

# NORTH YORKSHIRE COUNCIL

## EXECUTIVE

28 NOVEMBER 2023

### QUARTERLY PERFORMANCE AND BUDGET MONITORING REPORT

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

#### EXECUTIVE SUMMARY

#### Background

The Quarterly Performance and Budget Monitoring Report seeks to bring together key aspects of the Council performance on a quarterly basis. The Summary below captures the key points in this Quarterly update as set out in the main body of the attached report.

This report covers the second quarter of the life of the new North Yorkshire Council. Work to consolidate the operational and financial performance for the council is on-going and will continue to be refined over the remaining month of this first year.

#### Performance

The quarter 2 performance report covers the period 1 July 2023 to the 30 September 2023 and builds on the work done in quarter 1 to provide a comprehensive performance picture of North Yorkshire Council.

#### Revenue Budget 2023/24

This is the second quarterly financial report for the new Council. While confidence grows about the robustness of the budget, it remains likely that there will be other significant changes and issues as the year progresses.

Quarter 2 sees further financial pressures in the people-related services where demand is growing in some cases but unit costs / prices are consistently increasing due to complexity and / or market price pressures.

The 2023/24 net budget is £559.6m. However, it should be noted that the 2023/24 Budget is an in-year deficit budget of £30.4m. This deficit increases to £45.3m by the end of 2025/26 based on the MTFs report that was approved by members in February 2023.

There is an overall net underspend of £3.1m against operational budgets for 2023/24, which reduces the structural in-year deficit from £30.4m to £27.2m (**paragraph 2.1.4**). The key drivers of the financial position are outlined in the sources set out below:

1. There continues to be significant forecast overspends in people-related services, offset by significant forecast underspend on energy costs.
2. A breakdown of each Directorates forecast variance is provided in **Appendices B to F** with the financial position for NYES provided in **Appendix G**.

3. The aggregated position of the HRA is showing an underspend against budget of £157k. Further detail is provided in **Appendix H**.
4. An update on the LGR reserve is detailed in **Section 2.6**.
5. In line with the Council's reserve policy, it is recommended that £10.4m is transferred from Strategic Capacity Unallocated to General Working Balances which will result in a balance of 10% of the net revenue budget.

### Treasury Management and Prudential Indicators

1. The North Yorkshire Council External debt stood at £379.2m at 30 September 2023. The average interest rate of this debt was 3.75% (**paragraph 3.13**).
2. Investments outstanding at 30 September 2023 were £606.1m of which £49.9m belonged to other organisations who are part of NYC's investment pool arrangements. (**paragraph 3.9 & Appendix A**).
3. For cash invested the average interest rate achieved in Q2 was 4.47% which marginally below the 7 day benchmark rate of 5.19% and below average bank rate of 5.25%. (**paragraph 3.9**).

### Capital Plan

1. Following reorganisation, four functional capital boards and an overarching programme board (Management Board) have been established to oversee and provide delivery assurance and stronger governance across an expanded programme (**paragraph 4.1.2**).
2. After reprofiling and additions, the Council is currently planning to invest £326.4m on capital schemes across the County in 2023/24 and £629.5m, in total, over the next 5 years (**paragraph 4.2.2**) – an increase of £31.2m since the last plan update.
3. Significant additions include £20.3m for transforming cities fund projects for which funding is not yet confirmed. Details of additions in excess of £250k are summarised in **paragraph 4.2.5**.
4. Updates from the capital boards highlight Inflationary pressures and capacity to deliver as the key risks with a number of schemes under close review (reported by exception in **sections 4.4 – 4.7**).
5. The report also recommends the approval of £580k for replacement beach chalets in Scarborough – a project initiated by the former Scarborough Borough Council, as a result of loss of the previous Grade 2 listed chalets following landslip events in 2018. This scheme is put forward on an invest to save basis. (**paragraph 4.8.7**).
6. Financing of the capital plan for 2023/24 is largely through grants and contributions – with £196.5m from this source; then revenue funding of £74.7m, £43.7m borrowing and £19.3m from capital receipts available (**paragraph 4.8.4**).

RICHARD FLINTON  
Chief Executive

GARY FIELDING  
Corporate Director, Resources

County Hall  
Northallerton  
28 November 2023

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