

Medium Term Financial Strategy – Economy and Place Directorate

Introduction

1. The Economy and Place Directorate includes services that have undergone significant reductions in staffing and budgets in recent years whilst maintaining some of the Councils most visible frontline services, including 6 million refuse/ recycling collections, 4 million Park and Ride Journeys and maintaining and investing in the highways and transport infrastructure. From a regulatory perspective the Directorate delivers Public Protection, Planning, Development control and Highway Regulation functions thereby having a significant impact on the wider economy and people of York beyond the directly delivered services.
2. Whilst many of the services within the Directorate are statutory the level of the service could be reduced. The services though are often highly visible, front-line preventative services that are in demand from residents and have a long term impact of reducing costs elsewhere in the Council.

Approach to Protecting Priority Areas

3. All areas of the Directorate have been reviewed and certain service areas have been protected. It is envisaged that this will remain the case over the medium term. Protected services include:
 - No reductions to the Neighbourhood Working Team, providing street based services. The service is in progress of delivering £525k litter bin replacement programme.
 - There will be no introduction of additional charges or any significant changes in operations for domestic waste customers
 - No additional charges will be applied to services operating from Household Waste Recycling Centres (HWRC's) and opening times will remain as they are currently
 - As a Lead Local Flood Authority under the Flood and Water Management Act, the Council are required to deliver a range of

responsibilities for flood risk management and is working closely with the Environment Agency on delivering over £60million of investment in the City's Flood defences.

- The Highways maintenance budget including potholes, gully emptying, winter maintenance and bridge maintenance. Additional investment is also provided within the capital budget for Highways, including more sustainable LED street lighting, lamp column replacements and cycling routes.
- The Dial and Ride service which is the public transport provision for the most vulnerable in society
- School Crossing Patrols
- The Concessionary Fares scheme will remain unchanged
- The current level of subsidised bus services will be maintained

Medium Term Efficiencies and Savings

4. As a result of the savings in previous years, the Highways function has been reduced to a small revenue budget which covers day to day maintenance with the potential for only incremental savings through operational efficiencies. The Highways Capital Programme including maintenance and development delivers our statutory duties to maintain the highway network. Significant investment is proposed for capital investment within Highways over the coming years in order to slow down the deterioration of the network and the service will be implementing new working practices / technology to undertake repairs. New use of digital technology is also being used to provide greater information regarding the state of repair of the network and focusing on locations where repairs are required. The workforce has recently been reduced to ensure that a sustainable core of skills and knowledge is retained with a degree of job security and then as the Capital Programme fluctuates from year to year sub contractors are being used to complement this core staff.
5. The Waste service will be concentrating on operational efficiencies and containing cost growth. Cost pressures on the service are

principally existing budget overspends within waste collection. The service has implemented new rounds to cover recycling and garden waste from April 2017 which have mitigated these overspends however the levels of sickness and temporary staff resource is too high meaning the service is still overspending. The service is working with the workforce in order to reduce sickness levels and the need for temporary staff resources. There are no savings planned for Waste Services but in the medium term a review of residual waste rounds will be undertaken and market testing of the Service will be considered in order to ensure collection services are as efficient as possible.

6. Public Protection, Planning, Development Management, Building Control and Highway regulation are all moving towards a model in which a core of knowledge and skills is retained from anticipated fee revenues with significant fluctuations in workload managed through the use of external providers and where possible through the use of shared staff resources with other Local Authorities. This approach allows key staff to be retained and with the Parliamentary approval from 15th January 2018 for a 20% uplift in Planning Fees is a position that should be sustainable. The exception to this approach is the Local Plan development for which no direct fee revenue is attributable.
7. The most significant revenue in the Transport area is parking income totalling £7.0 million. Car parking charges are a key source of income for Transport and Highway investment and support a significant proportion of public transport options for travellers. It is therefore important that the prices of alternative public transport options are taken into account when prices are set. The budget proposes that charges will be increased in 2018/19 at most car parks by 10p per hour. There will also be inflationary increases on Respark permits.
8. Further to the consideration by Executive of the need to enhance City Centre Access arrangements in light of increased threat to public safety from the use of vehicles in a hostile manner, it is proposed that the Built Environment Investment Fund is prioritised for this work before tackling the renewal of the wider city centre public realm
9. Another area of additional revenue is civil (camera) enforcement of bus lanes. The budget recognises that a successful scheme will not generate significant income, and as such the income target is being

reduced. The service is investigating a number of other sites where enforcement would reduce delays to public transport and or risk to road users.

10. It should be noted that most other discretionary transport expenditure (excluding protected services such as Subsidised Bus Services, Concessionary Fares and School Crossing Patrols) is heavily reliant on external funding in order to undertake modal shift promotion activity. A key part of the Council's investment in Sustainable Transport is in technology and in the field of Transport it is developing rapidly in order to exploit the City's significant digital assets to put the city in the forefront of these transport innovations. The council has been very successful in gaining external funding in both these areas (including £1.2m Access funding awarded for 2017/18 to 2019/20 £2.85m Smarter Transport Evolution Programme and £3.3m ULEV 2017-18 to 2018/19) and will continue to seek opportunities for further grants.
11. Increasing community involvement has and will continue to facilitate a reduction from grounds maintenance and cleansing budgets by transferring spaces increasingly to community management (this has already happened in relation to bowling greens and allotments). The Public Realm services, like waste, will also be concentrating on operational efficiencies and containing cost growth.
12. Maximising the Shareholder value from return from externalised service provision include a proposal to reduce the grant over time to Make it York (MIY). It is expected that MIY will deliver additional income streams and efficiencies. We will also work closely with the Council's Waste Companies (Yorwaste and SJB recycling) to maximise shareholder value reporting through to the council's shareholder committee.
13. Further opportunities will continue to be reviewed over the next two years to rationalise assets, generate significant additional income, and achieve additional capital receipts (which could in turn reduce debt). This will be guided by the development and implementation of the Council's Asset Management Strategy which will include consideration of opportunities to work with the private sector, and the Executive Decision to establish a wholly owned development company. Members will need to continually review and consider its appetite for risk and return.

Decisions Required

14. The decisions that are set out in the 2018/19 savings provide the basis for moving forward over the next two years, as the majority of savings themes originate in 2016/17 and 2017/18. Specific reports over the coming months will need to be considered including further decisions regarding extending bus lane enforcement and potential restrictions to city centre access.

Risks and Impact Assessment

15. Within Waste Services, in order to achieve operational efficiencies and overcome the operational challenges that have been evident in 2017/18 a whole service review and investment in good working practices and improved cost control will be necessary. This will include but not be limited to reviewing all waste rounds, new vehicles depot and Fleet arrangement ahead of 2019/20. This needs to factor in the building of additional households as well as the need to maximise recycling. There is a risk that if these efficiencies cannot be achieved this would necessitate the requirement to reduce service levels to balance the budget. Furthermore, any delay or failure to achieve efficiency savings would jeopardise any potential benefit which may be achieved from market testing.
16. The Allerton Park Waste Recovery Plant is due to be fully operational in February 2018. The financial model assumes the council is able to maximise external income opportunities through the use of commercial waste sourced by Yorwaste. There are financial incentives to reduce waste delivered to AWRP but growth in household numbers will increase levels of residual waste. The service is affordable against planned activity however the assumptions in the financial forecasts will need to be closely monitored and managed and will from now on be reported as part of the Quarterly Monitoring reports.
17. The Directorate continues to be reliant on external income from income from sources such as Planning and Parking. These have in the past resulted in overspends within the Directorate that need to be managed. These budgeted income levels require the city to have continued development and a healthy city centre offer.

18. The Directorate is at the forefront of delivering significant capital schemes over the next four years including York Outer Ring Road and York Central (through West Yorkshire Transport Fund). This will require appropriate project management and capacity across support services and regulatory function for the council to enable timely delivery.