire across two years?**

	Responses	%
It should happen sooner than two years	378	21%
It should happen across two years	910	51%
It should take longer than two years	347	19%
Other	164	9%
Total	1799	100%

**How much would you be willing to increase council tax by to help deliver critical services across North Yorkshire?**

	Responses	%
0%	322	18%
1%	397	22%
2%	434	25%
3%	268	15%
4%	135	8%
5%+	213	12%
Total	1769	100%

**How much extra would you be willing to pay to fund the demand for adult social care services across North Yorkshire?**

	Responses	%
0%	392	22%
1%	571	33%
2%	357	20%
3%	155	9%
4%	110	6%
5%+	164	9%
Total	1749	100%

**What should the new council prioritise over the next three years?**

	Responses ranking in top 3	% ranking in top 3
Value for money	1155	57%
Climate change	826	41%
Cost of living crisis	738	37%
Education and childcare	713	35%
Health and wellbeing	600	30%
Town centres	566	28%
Affordable homes	513	25%
Public transport	481	24%
Jobs and skills	240	12%
Broadband and mobile coverage	117	6%
Business support	99	5%
Total	2016	

**How much has the cost of living crisis impacted you?**

	Responses	%
5 'a lot'	304	16%
4	368	19%
3	698	36%
2	469	24%
1 'not at all'	101	5%
Total	1940	100%

**Has the cost of living crisis led you to do more of the following?**

	Responses	%
Shop around	1322	69%
Use savings	1007	53%
Use credit	272	14%
Work longer hours	259	14%
Increase debt	251	13%
None	185	10%
Total	1911	100%

**Has the cost of living crisis led you to do any of the following?**

	Responses	%
Use less heating	1453	82%
Spend less on leisure	1072	61%
Take fewer journeys	964	54%
Cut back on food	515	29%
None	155	9%
Total	1771	100%

**What is your age group?**

	Responses	%
16-29	60	3%
30-39	145	8%
40-49	225	12%
50-64	642	34%
65-74	588	31%
75-84	210	11%
85 +	16	1%
Prefer not to say	18	1%
Total	1904	100%

**What is your employment status?**

	Responses	%
Retired	938	49%
Working full-time	537	28%
Working part-time	252	13%
Self-employed	158	8%
Other	89	5%
Full-time carer	29	2%
Unemployed	27	1%
Zero-hour contract	24	1%
Part-time carer	23	1%
Student	20	1%
Apprenticeship/training	3	0%
Total	1,910	100%

**Are you?**

	Responses	%
Male	821	50%
Female	755	46%
Prefer not to say	47	3%
Describe myself in another way	5	0%
Total	1628	100%

### What is your connection to the area?

	Responses	%
I live here	1209	93%
I work here	424	33%
I work for one of the local authorities	118	9%
I run a business here	103	8%
I represent an organisation here	103	8%
Other	35	3%
I study here	21	2%
Total	1,296	100%

### District

	Responses	%
Harrogate	743	42%
Hambleton	232	13%
Scarborough	216	12%
Ryedale	139	8%
Richmondshire	136	8%
Selby	136	8%
Craven	119	7%
Other	32	2%
Total	1753	100%

**Do you agree with the proposals to introduce a 100 per cent council tax premium for second home owners?**

	Yes	No	Unsure	Total
Craven	61 78%	13 17%	4 5%	78 100%
Hambleton	140 86%	17 10%	6 4%	163 100%
Harrogate	413 80%	71 14%	34 7%	518 100%
Richmondshire	78 79%	15 15%	6 6%	99 100%
Ryedale	76 79%	10 11%	8 9%	94 100%
Scarborough	128 81%	20 13%	10 6%	158 100%
Selby	71 77%	11 12%	10 11%	92 100%
Other	15 68%	4 18%	3 14%	22 100%
Unknown	492 76%	95 15%	64 10%	651 100%
16-29	31 67%	5 11%	10 22%	46 100%
30-39	82 82%	6 6%	12 12%	100 100%
40-49	121 73%	29 18%	15 9%	165 100%
50-64	375 78%	71 15%	32 7%	478 100%
65-74	349 82%	55 13%	24 6%	428 100%
75+	138 84%	17 10%	10 6%	165 100%
Unknown	378 77%	73 15%	42 9%	493 100%
Total	1474 79%	256 14%	145 8%	1875 100%

**What do you think about how the new council plans to make council tax rates the same for all of North Yorkshire across two years?**

	It should happen sooner than two years	It should happen across two years	It should take longer than two years	Other	Total
Craven	11 15%	32 44%	17 23%	13 18%	73 100%
Hambleton	7 4%	75 48%	49 31%	26 31%	157 100%
Harrogate	109 22%	302 60%	59 12%	35 7%	505 100%
Richmondshire	21 22%	57 30%	11 12%	6 6%	95 100%
Ryedale	24 26%	43 47%	16 17%	9 10%	92 100%
Scarborough	50 33%	67 44%	23 15%	11 7%	151 100%
Selby	16 18%	40 45%	19 22%	13 15%	88 100%
Other	4 18%	7 32%	9 41%	2 9%	22 100%
Unknown	136 22%	286 47%	144 23%	49 8%	615 100%
16-29	14 30%	20 43%	9 20%	3 7%	46 100%
30-39	27 28%	55 56%	8 8%	8 8%	98 100%
40-49	46 29%	81 51%	21 13%	12 8%	160 100%
50-64	93 20%	248 54%	75 16%	44 10%	460 100%
65-74	68 16%	224 53%	93 22%	36 9%	421 100%
75+	28 19%	83 55%	26 17%	14 9%	151 100%
Unknown	102 22%	198 43%	115 25%	46 10%	461 100%
Total	378 21%	909 51%	347 19%	164 9%	1798 100%



## How much would you be willing to increase council tax by to help deliver critical services across North Yorkshire?

	0%	1%	2%	3%	4%	5%+	Total
Craven	20 27%	18 24%	11 15%	12 16%	2 3%	11 15%	74 100%
Hambleton	22 14%	44 24%	43 27%	16 10%	8 5%	24 15%	157 100%
Harrogate	75 15%	104 21%	125 25%	90 18%	44 9%	65 13%	503 100%
Richmondshire	18 19%	22 24%	25 27%	8 9%	6 6%	14 15%	93 100%
Ryedale	17 19%	15 17%	27 30%	14 16%	6 7%	11 12%	90 100%
Scarborough	22 15%	32 22%	38 26%	23 16%	12 8%	18 12%	145 100%
Selby	15 18%	16 19%	26 31%	13 15%	6 7%	9 11%	85 100%
Other	3 14%	4 18%	7 32%	5 23%	1 5%	2 9%	22 100%
Unknown	130 22%	142 24%	132 22%	87 15%	50 8%	59 10%	600 100%
16-29	4 9%	14 30%	11 24%	4 9%	4 9%	9 20%	46 100%
30-39	24 24%	24 24%	27 27%	7 7%	8 8%	9 9%	99 100%
40-49	30 19%	50 32%	35 22%	21 13%	9 6%	13 8%	158 100%
50-64	82 18%	108 24%	116 26%	69 15%	28 6%	51 11%	454 100%
65-74	65 16%	65 16%	104 25%	72 17%	42 10%	65 16%	413 100%
75+	20 13%	30 20%	42 28%	27 18%	11 7%	20 13%	150 100%
Unknown	98 22%	106 24%	100 22%	68 15%	33 7%	46 10%	451 100%
Total	323 18%	397 22%	435 25%	268 15%	135 8%	213 12%	1771 100%

**How much extra would you be willing to pay to fund the demand for adult social care services across North Yorkshire?**

	0%	1%	2%	3%	4%	5%+	Total
Craven	22 29%	27 36%	10 13%	5 7%	4 5%	7 9%	75 100%
Hambleton	33 21%	55 36%	31 20%	12 8%	6 4%	17 11%	154 100%
Harrogate	89 18%	161 32%	107 22%	52 10%	36 7%	51 10%	496 100%
Richmondshire	21 23%	29 32%	23 25%	7 8%	3 3%	8 9%	91 100%
Ryedale	19 22%	26 30%	21 24%	9 10%	4 5%	9 10%	88 100%
Scarborough	36 25%	43 29%	25 17%	14 10%	13 9%	15 10%	146 100%
Selby	21 25%	35 41%	13 15%	4 5%	4 5%	8 9%	85 100%
Other	4 18%	7 32%	6 27%	3 14%	0 0%	2 9%	18 100%
Unknown	147 25%	188 32%	121 20%	49 8%	40 7%	47 8%	592 100%
16-29	13 28%	14 30%	7 15%	3 7%	4 9%	5 11%	46 100%
30-39	31 32%	34 35%	19 20%	3 3%	5 5%	5 5%	97 100%
40-49	45 28%	71 45%	26 16%	9 6%	4 3%	4 3%	159 100%
50-64	104 23%	142 32%	90 20%	47 10%	27 6%	38 8%	448 100%
65-74	62 15%	127 31%	85 21%	37 9%	37 9%	58 14%	406 100%
75+	19 13%	44 30%	41 28%	21 14%	8 5%	13 9%	146 100%
Unknown	118 26%	139 20%	89 20%	35 8%	25 6%	41 9%	447 100%
Total	392 22%	571 33%	357 20%	155 9%	110 6%	164 9%	1749 100%

<sup>i</sup> [The confidence interval estimates the amount of certainty associated with the survey results by considering the size of the sample (2,654 respondents) and the population (number of people in North Yorkshire) and a given result (percentage of people choosing a response option from a range of possible options). For the purpose of calculating this figure we have taken the 'worst case' scenario in which 50% choose agree and 50% choose disagree.]

Survey Example: The survey found 78.6% of respondents (1,474) agree with the proposals to introduce a 100 per cent council tax premium for second home owners – we can be 95% confident the true value lies between 76.7% and 80.5% (i.e. within +/- 1.9% of the reported survey result). [There is a 5% chance the true result lies outside the range]. [The 95% confidential interval for this question was calculated on the basis of the 1,875 responses to this question and not the full sample].

## Appendix J - Cumulative equalities impact assessment

### Cumulative equalities impact assessment – Budget 2023/24

All proposals will be subject to individual equality impact assessments.

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
Age	<p>Updated with data from 2021 census, where available.</p> <p>North Yorkshire has a lower proportion of young people than the national average – 24.5% under 25 years old compared to 29.1% nationally.<sup>1</sup></p> <p>In 2020 11.4% of 16 – 17-year-olds in North Yorkshire were identified as NEET (Not in Employment, Education or Training) against an England value of 5.5%.<sup>2</sup> Nationally the unemployment rate for 16-24-year-olds is high. The unemployment rate for people aged 16 and over for the UK was 4.2%, for the period August to October 2021.<sup>3</sup></p> <p>In 2021 25% of the county's adult population was aged 65 or over. This is considerably higher than the national percentage of 18.6%.<sup>1</sup></p>	<p><b>Older people</b></p> <p>Proposals to require people who are assessed as having sufficient personal finances to pay a fair charge for the total cost of care support and/or transport relating to social care, are also more likely to impact on older people due to the greater likelihood that they will have care needs. As people age they are more likely to develop a long term condition or disability which requires care and support.</p> <p>Work to prevent or delay reliance on social care by supporting people to live more independently and fostering community provision may provide positive impacts for older people. Our Stronger Communities team has been set up specifically to support communities to take on a greater role in the provision of services and has as one of its priorities support for older and more vulnerable people to remain involved and active within their community. In addition, our Living Well Co-ordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in</p>

<sup>1</sup> Office for National Statistics: Census 2021

<sup>2</sup> Office for Health Improvement and Disparities 2020

<sup>3</sup> ONS UK labour market statistics 2021

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	<p>Updated with data from 2021 census, where available.</p> <p>Every year the population of older people increases, and with it the demand for the care and support which the council provides. By 2035, 32.60% of North Yorkshire's total population will be aged 65+ and 5.97% will be aged 85+.</p> <p>Nationally 23.26% will be 65+ and 4.05% will be 85+ by 2035.</p>	<p>their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals.</p> <p>Similarly, continuing to replace Elderly Persons Homes with Extra Care Housing where people can live independently whilst being in a supportive community could produce positive impacts for older people.</p> <p><b>Younger people</b></p> <p>Proposals which may have specific impacts for younger people include:</p> <ul style="list-style-type: none"> <li>• Reviewing the provision of home to school transport for solo travellers.</li> </ul> <p>The anticipated adverse impacts in relation to age for home to school transport review of solo travellers has not materialised due to changing the practise and embedding criteria with evidence to support solo travel when it is the appropriate provision, is preventing all except logistical solo transport. The full school review continues to reduce solo transport due to pupils leaving and joining during a review period.</p> <p><b>Working-age people</b></p> <p>The proposed rise in the council tax may have a larger adverse impact upon these residents due to the effect of inflation in relation to wage growth as this category of residents is not protected from inflation in the same way that older people are, due to uprating of state pensions. The current economic situation caused by Covid may also have impacted people's ability to pay.</p> <p>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human</p>

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	Updated with data from 2021 census, where available.	resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Disability	<p>North Yorkshire has a lower proportion (19.3%) of people with a disability or long-term limiting illness whose day-to-day activities are limited a lot - against the national average of 23.69%.<sup>4</sup> However, this will rise to 20.89% of the 65+ population in North Yorkshire, against a national average of 24.86%.</p> <p>.</p>	<p>Work to prevent or delay reliance on social care by supporting people to live more independently and fostering community provision may provide positive impacts for people with disabilities. Our Stronger Communities team has been set up specifically to support communities to take on a greater role in the provision of services, and has as one of its priorities support for more vulnerable people to remain involved and active within their community. In addition, our Living Well Co-ordinators work with individuals (and their carers) who are on the cusp of becoming regular users of health and social care services by helping them access activities in their local community, reducing loneliness and isolation, and supporting them to find their own solutions to their health and wellbeing goals.</p> <p>The anticipated adverse impacts on those with a disability, has not materialised and most of the proposals have now been embedded with minimal adverse impact, a small number of families were impacted by the implementation of proposal 1, removal of transport to provision which were not nearest or catchment, and where an older sibling was receiving transport as a protected provision prior to the policy change, the majority have been mitigated with the use of Paid Travel Permits and all families were offered the right of appeal.</p> <p>Proposal 6 charging for replacement passes and 7 introduction of online application form will be reviewed and restarted following the LGR process. However these are unlikely to have any adverse impacts on those with protected characteristics.</p> <p>The proposed increase in council tax and, in some areas, council tax harmonisation, could have a disproportionately adverse impact upon those with a</p>

<sup>4</sup> Poppi 2019

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	Updated with data from 2021 census, where available.	<p>disability due to the fact that disability benefits have reduced over time as thresholds for support has increased.</p> <p>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.</p>
Sex	<p>The proportion of females is slightly higher (51%) than that of males (49%)<sup>5</sup>. In some areas of the county the large number of predominantly male military personnel have the effect of reversing these proportions. This is also true of veteran numbers. The 2021 census recorded Richmondshire as having the third highest proportion of armed forces veterans in England (9.5%)</p> <p>There were 13,648 lone parent households in North Yorkshire in 2011<sup>6</sup>, of which 11,958 had a female lone parent (87.6%).</p>	<p>The proposed increase to council tax and, in some areas, council tax harmonisation, could have a disproportionately adverse impact upon females as women are likely to have lower incomes than men in later life due to working patterns when they were younger and may therefore be more likely to be impacted by increased costs. They are also disproportionately more likely to be lone parents.</p> <p>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.</p>
Race	North Yorkshire has a much lower proportion (4.77%) of people who identify with a non-UK identity than the national average (12%) <sup>5</sup>	<p>There are no anticipated adverse impacts on people with this protected characteristic.</p> <p>Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.</p>

<sup>5</sup> Census 2021

<sup>6</sup> Census 2011

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
Religion or belief	Updated with data from 2021 census, where available.  North Yorkshire has higher levels of Christians (59%) than the England and Wales average (46%) and lower levels of all other religions. The percentages of people with no religion (39%) and those not stating their religion (5.8%) are broadly similar to the England and Wales average. <sup>5</sup>	There are no anticipated adverse impacts on people with this protected characteristic.  Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Sexual orientation	The government estimates that 5 – 7% of the population are gay, lesbian or bisexual. We have no evidence to suggest that this is not the case in North Yorkshire.	Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Gender reassignment	The Gender Identity Research and Education Society (GIREs) suggests that across the UK: 1% of employees and service users may be experiencing some degree of gender variance. At some point, about 0.2% may undergo transition (i.e. gender reassignment). Around 0.025% have so far sought medical help and about 0.015% have probably undergone transition. In any year 0.003% may start transition.	Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Pregnancy or maternity	In 2021 there were 5133 live births in North Yorkshire.  In 2020 the conception rate per 1000 for under 18-year-olds in North Yorkshire was 10.9. This is below the rate for England (13). <sup>7</sup>	There are no anticipated adverse impacts on people with this protected characteristic.  Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human

<sup>7</sup> Office for Health Improvement and Disparities 2020

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	Updated with data from 2021 census, where available.  In 2020/21 4.2% of deliveries in North Yorkshire were to mothers from ethnic minorities, compared to the England value of 21.6% <sup>7</sup>	resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Marriage or civil partnerships	A higher percentage of North Yorkshire's population is married or in a civil partnership (53.7%) than the national average (44.6%). <sup>8</sup> (2021 census)	There are no anticipated adverse impacts on people with this protected characteristic.  Any potential impacts on staff as a result of staff restructuring to facilitate service changes will be carefully monitored. We will ensure that all relevant human resources policies and procedures are adhered to and that our duty under the Equality Act 2010 is met.
Rural areas	The population in North Yorkshire is generally sparser than the England average (0.86 people per hectare as opposed to 4.32 nationally). In some parts of the county this is lower still (Ryedale 0.37, Richmondshire 0.41) <sup>9</sup> . Distance travelled to access services is further than the national average. The Lower Super Output Area (LSOA), which covers the Dales ward in Ryedale, is in the 10% most deprived in England for Geographical Barriers to Services. <sup>10</sup>	The anticipated adverse impact from the changes to home to school transport covering collection from pick-up points rather than door-to-door mean that families are expected to bring their child to the safe pick up point, did not produce the adverse impact expected as consideration of the safety of the route to the collection point, and door-to-door service was made available where medical, mobility or special educational needs required it.  There may be some adverse impact on council staff living in rural areas where restructures and consequent changes to work locations take place, in that travel to work time may increase and there is disruption to childcare arrangements, for example, however this has been considered and discussed through consultation meetings and individual equality impact assessments will be carried out for any individual building closures where this is relevant and proportionate. Due

<sup>8</sup> 2011 census

<sup>9</sup> ONS 2019

<sup>10</sup> Index of Multiple Deprivation, Indices of Deprivation 2019



Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	Updated with data from 2021 census, where available.	
People with low income	<p>Rurality can also mean higher costs for such things as fuel for heating and travel.</p> <p>The proportion of households in deprivation in North Yorkshire reduced between 2011 and 2021. In 2011 52.1% of households in North Yorkshire were deprived in at least one of the four dimensions (employment, education, health and disability, housing). By 2021 this had fallen to 46.7%. This 5.4 percentage point reduction in North Yorkshire compared with a 5.9 percentage point reduction across England as a whole, with the proportion of households in deprivation in North Yorkshire remaining below the national average.<sup>11</sup></p> <p>Scarborough is the only North Yorkshire district above the national average level of deprivation. 9 out of the 10 most deprived neighbourhoods in North Yorkshire in 2021 were in Scarborough district.<sup>11</sup> North Yorkshire also has a number of lower super output areas within the 20% most deprived in England (23 in 2019, rising from 18 in 2010) and three LSOAs in Scarborough town are within the most deprived 1% in England.<sup>12</sup></p>	<p>consideration will be given to the degree of disruption likely to be caused by a proposed change in location and additional expense and travelling time incurred in circumstances where an alternative offer of employment is made, as per the Council's redeployment Policy.</p> <p>The changes to home to school transport relating to increased charges for discretionary transport and introducing a fee for replacement school bus passes were identified as having potential adverse effects on low income families was mitigated with the introduction of a 50% reduction.</p> <p>The proposed increase to council tax and, in some areas, council tax harmonisation, may have a disproportionately adverse impact upon those residents receiving low incomes.</p>

<sup>11</sup> Census 2021

<sup>12</sup> Index of multiple deprivation 2019

Protected characteristic / additional characteristic monitored by NYCC	Local context and related factors	Potential adverse impacts of budget savings proposals and steps taken to minimise impact
	<p>Updated with data from 2021 census, where available.</p> <p>Figures for long-term unemployment in North Yorkshire (0.8%) are lower than the national average (1.9%)<sup>13</sup>.</p> <p>The percentage of children in absolute low-income families is 11.3%, compared to the England value of 15.1%.<sup>11</sup></p> <p>The percentage of the population who claim out of work benefits in North Yorkshire is 2.0%, compared to a Great Britain percentage of 3.7% (Nomis – ONS September 2022)</p> <p>Percentage of people in North Yorkshire unemployed (June 2021 – June 2022) 3% - Great Britain 3.8%</p>	
Carers	Carers' allowance claimants make up 0.98% of North Yorkshire's population. <sup>14</sup> This is lower than the average for England (1.42%) but there are variations across the county. It is also very likely that these figures do not reflect the true number of people carrying out caring roles in the county as many do not claim allowances.	<p>Carers are likely to be impacted in similar ways to older and younger people and disabled people i.e. the people for whom they are caring, although the impacts may be more indirect. Carers may also have lower incomes as in many cases they will be unable to work due to their caring responsibilities. Some carers will, of course, have protected characteristics themselves, such as young carers.</p> <p>Staffing restructures which involve a change of locality base may impact adversely on home / work balance. Flexible working is in place to provide mitigation where this is feasible.</p>

<sup>13</sup> Office for Health Improvement and Disparities 2021/22

<sup>14</sup> May 2018, ONS

## APPENDIX K

### BUDGET RISK ASSESSMENT

There are always a number of significant risk factors, which it is necessary to consider in determining the Budget / MTFS. This Appendix seeks to give some indication of the potential financial consequences of some of the key risks assessed in formulating the 2023/24 Budget / MTFS:-

Risk	Quantification	Likelihood (H/M/L)	Impact (H/M/L)	£m	Recurring?	Rationale
Demand pressures - Including Adult Social Care, SEN, Children's Services, Homelessness and welfare and benefits	Corporate risk contingency as identified in the MTFS report.	H	H	£6m	Yes	Majority of budget is demand driven 1% of net budget equates to £6.2m
Supply Chain Distress	1% of all third-party payments to HAS and 1% of all third-party payments	H	H	£1.9m and £6m	Yes	Economic Position and additional targeted support that has been required in prior year
Erosion of business rates	1% of business rates	M	H	£1.2m	Yes	Economic impact of a recession.
Successful delivery of the LGR transition	Business case indicated costs of £38m to deliver	M	L	?	No	Provided £38m one-off funding
Failure to deliver savings ideas to bridge the gap	As per MTFS recurring shortfall	M	H	£103m		Based on cumulative use of reserves over life of MTFS.
Acceleration of inflation above assumptions on	1% increase in inflation (in a single year)	M	H	£0.5m	Yes	Economic position

supplies and services within the MTFS						
Acceleration of inflation above assumptions on pay award	1% increase	M	H	£3.2m	Yes	Economic position
Potential shortfall on Council Tax yield based upon MTFS assumptions	1% Council Tax variation	M	M	£4.3m	Yes	More people able to claim LCTS – impact of pandemic on jobs.
Income levels	1% of fees and charges	M	M	Circa £2.8m	No	Economic position.
Insufficient capacity to deal with the competing demands of the organisation and inability to progress strategically important initiatives. Therefore having to go to market for agency staff and consultants.	1% staff workforce * price premium	H	M	£3m	No	LGR, continued response to pandemic etc.
Risk of adverse weather conditions	Extreme spend on adverse weather in excess of budget and / or emergencies	M	L	£4m	No	Based on previous experience.

## **North Yorkshire Council Corporate Risks - Draft**

### **Workforce capacity, recruitment and retention**

Failure to recruit and retain appropriately skilled staff resulting in inability to deliver services, key projects and the desired organisational transformation also increased staff workload, decreased morale and impact on staff wellbeing.

### **Cyber Security / Information Governance**

Failure to put in place the appropriate cyber security and information governance arrangements could lead to a data breach, loss of data, loss of access to systems, inability to deliver services, loss of reputation and significant financial impact.

### **Financial / funding challenges**

Growing financial pressures arising from inflation and service demand along with inadequate funding available to the Council to discharge its statutory responsibilities and to meet public expectation for the medium term resulting in legal challenge, unbalanced budget and public dissatisfaction.

### **Major failure in the care market**

Major failure of provider/key providers results in being unable to meet the needs of people who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Market, increased budgetary implications and issues of service user safety.

### **Partnership and integration with the NHS**

Failure to achieve the best outcomes from working jointly with NHS across the NYC footprint, resulting in a negative impact on the customer experience and the possibility of fragmented care and poor outcomes.

### **Safeguarding**

Failure to have robust Safeguarding arrangements in place, with appropriate practices, care and attention, results in risk to vulnerable children, adults and families and not protecting them from harm.

### **Major incident resilience**

Failure to plan for, respond to and recover effectively from significant regional, national or global incidents resulting in risk to life and limb, impact on statutory responsibilities, finances and reputation.

### **The delivery of Local Government Reorganisation**

Failure to transition effectively to the new North Yorkshire Council by 1 April 2023 and to successfully set out and deliver on a road map for further transformation over the subsequent years resulting in risk of failing services from Day 1, compromised local service delivery, reputational impacts, member dissatisfaction and reduced performance.

### **Economic Growth including Devolution**

Failure to take advantage of Devolution opportunities and to deliver sustainable economic growth, through for example the delivery of the right housing and transport whilst protecting the outstanding environment and heritage, resulting in reduced investment and impact on growth and jobs.

### **Housing and homelessness**

Insufficient mix of available and affordable housing and the condition of social housing stock resulting in the needs of current and future residents not being met, a continued increase in the number of people presenting as homeless, regulatory breach and subsequent financial and reputational damage to the council.