

Cabinet

14th February 2012

Report of the Cabinet Leader

CYC response to the Interim report of the Fairness Commission

Summary

1. This report contains the proposed response of CYC to the Fairness Commission's Interim Report published on 28th November 2011 which proposed 10 Fairness Principles and made 30 specific recommendations to the Council.
2. Cabinet is asked to approve the proposed response to each recommendation noting how they will contribute to the delivery of the Council Plan priorities, consequent actions and any potential resource impacts. The proposed responses which relate to the budget or have other potentially significant impacts are highlighted in the main body of the report. The other responses are detailed in Annex A.
3. The financial implications of all recommendations which are proposed for implementation in 2012/2013 can be met within existing resources or are specifically provided for in the Capital and Revenue Budget Reports also on this agenda.

Background

4. The independent York Fairness Commission was set up in July 2011 as part of a Cabinet commitment to begin to tackle poverty and injustice in York.
5. The Commission's purpose is to promote and advise on the achievement of greater fairness and equality in York. The focus of the Commission's first report is to provide specific advice on the difficult decisions the Council is tackling in setting its budget for 2012/13 and 2013/14 in the context of sizeable funding cuts. A wider ranging report will follow in June 2012 looking more fully at options, ideas and

practical steps that can be taken to make York a fairer place – including but going beyond the role and priorities of the City Council.

6. The Commission's report also presents a compelling summary of the deprivation and inequality that is experienced by some of York's residents and in which context the recommendations are framed. The report is attached at Annex B.

Consultation

7. The Commission carried out a wide-ranging consultation exercise during September and October 2011. Many of the recommendations arise directly from suggestions made during the consultation.
8. Lead officers within the council have been consulted on the Commission's report and their recommendations are incorporated in the proposed responses.
9. This report cross-refers to the Financial Strategy report also on the Cabinet agenda which takes into account the Fairness Commission recommendations as part of the Budget consultation process.

Response to the Report

10. It is proposed that Cabinet welcomes the findings of the Fairness Commission Interim Report, and the independent external challenge that the report has provided. This has strengthened the Cabinet and officers' focus on developing a fair budget that will seek to balance a range of competing needs; protecting services for children, older and disabled people and still making provision for essential investment.
11. Each recommendation has been given careful consideration. In many areas the Commission's recommendations reinforce a commitment to the existing priorities and initiatives that the Council has already started work on and that form part of the Council Plan 2011-2015. In other areas we have been challenged to do more and to take a different approach. Throughout, the work of the Commission has been thought-provoking and has provided direct insight, through the voice of the people of York, into the real deprivation that exists in some parts of the city.

The 10 Fairness Principles

12. A cornerstone of the Fairness Commission approach was to establish the set of guiding 'Fairness Principles' below that can be used to

fairness proof decision-making and guide long-term progress towards a fairer York.

- Make reducing inequalities a prime focus in policy and decision making
- Support and empower the most vulnerable and disadvantaged groups
- Adopt a long term view considering long term impacts as well as short term savings
- Listen and Engage so as to make budget decisions in a way that is open, transparent and informed by York's people
- Generate new income to reduce the scale and depth of the cuts needed to balance the budget
- Make budget decisions based on evidence, values and needs, not by applying flat rate percentage cuts or favouring services that have always been provided
- Take into account wider factors that affect inequalities in York
- Target investments and services geographically where necessary to reduce inequalities and improve life chances in the most disadvantaged areas
- Promote/ prioritise economic growth that maximises benefits to people
- Ensure a 'best in class' Council that delivers services efficiently and effectively and acts as an influential role model in tackling inequalities

13. The above Fairness Principles are compelling and have been influential in the formulation by officers of budget proposals which reflect these values and address specific recommendations. Specifically:

14. For the first time, the 2012-14 budget covers a 2 year period to allow for longer term decision making than the previous annual cycle.

15. Additional detailed consultation has been carried out as part of the budget process to listen and engage with York residents including;

- Discussions with the voluntary sector and business community and Youth Council

- Use of the YouChoose survey that allows residents to determine their priorities for council spending
 - An open event that allowed residents to meet the Cabinet and discuss on an individual basis issues which are important to them.
16. There are proposals to increase a range of fees to maximize income and mitigate the need to make budget cuts. All of these proposals have been through a full equalities impact assessment process. The development of CYT Ltd, a separate trading company wholly owned by the council, will explore new ways of generating income from providing services to other public sector organisations in the city.
17. The budget process has involved Cabinet members considering the various savings options that officers have developed and taking into account the assessed impacts on customers, residents and staff with particular attention to the impact on communities of interest and geographic communities where there is socio-economic deprivation.
18. In making decisions we have taken long term approaches to the development of services that will ensure we can still respond to the needs of the most vulnerable in our communities now and in the future. The focus is on prevention and early intervention to prevent escalation of needs and costs.
19. To ensure that the approach and values enshrined in the Fairness Principles underpin the Council Plan core capabilities, we propose to embed them in the way we make decisions and deliver our services and reflect them in a refreshed approach to Equalities and Diversity.

The Fairness Commission recommendations

20. Each of the recommendations has been carefully considered and reviewed against existing progress, plans, resources and constraints. A detailed response to each recommendation describing how the council proposes to act on the recommendation, factors constraining the extent of our response and explaining the reasons for not taking up some recommendations is either included in the main body of the report or in Annex A.
21. The Council Management Team has met with the Fairness Commission to review the detailed responses and has begun a very constructive dialogue about how they will be progressed.

22. The Council is able to address many of the recommendations within existing resources through the way in which we will deliver our Council Plan priorities going forward.

Highlighted in the analysis below are:

- The key recommendations that have influenced the prioritisation of resources in the budget proposals
- recommendations which will require additional resources after a full assessment
- two recommendations (the Tourist Tax and the York Youth Card) which require a full appraisal of the options, alternative approaches and possible benefits

The remainder of the responses are in Annex A.

Budget savings and income Proposals

23. **Recommendations 1, 2 and 3** were to explore elements of Highways spend as a potential area for major savings, remove budget allocations to Ward Committees and to protect named services (principally Children's Social Care and Adult Provision).

These proposals are in line with the Council Plan priority to protect services for vulnerable people. The Financial Strategy report on this Cabinet agenda includes savings proposals that reduce both revenue and capital budgets for highways expenditure; presents a proposal which significantly reduces the existing overall ward committee budget and restructures the remaining budget so that the spending can be better targeted to meet the needs of the most disadvantaged; and in the context of the most difficult budget in a generation, seeks wherever possible to protect services for vulnerable people from front-line cuts and provides growth of some £2m to these areas. In framing these recommendations careful account has been taken to secure sufficient investment in highways against evidenced need and national benchmarks.

24. **Recommendation 4:** Raise Council Tax by 3.5 - 6% to protect services and avert steeper rises in the future.

Cabinet is today considering a recommendation to increase Council Tax by 2.9% in 2012/13 in order to raise additional income to protect services. An increase above 3.5% would be subject to a referendum under the new Localism Act entailing significant additional expenditure (£200k or 0.3% of council expenditure) and delay in setting the Council's budget. The reasons for proposing this level of increase are fully explained in the Financial Strategy also on this agenda.

25. Recommendation 6: Explore options for introducing a York Visitor Heritage Contribution (Tourist Tax)

The Council's top priority is to create jobs and grow the economy. Tourism accounts for 10.3% of jobs in York and will remain essential to the resilience of York's economy into the future. Given this context, the recommendation raises conflicting issues for the Council and the city. The Council would not want to implement a charge or tax that could deter visitors, impose an administrative burden on local businesses and potentially undermine the profitability of this sector of the local economy.

26. However the Council is prepared to explore all ideas that could help increase income – to the city and the Council from this sector. We will assess the full implications and possible alternative approaches to such a charge in consultation with VisitYork and other key partners in the business community.

27. Recommendation 7: Explore and adopt creative approaches to income generation

In addition to the income-generating potential of CYT Ltd described above, the Council will continue to look for other innovative ways to raise income. For example, in City Strategy three propositions have been developed which can raise income for the Council through the sale of expert technical knowledge and information:

- To provide quality strategic development products and advice to regional, national and international markets and ultimately create a centre of excellence in the City for this type of work, through which the business will operate in the future.
- To provide heritage and sustainability advice and services to regional Local authorities and organisations.

- To hold a digital 3D model of the City and sell access rights to the relevant parts when developers are looking at development options and impact assessments. Ultimately to extend the usage to facilitate innovation in tourism and other customer service areas across the City.

28. The Council is determined to take advantage of good ideas from all sectors of the community. We are seeking transformational ideas to solve some of the city's biggest challenges. With seed-funding from the NESTA Creative Councils Programme we are opening up the challenge to the public and voluntary and private sectors via the YorkGenius website and to staff through Open Innovation Workshops in February and March. By harnessing external expertise as a catalyst we will be generating new ideas including different ways of generating income from York's tourist footfall.

Recommendations requiring further investment

29. *On Transport*

Recommendations 19 and 20 propose the extension of YoZone bus discounts for young people to age 18 and removing time restrictions on the travel concessions for disabled people.

One of the priority outcomes of the Council Plan's transport theme is for York's communities to have better accessibility to economic and educational opportunities. This recommendation highlights that not all of York's communities are currently able to benefit equally from this accessibility.

30. We are working with the Youth Council and the Quality Bus Partnership to secure extension and improvement to the existing concessions for young people through partnership working. We are also working with schools and 6th form colleges.

31. Disabled people in York already benefit from a local agreement that has been negotiated to allow free travel to start at 9am rather than the national requirement of 9.30am. In addition, there is currently a study underway to establish the costs of extending this concession to respond to the concerns raised by equalities groups that blind pass holders get free travel 24 hours a day.

32. The implementation of either or both of the above recommendations would incur significant financial cost to the Council which has not yet been assessed. The Council is committed to continue its work in partnership with bus operators to improve accessibility and will bring forward proposals for consideration in the 2013/14 budget review when the financial implications have been fully assessed.

33. *On the Council as an equitable role model - Living Wage*

Recommendation 10: continue to explore the implications of paying a Living Wage within the Council and set a realistic time frame for its introduction.

34. The first phase of the Council's Living Wage review has been completed and shows that a significant number of staff could benefit from new proposals. The cost of uplifting these staff to the Living Wage would need to be considered as part of budget growth proposals in 2013/14. A more detailed analysis is being prepared in order to brief Members fully in March and, subject to member approval, negotiations with the Trade Unions could then begin with a view to implementation in 2013/14 as part of a package of pay and conditions proposals. Consideration could also be given to the scope of the Living Wage in terms of the Council's requirements of suppliers, contractors and partners, and also city-wide.

Recommendation requiring full appraisal

35. *Young People – York Youth Card*

Recommendation 21: encourage retailers, leisure providers and others to offer discounts to young people.

The Council has not been aware of any particular demand along these lines. Certainly it would be fairer for all young people to have similar access to discounts. But some further analysis is required of the benefit actually achieved by the take-up of student's discounts; of the set-up, administration, promotion, and fraud protection costs; of the options for targeting such a scheme; and of alternative approaches that could deliver similar benefits to young people.

36. We will review the options and alternatives and work with the Youth Council to assess whether there are significant benefits to taking this recommendation forward.

Implications

37. **Financial** – all financial implications of adopting the Fairness Commission recommendations as described in this report are reflected in the Financial Strategy elsewhere on this agenda. Some recommendations which would require additional funding (e.g. the Living Wage) or generate additional income (e.g. the Tourist Tax) will be brought forward when fully assessed as future proposals for 2013/14 budget review.

38. **Human Resources (HR)** – the potential HR implications of implementing a Living Wage will be brought to members after full consultation with trade unions as and when detailed proposals are formulated.

39. **Equalities** – a full Equalities Impact Assessment has been carried out on all aspects of the budget proposals.

40. **Legal** – a legal assessment of the Council's powers in respect of the 'Tourist Tax' will be carried out as part of the recommended option appraisal.

41. **Crime and Disorder** – there are no implications for Crime and Disorder

42. **Information Technology (IT)** – there are no IT implications

43. **Property** – there are no property implications

44. **Other** – there are no other implications

Risk Management

45. There are no known risks in adopting the Fairness Commission's recommendations to the extent indicated in Annex A.

Recommendations

It is proposed to Cabinet that:

46. CYC embeds the approach and values expressed in the Fairness Principles in the way we make decisions and deliver our services and reflect them in a refreshed approach to Equalities and Diversity.
47. CYC works to deliver the recommendations as described in the responses in Annex A within existing resources or the additional resources proposed in the Financial and Capital Strategies.
48. Work is undertaken to assess the full implications and possible alternative approaches to a York 'Tourist Tax' in consultation with VisitYork and other key partners in the business community to develop proposals for the 2013/14 budget review.
49. Work is undertaken to assess the financial implications of implementing extensions to the travel concessions currently offered to young and disabled people and to bring forward proposals for consideration in the 2013/14 budget review.
50. Work is undertaken to assess the financial and HR implications of implementing a Living Wage and to bring forward proposals for consideration in the 2013/14 budget review.
51. Work is undertaken to review the options and alternatives with the Youth Council and assess whether there are significant benefits to taking this recommendation forward.
52. A further report is brought to Cabinet responding to the Fairness Commission's full report after it is published in June 2012.

Reason: To respond to the Fairness Commission's Interim Report recommendations and in an effort to begin to tackle poverty and inequality in York.

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Wards Affected: All

For further information please contact the author of the report

Background Papers: *none*

Annexes

Annex A Summary of recommendations and responses
Annex B The York Fairness Commission Interim Report 28.11.2011
<http://www.yorkfairnesscommission.org.uk/>