

## Notice of a Meeting

### Strategy & Partnerships Scrutiny Committee Thursday, 30 September 2010 at 10.00 am County Hall

#### Membership

Chairman - Councillor Melinda Tilley  
Deputy Chairman - Councillor Nick Carter

<i>Councillors:</i>	Norman Bolster	A.M. Lovatt	Jim Couchman
	Liz Brighthouse OBE	Chip Sherwood	Keith R. Mitchell CBE
	Jean Fooks	Dr Peter Skolar	
	Peter Jones	David Wilmshurst	

#### Notes:

***Date of next meeting: 18 November 2010***

#### What does this Committee review or scrutinise?

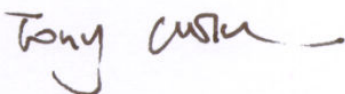
- Corporate and community leadership; corporate strategies; regional issues
- Local strategic partnerships and District Council liaison
- Social inclusion & equality; services for members
- Finance; procurement; property
- Culture change and customer focus; human resources; communications strategy; information and communications technology
- The elections and appointments functions of the Democracy & Organisation Committee
- The functions of the Pension Fund Committee

#### How can I have my say?

We welcome the views of the community on any issues in relation to the responsibilities of this Committee. Members of the public may ask to speak on any item on the agenda or may suggest matters which they would like the Committee to look at. **Requests to speak must be submitted to the Committee Officer below no later than 9 am on the working day before the date of the meeting.**

#### For more information about this Committee please contact:

Chairman	-	Councillor Melinda Tilley E.Mail: <a href="mailto:melinda.tilley@oxfordshire.gov.uk">melinda.tilley@oxfordshire.gov.uk</a>
Committee Officer	-	<i>Sue Whitehead</i> , Tel: (01865) 810262 <a href="mailto:sue.whitehead@oxfordshire.gov.uk">sue.whitehead@oxfordshire.gov.uk</a>



Tony Cloke  
Assistant Head of Legal & Democratic Services

September 2010

## About the County Council

The Oxfordshire County Council is made up of 74 councillors who are democratically elected every four years. The Council provides a range of services to Oxfordshire's 630,000 residents. These include:

schools	social & health care	libraries and museums
the fire service	roads	trading standards
land use	transport planning	waste management

Each year the Council manages £0.9 billion of public money in providing these services. Most decisions are taken by a Cabinet of 10 Councillors, which makes decisions about service priorities and spending. Some decisions will now be delegated to individual members of the Cabinet.

## About Scrutiny

Scrutiny is about:

- Providing a challenge to the Cabinet
- Examining how well the Cabinet and the Authority are performing
- Influencing the Cabinet on decisions that affect local people
- Helping the Cabinet to develop Council policies
- Representing the community in Council decision making
- Promoting joined up working across the authority's work and with partners

Scrutiny is NOT about:

- Making day to day service decisions
- Investigating individual complaints.

## What does this Committee do?

The Committee meets up to 6 times a year or more. It develops a work programme, which lists the issues it plans to investigate. These investigations can include whole committee investigations undertaken during the meeting, or reviews by a panel of members doing research and talking to lots of people outside of the meeting. Once an investigation is completed the Committee provides its advice to the Cabinet, the full Council or other scrutiny committees. Meetings are open to the public and all reports are available to the public unless exempt or confidential, when the items would be considered in closed session

**If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, giving as much notice as possible before the meeting**

**A hearing loop is available at County Hall.**

# AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note on the back page**
3. **Minutes** (Pages 1 - 6)

To approve the minutes of the meeting held on 22 July 2010 (**SYP3**) and to note for information any matters arising on them.

4. **Speaking to or petitioning the Committee**
5. **Director's Update**

The Assistant Chief Executive (Strategy) will give an oral update on key issues.

## **SCRUTINY MATTERS**

**To consider matters where the Committee can provide a challenge to the work of the Authority and its Partners**

6. **Service and Resource Planning**

### **10:30**

The Assistant Chief Executives will give a presentation to the Committee which will provide a high level overview of services provided and the challenges which will need to be addressed to meet the savings target.

***The Committee is invited to receive the presentation.***

7. **Capital Programme Review/Capital Planning Processes 2011/12** (Pages 7 - 12)

### **11:30**

Report of the Assistant Chief Executive and Chief Finance Officer and Director for Environment & Economy (**SYP7**)

The report informs the Committee of:

- (a) the current capital programme review process (2010/11);
- (b) how the capital planning will be integrated into the Service and Resource Planning Process for 2011/12.

**8. Financial Monitoring Overview (Pages 13 - 26)**

**11:40**

Commentary by the Cabinet Member for Finance (**SYP8**)

The report provides a commentary on the financial monitoring for the first four months of 2010/11.

**REVIEW WORK**

**To take evidence, receive progress updates and consider tracking reports.**

**9. Business Strategy 2010-2015 (Pages 27 - 30)**

**11:50**

Report of the Chief Executive (**SYP9**)

**10. Communication Strategy (Pages 31 - 36)**

**12:10**

Report of the Head of Communications, Marketing & Public Affairs (**SYP10**)

**11. Local Enterprise Partnerships**

**12:25**

The Director for Environment & Economy will report orally.

**12. Tracking Reviews undertaken**

**12:40**

The Head of Strategy will report orally on the reviews completed by scrutiny committees over the last five years and on the current position on reviews.

**BUSINESS PLANNING**

**To consider future work items for the Committee**

**13. Forward Plan**

**12:45**

The Committee is asked to suggest items from the current Forward Plan (September 2010 – December 2010) on which it may wish to have an opportunity to offer advice to the Cabinet before any decision is taken, together with details of what it thinks could be achieved by looking at any item.

## Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Part 9.1 of the Constitution for a fuller description.

### **The duty to declare ...**

You must always declare any "personal interest" in a matter under consideration, ie where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

### **Whose interests are included ...**

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

### **When and what to declare ...**

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

### **Taking part if you have an interest ...**

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

### **"Prejudicial" interests ...**

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

### **What to do if your interest is prejudicial ...**

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

### **Exceptions ...**

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

### **Seeking Advice ...**

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

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# Agenda Item 3

## STRATEGY & PARTNERSHIPS SCRUTINY COMMITTEE

**MINUTES** of the meeting held on Thursday, 22 July 2010 commencing at 10.00 am and finishing at 12.45 pm

**Present:**

**Voting Members:** Councillor Melinda Tilley – in the Chair

Councillor Norman Bolster  
Councillor Liz Brighthouse OBE  
Councillor Nick Carter (Deputy Chairman)  
Councillor Jean Fooks  
Councillor Peter Jones  
Councillor A.M. Lovatt  
Councillor Dr Peter Skolar  
Councillor Carol Viney ( for Councillor David Wilmshurst)

**Other Members in Attendance:** Councillor Jim Couchman (for Agenda Items 5 & 7 )  
Councillor David Robertson (for Agenda Item 6)  
Councillor Janet Godden ) ( for Agenda Item 8 )  
Councillor David Sexon )

**By invitation** J. Bradlow, Assistant Director of Public Health

**Officers:**

Whole of meeting Corporate Performance and Review Manager, S. Whitehead (Corporate Core)

Part of meeting

<b>Agenda Item</b>	<b>Officer Attending</b>
5 & 7	Assistant Chief Executive & Chief Finance Officer
6	D. Lines, Shared Services
8	Director for Children, Young People & Families, P. Tansley, Interim Head of Commissioning, Performance and Quality Assurance J. Paine, Head of Service - Southern Area, Young People & Access to Education S. Taylor, Head of Northern Area, Raising Achievement J. Leivers, Interim Head of Service for Children and Families S.Rodway, Strategic Lead, Performance S. Breton, Strategic Lead & Head of Joint Commissioning

*The Scrutiny Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting [, together with a schedule of*

*addenda tabled at the meeting/the following additional documents:] and agreed as set out below. Copies of the agenda and reports [agenda, reports and schedule/additional documents] are attached to the signed Minutes.*

**24/10 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Councillor Wilmshurst (Councillor Viney attending as substitute) and Councillor Sherwood.

**25/10 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE ON THE BACK PAGE**

(Agenda No. 2)

Councillor Brighthouse declared a personal interest in Item 5, Directors Update as her husband is an executive director of Research Machines who tender for Council contracts.

Councillor Tilley declared a personal interest in Item 5, Directors Update as her son-in-law is an employee of Research Machines who tender for Council contracts.

**26/10 MINUTES**

(Agenda No. 3)

The Minutes of the meeting held on 27 May 2010 (SYP 3) were approved and signed.

With regard to Minute No 10/10 members had yet to receive the dates of partnership meetings.

It was agreed that members receive a copy of the Communication Strategy once it was available.

Minute No 8/10 – Responding to comments the Assistant Chief Executive & Chief Finance Officer advised that ICT had been considered by the Audit Working Group and Audit Committee and undertook to circulate the relevant report. It was suggested that Councillor Wilmshurst could report back to the September meeting.

**27/10 DIRECTOR'S UPDATE**

(Agenda No. 5)

The Assistant Chief Executive and Chief Finance Officer reported that there had been considerable focus on the Business Strategy and detailed the changes that had taken place. She referred to the report to Cabinet on 20 July that would be considered at the Council meeting on 27 July. The management changes were aimed at making the County Council even leaner. In terms of funding there was a need to find new ways of delivering services.



A key issue for members would be how the budget process would be considered by this and other Scrutiny Committees. It would not be possible to have the detailed Annex 3 reports to the November/December cycle of meetings as had happened in the past and a radical new approach would be needed.

Following comments from Councillor Brighthouse about the need for better communication with members and concern that she had read of proposals first in the Oxford mail, the Deputy Leader agreed that information should be with Members first and gave an assurance that it would not happen again. Councillor Nick Carter referred to the new protocol in the constitution and suggested its effective implementation throughout the Council might be an area for a quick review. It was agreed that he explore this possibility for future consideration by the Committee.

There was some discussion of the current position on the schemes on hold.

Responding to comments about individual schemes and services, such as Bayards Hill and the Youth *Offending* Services Councillor Couchman advised that the situation on schemes was dependent on the Spending Review. There would be very few services that could be exempt from the budget consideration.

The challenges provided by the financial situation also provided an opportunity to consider new ways of doing things.

## **28/10 SHARED SERVICES PROGRAMME - COMPLETION** (Agenda No. 6)

The Strategy and Partnerships Committee noted the success and continued improvement demonstrated by Shared Services in reducing resource expenditure and improving processes to support directorate and council outcomes.

In welcoming the paper the Committee raised the following points:

1. There was discussion about the importance of the income from schools and Councillor David Robertson stated that the income was being tracked. There had been discussions with academy schools about their needs and steps were in place to ensure that the Council could continue to provide a service.
2. Sue Scane, responding to a query, advised that the intention in future was to reduce the number of targets to focus on 1 or 2 key targets.

## **29/10 FINANCIAL MONITORING 2010/11 - QUARTER 1** (Agenda No. 7)

The Scrutiny Committee noted the financial monitoring report.

## **30/10 SCRUTINY OF PARTNERSHIPS** (Agenda No. 8)

### **(a) Children's Trust**

The Scrutiny Committee received a presentation on the role and work of the Children's Trust and Children's Trust Board. The Director of Children, Young People & Families highlighted the work with young people through the Sounding Boards that sought the views of young people on a range of topics. Partnership working had brought about changes and she highlighted work with Police on first time entrants into police statistics where the Police had set aside their own targets to work to reduce this figure. Councillor Louise Chapman added that at Board level partnership working was resulting in success stories and fostering strong working relationships at an operational level.

During discussions and in response to questions the following matters were raised:

1. The importance of pre-schools to the well being and development of children.
2. The statutory guidance relating to Children's Trust was very complex and would benefit from being simplified. It was suggested that a simple summary was needed defining the Children's Trust, explaining what they do and addressing how it provided value for money.
3. The current financial situation provided an opportunity to strip away the target driven obsession. The Committee sought information on the thinking about how kpi's might be reduced, removed or a different approach taken. Councillor Chapman undertook to provide a list of targets that she personally would like to see removed. She added that a sub group was looking at performance and that what drove her were the local targets. Some measures of performance were necessary.
4. Councillor Chapman undertook to provide a written response on the cost of the Children's Trust Board.
5. Responding to questions from members the Director for Children, Young People & Families confirmed that the Children's Trust was a statutory body and outlined the type of activity that the Trust brought about that was different to what could achieved by individual organisations working alone. She highlighted actions to tackle the problems of families in temporary accommodation and tackling school absenteeism. Process had been simplified.
6. Asked what she was most proud of in relation to the Trust, Councillor Chapman referred to the work to raise awareness of Looked After Children and their representation at Board level.
7. The Director for Children Young People & Families recognised the need to guard against the Trust Board becoming a talking shop. The Children's Trust was about more than Board membership and efforts were made to keep the representation on the Board to the minimum required for effective working. The

Board ensured that the Children's Plan was being delivered. Responding to criticism that time had been spent on developing the Plan when what was needed was already known, the Committee heard that there had been a great deal of consultation; there was a duty to consult as the Plan was statutory and guided all that was done in this area.

8. A member who had attended meeting of the Children's Trust Board commented that they had been well run, well chaired and with a good level of engagement. However the reports from the sub groups showed a lack of attendance and she queried what the Trust could do about this problem. Councillor Chapman replied that it was important that the right people were present but that sometimes meant that they could not always attend as they had other commitments.
9. Sally Taylor detailed work by the Trust to tackle the cycle of deprivation by targeting specific families in identified wards. It was early days but the emerging evidence was that this type of targeting was both effective and an efficient use of resources. Jean Bradlow, Assistant Director of Public Health referred to work detailed in the Director of Public Health's Annual Report that focussed on deprivation in Oxford City and included the provision of additional health visitors. Councillor Chapman added that work on reducing teenage pregnancies was beginning to see results.
10. Reference was made to the 155,000 children in Oxfordshire with a query over how far the Trust focussed on the 4,000 vulnerable children in the County. Meera Spillett explained the layered approach to service provision; some areas of work were universal such as 'Every child a reader'; below that support was provided to a smaller number of children who had additional needs usually on a temporary basis; finally there were those children with complex ongoing needs.
11. There was recognition of the impact on Trust working of the Health White Paper proposals. There would need to be a strong relationship with GPs and GP Consortia. It was noted that it was too early for arrangements to have been determined and the Trust would have to wait and see how proposals developed.
12. Responding to comments about safeguarding Meera Spillett acknowledged that the process around CAF and TAC forms was patchy and required work. Extra money had been included in the budget to link social workers with schools. One of the big challenges was the expectations on social workers and the sheer volume of universal services. Every school should have a governor and a designated member of the senior management team responsible for safeguarding issues and additional training was available to them.
13. Concern was expressed that misunderstanding could lead to children being removed from parents. Meera Spillett confirmed that there were Emergency Protection orders but that generally parents were notified and were part of the process.
14. Responding to comments about neglect it was reported that this issue had been identified and an action plan drawn up.
15. Responding to criticism that two out of 17 LAA targets on track did not seem like value for money, Councillor Chapman explained that some targets could not be

assessed except on an annual basis. She undertook to provide a response and actions on each of the targets not being met.

- 16. During discussion of cross boundary working the Committee was advised that the common legislation meant there was dialogue between the Children’s Trust at a strategic level. There were protocols about working together and arrangements in place for picking up cross boundary issues.
- 17. Asked whether people such as head teachers, social workers and voluntary groups would understand what the Trust was doing the Committee was advised that that there was a continuum with some being more aware than others. An example was the process established to notify head teachers in the event of domestic violence.

The chairman thanked the Cabinet Member for Children, Young people & Families and officers for their attendance and it was **AGREED** that this matter be considered again in a year.

**(b) Oxfordshire's Thematic Partnerships: Review of Performance and Governance**

In view of the time it was **AGREED** to note the report without discussion.

**31/10 FORWARD PLAN**

(Agenda No. 9)

The Scrutiny Committee recognised that the Scrutiny budget consultation process would need to be different this year. There needed to be holistic consideration of the issues. It was **AGREED** that information on the Spending Review 2010 be brought to the first available meeting and that the Chairman and Deputy Chairman discuss with officers the most appropriate way forward.

..... in the Chair

Date of signing .....

Division(s): N/A

## **STRATEGY & PARTNERSHIPS SCRUTINY COMMITTEE 30 SEPTEMBER 2010**

### **THE CAPITAL PROGRAMME REVIEW & CAPITAL PLANNING PROCESSES - 2011/12**

**Report by Assistant Chief Executive & Chief Finance Officer and  
Director for Environment & Economy**

#### **Purpose**

1. The purpose of this report is to inform the Strategy & Partnerships Scrutiny Committee of
  - (a) the current capital programme review process (2010/11);
  - (b) how the capital planning will be integrated into the Service and Resource Planning Process for 2011/12.

#### **Background**

2. Since September 2009 the responsibility for scrutinising capital programme monitoring was transferred to the Growth and Infrastructure Scrutiny Committee. The Strategy & Partnerships Scrutiny Committee (S&PSC) retains the responsibility for scrutinising the capital planning decisions as per its role in the overall Service and Resource Planning Process.
3. The S&PSC normally discharges this responsibility during December/ January when it considers the draft medium term financial plan and related budget proposals. However, following the National Budget announced on 22 June 2010, it was clear that cuts to local government funding will have an impact on the schemes planned under the council's five year capital programme.
4. Hence, this report aims to ensure the early engagement of the S&PSC in the capital programme review and planning process in line with best practice.

#### **The Capital Programme Review - 2010/11**

5. When the Cabinet agreed the Capital Programme in February 2010, it stated that spending plans might change depending on the outcome of the Government's next Comprehensive Spending Review. The Cabinet also stated that it would be considering the impacts of likely cut backs in capital spending, and a further review of the whole programme is expected once the national budget has given a clearer indication of the likely resources.
6. On 7 June 2010, the Leader of the Council announced that the capital programme be reviewed in response to forthcoming cuts in government funding. This is to ensure that priorities for the capital programme are re-evaluated given that we are entering a new era for local government with the

most sustained period of cuts in central government support for local authorities since the Second World War<sup>1</sup>.

7. This is a wide-ranging review enabling the Council to take a fresh look at the current projects within the programme, debate the relative importance of each scheme and to make decisions about the priorities in this new environment. It includes capital investment in schools, transportation, physical assets needed to deliver public services, carbon and waste management, cultural facilities and the development of public spaces. A number of schemes are not part of the review as they were either physically completed or contractually committed before the review started or are fully funded from specific / ring-fenced funding (e.g. grant and S106 resources).
8. The Cabinet has completed the first part of this review. On 20 July it considered the financial monitoring report and agreed that the schemes listed in Annex 1 were released from the review and could go ahead. These schemes are either all substantially funded by money secured from external resources or by prudential borrowing or they are linked to provision for essential road maintenance or statutory basic needs for school places.

### **The Capital Moratorium**

9. On 20 July 2010, the Cabinet also placed a moratorium on any capital scheme which is not currently contractually committed. This means, all schemes<sup>2</sup> that are not contractually committed will remain “on hold” pending further work on the future programme over the summer and autumn and the Comprehensive Spending Review.
10. It was made clear that just because a scheme is on hold does not mean that it will not go ahead. However, the moratorium means that in some cases the final decision on a capital scheme may not be made until January 2011. It is also likely that some of the Council’s investment programmes and some schemes may have to cease given the expected level of cuts in funding from central government.
11. It is important to note that even the schemes which are not included in the review or released to go ahead are still subject to the Council’s project approval (as per Financial Procedure Rules) and the recently introduced contractual commitment process. This is because
  - (a) some grant funding provisions are still subject to confirmation by central government;
  - (b) there is a need to confirm that S106 resources are secure and held prior to contractual commitment;
  - (c) project approval reports need to confirm whether or not service and revenue implications conform to the business strategy.

This means that some of the schemes although released may not go ahead due to other constraints.

<sup>1</sup> Source- The institute for Fiscal Studies (June 2010)

<sup>2</sup> Excluding the schemes listed in Annex 1 or excluded from the review in the first place.

12. The Cabinet will continue to consider and evaluate the schemes that are currently on hold in light of up to a 50% cut in capital funding and a 25% reduction in the level of grant funding for Council services.

### **Decision Making**

13. Decisions about which projects to release from the moratorium rest with the highest level of authority within the Council.
  - (a) wherever possible all decisions are made by the Cabinet or the Council in line with the Council's approved policy and budgetary framework as determined by the Council's constitution;
  - (b) where there is an urgency arising from either timescales, external conditions or other interdependencies, projects can be released from the moratorium through the joint approval of the Chief Executive and the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance & Property (Delegated Authority approved by the Cabinet on 20 July 2010);
  - (c) all decisions made by using delegated authority (b) are reported to the Cabinet at the earliest opportunity as part of the Financial Monitoring Report.
14. Deciding which projects to fund is a wider process than just releasing projects from the capital moratorium. This is because such a decision may involve considering new project proposals that are not included in the approved capital programme, placing an additional moratorium on projects that are not currently on hold or removing projects from the programme altogether. Wherever possible these decisions are also made by the Cabinet or the Council as per 13.a.
15. In addition, the Leader of the Council has the delegated authority to approve any proposed changes to the Capital Programme in advance of the financial monitoring report to the Cabinet provided that the funding is agreed by the Chief Finance Officer and the decision is reported to the Cabinet in due course as per the Financial Procedure Rules.

### **Capital Planning 2011-12**

16. Best practice requires that capital investment and programming should be an integral part of the Council's Service & Resource Planning (S&RP) process. This is because the creation of a new asset or investment in the existing assets and infrastructure network can only be justified when detailed business strategies and delivery models for the service are determined.
17. An effective organisational/service business strategy should anticipate changes in the services' requirements for technological capabilities, identify major capital assets and infrastructure that are critical to implement the business strategy and define the outcomes these assets will help realise.

18. The national financial environment means there will be significant (in most cases transformational) changes to the size and the shape of the services provided by local authorities. That is why it is now more critical than ever that priorities for the capital programme should be agreed in light of the new OCC business strategy and the related service strategies.
19. With this in mind, the Capital Investment Board also agreed to integrate the Capital Planning Process completely into the Service and Resource Planning Process in this financial year.
20. In order to achieve this, the Board also agreed to
  - (a) initiate the capital investment planning process early in 2010/11 considering that there may be some policy implications arising from the challenging capital funding environment;
  - (b) use the 50% cut scenario as the starting point for evaluating likely policy implications in each programme area;
  - (c) Review the CYP&F and Transport Capital Programmes as well as the other corporately funded programmes as part of this year's capital planning process ;
  - (d) not to have a capital bidding process for 2011/12 and ask directorates to consider their existing and emerging capital priorities in light of the business strategy and emerging service strategies;
  - (e) consider savings that can be generated through better use of the property portfolio as part of the overall service and resource planning process;
  - (f) give priority to statutory requirements and capital programmes/ projects linked to delivering directorate efficiency strategies/ programmes when reviewing individual programmes;
  - (g) promote the flexible use of resources as far as possible to maintain the investment level in essential areas and align the capital strategy accordingly.

## **Conclusion**

21. This is the first update for the S&PSC on the capital programme review and capital planning process. Given the national financial environment and the key issues listed in the report, it is clear that capital planning needs to be considered as an integral part of the overall Service and Resources Planning process. This will ensure that the capital programme continues to deliver council priorities and effectively support future service delivery.

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

HUW JONES

Director for Environment & Economy

Contact Officer: Arzu Ulusoy-Shipstone, Capital, Strategy & Transformation  
Manager, 07824 416661

September 2010



## Capital Programme Review 2010/11: Schemes released from moratorium (based on February 2010 programme)

No of schemes released	Project Name	Programme Reference	Total Budget (£000)	Grant/S106 Funding (£000)	Net Capital Resources Requirement (£000)	Actual Expenditure to 31/03/10 (£000)	Comments
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## Prudential Schemes

1	Loans to Foster/ Adoptive Parents Programme (Annual Programme)	CYP&F	720		720	-	
2	Backlog Maintenance Programmes (Prudentially funded) (Annual Programme)	E&E Property	1,979	302	1,177	500	
3	Prudentially funded Energy Conservation Programme (Annual Programme)	E&E Property	1,183		1,183	-	
4	RFID Self-Service in Libraries Programme	S&CS	1,260	931	328	1	
5	Homes for Older People's Programme- Phase 2 - Strategy Implementation	S&CS	6,449		6,435	14	
6	Extra Care Housing - Care Facilities Additions Programme	S&CS	900		900	-	
7	Extra Care Housing - Land Acquisition	S&CS	4,625		4,625	-	
8	Oxfordshire Record Office	S&CS	430	180	244	6	
9	Learning Disabilities & Supported Living Programme 2010/11 to 2011/12	S&CS	973		973	-	
10	New Adult Services System & Mobile Working	S&CS	2,100		1,950	150	
	<b>Prudential Sub-Total</b>		<b>20,619</b>	<b>1,413</b>	<b>18,535</b>	<b>671</b>	

Central Government is currently reviewing the Prudential Guidelines in order to limit/ reduce the government borrowing level. The prudentially funded schemes will be subject to a further review, if there is any changes to these guidelines which affect the level of prudential borrowing that can be taken up by local authorities.

## Other Schemes

11	Wantage, Fitzwaryn School -Phase 2	CYP&F	3,200	1,690	1,368	142	
12	Bicester, Cooper - New 6th Form Accommodation	CYP&F	4,400	600	3,638	162	
13	Replacement of Wallingford Young People's and Children's Centre	CYP&F	1,207	485	591	131	Subject to confirmation of children centre grant funding
14	The Net Young People's Centre, Abingdon	CYP&F	400	245	150	5	
15	Chipping Norton Young People & Adult	CYP&F	1,000	792	200	8	Subject to confirmation of co-location grant funding
16	Bampton Community Facility - includes co-location funding	E&E Property	930	658	271	1	Subject to confirmation of co-location grant funding
17	Witney Cogges Link Road	E&E Transport	18,880	11,902	4,591	2,387	Subject to other funding sources being secured
18	Didcot Station Forecourt	E&E Transport	5,730	3,243	1,109	1,378	Funding for project needs to be agreed by September
19	Wallingford AQMA (air quality improvement measures)	E&E Transport	56		30	26	
20	Woodgreen/West End Cycle Route	E&E Transport	115	75	15	25	
21	Structural Maintenance Programme- 2010/11	E&E Transport	11,340		11,340	-	
22	Structural Maintenance - A4158 Oxford Iffley Road (Design)	E&E Transport	90		82	8	
23	Structural Maintenance - A40 Wheatley Bridge to B4027 Forest Hill	E&E Transport	935	748	108	79	Grant funding to be spent in 2010/11
24	Abingdon Museum	S&CS	300		300	-	Allows Town Council access to external funding of £3m+
	<b>Other Schemes Sub - Total</b>		<b>48,583</b>	<b>20,438</b>	<b>23,793</b>	<b>4,352</b>	

<b>TOTAL SCHEMES RELEASED JULY</b>			<b>69,202</b>	<b>21,851</b>	<b>42,328</b>	<b>5,023</b>	
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Division(s): N/A

## **STRATEGY & PARTNERSHIPS SCRUTINY COMMITTEE 30 SEPTEMBER 2010**

### **FINANCIAL MONITORING OVERVIEW**

#### **Commentary by the Cabinet Member for Finance**

1. The last Financial Monitoring Overview to Strategy and Partnerships Scrutiny Committee on 22 May 2010 set out the Council's financial position at the end of 2009/10. This report provides a commentary on the financial monitoring for the first four months of 2010/11 and is consistent with the position reported to Cabinet on 21 September 2010. The full Financial Monitoring Reports to Cabinet are available on the Council's website and the Directorate reports are available in the Members' Resource Centre.
2. Some of the carry forward requests included in the Provisional Outturn Report to Cabinet on 22 June 2010 depended on virements larger than £0.5m. These were approved by Council on 27 July 2010 in accordance with the Financial Regulations and are now included in the latest budget along with the impact of the in – year grant reductions also reported to Council on 27 July 2010 and supplementary estimates totalling £0.141m.
3. Part 1 sets out the forecast revenue position, Part 2 the Balance Sheet. Parts 3 and 4 provide an update on the Capital Monitoring position and Capital Programme Review. Finally, Part 5 summarises the in – year grant reductions as set out in the Financial Monitoring Report and Addenda to Cabinet on 20 July 2010, and Council on 27 July 2010.
4. As part of the Council's Business Strategy, a new Directorate structure will be fully implemented by March 2011. Work continues on the restructure and the intention is to report in the new structure, subject to any further changes, from early 2011.

#### **Part 1 - Revenue**

5. As at the end of July, the in – year Directorate forecast is an overspend of +£1.610m, or +0.42%, against a budget of £385.090m as shown in the table on the next page.

Original Budget 2010/11 £m		Latest Budget 2010/11 £m	Forecast Outturn 2010/11 £m	Variance Forecast <sup>1</sup> July 2010 £m	Variance Forecast July 2010 %
99.050	Children, Young People & Families (CYP&F)	96.588	96.546	-0.042	-0.04
183.657	Social & Community Services (S&CS)	178.020	179.810	+1.790	+1.01
70.408	Environment & Economy	71.850	71.850	0.000	0.00
28.122	Community Safety & Shared Services	28.406	28.406	0.000	0.00
9.578	Corporate Core	10.226	10.088	-0.138	-1.35
<b>390.815</b>	<b>In year Directorate total</b>	<b>385.090</b>	<b>386.700</b>	<b>+1.610</b>	<b>+0.42</b>

Plus: Overspend on Dedicated Schools Grant (DSG)		+0.496	
Plus : Planned overspend on City Schools Reorganisation		+0.178	
<b>Total Variation</b>		<b>+2.284</b>	<b>+0.59</b>

6. The in-year forecast excludes an overspend of +£0.496m on services funded from Dedicated Schools Grant (DSG) and +£0.178m relating to the City Schools Reorganisation which was carried forward from 2009/10 as planned.
7. The position reported for July is broadly unchanged from that for May as reported to Cabinet on 20 July 2010<sup>2</sup>. However, the latest forecast takes account of the effect of the in – year grant reductions approved by Council on 27 July 2010.

Directorate	Forecast Variance as at 31 May (reported to Cabinet on 22 June 2010) £m	Forecast Variance as at 31 July 2010 (reported to Cabinet on 20 July 2010) £m
CYP&F	-0.089	-0.042
S&CS	+1.609	+1.790
Environment & Economy	0.000	0.000
Community Safety & Shared Services	0.000	0.000
Corporate Core	0.000	-0.138
<b>Directorate in-year forecast overspend</b>	<b>+1.520</b>	<b>+1.610</b>
<b>Change</b>		<b>+0.090</b>

<sup>1</sup> Throughout the report a minus sign represents an underspend compared to the latest budget and a positive sign indicates an overspend.

<sup>2</sup> There is no Cabinet meeting in August.

8. The forecast outturn on the Older People, Physical Disabilities and Equipment Pooled Budgets is an overspend of +£4.172m, whilst the Learning Disabilities Pool is forecast to overspend by £1.026m.

**Children Young People & Families: -£0.042m in – year Directorate underspend**

Children and Families

9. A review of all Children's Social Care, Family Support & Assessment and Safeguarding budgets has been undertaken. Current forecasts show an underspend of -£0.400m based on a flat-line projection i.e. not accounting for new clients entering the service.
10. Work is ongoing to establish what level of spend is affordable in light of current placements and for new cases that may arise during the year. Options which can provide the necessary services for existing and new clients at reduced cost are also being investigated. While this is a volatile demand led budget, the service is working hard to achieve a breakeven position by year end and this is reflected in the current forecast. Work is ongoing to increase in-house provision in order to avoid, where possible, the use of agency placements for looked after children. In this year to date very limited use has been made of out of area placements, though some children have significant complex needs that require specialist or secure placements to avoid harm to themselves or others. Whilst it will be difficult to sustain this throughout the remainder of the financial year it is anticipated that activity will be contained within available provision.
11. The final asylum grant claim for 2009/10 has now been submitted to the Home Office. As in previous years the Council has claimed Special Circumstances grant but given the current economic situation it is unclear what the outcome will be. Notification is expected at the end of September 2010. An overspend of +£0.629m was carried forward from 2009/10 but is not included in the forecast as the Directorate also carried forward sufficient underspends to offset this pressure should the claim for Special Circumstances Grant be unsuccessful. If, however, the Special Circumstances Grant is successful this funding will be available for an alternative purpose.

Commissioning, Performance & Quality Assurance (CPQA)

12. The overall position for CPQA is an underspend of -£0.307m. Within that there is an underspend of -£0.817m on Home to School Transport.

**Social & Community Services: +£1.790m, or +1.01%, in – year Directorate overspend**

Social Care for Adults

13. Social Care for Adults is forecasting an overspend of +£1.401m based on four months of expenditure and income. This includes +£0.459m relating to Older People Care Management and is mainly due to the cost of additional staff

required for safeguarding work, to reduce waiting lists and delayed transfers of care and meet other performance targets.

14. Fairer Charging and Residential Client Income is forecast to be underachieved by +£0.438m. Income budgets were increased in 2010/11 so this is being monitored closely.
15. The Mental Health service is forecasting an overspend of +£0.410m. This reflects the transfer of two very high cost Section 117 clients from Continuing Health Care. It has been agreed that these clients should be receiving social care so fall under the Council's responsibility.

#### Pooled Budgets

#### **Older People, Physical Disabilities & Equipment Pool**

16. As shown in the table below the forecast outturn on the Older People, Physical Disabilities and Equipment Pooled Budgets is an overspend of +£4.172m. This includes overspends of +£2.001m carried forward from 2009/10 which need to be recovered. The Council element of the pool is forecast to overspend by +£2.089m while the Primary Care Trust (PCT) element is forecast to overspend by +£1.868m.

Original Budget	Latest Budget		Forecast Variance July 2010			Variance May 2010	Change in Variance
			OP £m	PD £m	Total £m	Total £m	Total £m
2010/11 £m	2010/11 £m						
88.972	88.156	<b>Council Elements</b> Forecast in-year variance	0.471	1.618	2.089	2.724	-0.635
21.964	27.807	<b>PCT elements</b> Forecast in-year variance	1.066	0.802	1.868	2.338	-0.470
<b>110.936</b>	<b>115.963</b>	<b>Total Older People &amp; Physical Disabilities</b>	<b>1.537</b>	<b>2.420</b>	<b>3.957</b>	<b>5.062</b>	<b>-1.105</b>
1.481	1.481	Equipment Pool			0.215	0.051	+0.164
<b>112.417</b>	<b>117.444</b>	<b>Total - Older People, Physical Disabilities &amp; Equipment Pool</b>	<b>1.537</b>	<b>2.420</b>	<b>4.172</b>	<b>5.113</b>	<b>-0.941</b>

#### Council Elements

17. The total overspend forecast for Older People is +£0.471m. This includes +£1.143m in respect of Section 117 clients previously funded by Continuing

Health Care who are now transferring to the responsibility of Adult Social Care. An overspend of +£0.686m brought forward from 2009/10 is also included in the forecast.

18. In order to bring the expenditure on Older People closer to budget the number of new Care Home placements per week has been reduced for the rest of the year. The number of Intermediate Care beds will also be reduced as contracts come to an end. A quota system has been introduced for both Internal and External Home Support which will reduce the projected costs in these areas.
19. The Physical Disabilities Budget is forecast to overspend by +£1.618m on Residential and Nursing Beds and External and Internal Home Support. This is due to the full year effect of placements made in 2009/10 and an increase in client numbers. Six clients previously joint funded with the PCT have also transferred into the sole responsibility of the Council. In order to reduce expenditure in this area, strict quotas will be applied to the number of placements and packages agreed during the year. However because of the low turnover of clients savings in this part of the budget are more difficult to achieve. A recovery action plan has been commissioned to review spending within the Physical Disabilities section of the Pool. Further details will be included in future reports to Cabinet.
20. The actions described above may lead to an increase in waiting lists if the service can not find ways of reducing the level of care that is required.

#### Primary Care Trust Elements

21. The PCT element of the pool is forecast to overspend by +£1.868m as at the end of July. This has reduced by £0.470m since the May forecast and reflects an expectation that client numbers will reduce throughout the year. It also reflects the transfer of costs for Section 117 clients to the Council from the PCT.
22. The forecast includes an overspend of +£1.315m carried forward from 2009/10 for which the PCT is expected to make an additional contribution. It also includes efficiency savings that have yet to be specifically identified.

#### **Learning Disabilities Pool**

23. The forecast outturn on the Learning Disabilities Pooled Budgets is an overspend of +£1.026m as shown in the table below. This largely due to £1.631m of commitments agreed from April to July 2010, and the £0.3m full year effect of two high cost packages agreed in 2009/10. It also reflects the full year effect of savings on packages made during 2009/10 and new efficiency savings of £0.657m already achieved this financial year.

Original Budget £m	Latest Budget £m		Variance July 2010 £m	Variance May 2010 £m	Change in Variance £m
42.416	42.371	<b>OCC contribution</b>	0.711	1.043	-0.332
31.678	31.775	<b>PCT contribution</b>	0.315	0.470	-0.155
<b>74.146</b>	<b>74.146</b>	<b>Total - Learning Disabilities</b>	<b>1.026</b>	<b>1.513</b>	<b>-0.487</b>

### **Environment & Economy: zero variance**

#### Transport

24. The new Transport contract commenced in April 2010 and is expected to be fully implemented by the end of September 2010. It is anticipated that any financial benefit will be re-invested into the service to support the potential for reducing the future year operating costs of the contract. There is however a risk of overspend due to in-year mobilisation costs, and if necessary management action will be taken to avoid this.

#### Sustainable Development

25. In Waste Management overall activity levels are lower than budget and if the trend continues there is likely be an underspend relating to tonnages although activity for June was higher than for the first two months of the year. There are potential operational pressures so at present a break- even position is reported. This will be monitored and updated as more tonnage data and the impact of the new collection methods by the District Councils becomes available.

### **Community Safety & Shared Services: zero variance**

#### Fire & Rescue Service

26. The retained duty system budget is expected to overspend by +£0.140m, but this is offset by a forecast underspend against the budget for wholetime firefighters.

#### Shared Services

27. As noted in the last report Shared Services is expected to meet its efficiency savings target of £0.5m this year and is forecasting nil variance against budget.
28. Meals supplied by Food with Thought are slightly below target for the first four months of the year. Management action is being taken to control inflationary pressures on food costs. QCS Cleaning is on target to break-even.



**Corporate Core: -£0.138m, or -1.36%, in – year directorate underspend**

ICT

29. ICT is implementing an action plan to keep within budget this year. This includes a reduction in establishment and changes to directorate service level agreements to ensure that all projects are fully funded before they commence. A number of pressures will require careful management to ensure that the service remains close to target. Redundancy costs are £0.245m. Approval has been given for these costs to be met from the Efficiencies Reserve.

Legal & Democratic Services

30. Legal Services is forecasting an overspend of +£0.150m. This includes three cases which are likely to cost over £0.025m – two major village green applications and a significant child protection case. The total costs of these cases are currently estimated to be £0.090m. When final costs are known, it is expected that supplementary estimates will be requested.

Human Resources & Customer Services

31. The one off £2m budget for the development of Employee Self Service / Manager Self Service (ESS/MSS) and Customer Relationship Management (CRM) systems agreed by Council on 9 February 2010, will no longer be required in 2010/11. ESS/MSS has been put on hold and delivery of its objectives will be considered as part of the Council's Business Strategy. The customer services project will require £1m from this fund over the next three years to develop and deliver CRM. £1m has been transferred to the Efficiencies Reserve to provide additional funding for the business strategy and a Customer Services reserve has been created to hold the remaining £1m until it is required.

**Virements and Supplementary Estimates**

32. The virements requested to date in 2010/11 include the transfer of the Access Team from S&CS to Corporate Core (Customer Services), the transfer of the Facilities Management function to Environment & Economy and the restructure of the Highways and Transport budgets. Virements reflecting the review of Children's Social Care budgets have also been approved. A number of virements have been requested creating temporary income and expenditure budgets for Children's Centres. None of these virements represent a change of policy – ie. the service provision is unchanged.

Supplementary Estimates

33. Supplementary estimates requested in July 2010 included £0.021m relating to pay band changes for education psychologists. As agreed by Council on 27 July 2010, the full reduction in the revenue Play Pathfinder grant was not passed on to the service area, so a further £0.071m supplementary estimate was agreed to replace the grant funding. £0.070m relating to Contactpoint grant funding was also replaced but is not required by CYP&F and has been returned to balances. Once this is taken into account total supplementary estimates to date are £0.092m.

**Savings Monitoring**

34. Savings of £29.3m included in the 2010/11 budget will be monitored through the year.
35. The total target for Social and Community Services is £13.1m. As at the end of July the Directorate were forecasting to achieve savings of £5.7m, savings in progress were £4.1m, savings under development or review were £0.7m and savings deemed unachievable, £2.4m. However, it is important to note that the savings are included in the overall position reported elsewhere so need to be seen in that context. All other directorates are expecting to achieve their savings targets.
36. Further updates will be provided in future monitoring reports and the Provisional Outturn Report for 2010/11. The final position on savings which can be classed as Value for Money (VfM) will be reported to Communities and Local Government (CLG) in July 2011, with an interim return due in October 2010.

**Bad Debt Write Offs**

37. There were 74 general write offs to the end of July 2010 totalling £91,758.78. Most of these were very small and not economically effective to recover. The largest was £74,667.09 and reflects the Section 106 debt in connection with a planning obligation was agreed to be written off by Cabinet on 18 May 2010. In addition Client Finance have written off 46 debts totalling £14,780.77.

**Strategic Measures**

38. The average cash balance for July 2010 was £205.9m and the average rate of return was 0.76%. In May the balance was £181.3m and the rate of return 0.87% and in April 2010 the balance was £190.5m and the average rate of return 0.84%.

Landsbanki

39. Early in October 2008, the Icelandic bank, Landsbanki, with which the Council had deposited £5m, went into administration. As set out in note 32 to the draft 2009/10 Statement of Accounts it is expected that the recovery rate for the deposit will be 94.85p in each pound. The first repayment is expected in October 2011 followed by seven subsequent annual payments, with the final payment being received in 2018.
40. The net impairment loss to date of £1.361m comprises £1.773m write down of the £5m (including the impact on the Council's cash flow), offset by accrued interest of £0.412m. Under the Capital Finance Regulations it is not possible to defer the impact on the County Fund beyond 31 March 2011 and the impairment will be a one – off call on balances in 2010/11.
41. As set out in paragraph 22 of the Commentary on the Budget 2010/11 – 2014/15 considered by Council on 9 February 2010, the risk assessed level of balances for 2010/11 includes provision of £5.2m relating to credit risk. Because this is allowed for in balances, the transfer of the impairment will not impact on services or Council Tax. The risk assessment for 2011/12 will be

updated to reflect the transfer of this impairment loss to the County Fund in 2010/11.

42. Court cases in Iceland are still ongoing. Any variation to this estimated impairment will be reflected as a call on or return to balances when the position is finalised.

## **Part 2 – Balance Sheet**

### Reserves

43. As set out in the Provisional Outturn Report, Reserves totalled £60.674m as at 1 April 2010. This had reduced to £59.712m as at the end of July. Of the total £12.1m are school balances, and £36.3m Corporate Reserves including Insurance (6.0m), Capital (£15.1m), Prudential Borrowing (£4.0m) and Budget Reserves (£12.3m). The majority of the variation relates to the carry forward reserve and reflects the approval of the carry forwards by Council on 27 July 2010. As set out in paragraph 29 redundancy costs of £0.245m for ICT will be funded from the Efficiency Reserve.

### Balances

44. General balances were £14.376m as at the end of July 2010. This includes £1.009m Performance Reward Grant held in balances pending supplementary estimate requests to release it for use in 2010/11. These will be included in the report to Cabinet on 19 October 2010, once further guidance has been received from CLG on the allocation of this funding between capital and revenue expenditure. After taking into account the forecast Directorate overspend (+£1.610m) and the Council elements of the overspend on the Pooled budgets (+£2.594m), the consolidated revenue balances forecast (excluding the Performance Reward Grant) is £9.163m.
45. Changes to balances include the Landsbanki impairment as noted in paragraphs 39 to 42, and supplementary estimate requests to date. The report considered by Council on 27 July 2010 included a shortfall in grant reductions of £0.407m to be found which has been temporarily charged to balances. £0.070m relating to Contactpoint grant funding that had been replaced by Council funding is not now required by CYP&F and is being returned to balances. The remaining £0.337m shortfall will be met from the Efficiency Reserve if it cannot be met from grant underspends at year end.

## **Part 3 - Moratorium on Capital Schemes and Capital Programme Review**

46. In June the Cabinet asked that the Capital Programme be reviewed, as it had become apparent that there were a number of significant new pressures arising. These include growing unfunded requirements arising from Section 106 schemes, a pressure in the basic needs in schools, reductions in capital grants and an expectation that the formula funding allocations will be substantially reduced as part of the Spending Review period 2011/12 to 2014/15.

47. In light of the review a moratorium has been placed on any capital schemes programmed for 2010/11 which are not currently contractually committed. A limited number of schemes have been recommended to be released from the moratorium and given approval to go ahead. These are either funded by prudential borrowing and will generate savings to offset the cost; schemes relating to the pressures arising from schools basic needs; or schemes which have a substantial element of external funding. All other schemes remain held pending further work on the future programme and the outcome of the Spending Review. Uncommitted capital schemes held in the moratorium cannot go ahead without specific Cabinet approval.

#### Part 4 - Capital Monitoring

48. The capital monitoring position as at the end of July, shows forecast expenditure of £107.4m for 2010/11 (excluding capital resources allocated to schools). This is a decrease of £1.5m compared to the latest capital programme which was approved by Cabinet on 20 July 2010. This reflects the impact of the in – year capital grant reductions as reported to Council on 27 July 2010, and the effect of the Capital Programme Review. The table below summarises the variations by directorate and the main variations by scheme are explained in the following paragraphs.

<i>Directorate</i>	<i>Latest Capital Programme (Position as at end of May 2010, approved by Cabinet July 2010) £m</i>	<i>Forecast Expenditure (Position as at end of May 2010) £m</i>	<i>Forecast Variation £m</i>
<i>CYP&amp;F</i>	62.9	60.9	-2.0
<i>S&amp;CS</i>	12.0	12.0	0.0
<i>E&amp;E – Transport</i>	25.2	25.6	+0.4
<i>E&amp;E – Other</i>	6.2	6.3	+0.1
<i>Community Safety &amp; Shared Services</i>	1.6	1.6	0.0
<i>Corporate Core</i>	1.0	1.0	0.0
<b><i>Sub-total</i></b>	<b>108.9</b>	<b>107.4</b>	<b>-1.5</b>
<i>Schools Capital/ Devolved Formula</i>	11.9	11.9	0.0
<i>Earmarked Reserves</i>	0.6	0.6	0.0
<b><i>Total</i></b>	<b>121.4</b>	<b>119.9</b>	<b>-1.5</b>

#### Children, Young People & Families

49. Children, Young People & Families now expect to spend £60.9m in 2010/11 (excluding schools local capital). This is a decrease of £2.0m when compared to the latest capital programme.

50. As a result of the Capital Programme Review, expenditure forecasts for 2010/11 have been reduced on projects at Young People Centres in Wallingford and Witney (£0.2m), and at school projects for The Grange (£1.3m), Peppard (£0.1m) and Hornton (£0.1m).
51. A summary of changes to capital grant funding notified to date along with updates where feedback is awaited is included at Part 4. The capital programme monitoring for CYP&F has been adjusted for the reductions notified to date and the -£0.627m impact of the grant reductions in 2010/11. The remainder of the -£2.328m reduction shown in Part 4 (paragraph 57) will either impact on future years, or has been replaced with alternative funding.

#### Environment & Economy – Transport & Other

52. The forecast spend for the Transport Programme is now £25.6m. This has increased by £0.4m when compared to the latest capital programme. The forecast spend for non – transport, or “Other” schemes is £6.3m.

#### Social & Community Services and Community Safety & Shared Services and Corporate Core

53. The forecast spend for the Directorates above remains at £12.0m, £1.6m and £1.0m respectively.

#### **Actual Expenditure**

54. As at the end of July actual capital expenditure was £14.9m, or 14% of the total forecast expenditure of £107.4m (excluding schools devolved expenditure). This is a £14.0m increase from the £0.9m expenditure reported as at the end of May 2010 but is lower than the position for the same period last year.
55. Overall the capital programme is progressing slower than originally planned. This is partially related to the announcement of the national emergency budget and resulting uncertainty on capital funding level for 2010/11 and beyond. It is expected that the ongoing Capital Programme Review will further slow down the programme’s progress in 2010/11 and beyond.

### **Part 5 - Update on In – Year Grant Reductions in 2010/11**

56. The Financial Monitoring Report to Cabinet on 20 July 2010 set out total in – year grant reductions totalling £11.048m as shown in the table below:

	<i>£m</i>
<i>Area Based Grant (ABG)</i>	-3.551
<i>Specific Revenue Grants (Playfinder and Contact Point)</i>	-0.166
<i>Performance Reward Grant (PRG)</i>	-4.282
<i>Local Authority Business Growth Incentive Grant (LABGI)</i>	-0.329
<i>Capital Grants</i>	-2.720
<b>TOTAL</b>	<b>-11.048</b>

57. In addition the addenda to the Cabinet report and paragraph 24 of the report to Council on 27 July 2010 sets out further reductions to capital grants as follows. These increased the total reduction in grant funding in 2010/11 to £13.376m. Updates on the Early Years and Childcare Grant (SSEYCG) and Play Capital Grant will be provided in future Cabinet reports.

<b>Capital Grants</b>	<b>£m</b>
<i>Extended Schools</i>	-0.276
<i>Harnessing Technology (50%)</i>	-1.245
<i>Special Educational Needs &amp; 14 – 19 Diploma Provision</i>	-0.658
<i>Youth Capital/Chill Out Fund (50%)</i>	-0.149
<b>SUBTOTAL</b>	<b>-2.328</b>
<b>TOTAL</b>	<b>-13.376</b>

#### Personal Care at Home

58. In March 2010, the Department of Health issued provisional allocations for the Personal Care at Home Grant for 2010/11 to be paid as Area Based Grant. The allocation for Oxfordshire was £2.481m. This was in addition to the £1.4m Council funding.
59. The Bill was approved by Parliament on 8 April 2010 but the Coalition Government subsequently announced that it would not be commencing the provisions of the act. The grant funding has been removed and the £1.4m Council budget allocation which is not required in 2010/11 has been transferred into the Efficiencies Reserve.

#### **Conclusion**

60. Whilst the overall position on balances and reserves indicates the Council remains in a strong position the £202m savings required from 2010/11 to 2014/15 require a fundamentally new approach to service provision. In this context demographic pressures in Social & Community Services are likely to be a particular challenge. The position within Social Care for Adults and the Pooled Budgets will continue to be monitored closely during 2010/11.

Councillor Jim Couchman  
Cabinet Member for Finance

September 2010

**Annex 1 to the JULY FINANCIAL MONITORING REPORT 2010/11**  
**CABINET 21 September 2010**  
**BUDGET MONITORING**

Ref	Directorate	BUDGET 2010/11					Outturn Forecast Year end Spend/Income	Projected Year end Variation	Profiled Budget (Net) <i>July</i> 2010	Actual Expenditure (Net) <i>July</i> 2010	Variation to Budget <i>July</i> 2010	Projected Year end Variance Traffic Light Indicator
		Original Budget	Brought Forward from 2009/10 Surplus + Deficit -	Virements to Date	Supplementary Estimates to Date	Latest Estimate						
(1)	(2)	£000 (3)	£000 (4)	£000 (5)	£000 (6)	£000 (7)	£000 (8)	£000 (9)	£000 (10)	£000 (11)	£000 (12)	(13)
Page 25	<b>Children, Young People &amp; Families</b>											
	Gross Expenditure	581,870	0	246	141	582,257	582,851	594	195,801	226,131	30,330	G
	Gross Income	-482,820	0	-2,849	0	-485,669	-485,631	38	-163,710	-212,885	-49,174	G
	Net Expenditure	99,050	0	-2,603	141	96,588	97,220	632	32,090	13,246	-18,844	G
	<b>Social &amp; Community Services</b>											
	Gross Expenditure	212,520	-30	-3,280	0	209,210	210,829	1,619	69,645	73,320	3,675	G
	Gross Income	-40,770	0	3	0	-40,767	-40,767	0	-13,686	-20,750	-7,064	G
	Net Expenditure	171,750	-30	-3,277	0	168,443	170,062	1,619	55,959	52,570	-3,389	G
	<b>Supporting People</b>											
	Gross Expenditure	12,092	0	-2,330	0	9,762	9,933	171	3,255	4,817	1,562	G
	Gross Income	-185	0	0	0	-185	-185	0	-62	-1,204	-1,142	G
	Net Expenditure	11,907	0	-2,330	0	9,577	9,748	171	3,193	3,613	420	G
	<b>Environment &amp; Economy</b>											
	Gross Expenditure	99,339	406	1,098	0	100,843	100,758	-85	33,586	25,815	-7,771	G
	Gross Income	-28,931	0	-62	0	-28,993	-28,908	85	-9,636	-7,921	1,715	G
	Net Expenditure	70,408	406	1,036	0	71,850	71,850	0	23,950	17,894	-6,056	G
<b>Community Safety &amp; Shared Services</b>												
Gross Expenditure	52,403	805	-209	0	52,999	52,999	0	17,667	18,783	1,116	G	

SYP8

Gross Income	-24,281	0	-312	0	-24,593	-24,593	0	-8,197	-8,580	-383	G
Net Expenditure	28,122	805	-521	0	28,406	28,406	0	9,470	10,203	733	G
<b>Corporate Core</b>											
Gross Expenditure	38,569	571	77	0	39,217	39,079	-138	14,953	16,215	1,262	G
Gross Income	-28,991	0	0	0	-28,991	-28,991	0	-11,544	-10,684	860	G
Net Expenditure	9,578	571	77	0	10,226	10,088	-138	3,409	5,531	2,122	G
Less recharges to other Directorates	-88,704	0	0	0	-88,704	-88,704	0		0		G
	88,704	0	0	0	88,704	88,704	0		0		G
<b>Directorate Expenditure Total</b>	908,089	1,752	-4,398	141	905,584	907,745	2,161	334,906	365,081	30,175	G
<b>Directorate Income Total</b>	-517,274	0	-3,220	0	-520,494	-520,371	123	-206,835	-262,024	-55,189	G
<b>Directorate Total Net</b>	390,815	1,752	-7,618	141	385,090	387,374	2,284	128,071	103,057	-25,014	G

Less: DSG funded services overspend (included above)

-496

-496

Directorate variation net of reallocated DSG

**386,878**

**1,788**

Less: City Schools Reorganisation

-178

In-Year Directorate Variation

**386,878**

**1,610**



**June 2010**

## **Introduction**

Over the last 10 years the council has been on an improvement journey which has transformed it into a much more effective organisation with strong political direction, clear priorities and excellent financial management. This has resulted in better performance and helped to build good external partnerships.

The changing external environment means that there is much more to do and we need to go faster, be really customer focused and lose some of the professional silos that have remained in place. Our current structures have served us well in a period of growth but we are now moving into some very lean years and there is a need for a shift in the way we do business to reflect more difficult times.

Last year the level of savings in our efficiency programme was increased to set some very ambitious targets. This has put us in a strong position, but in response to government announcements, we will need to increase the savings targets again.

Significant challenges face us in relation to the Capital Programme where it is likely that we will see a reduction of up to 50%. This will require a review of existing priorities and brings into focus the need for us to accelerate work on our asset management strategy.

The time has therefore come to put the delivery of the efficiency strategy at the heart of our business, to change the way that we work, gear up to the external challenges and continue to serve the people of Oxfordshire well.

## **What have we got in train already?**

We are in a strong position already. Our existing efficiency programme provides for savings of 27% of our net revenue budget which is high compared to many other councils.

Our focus so far has been to protect frontline services through back office efficiency and service redesign. We are trying to avoid cutting services and focusing on those changes that are more difficult and take longer but can lead to an improvement for service users.

## **It's not just about the money...**

The financial challenges are extremely tough but the organisational ones are almost as significant as we need to move the organisation into a different mind-set and different ways of working.

The focus of the last few years has largely been on taking cash out through a traditional model of 'salami slicing' directorates with relatively little attention being given to how we could increase productivity overall. One big exception to this is the introduction of the Shared Services centre which has been a great success in terms of the financial savings and standardising processes. Much has been achieved but there is further to go.

## **This is not just about savings but also about how we do things and whether our current structures are fit for the future.**

We know that we have highly a motivated people that are very committed to going the extra mile to provide a good service for residents. However, there are aspects of our organisational culture that are unnecessarily bureaucratic - an expectation that matters will be debated for a long time before decisions are made and a reluctance to delegate decision making to the appropriate level. The plethora of Government targets has given us a big burden of data collection and some of our own processes for performance and project management need to be revised to become more light touch. We need:

- to be more joined up across the council and create strong internal partnerships
- to delegate decision making down to the lowest possible level
- to increase the level of ownership and problem solving among staff
- to challenge our meetings culture (length, purpose, number of people attending)
- to reduce the number of emails by speaking to somebody or just taking a decision
- to focus on the end user of our services and instigating a strong 'can do' culture.

These sound like simple things but they can be complex to achieve as they are very much about empowering staff to work differently. Managers will need to work differently too and we will need to make sure that everyone has the skills and confidence to operate effectively in this new environment. We need to be clear which things are "tight" i.e. non negotiable (e.g. managing the budget) and which are "loose" (i.e. do it in the best way you think will deliver the agreed outcome).

### **Making the best of our people**

We have a lot of good people but not everyone is signed up to new ways of working or has the capacity to change and it is important that we are seen to be dealing with them in a dignified and effective way. We need to get better at dealing quickly with poor performance while recognising success.

In some parts of the council we still have extensive hierarchies although many of the existing plans for service redesign will address this. For example transformation programmes in E&E and SCS are flattening structures and adopting new ways of working. We want to be consistent so we will review layers and spans of control throughout the organisation, although we recognise that one size will not fit all.

In some places we have small teams and managers with only a few direct reports. We need to change this and In the medium term we will move towards broader job families, common job descriptions, and flexibility for staff and managers to move to different jobs around the organisation.

Alongside this we recognise that there are some jobs which require specific professional expertise and people may need to be remunerated appropriately without necessarily taking on management responsibilities.

### **Leading from the top**

Over the last five years we have reduced the number of Directors from 5 to 4 and the numbers of Heads of Service by 3. This gives us a Senior Management Group of 30 (including the Director of Public Health). Going further down the organisation we have around 150 Key Service Managers and around 600 staff considered as being managers. Many of these are really supervisors of one or two staff but we often expect them to carry out the same range of activity as those at a much more senior level. The size of

this group will be reduced by the current savings targets. In order to become a fitter and leaner organisation we expect to reduce the overall number of managers.

It is important that the senior team are seen to lead the way. We will start at the top by looking at CCMT and its direct reports. There is scope to reduce the Senior Management team and standardise the responsibility levels of this group. CCMT will reduce in size. In future the Chief Fire Officer to be responsible to the Director of Social and Community Services with a dotted line to the Chief Executive. This will help us to strengthen the links between the fire service prevention work and other community services.

In making changes we need to be clear about who the senior leaders are and to recognise them accordingly. It is important that our senior people operate right across the council, modelling the kind of behaviours we want to see everywhere. Once we have reduced the number of posts we will re-designate the remaining Directorate Heads of Service as Deputy Directors, emphasising that we expect them to take on a broader role. They will be taking on responsibility for lead roles across the council which may involve them having direct reports that work in a matrix way.

**Corporate Core**

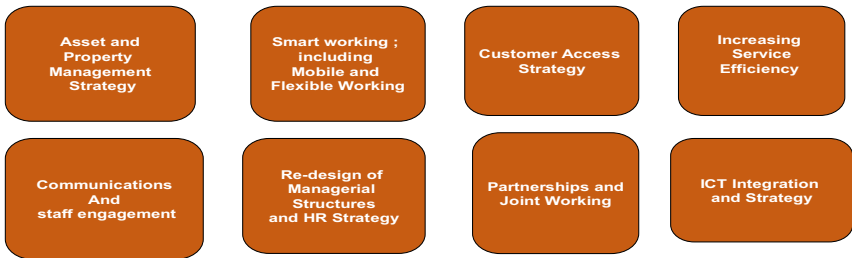
The Corporate Core has served us well over the last few years but we now need to rethink the centre of the organisation. We will downsize the ‘centre’ and move further operational activities into Shared Services which itself needs to move into phase 2 of its development.

There will be a smaller Chief Executive’s Office focused on driving corporate objectives and providing a strategic framework and support to directorates. The intention is for staff to work flexibly together around projects and work programmes

**How we work**

Our existing efficiency programme includes a number of elements that start to address the way in which we work. These will be joined up into an over arching programme and brought together as a coherent whole.

**New Ways of Working - NWOW**



2

There are also some areas where we have yet to fully exploit the potential of different work styles and of making better use of technology (e.g. mobile and flexible working, customer contact and access). We intend to protect the front line and to refocus all other operations in support of this. This means introducing more effective ways of working such as greater use of web based services, more commissioning, increased partnership and joining up with other agencies. The different programmes will deliver the new ways

of working we need is we are to drive down costs and protect front line services.

## Member Championing

We know that our elected members are fully behind this radical change programme and they have taken on individual responsibilities as follows:

Budget & Efficiencies Programme	Cllr Jim Couchman
Efficiency Champion	Cllr Charles Shouler
Smart Working (ICT & HR)	Cllr David Robertson
Transforming Adult Social Care	Cllr Arash Fatemian
Creating a Healthy Oxfordshire	Cllr Arash Fatemian
Implementation of new Highways contract	Cllr Rodney Rose
Extended Schools Programme	Cllr Louise Chapman
Children's Trust arrangements	Cllr Michael Waine
Infrastructure Plan	Cllr Ian Hudspeth
Transforming the Library Service	Cllr Judy Heathcoat
Communications & Cultural Change	Cllr Kieron Mallon

## Summary and Conclusion

We have achieved a huge amount in the last few years and we are well placed going forward. Over the next few years we will become a more streamlined and more dynamic organisation in which the workforce feels more empowered to develop our services to reflect customer and community aspirations. To achieve this we will integrate a range of the different strands of work including:

1. A highly visible programme is developed to bring in changes to how we work (incorporating strong internal communications and staff engagement)
2. A reduction in our management structure starting with the senior management but more generally including a review of the layers and spans of management across the council
3. A review of the existing job evaluation system with the aim of bringing forward proposals for the introduction of job families and more generic structures.
4. Slimming down the Corporate Core, with further transactional activities transferred to shared services
5. A review of the Shared Services Centre in the context of the new responsibilities and next stages of development.
6. Activity to streamline business processes and free up time for managers and staff to focus on proactive development of services to reflect customer needs and value for money expectations

We want everyone in the organisation to embrace change. We know that we all have to rise to this challenge if we are going to continue to serve people well in Oxfordshire.

**Joanna Simons**  
**Chief Executive**

## STRATEGY & PARTNERSHIPS SCRUTINY COMMITTEE 30 SEPTEMBER 2010

### COMMUNICATIONS, MARKETING & PUBLIC AFFAIRS STRATEGY

#### Report of the Head of Communications, Marketing & Public Affairs

#### Context

The way an organisation communicates is one of the keys to its success. Whether communicating with its customers, its peers or those who work within it, the ability to clearly state what it does, why it does it and what it is, remains crucial. This is yet more important for a public sector organisation whose very existence depends, ultimately, on income from taxation, and whose core purpose is to serve the public.

Not only must such a body work even harder to explain how it spends its money and why, but the residents it serves have a right to know. Furthermore market research suggests that the public expect local authorities to keep them informed and feel more favourably towards their local council if they are kept well informed.

The reputation of this organisation is a key driver in its ability to deliver for residents. If it is trusted, seen as well-managed and open about its failings as well as proud of its successes, residents will generally support its decisions.


Where it is seen as inefficient, ineffective or secretive, they will instinctively distrust those decisions, markedly affecting the County Council's ability to deliver for residents.

**Our reputation is scattered around these boxes.  
We need to aspire be in the green (right hand) box**

<ul style="list-style-type: none"><li>• Resented</li><li>• Devious</li><li>• Doesn't care</li><li>• Out of date</li><li>• Takes our money</li><li>• Self-serving</li><li>• Doesn't fit</li></ul>	<ul style="list-style-type: none"><li>• Value for money</li><li>• Trust-worthy</li><li>• Listens</li><li>• Dynamic</li><li>• Works for us</li><li>• Does best</li><li>• Reflects Oxfordshire</li></ul>
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Our reputation is our licence to operate effectively

Working for you

 **OXFORDSHIRE  
COUNTY COUNCIL**  
www.oxfordshire.gov.uk

The protection and enhancement of reputation is the core function of a corporate communications function.

## Strategy

The goals of our communications strategy are:

- **Marketing & Communication** - ensure residents of Oxfordshire are aware of the Council's performance and priorities for the future. This implies the need to be more proactive and consistent in getting our message across i.e. to be strategic, holistic and integrated in our approach.
- **Branding** - protect and enhance corporate reputation. Our 'brand' image is muddled and a clearer and more consistent approach is needed for the future.
- **Internal Communications** - ensure that the Council's workforce is kept abreast of key developments and understands the priorities to which it must contribute. Good internal communication also supports the effectiveness of operational delivery.
- **Stakeholders** - We need to be better at keeping key stakeholders briefed so they can exercise influence for the benefit of the County.
- **Communication Channels** - we need to embrace and exploit new forms of communication so we can maximise the opportunities to connect with stakeholders whilst minimising costs.
- **Improve cost effectiveness** - we need to invest in communications and marketing by redeploying existing resources. Over the medium term we can improve communications & marketing whilst reducing current spending on these activities.

The County Council Management Team (CCMT) and the Cabinet have already agreed that we need to:

- Professionalise the function and build expertise and capacity through a 'one team' approach
- Embrace new ways of working to achieve success
- Seek to reduce costs and add value.

## Key Changes

Improvement can be delivered rapidly, but only if we can develop an effective team and breakdown silo approaches. Key to this is the creation of a corporate team and the building of good working relationships with service and corporate managers.

The key strands to this strategy are set out below.

## Marketing & Communications

- **Media relations** - In Oxfordshire relationships with the media are generally good. We need to be clear about how both sides can continue to

interact on reasonable terms. An informal protocol should be agreed with the local media: key principles being:

- Openness and honesty wherever possible - legal and contractual arrangements sometimes restrict the Council's ability to be open
  - Balance in reporting - there are always several points of view and the Council's view should be fairly presented
  - Understanding that media is a customer and its needs must be met in a timely manner
  - Focus on issues rather than persecution of individuals
  - Access to key politicians and managers for reporters.
- **Focus on key themes and projects** - to ensure the Council markets itself effectively it is necessary to:
- Concentrate on key messages which are regularly reinforced
  - Focus on proactive communication with Oxfordshire's residents (the audience), interest groups and localities rather than reactive engagement with the media (the conduit)
  - Ensuring press and marketing staff are actively engaged with service managers and not just waiting to receive information
  - Ensure the message(s) are credible to the audience
  - Link operational stories to key communication themes
  - Help the public to identify services with the organisation
  - Target the message effectively (know your audience(s) and tune the message and the channel of communication to the various audiences)
  - Plan ahead and link local messages with national/regional events where possible
  - Engage key stakeholder groups where appropriate e.g. when the Council is in campaigning mode
  - Where possible engage with the audience (two way) rather than just communicating with them (one way)
  - Tailor messages for local communities
  - Monitor citizen reactions/attitudes (a customer dashboard is being developed and will be reported on to CCMT and the Cabinet at quarterly intervals)
  - Review this work at the end of 2010/11 to establish how effective it has been.
- **Plan and focus** - An effective marketing campaign takes time to mount and deliver so an organisation in reactive mode is unlikely to be effective. Historically the Council has been largely reactive but for the future we want to operate in a planned and managed environment. A planning approach requires staffing resources, good processes and a suitable IT programme.

## Branding

Branding is often associated with logos but in reality it is much more. The County Council's brand image is how it is perceived by people who live in the

area and that, of course, is influenced by perceptions of the quality of its services, the effectiveness of customer relations, how staff interact with service users, the quality of buildings, the media coverage of Council business and many other factors.

The County Council does not have a strong positive brand image. Oxfordshire residents are generally pleased with our services but are less aware of and less complimentary about the County Council. Branding is effective when it:

- Presents a positive image which resonates with the audience
- Is easily identifiable - until recently the branding of some County Council buildings has been so poor that it has not been possible to read signs on buildings from across the road
- Is consistent with the organisation's values (the behavioural norms of the organisation)
- Is introduced sensibly and cost-effectively.

These are the branding goals we will seek to achieve over the medium term, in combination with a wider drive towards a more customer-focussed organisation.

## **Internal Communications**

The workforce can only work effectively and be good ambassadors for the council if they are clear about:

- the Council's priorities and how these relate to their jobs
- What the Council is achieving
- Who their leaders are
- How they can engage (be empowered ) to help improve the organisation

Currently there are far too many messages being sent to staff and it is difficult to get a clear and consistent impression of what is going on. Far too much internal communication is in written form and too little is delivered in a face to face setting. Opportunities to reinforce messages and to have a dialogue about key issues at staff conferences and manager meetings are not being fully exploited. In large part this is due to the devolved approach to internal communications, the inadequacy of planning and the paucity of corporate resources to manage this activity.

Within the new Communications, Marketing & Public Affairs Unit we will improve staffing resources for internal communication and address the following issues:

- Be clear about key messages for the year ahead
- Rationalise internal magazines to ensure consistent and coherent corporate messages are delivered
- Place less emphasis on written communications (including email) and more on video broadcasting and meetings with staff



- Use staff conferences and manager meetings to reinforce key messages and to offer staff the opportunity to engage/be actively involved
- Keep messages simple and easy to understand with opportunities for staff to comment/ check understanding
- Test that messages are being understood and acted on.

## **Stakeholders**

Oxfordshire has more than its fair share of 'movers and shakers', but makes little or no effort to mobilise this resource. For example our efforts to attract regional or central government funding could be considerably enhanced by securing the support of appropriate stakeholders. To do this we need to address the following:

- Stakeholder records - we need to improve our record keeping so we can recognise individuals and their interests/ expertise
- All of the County Council's marketing and campaigning needs to include an analysis of stakeholders and how they might be invited to assist, or their concerns addressed
- Raise Oxfordshire's profile in Westminster.

## **Communication Channels**

In the 21<sup>st</sup> century more and more people receive information electronically rather than through newspapers, magazines and leaflets. We cannot dispense with paper because many older people still rely on traditional communications media, but we do need to recognise the existence of the "connected customer" and provide them with information in the form that suits them. This requires us to address the following:

- Support our key messages with moving pictures to supply to media, or websites such as 'You Tube'.
- Create a regular online podcast from senior staff focusing on key strategic challenges we face and reporting key achievements, or reviewing events. Where appropriate it will be useful to include leading politicians in these broadcasts
- Offer news, and high-grade content to Oxfordshire's 61 community websites (content they cannot afford themselves) to ensure our messages get to their readers from a source they trust
- Provide a regular video broadcast of "a day in the life of" by staff from across the organisation on the front page of our website, showcasing the breadth of what we do.
- Use the website to communicate with residents as well as providing information for them.

## **Improve Cost Effectiveness**

The current deployment of resources across five directorates makes it impossible to cost accurately communication and marketing activities for the County Council. Resources are currently found in:

- The Communications team in Corporate Core. In addition to the staff there is a very small marketing budget.
- Numerous staff in service directorates who engage in communications and marketing activities. For most of these staff the activity is a small part of their job but there are several staff for whom communications is a major element of their work (some of these posts have no long term funding). Few of these staff are communications professionals.
- There is considerable spending by directorates on publications and marketing although much of this activity is funded from budgets provided for wider service delivery purposes. A recent exercise identified publications costing over £0.9m.
- Directorate spend on website/micro-site activity via external agencies and ICT.

We need to rationalise all of these activities in order to strengthen the corporate team and change our approach to communications. Over time this is likely to result in few officers dabbling in communication and marketing activities and far fewer 'paper' communications. Significant cost savings should accrue although we will need to invest in online communication tools.

## **Conclusions**

The action described above will allow the County Council to adopt a more professional and modern approach to communication. It will take time for the changes to become fully effective but it is anticipated that all of the key elements will be in place during 2010.

**JAMES CLARK**

**Head of Communications, Marketing & Public Affairs**

**September 2010**