

Prioritisation Context Paper

Introduction

1. The purpose of this paper is to provide context to the prioritisation process outlined in paragraph 63 of the main report, and further detail on the proposals that will deliver over £3.8m in savings in 2015/16.

Background

2. The Council's Medium Term Financial Strategy (MTFS) has been very successful in delivering a balanced budget. This approach has seen a series of projects that have delivered significant savings, including significant reductions in senior management, consolidation and transformation of support services, transformation in a range of services, and reductions across many areas.
3. However it is recognised that on occasions, because of the choice of efficiency savings made, there has been insufficient alignment between those areas that were considered a council priority and where budget reductions were made.
4. In order to counter this, work was undertaken to review current spending across the Council and, in particular, to focus on areas where there is a significant choice in the level of expenditure. These areas were reviewed in detail to consider options in terms of their delivery and the level at which the Council should continue to invest.
5. Crucially, the prioritisation process is not about looking at areas where a modest "efficiency" gain could be made as these are covered in the efficiency target set for all services. Naturally all areas of service have ongoing targets to improve the efficiency of their operation. Instead, the objective was to identify major areas of expenditure where a strategic choice can be made, the intention being that functions that are less closely aligned to council priorities should be able provide greater budget savings.
6. The following sections of this paper set out the approach to further prioritisation with a focus on those areas where there is a "choice" in delivery and where the Council can make strategic decisions in terms of their future operation.
7. The process also provided an opportunity to review services in a way which is not simply about reducing the level of service but to look at alternative ways of delivery, opportunities to bring together related services and deliver a significant programme of transformation.

8. The main themes by current council priority, current expenditure, and issues considered as part of the process are described below. Proposals are underline in the narrative and summarised in a table at the end of the report.

Create Jobs and Grow the Economy

i) Growing the Economy

9. This is a key priority for the Council and is considered essential to the Council's ongoing financial prosperity. Previous reports have highlighted the financial benefits to the Council from a strong and growing economy, including buoyant council tax, business rates, income sources, and avoidance of some of the costs associated with decline.
10. Investment from the Council in this activity can be categorised as primarily being within the capital programme, in particular the EIF. However there are also significant revenue costs associated with this, including the Economic Development team, plus a range of support activity which is necessary to deliver major projects and economic growth. This includes financial, procurement, legal, asset management, planning, highways and regeneration activity. It is important to recognise that particularly in City and Environmental Services, through the 2013 restructure, teams are much more reliant on capital activity and the core of revenue supported posts has reduced. Therefore further reductions in revenue terms in these areas would affect the Council's ability to support major regeneration, and potentially expose it to both immediate (e.g. potential loss of capital receipts) and longer term financial implications. This has been supported, in part, through the cabinet approved "Get York Building" phase 2 report, releasing up to £1m for direct support on development related activity and through the phase 3 report, £0.5m specifically for York Central.
11. Council budgets and investment through the EIF are being made to deliver the ingredients to grow the York economy and create jobs. Major investments include:-
 - Park and ride
 - Reinvigorate York
 - Better Bus fund
 - Super Connected Cities
 - Financial Inclusion
 - York Central

12. Staff are working with partners to ensure that we continue to reduce the number of workless households. Investment is being made in services to get young people and the long-term unemployed into work, including support for 'Experience Works' which aims to get unemployed over 50s back into work and the targeted CYC York Learning for 18 to 24 year olds.
13. Programmes are also supporting disabled people in particular to secure jobs and experience in the work place.
14. To ensure that we are searching out these investment opportunities and encouraging new partners to the city we have built on the initial work via MIPIM and held York's first "Investors weeks" attracting over 100 potential investors and organisations interested in development, the aim being to identify the development potential and opportunities in York, predominately through the work emerging out of the Local Plan, connecting them up with land owners, agents, developers and businesses in a way that provides a "development team" approach that connects this potential and opportunity to end users.
15. To do this requires a sustained investment in resource via the teams highlighted above and as we progress from "selling" potential and opportunity in York to formal contracts, a need for a mechanism(s) that will create partnerships that are mutually financially beneficial. In parallel to this the City is investing in its "Public Realm" through the Reinvigorate Programme so that the experience for residents, business and visitors matches our long term ambitions for a vibrant, inclusive and prosperous City.
16. Work is underway to bring forward a proposal for a new organisation to deliver marketing, tourism, culture and inward investment. This will work to support and maximise the opportunity of York as a city, and help increase visitor spend, inward investment, and improve the Cultural offer. This will streamline costs but also benefiting, residents, businesses and visitors alike.
17. Whilst the core activity that will deliver the various initiatives highlighted above is protected, the removal of non essential economic development activity will yield £75k in savings.

Protect Vulnerable People

ii) Services for Vulnerable Adults

18. This is considered another key priority and the Council will continue to protect the investment it makes in this area. Overall the net spend in Adult Care services is £51m (£75.1m gross) and comprises:
- Assessment and Safeguarding (£6m)
 - Intensive support & rehabilitation (£7m)
 - Long term and Learning Disability (£14.7m)
 - Commissioning & contracts (£15.5m)
 - EPHs, CELTAS, Day service provision (£8.1m)
19. Key activities and investment that were considered as part of priority based budgets include:
- Occupational Therapy £0.5m
 - Hospital Discharge Team £0.4m
 - Operational Social Work £2.6m
 - Early Intervention & Prevention £1.7m
 - 22 The Avenue £0.3m
 - Sycamore House £0.1m
 - Reablement £0.8m
 - Mental Health support £0.3m
20. Whilst the Council will continue to protect these areas, the scale of expenditure does require a fundamental review of the activity.
21. Therefore, within the Rewiring Public Services programme Health and Wellbeing services will be reviewed in detail to look at opportunities for ensuring resources are deployed as efficiently as possible. This will include opportunities for more integration with other partners including the health sector.

iii) Children and Youth Services

22. Investment in core Children's services, with a total budget of £19m is being protected. Elsewhere on this agenda, the Rewiring Public Services programme report will outline proposals for aspects of the service related to Children's Centres and Youth Service provision.
23. In some other areas we believe there are opportunities to review how we provide the services, and in particular to look to consolidate across other activity taking place across the Council.

24. The school improvement service currently costs £1.1m (net of existing efficiency savings) and provides specialist support and advice to schools, particularly those where standards need to improve. It is considered this level of support to schools should be reduced by £350k. The service will be reshaped with available resources targeted at fulfilling statutory duties and improving the outcomes in specific phases and priority groups.
25. The Early Years Graduate Leader Fund provides support to private, voluntary and independent nurseries to fund the recruitment, employment and training of graduates. The remaining budget after existing efficiency savings is £69k. It is proposed that this is now removed in full and all funding support ceases. Discretionary Rate Relief for Voluntary Aided Schools will also no longer be charged to the General Fund delivering a saving of £29k.

Build Strong Communities

iv) Communities and Customers

26. This is another key priority for the Council with a wide range of activity that is involved in supporting and building strong communities.
27. We will continue to invest in the York Financial Assistance Scheme making £200k available to support the most affected residents in financial need.
28. The Council currently invests £1,154k in the Integrated Family Service, including support for 'troubled families', and supporting those with housing issues. Given the overlap with some other information and advice functions provided elsewhere, £200k could be saved by integration with other information and advice services.
29. Work will also continue to support communities and build resident engagement and the Rewiring Public Services programme will deliver £450k of savings as we refine our model of working in this area.

v) Arts, Culture, Leisure and Tourism

30. The Council has invested significantly in external organisations providing cultural and tourism activity, in particular the Museums Trust and Theatre Royal. However, if we are to be able to maintain investment in other key priorities, the Council can no longer afford to maintain investment in arts and culture at its current level. This is supported by comparative budget

analysis which suggested our spend on Culture and Heritage was significantly more than a Council with our resources should be.

31. However, the Council recognises the importance of this sector and will continue to work and provide support wherever possible. We will work with the organisations to move to a situation whereby:
- the subsidy to the Museums Trust is reduced in 2015/16 by £500k, which still maintains support provided by the Council at approximately £600k,
 - support to the Theatre Royal reduced by £30k, leaving residual support at £170k.

vi) Housing Services

32. The Council's investment in housing comes predominantly through the Housing Revenue Account (HRA). Total expenditure within the HRA is £12m (excluding capital charges and internal recharges). In addition there is capital expenditure of £16.9m. Certain items of expenditure have to be funded through the general fund. Areas of spend include:-
- Homelessness
 - Gypsy, Roma and Traveller Community Sites
 - Housing Strategy
33. Gross spend in this area totals £3,764k with a net budget of £1,160k. Given the scale of investment in the HRA we believe that a reduction in General Fund Housing support should be made, to the value of £50k.

Get York Moving

vii) Highways and Transport

34. There is significant investment across the Council in the highways service, this ranges from cyclical pressures such as gulley emptying, reactive work such as "pot-holes", winter service, flood response, emergency work such as attending RTA's and then the general planned activity to replace worn out Roads, footpaths, signs, road markings, street furniture, which has been a key aspect of the local focus for residents. The planned aspect is predominately a capital investment for Highways and the "Transport" area of the directorate, given it addresses the repair and replacement of work out assets it is an ongoing investment.

35. In transportation terms investment is used in a thematic way, drawing from the Local transport Plan - Integrated transport and maintenance blocks, other secured funding such as LSFT, BBAF and Major Scheme funding etc. this is used on our flagship programmes to address congestion, public transport and road safety issues in the City as well as major projects such as Access York park and ride.
36. As this service becomes more business focussed, opportunities for generating further income will become available, including a reduction in the costs of the CCTV function as the service moves to a trading model, securing external Highways work, improving the “pre-application” performance, fleet profitability and commercial waste opportunities in the City. This is a fundamental part of the 2014/15 efficiency strategy to bring the service in on budget in future years and deliver ongoing pressures to reduce revenue costs.
37. Investment in subsidised buses totals £770k and, whilst we will continue to invest in this area, in line with the move to reduce subsidies for certain activities it is proposed that opportunities to reduce this are reviewed.
38. We will continue to invest capital in Street Lighting, but will look to achieve a reduction in revenue support and mitigate the rate of increase in energy costs via a thorough review of opportunities for delivery of the service, the use of LED technology and the recent productivity improvements now the service has been brought “in-house”, all contributing to achieving further efficiency savings.
39. Both the Highways and Transport services are supported by large teams, totalling over £1.7m, and as we look to reduce revenue activity across this area, there must be the expectation that the revenue element of these teams are reduced in line with this, noting that there is a balance to be achieved between absolute minimum to discharge our statutory functions and risk management issues in terms of knock on effects on claims liability issues and reputational issues in terms of the appearance of the City to its residents, businesses and visitors.
40. Given these broad categories of spend, we will seek a budget reduction in Highways and Transport of £1.075m, representing a reduction of around 20% on 2013/14 levels, which will include scope for charging and making this function operate on a more commercial basis so ensuring the cost to the Council decreases. A suggested distribution of this figure could be:
 - £300k: Reduction in highways maintenance,
 - £250k: Increased commercialisation (Highways team, CCTV),
 - £200k: Reduction in bus subsidies,

- £200k: Street Lighting efficiency,
- £125k: External funding opportunities.

Protect the Environment

viii) Environmental Services

41. The Council is committed to protecting the environment. We will continue to drive an energy switching scheme that is due to launch in the winter of 2013/14. Work can commence to support the deployment of electric vehicles and charging points. Importantly work can continue to be focussed on reducing the amount of waste both through effective recycling systems but also by working with businesses in the city around the way in which their waste is managed.
42. However, in some areas of Environmental Services we will need to reduce investment and improve income, including the Environmental Protection Unit (which was classed as expensive in the comparative analysis), which covers noise nuisance and air quality/emissions work, and Design & Conservation, which includes ecological support to communities. Expenditure in these areas currently totals £790k combined. We will move towards a model whereby these areas are integrated and deliver a saving of £386k. Themes to meet this challenge will include reduction of non statutory functions, income generation (including pre-application support), and use of other funding streams for elements of the service, including proceeds of crime.

Core Capabilities

ix) Core Capabilities

43. If the Council is to deliver the savings required, transform service delivery, and maintain its financial standing it has to ensure it has the key elements in place to maintain an effective organisation. This includes ensuring capacity in our critical support services of finance, legal, ICT and HR. These have been subject to transformation in recent years and continue to make efficiency improvements. Large scale reductions would, however, severely affect the Council's ability to deliver major projects and manage major transformation. We will, through the capital programme, significantly increase the capital investment in ICT over the next 5 years with a view to York being seen as a leader in the field of technology products, delivering efficient service delivery.

44. In addition, we need to ensure resources are available to assist services deliver transformational change and to continue to procure goods and services effectively and ensure we maximise utilisation of our assets. Ensuring we meet our statutory requirements in relation to core Governance of the Council is essential, including the production of statutory financial statements, and ensuring legal compliance in all we do.
45. We also need to ensure we have a skilled and capable workforce. Key to this is ensuring our workforce strategy continues to be delivered and that staff receive essential training to ensure services are delivered effectively. The Council will therefore protect investment in training and workforce strategy activity. Whilst this could be seen as an easy saving, with fewer staff, and changing methods in service delivery, it is essential that we continue to invest in our staff to ensure the Council operates effectively.
46. Customer & Business Support Services will deliver approximately 4% efficiency reductions in 2015/16 compared to 2% from other services. This approach ensures these services remain fit for purpose and able to deliver their various statutory requirements at the same time as reducing their ongoing cost bases.
47. The council also currently has specific budget provision for taking on new apprentices. This £115k budget will be removed and mainstreamed across directorates by ensuring all entry level positions in the organisation are actively targeted towards the apprenticeship cohort.
48. In the Office of the Chief Executive, teams will help the council achieve the challenges set out elsewhere in the budget report, most notably delivering the Rewiring Public Services programme, as well as helping deliver economic growth for the city. However, a review of services has shown that the partnerships budget can be reduced by £25k.
49. Over recent years, in particular now that the majority of council services are operated out of West Offices, there has been significant scope for the consolidation of services via the business support review. An assessment of progress shows that a further £250k in savings can be delivered in this area.
50. The Council supports a wide variety of external organisations to deliver services through a number of different funding processes. Grants identified as currently in scope total £1.3million, although further funds may come into the proposal. A systematic review is needed during 2014/15 working with the sector with an aim to achieve a 200k saving in 2015/16. This equates to 15%.

51. Finally, given that significant focus will be placed on the Rewiring Public Services programme reported elsewhere on this agenda, a prudent assessment on the need for the Delivery and Innovation Fund to be at its current level of £1m has been carried out and has found that this can be reduced by half and deliver savings of £500k.

Prioritisation Savings Summary

52. The following table summarises the savings to be delivered by the prioritisation process in 2015/16, totalling £3,854k.

Proposal Description	2015/16 Impact £000's
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Growing the Economy

Economic Development Reduction in Economic Development activity.	-75
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Children and Youth Services

School Improvement Service The service will be reshaped with available resources targeted at fulfilling statutory duties and improving the outcomes in specific phases and priority groups.	-350
Early Years Graduate Leader Fund Ceasing the funding that is provided to early years settings that supports the recruitment and training of qualified staff.	-69
VA Schools DRR No longer charge DRR for Voluntary Aided Schools to the General Fund.	-29

Build Stronger Communities

Information & Guidance Consolidation of services that provide information and guidance across the Council.	-200
Museums Trust Reduction in contribution to York Museums Trust.	-500
Theatre Royal Reduction in contribution to Theatre Royal.	-30

Housing Strategy Use of commuted funds to support affordable housing development function.	-50
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Get York Moving

Commercialisation Seek greater commercialisation across the services leading to additional income £250k.	-250
Highways Maintenance Reduction in maintenance.	-300
Street Lighting Efficiencies Through the use of LED technology and recent productivity improvements.	-200
Subsidised Bus Services Reduction in line with review of subsidies to other areas.	-200
External Funding Opportunities Additional income from external funding to support current expenditure.	-125

Protect the Environment

Public Protection Savings proposed across Public Protection Unit including charges to Proceeds of Crime, additional income from s106 & closer links with Public Health to support Air Quality interventions.	-316
Design & Conservation Seek further external income to support roles within team.	-70

Core Capabilities

Apprentices Remove corporate funding for apprentices and mainstream across directorates by ensuring all entry level positions in the organisation are actively targeted towards the apprenticeship cohort.	-115
Partnerships Reduction in Partnership working.	-25
Consolidation Further consolidation of activity across the Council via the Business Support Review.	-250

Support to External Organisations Review / reduction of grants and contributions to other organisations.	-200
Delivery & Innovation Fund Halving the size of the DIF in light of transformation activities elsewhere in the budget strategy.	-500