

## **4 Year Financial Strategy 2016/17 to 2019/20 – Economy and Place Directorate**

### **Introduction**

1. The newly formed 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 have 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 in 2016/17 and 2017/18. It is envisaged that this will remain the case over the medium term. Protected services include:
  - 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

- The Highways budget for day to day highway maintenance for potholes, gully emptying and bridge maintenance. Additional investment is also provided within the budget for Highways.
- The Winter Maintenance (gritting) budget will be protected and will also receive additional funding of £52k to increase the number of rounds
- 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 made to date 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, recycle costs and income from green waste additional bin services. The service is implementing new rounds to cover recycling and garden waste from April 2017 which will mitigate these overspends along with rigorous

cost control regarding the use of temporary staff resources. There are no savings planned in 2017/18 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. 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 £6.8 million. Car parking charges are a key revenue generator for the council providing revenues for Highways and Transport expenditure but are one of a number of options that individuals have when travelling into the city centre and it is important that the prices of alternative public transport options are taken into account when prices are set. Charges will be increased in 2017/18 at most car parks by 10p per hour. Any future increases in charges will be considered at a later stage recognising the obligations set out as part of the new Park & Ride tenders.
8. Another area of additional revenue is civil (camera) enforcement of bus lanes. The service will continue to investigate potential sites where enforcement would reduce delays to public transport.
9. 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. The council has been very successful in gaining external funding (including £1.2m Access funding awarded for 2017/18 to 2019/20) and will continue to seek opportunities for further grants.
10. Increasing community involvement will 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). This will entail setting clear standards for core Council regimes, e.g. street cleansing whilst entering into a detailed discussion with wards about any enhanced level of activity they wish to organise through community activity over and above this standard, as well as tasks that can be transferred to the community or ceased. This approach will be supported through enhanced ward funding to support community approaches and through the deployment of staff trained to support communities.

11. Maximising the 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.
12. Opportunities will be reviewed over the 4 years to rationalise assets, generate significant additional income, and achieve additional capital receipts (which could in turn reduce debt). This will require a radical review of assets, and consideration of opportunities to work with the private sector, and/or to establish a wholly owned development company. Members will need to consider its appetite for risk and return

### **Decisions Required**

13. The decisions that are set out in the 2017/18 savings provide the basis for moving forward over the next three 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 whether to extend bus lane enforcement, changes to CCTV provision and the council's asset management policy.

### **Risks and Impact Assessment**

14. Within Waste Services, there are planned changes for recycling and garden waste rounds being implemented from April. This is addressing current ongoing overspends rather than providing savings. The delivery of these savings, which require agreement from unions as working practices are changed and managing customer impact will be key in then introducing further efficiencies. 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.

15. The Allerton Park Waste Recovery Plant will be operational within 2017/18. The financial model assumed the council is able to maximise external income opportunities through the use of commercial waste sourced by Yorwaste. The new contract also requires changes to the Waste Disposal service as waste will be taken to Transfer station at Harewood Whin and then transported on to Allerton Park. One off costs in 2017/18 are to be funded from the Waste Reserve however the assumptions in the financial forecasts will need to be closely monitored and managed.
16. 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 needs to be managed. These budgeted income levels require the city to have continued development and a healthy city centre offer.
17. There is a risk that the asset portfolio does not release revenue/capital receipts. Early consideration of development opportunities is required, and some additional external resource may be needed to achieve a radical review of commercial portfolio.
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 the council to enable timely delivery.