NORTH YORKSHIRE COUNCIL

24 July 2024

COUNCILLOR GARETH DADD

Revenue Budget / Housing Revenue Account / Capital Expenditure

Since last Full Council the Executive considered the outturn position for the first full year of the new Council. I had previously indicated that we were on track to record an underspend against budget and I am pleased to report that we saw a £11m saving against Budget. It is important, however, that we note that the Budget was based upon a £30m contribution from reserves so the outturn position, while pleasing, still represents an in-year deficit of £19m.

The Medium Term Financial Strategy (MTFS) sets out the anticipated recurring shortfall at £28m for next year (rising to £48m in 2023/27) so those additional savings in 2023/24 that are recurring will be able to help reduce the projected deficit. We will, of course, need further savings proposals to come forward and we eagerly await the new government's Spending Review to learn more about the scale of likely financial challenge that councils, and North Yorkshire in particular face.

The Housing Revenue Account also reported a £1.8m surplus – these ring-fenced funds will provide future capacity for reinvestment in the service for the benefit of our tenants. Whilst a number of the in[1]year savings/surpluses have been generated as a result of fortuitous circumstance, such as improved investment returns and inflation on utilities settling below expectations, overall, the HRA revenue budget is broadly sound and rent collection rates are good. This provides a stable base to help meet the upcoming challenges around regulatory standards as we continue to move towards active planned maintenance programmes and away from higher-cost responsive repairs and reduce void turnaround days.

Overall capital expenditure for 2023/24 was £178.2m against a budget of £231.9m. When capital receipts and grants are taken into account the net position showed an underspend of £12.9m, largely the result of slippage.

Looking ahead, the capital investment requirements of the Council are expected to be considerable and creating financial capacity whilst balancing the need for a sustainable revenue budget will be an on-going challenge. In addition to future needs, there is growing pressure on the existing Capital Plan including those capital projects that were inherited from the eight predecessor councils. The impact of high inflation and supply chain issues post-Covid means that there is a higher level of volatility in building and engineering project costs. For that reason, as highlighted above, funds have been earmarked to help mitigate the risks.

Productivity Plans & Savings

As most members will be aware, the previous minister for local government required all councils to produce a productivity plan and to submit this to government. The Executive considered a productivity plan as part of the quarter 4 revenue and capital monitoring reports and I'm pleased to say that it was approved. The plan has now been submitted to government and is available on the council's website.

It is worth noting that this Council is able to do a good response to the request for a productivity plan due to the enviable opportunities that unitarisation presents us. The efficiencies that we are able to enjoy due to the removal of duplication means that we can demonstrate that we have a good plan that helps to fill up our savings barometer. I can now report that we have a plan where savings as a consequence of unitarisation are estimated to total circa £39m and we are hopeful that there will be more to come as the new structures and ways of working bed-in leading to further opportunities being identified. We must all, however, remember that even after these savings we still have the projected £48m deficit referred to above so we will still have to make some difficult decisions to retain the sound financial management that we have worked so hard to earn.

Property Rationalisation

Following on from my last update I am pleased to confirm that the ‘quick win’ asset rationalisation proposals are on track to deliver revenue savings in excess of £800k per annum and capital receipts well in excess of £1m. In addition to the financial benefits derived by the council, the repurposing of the surplus assets identified through the proposals will support the local economy through inward investment and the provision of alternative employment uses.

On the back of the quick wins project a review is now underway to look at the option of relocating the customer function from Stone Cross, Northallerton to the ground floor of Tenement House, which is a vacant, Council owned asset located at the nearby Treadmills site. This proposal will not only support the longer-term aspiration to repurpose the currently underutilised Stone Cross and Tenement House sites, but also provide a modern, fit for purpose, and accessible customer access point within central Northallerton. If the plans are progressed it is hoped that the move will take place during the current financial year.

In addition to the quick win proposals the property team generated circa £6m in capital receipts during the year ended 31 March 2024 through the disposal of surplus or low yield property assets. A number of other land and property disposals are currently under negotiation, with the capital receipts due to be delivered in the current financial year. These receipts will be used to support the Council’s existing and future capital programme.

An initial asset list has been compiled from predecessor Council records and shows that North Yorkshire Council has inherited a portfolio of over 3,000 land and property assets. A key focus of the property team in the coming months will be to develop a programme of reviews on those assets to identify future asset rationalisation and redevelopment opportunities. Consideration will be given as to how best to engage with members around this work, including the Asset Rationalisation Member Working Group, Corporate and Partnerships Overview & Scrutiny Committee and the wider elected membership. Further updates on this work will be presented later in the year.

Technology

Quarter one has been a productive one for Technology Services with three sets of IT systems completing their consolidation in July. Our Legal Services case management system Iken, the homelessness system in Housing Options Service called Jigsaw, and Modern.Gov will all be fully consolidated onto the same version, network and contract this month enabling services to work more effectively as one. Work on consolidating systems for Revenues and Benefits, the Customer Platform and Planning are all continuing as planned.

The update of all Council laptops to a new more modern and more secure operating system, Windows 11, has also started this month. It will take a total of about 15 months to complete, at which point everyone will be on the same operating system and the same central network. The benefits of upgrading to Windows 11 include allowing staff to work more efficiently as one council by enhancing productivity and connectivity across our legacy networks even if their systems have not been consolidated. Upgrading to a standard laptop build also simplifies IT management and mitigates risks related to cyber security and future software compatibility. People will get a ‘new to you’ laptop rolled out Service by Service, and everyone will be providing with training and support that includes what to do before and after being upgraded.

NJC Pay Award 2024-2025

The Council, like the vast majority of local authorities, is part of the national arrangements for the annual inflationary pay review for employees on NJC terms and conditions (excluding teachers and Soulbury). The Council does not negotiate or determine the annual pay settlement locally but instead applies the outcome of the national negotiations. National Employers confirmed 16 May 2024 a final offer has been made to the Trade Union Side for 1 April 2024 of £1,290 on pay points 2 to 43, and a 2.5% increase on pay points 44 and above and on NJC allowances. Grade AB would start at £12.26 per hour, an increase of 5.7%. The 3 trade unions are consulting with their members nationally, with consultation concluding by 10th July. Unison and Unite recommended their members should reject the employers' offer, and 81% of Unison members who voted did vote to reject. GMB is consulting without a recommendation to accept or reject the offer. The pay increase when agreed will be applied from 1 April 2024.

The total additional cost for the Council of the employers' pay offer has been calculated as £14m (including on costs) or an additional 4.8% on the pay bill. This is subject to confirmation as there are a number of significant staff restructures currently in progress. The provision for pay awards made in the budget was sufficient to cover this offer and further refinement will be made when the final position is reached.

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