

Budget Statement from the Labour Leader of City of York Council

My politics has always been about people achieving outcomes that reflect their hard work and talents, irrespective of background.

The most effective way of furthering this meritocratic society is to grow the economy in a sustainable way. Therefore since my administration won control of the Council in May, we as a Labour Council have put growing York's economy and increasing jobs at the heart of what the Council does. Today's budget steps up that commitment.

However, councils around the country are being forced to take really tough budget decisions. The Government's approach to the national economy is hurting but not working. The Government is cutting too far and too fast to reduce the deficit, and Government borrowing is still increasing as a consequence. The Government is cutting almost a third of funding to local government, creating a shortfall in council finances. Over the course of last year, this year and the next, City of York Council will lose a total of £40m of funding largely as a result of cuts from central government.

To provide as much stability as we can now and for the future, I am today announcing a two year budget based on prudence. We have taken a fundamental look at what the council does and how it delivers services. As a founding member of the Labour Co-op Councils network, we have been exploring new delivery methods that engage the community in service delivery whilst protecting services from cuts.

I outline below the four strands of our response to the challenges facing the council:

1. Cutting bureaucracy and council waste;
2. Putting the council on a sustainable financial footing;
3. Continue to do all that we can do protect important local services, with an emphasis on protecting the most vulnerable members of our community; and
4. Importantly – I will set out our plan to boost local jobs through what is perhaps the biggest investment in boosting the local economy ever undertaken by City of York Council.

1. Cutting bureaucracy and council waste

The public has every right to know, especially in the current climate, that we are spending public money well. This budget will reduce the cost of delivering council services: pursuing a social enterprise to run libraries and the potential for shared functions with Wakefield Council and North Yorkshire County Council. In addition, we are setting up a Local Authority Trading Company to sell council services, to both the private sector and other public sector organisations. Our staff are a brilliant resource and through these new ways of working they will help to generate more revenue. We are also reducing the costs of management, amalgamating councillor committees and reducing the number of paid councillor posts. We will reduce the cost of bureaucracy by £1m.

We promised when coming into office that we would strip out Liberal Democrat waste. This budget does so by £10.5m through more efficient procurement such as cheaper mobile phone contracts, reducing the amount of documents the council prints and more efficient ways of working like emptying public bins that are full more frequently and those that are less full, less frequently.

However, efficiencies alone will not balance the budget. Options have been considered since July as to how to deal with the funding shortfall in the fairest way.

Residents would expect me and my Cabinet to consider all the options on the table. Serious options for consideration included the closure of libraries, the closure of children's centres and the closure of leisure centres. But due to the choices we have made no libraries, children's centres nor leisure centres will close.

We set up an independent Fairness Commission to advise us on how we grow the local economy whilst ensuring nobody is left behind at a time of reduced resources. Many of the recommendations from the Commission are being implemented in this budget such as protecting elderly care. Some recommendations like implementing the living wage are aspirations for the future and others, like abolishing ward funding altogether, we disagree with.

2. Putting the council is on a sustainable financial footing

Last year the Government offered councils the equivalent of a 2.5% council tax increase for four years to keep council tax low with a freeze in the first year. Labour in opposition was the first party in York to call for the acceptance of this funding. This year the Government has offered councils the equivalent of a 2.5% increase to freeze council tax, but this funding is for one year only.

In May we inherited reserves at the legal minimum. Therefore to accept the money from the Government this year would mean increased cuts or a much larger council tax rise next year. We feel this buy now, pay later approach to council services would be an irresponsible choice for York,

and result in residents being hit doubly hard through next year's council tax settlement.

To secure an increase of £1.5m in spending on elderly care and to provide an increase in £0.5m for looked after children, whilst not reducing funding to activities that help grow the economy, like Visit York, we are taking the tough decision to increase the council's portion of the council tax charge by 2.9%. This is still one of the lowest council tax charges in Yorkshire and well below inflation. The increase is below the 3% rises agreed by Conservative controlled councils Scarborough, Peterborough and Surrey. It is equivalent to 54p per week for the typical York council taxpayer.

Our debt position was reduced in June by this administration by £1.5m and the budget proposal announced here will reduce it by £150k.

3. Protecting local services – and the most vulnerable members of our community

This financial year saw the previous Liberal Democrat administration make £21m of cuts with Conservative support. When we took office in May we reversed almost £1m of these cuts that we felt were unfair and unnecessary. We are on course to deliver a balanced budget and we have confidence that we can deliver the £19.7m of savings required in this budget over the next two years (this figure has been reduced from £22m due mostly to increased income).

Even with our efficiency savings, and some additional income from council tax, we cannot protect every area of revenue spending. Some services will be less frequent, some fees and charges have to rise. But we would not be taking our responsibilities seriously if we did not seek to

mitigate the effects of cuts on some of the most vulnerable members of the community, and in keeping with the Fairness Commission report we have particularly focused on the young and elderly.

As I have already said, all Children's Centres will be retained, and we will spend an additional £2m on elderly care and looked after children in order to meet increasing demand for these services.

From additional capital spend, we are today committing to spend – over the next five years:

- £1.2m on disability facilities grants, in order to enable older and disabled people to stay in their own homes and live independently
- £100k towards the development of a community hub for people with learning difficulties and disabilities
- £1.5m in assistance to older and disabled people
- Over £3m to modernise our council houses, including improving insulation and windows in order to keep down the cost of living for council house tenants
- And funding as we move towards building 21st century elderly persons' homes, where the care services revolve around the resident and people are given dignity in their later years.

4. Major investment to boost local jobs and economic growth

Since May last year, in light of the global economic situation, we have made local jobs and economic growth a major priority. Through our city centre wi-fi trial and Reinvigorate York, our city centre regeneration scheme, we are supporting the city centre. Today I can also announce a commitment to spend £100k on a pilot scheme to begin to introduce

payment on exit parking – which has long been requested by city centre shops and businesses.

By reprioritising our capital spend we can announce today our intention to part fund a new closed circuit cycle track at the Heslington Sports village - a first for Yorkshire, the refurbishment and extension of York City Art Gallery, a new York Theatre Royal space, improvements to Rowntree Park, especially for disabled visitors, and maintenance of the city walls. We will also make additional funding available to bring empty homes back into use.

Our capital investment programme will also release £1m next year to replace streetlights. This will be the biggest replacement programme in York since the 19th century. This will include new energy efficiency to reduce energy costs and reduce our carbon output.

But I want us to be bolder and go much further.

Therefore I can announce today the administration's intention to set up an Economic Infrastructure Fund (EIF) of almost £30m over the next five years, partly funded from the New Homes Bonus.

The fund will be directed towards 5 themes:

- Our '*Get York Moving*' programme to improve public transport with the two new park and ride sites at Askham Bar and Poppleton, and improved buses and also highways infrastructure work;
- Our '*Digital York*' rollout of the successful city centre wi-fi scheme and digital infrastructure;
- Delivering our '*Reinvigorate York*' project of improving the city centre and the public realm;

- Building a *Sustainable Economy* by supporting existing businesses, attracting inward investment and supporting new and emerging green businesses; and
- And our '*Economic Inclusion York*' scheme that will ensure that the poorest in our society are linked with the opportunities that come forward from the economic growth we are stimulating.

This fund is, we believe, the biggest investment in the economy this Council has agreed and will be allocated by the Labour Cabinet. The capital programme leverages at least an additional £25m of external funding into the local economy.

In conclusion:

Even in what continues to be very tough times, we are working hard to innovate and take the tough decisions necessary to secure the future for all in our city.