

COUNCIL – 19 FEBRUARY 2013

CORPORATE PLAN  
AND  
BUSINESS STRATEGY AND SERVICE & RESOURCE PLANNING  
2013/14 to 2016/17

Report by the Leader of the Council

**Introduction**

1. My report to Cabinet on 29 January 2013 (Appendix 1) set out the detailed proposals from the Cabinet which continue to deliver a financially sound budget, Medium Term Financial Plan (MTFP) and Capital Programme for the Authority.
2. The delivery of this budget is set within the framework of the Corporate Plan. The plan sets an overall priority of Thriving Oxfordshire, with three components of that – Championing a World Class Economy; Supporting Healthy and Thriving Communities; and Enhancing the Environment. We will achieve these priorities by working with others to deliver efficient public services, providing leadership and enabling partnership working.
3. The Plan links to the Business Strategies for each of the directorates which have been updated and are available on the Council's website (<http://www.oxfordshire.gov.uk/cms/content/business-strategies>). Later in this report, I have shown some of the links between the priority areas and the funding we have made available.
4. We have clearly demonstrated our ability to deliver our plans over the period of this administration. Whilst we will need to continue to refine those plans, I am confident that they can be delivered with minimal impact onto the front lines services the Council provides. In order to do this, we are recognising the need to make an increase to the Council tax to ensure that services are protected. We could have frozen Council tax, but that would have been short sighted and risk future services. We believe that by proposing this realistic budget we will be better placed to sustain the services of the future.

**Updated Information**

5. The report to Cabinet in January set out the majority of our proposals but we were awaiting confirmation of the final Local Government Settlement, returned amounts of centrally retained elements of government funding, Education service grant, Local business rates forecasts, surpluses/shortfalls on collection fund, and the Education capital grant. An addendum to that meeting reported the final Collection Fund position. The unallocated surplus of £2.7m has been added into the Efficiency Reserve.

## **CC9(a)**

6. The Chief Finance Officer's supplementary report issued with this report sets out information on those elements received since the Cabinet meeting, namely the final Local Government Settlement and the final Local Share of Business Rates for 2013/14. The main settlement had minor changes as did the final position on our share of local business rates.
7. As there is still some information outstanding, I am proposing that all of the changes identified in the Supplementary Report from the Chief Finance Officer are incorporated into the Efficiency Reserve, so that any further adjustments can be managed during 2013/14.

### **Council Tax**

8. For the past two years, we have frozen the Council Tax. We have been able to take advantage of the Government grant as we had built in council tax increases at the level of the grant provided for the freeze. However, this year the level of freeze grant is lower and given the increasing pressure, which the real terms cut in our funding base causes, we feel that to protect services we need to include a below inflation increase this year.
9. We have seen significant changes this year to our funding, not only through the changes to the grant system, with the relocalisation of a part of the business rates, but the opportunity for the future to see some element of local growth fed back into our economy. In addition, there have been changes to the Council Tax Benefits system. This has had a direct impact on our taxbase. We are proud that all the Councils in Oxfordshire have worked together to preserve the existing benefits system for the coming year, protecting those who are most vulnerable.
10. In subsequent years we have again built in both the base levels of funding we are anticipating from the next spending review but also increases in tax which we think might be equivalent to inflation at that time. This position is indicative and will need to be reviewed when more information is available during the year.
11. This means that the average Band D rate will be £1,184.83 for 2013/14, an increase of £23.12 or a 44p increase per week.

### **Linkage of Spending to Priorities**

12. Having set out our proposals by Council directorate in my previous report, I wanted to show below some of the linkages to our corporate priorities. We have protected the services to Children's services and the Fire & Rescue service over the past few years, and I am pleased that we can not only do that again this year, but also invest in safeguarding our most vulnerable children.
13. We are investing in our support for the economy, as well as reversing a planned reduction in highways maintenance. We will keep our re-focused

## CC9(a)

Area Stewardship fund going for at least another year, helping to deliver the schemes which are most needed in localities.

14. One of the programmes launched last year, which we are delivering on now is the Better Broadband project, which has a combination of revenue, capital and government funding. We know this is a key driver for economic growth and a priority for business.
15. Our Capital programme will deliver the infrastructure requirements in our key development areas. Whilst the landscape around schools is changing, we are still responsible for providing the places required in each area and maintenance for the schools within our control. At the time of writing this report we are still awaiting the investment from government but we are adding £13m to this to ensure that is achieved. In addition to our highways schemes the transport agenda also includes support to the rail network, with the development of the East West Rail line. The key growth areas of Bicester and the Science Vale UK Enterprise Zone are seeing further investment, with Junction 9 on the M40; Bicester perimeter road; use of the growing places fund around Harwell and Milton Park.
16. The biggest change to our Supporting Healthy and Thriving Communities priorities is the formal return of Public Health to the Council. Whilst we have worked closely with them, and the NHS for many years, we will now be taking that responsibility.
17. We have worked closely with the Oxfordshire Clinical Commission Group, which also formally comes into existence from April, and we will continue to ensure that our services are closely aligned in order to get the best quality and most cost effective services for the people of Oxfordshire.
18. Adult Social Care makes up the largest part of our budget excluding schools, and whilst we have had to make some savings in this area, this is against an increasing baseline. We have included additional funding to take account of the growing numbers of frail elderly and increasing numbers and level of support needed for those with physical disabilities. We are also continuing to invest capital in our Extra Care Homes programme, which will help more people stay in their own homes which is what they tell us they want.
19. Finally, I am pleased that we have been able to continue with the Military funding which we built into our base budget last year. The military are an important part of the economy of Oxfordshire, and we recognise the contribution that their men and women make to the country.

## Equalities

20. Oxfordshire County Council is committed to making Oxfordshire a fair and equal place in which to live, work and visit. We have recently published our Equalities plan for consultation. This sets out the council's approach to eliminating unlawful discrimination, harassment and victimisation; advancing equality of opportunity; and fostering good relations. Through the delivery of

## **CC9(a)**

this plan, we aim to ensure that our services are accessible and to encourage supportive and cohesive communities through our service delivery. We have carried out Service and Community Impact Assessments (SCIAs) as part of our business strategies and then considered the overarching assessment which is attached to these papers at Annex 15. While it identifies some areas of impact, it also shows the mitigations we believe are in place.

### **Service & Resource Planning Consultation**

21. The proposals recommended by Cabinet take account of the comments from individual Scrutiny Committees held on 10 January 2013 as well as feedback from the public consultation through Oxfordshire Voice Panel in October/November 2012. The Council also invited comments on its overall proposed budget; this consultation closed on 1 February 2013. A summary of the results is set out in Annex 14.
22. The Oxfordshire Voice consultation found that 66% of respondents were satisfied with our services. With the key services of importance to residents, being Child protection; Fire and Rescue and Services for older people. In addition the most valued services were Fire and Rescue; Public Transport and Highways. We have sought to continue the protection of the most important, and to maintain the levels of service in those most valued.
23. Of the questions posed on the level of Council Tax, 54% of respondents to the Oxfordshire Voice Panel did not agree that Council Tax should be frozen. In addition, 74% responded that they thought Council Tax should be increased in line with inflation. We believe this is because the public understand that to protect our services we need to maintain our funding in real terms.

### **Our Staff**

24. We have seen a 40% reduction in our senior management, and an overall 31% reduction in headcount since April 2010. This level of change has been unprecedented but has not stopped our staff from being focussed on delivering the excellent services to the public. Since becoming Leader I have been able to meet many of them in different services, and have been impressed with their commitment. I would like to publically offer them my thanks for that continued support.

### **Conclusion**

25. This Revenue and Capital Budget and the Medium Term Financial Plan for 2013/14 to 2016/17 delivers a sustainable programme of services within the finances available to Oxfordshire County Council.
26. We are recommending the level of Council Tax increases by 1.99%, in order to ensure that services are protected in the future, reflecting the funding we expect to receive over the plan period.

## CC9(a)

27. These proposals are possible because of the strong service and financial planning framework we have maintained throughout this administration, and the clear vision we have for high quality, customer-focused services that meet the needs of all of the citizens of Oxfordshire. It demonstrates a clear inter-relationship with the Corporate Plan, with continuing investment in as many of our key priorities as we can afford to make Oxfordshire a better place for all.
28. Accompanying this report are the following documents:

Annex 1:	Medium Term Financial Plan (MTFP) 2013/14 – 2016/17
Annex 2:	Detailed Revenue Budget 2013/14
Annex 3:	Variations to the existing MTFP
Annex 4:	Council Tax and Precepts 2013/14
Annex 5:	Updated Financial Strategy 2010/11 – 2014/15
Annex 6:	Planned Balances & Reserves 2013/14 – 2016/17
Annex 7:	Treasury Management Strategy Statement and Annual Investment Strategy for 2013/14 (including Prudential Indicators and Minimum Revenue Provision Policy Statement)
Annex 8:	Virement Rules 2013/14
Annex 9:	Dedicated Schools Grant Provisional Allocation 2013/14
Annex 10:	Corporate Asset Management Plan 2013/14 – 2016/17
Annex 11:	Transport Asset Management Plan 2013/14 – 2016/17
Annex 12:	Capital Strategy 2013/14 – 2016/17
Annex 13:	Capital Programme 2012/13 – 2016/17
Annex 14:	Budget consultation summary
Annex 15:	Cross cutting service & community impact assessment

29. **RECOMMENDATIONS**

- a) **(in respect of revenue) RECOMMEND Council to approve:**
- (1) a medium term plan for 2013/14 to 2016/17 as set out in Annex 1 (which incorporates changes the existing medium term financial plan as set out in Annex 3);
  - (2) a budget for 2013/14 as set out in Annex 2
  - (3) the Council Tax and Precept calculations for 2013/14 set out in Annex 4 and in particular:
    - (i) a precept of £268,449,208;
    - (ii) a Council Tax for band D equivalent properties of £1,184.83;
  - (4) the updated financial strategy at Annex 5.
  - (5) the planned level of balances and reserves for 2013/14 to 2016/17 as set out in Annex 6;
  - (6) virement arrangements to operate within the approved budget for 2013/14 as set out in Annex 8;
  - (7) the use of Dedicated Schools Grant (provisional allocation) for 2013/14 as set out in Annex 9;
- b) **(in respect of treasury management) RECOMMEND Council to approve:**
- (1) the Treasury Management Strategy Statement for 2013/14 as set out in Annex 7; and
  - (2) that any further changes required to the 2013/14 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council.
  - (3) the continued delegation of authority to withdraw or advance additional funds to/from external fund managers to the Treasury Management Strategy Team;
  - (4) the Draft Treasury Management Policy Statement as set out at Appendix E of Annex 7;
- c) **RECOMMEND Council to approve the Prudential Indicators as set out in Appendix A of Annex 7.**
- d) **RECOMMEND Council to approve the Minimum Revenue Provision Methodology Statement as set out in Appendix B of Annex 7.**
- e) **(in respect of capital) RECOMMEND Council to approve:**
- (1) the Corporate Asset Management Plan at Annex 10, the Transport Asset Management Plan at Annex 11 and the updated Capital Strategy at Annex 12;
  - (2) a Capital Programme for 2012/13 to 2016/17 as set out in Annex 13;
- f) **to delegate authority to the Leader of the Council, following consultation with the Chief Finance Officer, to make appropriate changes to the proposed budget.**

**IAN HUDSPETH**

Leader of the County Council

**CABINET - 29 JANUARY 2013**  
**SERVICE & RESOURCE PLANNING - 2013/14 to 2016/17**  
**Report by Leader of the Council**

**Introduction**

- 1 This report should be read in conjunction with the report from the Assistant Chief Executive & Chief Finance Officer and takes account of the latest financial information. Together, the two reports set out the details of the Cabinet's proposals for the 2013/14 budget and the Medium Term Financial Plan (MTFP) for 2013/14 to 2016/17. The Business Strategies will continue to deliver the changes planned taking on board the medium term objectives of the Council, details of which can be found in the Council Plan which is also on the agenda for this Cabinet Meeting for recommendation to the February 2013 County Council.
- 2 This, my first budget since becoming Leader and Cabinet Member for Finance, is not only at a time of reducing funding levels but also at a time of significant changes in the way local authorities are funded. Other major changes run alongside this with the localisation of council tax support, the impact of changes in funding for schools, with funding for central education services transferring out of formula grant; also the transfer back to local authorities of public health services.
- 3 Our prudent financial planning over the medium term will enable us to manage these changes and do our bit to pay off the budget deficit inherited from the last government. Whilst we are in a strong position to manage the future known reduction in local government funding, the significant amount of savings that have been achieved over the last few years make the position going forward more difficult. Between 2011/12 and 2013/14 our government revenue funding has reduced by £53.8 million or 25.8%. On top of this we have had to manage significant pressures particularly in adult social care and children's' social care.
- 4 The Council has been at the forefront of making efficiencies for years.
  - We embarked on a savings programme in 2006 with the establishment of shared services, one of the first in the country, reinvesting savings of £28 million of back office functions in frontline services.
  - Our pooled budgets with health for older people and people with learning disabilities, established in 2002 and 2006 respectively, some of the largest in the country, enable efficiencies through joint working.
  - Our Better Offices programme completed in 2010 reduced office space, introduced video conferencing reducing the need for travel and through the introduction of a hot desk system ensured better use of the remaining accommodation.

## CC9(a)

- We stopped providing bottled water for our Committee Meetings in 2010 and have also frozen councillor allowances for three years from 2010.
- We are also reducing the costs of elected councillors by over £100,000 by reducing the number of councillors.
- We are working with other councils providing ICT to the City and working with Hampshire; the fire service is working with Berkshire & Buckinghamshire and our Internal Audit service is working with both Buckinghamshire and Thames Valley Police.

However, whilst we will always endeavour to make more efficiencies, make more savings in back offices and deliver services in a different way to protect our frontline services and services that are popular or people really appreciate, you can only go so far.

- 5 In the year 2010/11 before the coalition government took control we saved £35 million. We then embarked on a 4 year programme to save £119 million. This included reducing the cost of directors by 40%, a greater saving than achieved by sharing with other councils. The staff costs have been reduced by 20% with the workforce reduced from approx. 5,500 to 4,500. But, with further funding reductions now identified for 2013/14 and the medium term along with some new pressures we have had to increase our savings plans. We now have to make an extra £46 million of savings bringing the total of savings to £200 million.
- 6 We are on course to have saved £127million by the end of 2012/13 with existing plans to deliver a further £27 million by 2014/15. We are now setting out how we will be able to deliver additional savings of £46 million whilst still ensuring that essential services are protected. Our focus remains on protecting as far as we can the most important services while providing value for money in tough times.
- 7 Some of the savings we have made have been used to re-invest in our priority areas. These have allowed us to manage some of the pressures which are continuing to arise, such as through the growing numbers of Older people, and the increased demands on our Children's care service. We are again continuing with this re-investment. We will be utilising £13.7m of our savings back into the most important areas of our services in 2013/14 which is on top of the £45.9m re-invested since 2011/12.
- 8 This Cabinet has considered the comments on the draft budget proposals from individual Scrutiny Committees held on 10 January 2013 as well as feedback from the public consultation through Oxfordshire Voice Panel in October/November 2012. The Council has also invited comments on its overall proposed budget; this consultation will close on 1 February 2013. Consideration of responses to this will be taken into account in the final budget proposals to Council on 19 February 2013.

### **Budget Proposals**

- 9 Below are the major proposals the Cabinet are proposing. The Cabinet continues to protect front line children's safeguarding services along with the

## CC9(a)

Fire & Rescue Service with savings in those areas to be achieved only through genuine efficiency of working. As set out above, we have proposed savings, but have also been able to provide some additional funding for key priorities.

### *Children, Education & Families*

- 10 Children's social care has always been a service this council has protected from cuts. This area has seen a steep rise in referrals and care proceedings over recent years leading to unmanageable caseloads. To address this issue we will invest an additional £1.4m to recruit additional experienced professionals to help with the most difficult young people and reduce current caseloads to a more manageable level.
- 11 There are 44 Children's Centres across Oxfordshire. These have been funded through Early Intervention Grant, which is being reduced nationally. We are not proposing to close any of the centres, but will continue to review the management and support structures in the Directorate to make them more streamlined thus protecting the front line service delivery.
- 12 The change in the national schools funding formula from April 2013 will not provide Oxfordshire with any additional resources, despite being one of the lowest funded authorities in the country. The changes will result in sizeable turbulence in funding for some schools with winners and losers arising from the new simplified formula. Schools will however be protected from significant year on year losses through the minimum funding guarantee being fixed at a maximum of a -1.5% loss per year. Given the reduced numbers of schools which we will have responsibility for, it will be possible to reduce the resource managing their school improvement.
- 13 There are two savings within the service (relating to the Southwark Judgement and All Right Exhausted cases) which are areas which we have invested previously, but now find that the level of investment provided was more than was required. These are easy savings to take, as they will not reduce services.

### *Social & Community Services*

- 14 Adult Social Care accounts for 40% of our spend. We recognise that there is an ageing population which will continue to grow, and pressures on this budget will continue to grow too. We are continuing to invest in this area, however, as such a large proportion of our spend we must do all we can to minimise the spiralling costs.
- 15 We are investing an additional £10.3m in 2013/14, although some of this will drop out in later years. This is in addition to the sums we have built in over previous years which will allow for the increases in demography. These investments are spread across the older people, physical disabilities and learning disabilities.
- 16 Some of the sums shown as savings are in fact additional income coming from the NHS, as the government have recognised that the NHS funding should be protected, but unless the whole health service, including Adult Social Care, are considered together, then real cost reductions cannot be made. Some of the other real savings proposed arise from our agreed

## CC9(a)

strategy about trying to make sure that we limit people's need for care by intervening early and in the right way.

- 17 We are however, proposing that the older people's pooled budget manages its own pressures, which we recognise is a risk, so have set aside some corporate contingency and will monitor performance closely in the coming year.
- 18 For the other elements of the Directorate, which includes the Oxfordshire Fire and Rescue Service, Trading Standards and Community Safety, there are minor savings, offset by additional funding in 2014/15.

### *Environment & Economy (including Oxfordshire Customer Services)*

- 19 Whilst work on the Highways represents another major budget area, we have done everything we can to reduce the impact on this area, as we recognise the importance it has to the economy to keep Oxfordshire moving. We are not making any savings in 2013/14 and are re-instating a previous reduction. Whilst there are some savings in future years we hope to be able to offset this if we are able to maintain the Area Stewardship fund through one off funding in the future. Our plan is to change the way the fund has operated, keeping the knowledge of local members, but restricting the use of the fund to maintenance areas.
- 20 We will need to continue to balance our Parking Account. To do this we are no longer going to be able to provide free parking at our Park and Ride sites. We recognise that the public will find this hard, although it will remove the confusion caused by the City Council already charging at their sites. We will consult over the level of increase in the Spring with a view to introducing the charges from the Autumn.
- 21 The other areas of savings we can achieve through our waste disposal responsibilities reflect a combination of sound procurement, and the phased removal of non-statutory incentives for waste targets which have now been achieved, through the excellent work of the Oxfordshire Waste Partnership.
- 22 We are keen to ensure that our Customer Services Centre is providing the best response to the public, and are therefore investing further in that area. We are also continuing to drive efficiencies out of our back office organisation, and are continuing with various projects to revise the way we deliver those services. Given the changes we are introducing in new technologies we feel confident that we can derive further savings from these areas. Given the changing relationship with schools though, we feel it is now the right time to phase out the subsidy we have been providing for their back office support.

### *Chief Executive's Office*

- 23 The Change Fund was introduced in 2005/06 in order to ensure that funding was available to invest in projects which delivered efficiencies. We have since reduced the ongoing budget for this fund, but have increasingly used the efficiency reserve to deliver the same objective. We are therefore proposing to remove this fund.
- 24 The Big Society Fund was introduced in 2011/12, and changed into a Councillor Community Budget in 2012/13. Whilst it has been successful in delivering local projects, we do not feel we can continue to guarantee base

## CC9(a)

budget funding for it. If one off funding becomes available before the budget is finalised, we will consider whether the scheme could be extended for another year.

- 25 The other savings are proposed through reductions in charges to the Council, or through further structural changes to be implemented in future years across the CEO office.

### *Public Health*

- 26 We are pleased to see Public Health returning to Local Government. Included within this year's budget will be the funding, matched by a ringfenced government grant, which has been confirmed for 2013/14 and 2014/15 at £25.3m and £26.1m respectively. This is good news for the Council and it reflects our growing role in overseeing the health and wellbeing of the people of Oxfordshire. We are already well engaged with the county's public health priorities having appointed a Joint Director of Public Health 6 years ago. His annual reports have already been influential in shaping Council Policy. We now have the opportunity to shape public health services ourselves over the coming years – a challenge we relish greatly.

### **Council Tax**

- 27 In 2011/12 and 2012/13, the Government provided the funding to achieve their pledge of freezing council tax if authorities held their levels of increase at 2.5%. As our MTFP had proposed increases of 2.5% for both years we were in a position to take up this grant and freeze council tax in both 2011/12 and 2012/13. However, as the grant for 2012/13 was only a one-off grant, to ensure that essential services are maintained the funding needed to be replaced in 2013/14. Consequently our proposed levels of increase in council tax for 2013/14 and beyond were set at 3.75%.
- 28 In October 2012, the government announced funding available to councils to freeze council tax for a third year if authorities held their increases to 1%. The grant will be provided for two years to 2014/15 and would mean a shortfall in funding from 2015/16 of £6.7 million. In addition, the government announced a maximum council tax increase of 2% for 2013/14, any increase above this triggering a referendum. As our MTFP had assumed an increase in Council Tax for 2013/14 of 3.75% we have to make savings of £9.8m to get to the 2% level in 2013/14 and to reduce the following year to 2.5%, as it is unlikely that a subsequent referendum level would allow a higher increase.
- 29 In total the cost of accepting the freeze grant for 2013/14 and reducing the ongoing levels of increase would have added another £14.2 million to the savings we need to make. We believe that this would mean we would have to make unacceptable savings which the public do not want to see.
- 30 In order to maintain essential services we are therefore proposing a Council Tax increase in 2013/14 of 1.99%. This is a £23.12 increase for the year, equivalent to 44p per week. We appreciate that our residents both families and pensioners are feeling the squeeze but we believe that 44p per week to ensure our services which protect the most vulnerable in our society are maintained can be justified.

## **CC9(a)**

- 31 For 2014/15 we have planned for an increase in council tax of 2.5% and for future years we have maintained increases at 3.75% in line with the current MTFP. As there are high levels of uncertainty about future funding and future levels of inflation we feel this is a reasonable position, but will review these increases each year as part of the budget setting process.

### **Capital Programme**

- 32 In line with revenue, our capital programme to be approved by Council in February 2013 will only extend up to 2016/17. In 2011/12 we did a lot of work on bringing our capital programmes into a single pot and being clearer about the areas for prioritisation. We continue to use this methodology to prioritise areas of investment and are able to present a balanced programme with additional £22.9m of investment over the medium term to 2016/17.
- 33 At the time of writing we were still awaiting the announcement from the Department for Education on their funding allocations. Until we receive this figure we will not be able to access the requirement for funding school places, and any impacts this may have on other parts of the Capital Programme. It is proposed that allocations for schools structural maintenance and schools access initiative are reviewed in line with the grant once it is announced.
- 34 I am pleased to say that we are able to include in the programme all capital investment needs related to statutory requirements and maintenance of essential infrastructure and capital investment proposals supporting the delivery of updated business strategies. This will include £3.6m for large highways structural maintenance schemes to be determined.

### **Conclusion**

- 35 The council faces some real challenges in the future with increasing need for our most vulnerable at a time of reducing funding which now extends well beyond the medium term. By the end of 2016/17 we will have saved £200 million, but will have reinvested £59.6m back into our priority services. We continue to be committed to look for different ways of working, reducing our costs and accepting that some services will need to change. We are again able to put forward a set of proposals which will continue to ensure that our critical services are maintained and we continue to provide a level of service we can afford.
- 36 The recommendations are set out in full in the Assistant Chief Executive and Chief Finance Officers report.

**CLLR IAN HUDSPETH**

Leader of the Council