

The Executive has met on only 4 occasions since the last Council meeting because of the August recess. The Executive has not yet had the opportunity to formally consider the implications of the recent announcements on job losses in the City but there will be an opportunity for members to discuss this issue elsewhere on the Council agenda.

The Executive met shortly after receiving the Secretary of State's decision not to cap the Council. The implication of the decision, though, was that a **Council Tax** increase in 2007 would be limited to a maximum of 4.5% and this, together with our usual policy of continuous improvement, meant that the Council's budget position has to be scrutinised very carefully.

It is clear already that next year, partly as a result of increasing demand for Council Social Services and partly as a result of the inescapable increases in commitments arising from legislation and job evaluation that we needed to undertake a review of this year's budget.

The Council's long term strategy is aimed at reducing its standing costs. Significant amongst these is the rental for the buildings which it occupies.

The New *City Hall* project is aimed at reducing these costs in the long run.

In addition the introduction of new IT systems will in future have to be justified with a tangible "payback" in terms of reduced running costs.

In the shorter term some of our income streams – such as car parking revenue – are buoyant despite the reduction in charges introduced in April.

There is still a need to undertake a "root and branch" examination of the Council's expenditure to ensure that

- ✎ There is no duplication of effort in the organisation
- ✎ we have eliminated "waste"
- ✎ we have, where necessary, de-prioritised inessential expenditure
- ✎ there are adequate and fair "gatekeeping" processes to control the allocation of limited resources where demand exceeds supply.
- ✎ We are making better use of fixed assets (vehicles, buildings etc.)

The key initiatives identified by the Executive include a review of income collection systems to ensure that we do collect all the tax that is due, different ways of delivering highway services and looking at how we can efficiently meet the increasing demand for home care services.

At a later meeting the Executive also reviewed its **capital programme** and in particular the assets available to support the programme.

Lack of capital resources will be a growing issue for the Council over the next few years as our potential for land sales dries up. Our programme is heavily dependent on a few land sales including Foss Islands, the Barbican and Derwenthorpe. The absence of any of these would mean substantial cuts in investment. In addition we aspire to have good quality well maintained assets and this will put additional pressure on our revenue budget.

Executive members stopped short of entirely embracing a revised CRAM process which could inhibit our ability to act flexibly to meet new challenges or to take advantage of new opportunities. The CRAM process will continue to be an important guide in prioritisation.

A major threat to the Council's financial stability arises from the treatment of the **collection and disposal of waste**.

A report to the Executive revealed that the long term waste treatment demands on the council are influenced by the following Council actions and trends;

1. Increasing our recycling rate to 36% has bought us some time
2. The ever decreasing permitted levels of landfill, with £150 per tonne fines mean that some sort of treatment is cheaper than simply paying the fines
3. Whatever technology is chosen, it will cost more than what we are currently paying to deal with waste in future.

4. We need to access the £65 million on offer from DEFRA for PFI credits to soften the blow of any contract to treat the waste

5. In terms of DEFRA financial support, and economies of scale, it is not viable for York to 'go it alone'

The final contract is over a year away, and even at this stage no specific technology solution is being proposed.

Whilst it has been frustrating to be caught up in the delay caused by DEFRA changing the way in which PFI credits would be granted, the change to an end process only project does avoid arguments over the spreading of costs of collection across a dispersed county area.

MBT (Mechanical Biological Treatment – 'recycling and digestion') is still the preferred option for York. However, DEFRA are still not defining the output from MBT process as being 'inert', which has impacted on the way in which the OBC can be drawn up. This is not the case in other European countries. We have written to Diana Wallis MEP and Graham Watson MEP about this anomaly and a meeting with the European Commissioner for Environment has been arranged in an attempt to bring the UK government definition in to line.

There has been extensive debate over the last 5 years as to the role of Yorwaste, and at one point it looked as though we might have to sell it off in order to encourage bidders for the contract. We are pleased that we have been able to retain the company, and the decision to exclude them from the PFI contract does not impact on their current business operation (which is landfill, composting and recycling).

The substantial 'affordability gap' is something that the Council must not allow central government to forget.

An opportunity to address the backlog in highways maintenance has arisen.

The Executive received a report which proposed the next steps for the highway services procurement following the decision in May to make a bid for a **highway management PFI**.

In the short and medium term, officers had progressed the re-tendering for street lighting, routine highway maintenance, footways and the surface-dressing programme and confirmed that a financial advantageous repair & resurfacing contract would be in place for September.

The Executive approved the steps necessary to submit an *Expression of Interest* to the DfT for the PFI bid. This in effect would have meant around £500 million being invested in bringing the City's transport infrastructure up to a good standard, and maintaining it in that condition, for the next 25 years.

The importance of the **York Central project**, judged against the background of the developing situation at British Sugar, Norwich Union and Nestle situations, cannot be under-estimated. Clearly the project is influenced by the availability of additional brownfield land for potential development (which may affect land values) and the pressing need to provide commercial sites with good connectivity to the rest of the Leeds City Region. Yorkshire Forward in July agreed to provide additional funding to accelerate the production of an Area Action Plan for public consultation. Unfortunately this was overtaken by the announcement of the closure of the British Sugar plant and the Executive has subsequently decided that a fresh approach is required

I had a constructive meeting with Directors from British Sugar (BS) at their Peterborough headquarters. The intention of the meeting was to seek BS support for a partnership approach to the future use of their Boroughbridge Road site.

Although British Sugar indicated that their refining plant would indeed finally close before Christmas 2007, they expressed a willingness to work with the Council to ensure that their site was used effectively for the benefit of the City and its economy.

They expressed a strong interest in working jointly with those involved with the York Central site and accepted that there could be benefits for both the City generally and the land owners, if the two sites were developed in a mutually compatible way and to an agreed timetable.

I have offered the company the support of the Council in dealing with issues arising from their closure decision and am hopeful that, in time, the Boroughbridge Road site will provide not only additional employment opportunities for the City but also will help to satisfy demand for family housing and improved community facilities on the west of the City.

We are establishing a regular dialogue with the company and expect to meet with them frequently over the next few months.

The Executive wished to make it very clear that our commitment to the York Central project remains undiminished by recent events. The site is in a very sustainable location; its development would remove a City centre eyesore and potentially will satisfy much of the demand for jobs and homes in the City for a generation.

However the availability of the British Sugar site has to be an influencing factor at least as far as transport access arrangements are concerned. Hence a new approach to the production of an Area Action Plan will delay public consultation on the options until the summer of 2007.

Executive members received with pleasure the outturn report on the **LTP**

This is the document that we have to submit to the DfT reporting on our achievements over the last 5 years of the LTP. The vast majority of our targets have been reached or exceeded and key achievements include:-

- A bus partnership which has attracted over £15 million of investment from the private sector.
- The best park and ride service in the country which has grown from 1.1 to 2.6 million passengers each year and produces an income of over £100k per year to the council.
- Bus patronage growth of 45% in 5 years, which is unseen anywhere else in the country outside London.
- A reduction in congestion in the peak hours relative to 1999 levels against increases nationally.
- Cycling levels well above the national average and the maintenance of the city's status as the UK's top cycling city (ERCDT assessment 2004).
- A State of the Art Traffic Management System with the pioneering Traffic Congestion Management System (TCMS) and Bus Location Information Sub-System (BLISS) systems;
- A significant reduction (over 20%) in accidents to below the levels needed to achieve the governments targets for 2010
- A doubling of the number of children cycling to school to 11%
- Significant improvements in the condition of the roads and footways to within government target levels and with substantially higher customer satisfaction ratings.

We also continue to invest substantial resources in highway maintenance which is reflected in public satisfaction as well as investing in "soft measures" such as green travel plans and awareness campaigns.

Our approach of providing real travel options to persuade people to use private cars less continues to have a tangible effect on congestion levels in the City with peak hour traffic levels at 1999 levels or below.

The Council will no doubt wish to record its thanks to the officers involved for their hard work and dedication in achieving sustained results over the 5 year plan period.

A number of other matters have been considered by the Executive. The **City Strategy** Directorate is being restructured. Change will be gradual.

The **Homebuy Plus** scheme will provide local people with an opportunity to get onto the housing ladder. Whilst only 30 properties will be available in this financial year- around 10 of which will be in York- the partnership between York, Leeds and Harrogate has received £7.5m from 2005-2011 which will help maximise affordable housing opportunities across the Golden Triangle. As there is already a waiting list for this scheme it is anticipated that there will be a rapid turnaround once a partner housing association has been selected in October. There is clearly a demand for this service and it is excellent that City of York Council will be able to help local families currently priced out of the housing market.

Agreement has been given to the relocation of the **Peasholme Centre** and the location of the **New Manor School**. The **Bonding Warehouse** is now on the market and the former **Childrens Home at 51 Bismarck Street** is likely to be sold to the York Housing Association for use by mature York residents with mental health problems (in conjunction with MIND)

I record our appreciation to **The Press** for supporting our initiative to establish a *Magic Childrens Christmas Tree* in Parliament Street. Hopefully this will prove to be a popular new approach to enjoying the festive season in the City.

We received, and broadly agreed, the conclusions of the **scrutiny** report into the **extended schools service** while additional information was requested on the implications of the report from the **street lighting** sub committee. In both cases Executive members recorded their appreciation of the work undertaken by the committees on behalf of the Council.

Steve Galloway