

## **4 Year Financial Strategy - Communities and Neighbourhoods**

### **Introduction**

1. Communities and Neighbourhoods has undertaken an extensive programme of remodelling services over recent years leading to a wide variety of new forms of service delivery including trust, social enterprise, local authority company and private sector led models. These approaches have yielded significant efficiency savings.
2. The efficiency savings realisable from these approaches have now been fully exploited and it is therefore necessary to go beyond these approaches to instigate more radical service reduction and/or redesign.
3. Public Health budgets have now been integrated into the council requiring the Council to understand and evaluate inherited contracts and examine how better value for money can be obtained.
4. Whilst the many of the services within CANs are not statutory and could therefore be discontinued many are equally 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. Care is therefore required to ensure that valued services are able to continue but with less reliance on Council funding.

### **Approach to Protecting Priority Areas**

5. All areas of the Directorate have been reviewed and certain service areas have been protected in 2016/17. It is envisaged that this will remain the case over the medium term. Protected services include:
  - Emergency Planning as the number of staff (2) are already at minimum levels to plan and co-ordinate the Council's response to significant events and emergencies
  - Community Safety which includes management and delivery of the Council's response to anti social behaviour. Additional funding of £234k is provided in 2016/17.
  - Voluntary sector grants have been reviewed to ensure that all funding aligns to the Council's priorities. Reductions in grants have already taken place and further savings are proposed. However core grant funding to organisations such as Citizen's Advice Bureau, Council for Voluntary Services and Welfare Benefits Unit

will remain protected as this would damage the capacity to make the necessary transition. There is, however, scope to refocus this expenditure.

- Ward Committee funding will remain unchanged
- Reductions to some cultural services will be necessary as outlined below, but funding for some smaller scale cultural services will remain unchanged. This is a small budget which if removed would jeopardise the ability of the organisations to attract funding from other sources and threaten the survival of the organisations
- In Public Health there is a requirement to review all budgets whilst maintaining a focus on key Public Health priorities. The key to successful Public Health outcomes is mainstreaming the priorities across all council services and health services.

## Medium Term Efficiencies and Savings

### General Fund Savings

6. Key approaches to achieving general fund budget reductions over the next four years will be:
  - a) Increasing community involvement in service redesign
  - b) Making services self-financing wherever practicable including external trading
  - c) Maximising the return from externalised service provision
  - d) Redesign of existing services and external contracts
  - e) Realignment of charges between Housing Revenue Account / General Fund
  - f) Ceasing service provision

**a) Increasing community involvement** - This continues and deepens the current approach under which, in the area of environment, we currently support over 100 community environment projects and, in the area of neighbourhood youth facilities are approach focuses on supporting community led projects. Key savings proposals include:

- A reduction from grounds maintenance and cleansing budgets by transferring spaces increasingly to community management. 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

- Contribute savings towards the review of building based provision, including for children and young people's services
- A reduction in support to youth premises seeking to support instead an increase in community capacity

**b) Making services self-financing wherever practicable including external trading - key proposals include:**

- Removing the last element of direct CYC funding to York Learning Services
- A saving through reviewing the management of YorHome, the councils social lettings agency and management of housing stock on behalf of housing associations
- A saving from undertaking work on Empty Homes for other LA's
- Potential to externally trade the councils housing repairs service to deliver income

**c) Maximising the return from externalised service provision- key proposals include:**

- A saving through a reduction in the Yorkshire Museum Trust (YMT) grant contribution as YMT explore alternative funding and income generation options. This includes a £100k saving agreed by Executive in September 2015, which has been deferred to 17/18 to allow for discussion with YMT on their capital plans. Some continuation of grant contribution from the Council is advisable in order to i) avoid other key funders withdrawing, ii) continue to give the Council some influence iii) reflect the fact that YMT undertakes tasks for the city e.g. storage that have no commercial potential.
- A saving through reduction in Theatre Royal grant. The Council are proposing to provide a one off capital grant to complete the refurbishment and there will be no further ongoing revenue support.

- A reduction of grant over time to Make it York (MIY). It is expected that MIY will deliver additional income streams and efficiencies
  - A significant saving through re-tendering the library service. The current contract runs to March 2019. It is expected that Explore York will deliver new models of community provision and new income streams allowing a viable reduced cost service in the next contract period
  - A saving through reviewing the management of the council's three travellers sites
- d) Realignment of charges / budgets between Housing Revenue Account (HRA) & General Fund (GF)**
- Savings will be achieved through realignment / transfer of services between HRA & GF
- e) Redesign of existing services & external contracts- key proposals include:**
- A saving from a review of how parking is operated and managed across the city.
  - A £50k saving through ceasing funding to Welcome to Yorkshire
  - Savings will be achieved through the redesign of public health contracts
  - A saving through redesign of homeless / strategic housing functions
  - A saving through restructure of registry office
- f) Ceasing service provision - key proposals include:**
- A reduction in aspects of public health delivery
  - Savings through reductions in aspects of the homelessness service.
  - Savings through reduction in service and stopping delivering non statutory services within trading standards, food safety & environmental health, such as implementation of an 'intelligence led' approach to inspections and enforcement.

## **HRA savings**

7. In order to manage the HRA with the reduced levels of income as a result of the rent decreases for the next four years and the increased levels of sales forecast, cost savings totalling £1.5m have been identified. The savings to be achieved in 2016/17 total £560k are detailed in annex 5b of the report.
8. There remains £940k target to be delivered and it is proposed that these are found from reviewing all HRA budgets. This will include discussions with Residents Associations about the future availability and use of capital and revenue budgets for the Associations. There will also need to be consideration of the cost of support to tenants that the HRA currently subsidises. Consultation will be undertaken with all interested groups before savings are proposed.
9. The Business Plan includes a number of assumptions particularly regarding the number and value of “High Value Sales” that will impact the overall account and therefore the value of savings in future years will need to be closely monitored and additional proposals brought forward where necessary.

## **Decisions Required**

10. The decisions that are set out in the 2016/17 savings provide the basis for moving forward over the next four years, as the majority of savings themes originate in 2016/17. Specific reports over the coming months will need to be considered including the future management of Traveller sites.

## **Risks and Impact Assessment**

11. Voluntary sector capacity (both organisations and individuals) is essential to deliver the budget reduction in many service areas. If this resource is not available this may lead to a reduction in service provision.
12. It is believed that reduction in funding to external organisations will not affect the service provision as those organisations may continue to operate with a more commercial focus. This may include additional charges to the public.