



**Cabinet
Tuesday, 18 January 2022**

Supplementary Document

- 6. Budget & Business Planning Report - 2022/23 - January 2022**
(Pages 1 - 10)

Budget Scrutiny Report attached.

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BUDGET SCRUTINY OBSERVATIONS AND RECOMMENDATIONS

PERFORMANCE AND CORPORATE SERVICES OVERVIEW & SCRUTINY COMMITTEE

This report provides key observations and recommendations to the Cabinet and Council regarding its budget proposals. The Performance and Corporate Services Overview and Scrutiny Committee considered the Cabinet's budget proposals, the consultation exercise to date and provided feedback on comment on the Oxfordshire Fair Deal Alliance's priorities and how the budget proposals for 2022/23 –2025/26 align with those priorities.

The key observations and recommendations within this report represent those agreed at the Performance and Corporate Services Overview and Scrutiny Committee meeting on 10 December 2021. They are made on the understanding that they will be included in the Budget and Business Planning report to Cabinet on 18 January 2022, along with the outcome of the public consultation. They will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2022/23 and Medium Term Financial Strategy (MTFS) to 2025/26.

In determining the final budget proposals that will be included in the proposed budget for 2022/23 Cabinet will also consider the outcome of the Provisional Local Government Finance Settlement and other resources available through Council Tax and Business Rates. Cabinet will provide a formal response to this report.

Budget Scrutiny

Oxfordshire County Council is currently developing a new approach to delivering Overview and Scrutiny in the County, this new approach requires the development of process and procedure as well as culture, expectations and ability to deliver effective and value adding Overview and Scrutiny.

Overview and Scrutiny is seeking to become more focused on critical matters where it can make a real difference and add the most value. This new approach will take time to develop and embed, it requires the creation of a strong organisational culture that supports scrutiny work that can add real value by, for example, improving policy-making and the efficient delivery of public services.

This development and improvement is required no more so than in the Council's approach to Budget Scrutiny. This report reflects our ability as an organisation as it currently stands to undertake effective budget scrutiny, noting the intention to change this approach in future years which will be highlighted in more detail towards the end of this report.

This is not a lengthy or detailed report, it recognises that there is a better and more effective way to undertake budget scrutiny but seeks to provide useful observations to help inform the Cabinet consideration of the budget proposals.

Methodology

The Budget Scrutiny process has followed the process of previous years of undertaking the budget scrutiny function at the December Performance & Corporate Services OSC meeting.

This year the Committee had agreed to include development of the Corporate Plan and Budget Scrutiny in the work programme for the December meeting, following advice from the Council's External Governance Advisor and Centre for Governance and Scrutiny this was amended to refocus the budget scrutiny item onto the ability of the budget proposals to deliver the Council priorities.

The new Administrations Corporate Plan is currently in development and scrutiny will play a key role in holding it to account and seeking to assist in policy development to support it once it is in play, it is anticipated that the new Corporate Plan will emerge following this budget round.

The approach the Committee agreed to take was **to review whether resources were being appropriately allocated to ensure delivery of the Council priorities**, and not to review the budget proposal line by line. This approach is in line with best practice guidance from the Centre for Governance & Scrutiny. As a result the Committee prepared itself for the December meeting through:

- Budget Scrutiny training session with Centre for Governance and Scrutiny
- All Councillor session on budget proposals
- Committee session on development of budget and consultation
- Agenda planning meetings to scope out report requirements and approach to meeting

Following agenda planning discussions with key officers the additional spend within the budget proposal was requested to be presented under each of the Council's 9 priority areas, the intention was to focus the approach at reviewing the allocation of resources to deliver these key priorities.

The Committee's view is that the approach it set out to take was not delivered on this occasion, the intention of course is through continued improvement within Scrutiny itself and budget setting processes within the Council that this approach will be deliverable in future years.

The Committee were provided with the following papers to consider and comment on:

- Budget proposals for the period 2022/23 to 2025/26
- The Oxfordshire Fair Deal Alliance's priorities.
- Engagement feedback on the Oxfordshire Fair Deal Alliance's priorities
- Existing Planned Budget Pressures and Savings
- New Proposals for Investments, Pressures and Savings
- COVID-19 Pressures
- Overarching Equality Impact Assessment

The desired outcome from this year's budget scrutiny exercise is to provide observations and key messages back to Cabinet for consideration when determining the budget at their January 2022 Cabinet meeting.

Key Messages and Observations

Council Priorities – Developing the Corporate Plan

The new Administrations Corporate Plan is currently in development, this will follow the current budget setting cycle. Throughout October and November 2021, the council has undertaken public and stakeholder engagement to inform the development of the new strategic plan and the budget-setting process. The budget consultation provides an opportunity for all residents, businesses and other people to comment and engage on the budget proposals as well as the Oxfordshire Fair Deal Alliance's priorities. This feedback will be used to inform the final budget proposals and develop a draft strategic plan.

As the new Administrations Corporate Plan is developed the Committee has focused on the Oxfordshire Fair Deal Alliance's identified nine priorities in order to determine if the budget proposals are appropriately allocated to resource delivery of those priorities.

Recommendation 1: The Council Priorities need to be more clearly defined

It has been difficult to examine if appropriate resources have been allocated to each priority area as each priority area has not been clearly defined. The Oxfordshire Fair Deal Alliance's Priority document provides an overview of priority commitments and the budget proposal does not break down expenditure or even additional expenditure into these priority areas.

Moving forward the priority areas will need to be clearly defined in the Corporate Plan with details of supporting KPIs and deliverables intended to contribute towards the achievement of each priority area.

It is noted that the Council is in the process to develop and deliver a Corporate Plan, and has an intention to deliver details of deliverables and KPIs for each priority area which is welcomed. Cabinet is recommended to ensure that the Corporate Plan clearly sets out the council's strategic vision, objectives and priorities and to ensure that these priorities are translated into operational action plans.

The Corporate Plan (supported by service plans and appropriate strategy and policy) must identify what needs to happen in all service areas to achieve success, what resources will be required for delivery, the outputs and outcomes that are anticipated and any other contributory factors (e.g. actions by partner organisations, risks, resource assumptions etc).

The Council will then be in a position to underpin this through individual service plans for each defined area of council business which provide greater detail and specify a range of performance targets for those delivering services or improvements.

The Cabinet should also consider how they present the priority areas, at present the priorities are listed 1 to 9 which gives the impression that there is an order of importance attached to the priority areas. Through questioning we understand that this is not the case and so should be reflected as so in the subsequent Corporate Plan.

Budget suitability: New Investment

A key role for the budget scrutiny process is to ensure there is alignment between priority areas and resource allocation in the short, medium and longer term. The details of Covid-19 pressures impacting the budget is helpful and the impact and pressures brought by the pandemic to the budget are recognised.

It is not clear from the budget proposal how each Directorate base budget allocation will enable the Council to achieve its objectives, similarly it is not clear what each new investment allocation will deliver. The budget proposal sets out the following levels of new investment (*as set out in questioning at the Performance & Corporate Services OSC meeting on 10 December 2021*):

PRIORITY	NEW INVESTMENT
Carers & Social Care	£1.94M
Health & Wellbeing	£1.47M
Climate Change	£690K
Local Business	£680K
Inequalities	£650K
Children & Young People	£517K
Local Democracy	£490K
Integrated Transport	£130K
Access to Nature	£25k

The budget proposal does not set out details of how the new investment will contribute towards delivery of each priority with details of annual deliverables and targets.

Recommendation 2: Details of how new investment will contribute towards delivery of each priority is required to enable the public and Councillors to understand what the Council is seeking to achieve. Cabinet is recommended to ensure future budget proposals clearly set out the deliverables, targets and measures of success to be achieved through new investment. One way to do this might be to indicate how investment will affect KPIs and whether new ones will be developed.

The levels of proposed new investment do not appear to align with the results of the public consultation exercise to date, for example:

- ❑ Public discussion places Children & Young People as number 1 priority yet level of new investment being proposed is 6th
- ❑ Not clear how new investment will address key public concerns of traffic congestion and improving roads and pavements
- ❑ Young people identified integrated transport and access to nature as top 2 priorities yet these areas see the lowest levels of additional investment

The Committee accepts at the time of undertaking budget scrutiny the consultation exercise was not yet complete, however if the Council is going to undertake public consultation of this nature then it should allow the results of that consultation to be able to clearly impact budget proposals.

Recommendation 3: Cabinet sets out the impact of the public consultation exercise on its budget proposals at its January Cabinet meeting.

The details around the existing Medium Term Financial Strategy (MTFS) provided to the Committee, alongside the Cabinet Member for Finance overview provided at the Committee meeting is welcomed. The details on the updated MTFS and proposed Council Tax increase and the information provided in the Committee papers do not in the Committees opinion make it clear what the public will get as a result of the proposed Council Tax increase.

Recommendation 4: Future budget proposals should clearly set out in a publicly understandable way a clear rationale for increases in council tax and if possible what deliverables will result from the rise.

At the Performance and Corporate Services Overview & Scrutiny Committee meeting on 10 December significant reference was made to the Council bidding for funding and how that funding would contribute to the delivery of services. What is not completely clear is what is the consequence of the bidding for funding not being successful and the implications on the priorities would be.

The Climate Challenge

The Cabinet has made clear that tackling the climate challenge is a key priority and this will be a topic that will be reviewed in more detail by the Place Overview and Scrutiny Committee in 2022. The budget proposal does not make clear how this budget proposal will contribute towards putting action to address the climate emergency at the heart of the Councils work. Given that addressing the climate emergency covers all areas of the Councils operations it would be fair to have expected that more profile would have been given to how the Council will seek to realign the budget towards achieving this priority.

The budget sets out additional investment of £690k into climate change specifically, it also highlights investments around increase capacity to support zero carbon infrastructure, preparation for Environmental Bill, development of pathways to zero carbon Oxfordshire, increasing capacity to deliver EV policy and

others all of which are welcomed. However there is very little detail of deliverables that will help address the climate emergency, yet alone key changes in strategy and policy across the Council that would place tackling the climate emergency at the heart of the Councils work.

Cabinet could consider making tackling climate change a key principle that underlines policy design across the Council moving forward and a key principle for future budget proposals that would require a need for policy and budget proposals to demonstrate proactive consideration of climate priorities in their design.

Recommendation 5: Cabinet ensures the Corporate Plan provides greater clarity around its environmental ambitions at a strategic and action/ measurables level, setting out fundamental investments and changes to the Councils approach that will impact tackling the climate emergency in future years. Additionally Cabinet considers mainstreaming its approach to Climate Change so it becomes a consideration in all policy and budget proposals.

This budget proposal does not identify how the budget will place tackling the climate emergency at the heart of how the Council operates, the Cabinet could consider making this clear when it considers the budget proposals. Cabinet should also consider how this priority should impact some key policy areas of the Council that are to be developed and debated in the coming year, such as:

- Property Strategy** – how far should the strategy be influenced by reducing the Council’s carbon footprint? What level of investment is required to make council property more climate friendly? What are the climate goals for this Council when determining its Property Strategy? How is the Council ensuring its buildings are energy efficient low carbon buildings? How to ensure the Council estate maximises environmental benefits?
- Street Design Guide** – what impact will tackling the climate emergency have on the next iteration of the guide?
- Transport** – what tools does the Council have to enable and encourage the use of low carbon transport? What investment is required to make Council transport low carbon such as home to school transportation?

The Environment and Place budget sets out significant savings but also sets out a limited programme of reinvestment, given that the priority to place tackling the climate emergency at the heart of what the Council does Cabinet could consider whether additional reinvestment should be a priority within the budget.

Adult Services Challenges

The Committee notes the significant challenges facing Adult Services and within Adult Social Care and the implications for the budget. The pressures highlighted within the budget proposal and at the Committee meeting of the 10 December are a significant challenge to the Council. Given the impact of budgetary pressures there is concern that Adult Social Care may not be

getting the level of resource required from this budget proposal, however the Committee recognises the complexity of this issue.

The budget papers did not provide a detailed examination of the budgetary pressures Adult Services are under now and in the future, the Committee feels that that these pressures and challenges should be a key focus for the 2022/23 budget scrutiny process.

Recommendation 6: A joint Working Group be set up between the People OSC and the Performance & Corporate Services OSC to undertake a review of the pressures and challenges facing Adult Services in order to identify options and make recommendations to be fed into the 2022/23 budget setting process to assist Cabinet in dealing with the significant challenges Adult Services faces.

Children Services Challenges

The challenges within Children Services are equally significant as those in Adult Services, the budget proposal does not provide the reassurance that these challenges will be able to be met in future years.

The Committee considered whether a working group should also be set up to examine the pressures faced by Children Services and seek to develop options to inform the budget setting process for future years. Given the weight of change within Children Services and the significant pressures that need to be addressed in key areas the Committee agreed that it would seek Cabinet's view on how the Scrutiny function can best support the Council on this issue moving forward. **Cabinet is asked to advise the Committee with its views.**

Cabinet is asked to consider the future funding model for the Family Solution Plus programme. The recent review of this programme by the People OSC revealed its potential to deliver significant results, notably significantly reducing the number of children who become subject to child protection plans and the number who enter care. The testimony of partners as well as the Oxford University Professors who undertook an independent assessment of the programme significantly supported additional investment in the programme that could produce savings overall through its interventions over time.

The Committee is concerned that due to budgetary pressures experienced by partner organisations that the Family Solution Plus programme may not get the required level of investment to drive the programme forward towards financial sustainability and addressing future cost pressures across the wider system.

Recommendation 7: Cabinet commits to providing the required future funding to allow the Family Solution Plus programme to achieve its priorities including expansion of the programme.

Additional Observations

The Committee would also wish to highlight the following observations in relation to the budget proposal and its ability to deliver the Councils priorities:

- ❑ There is an opportunity to invest to save in tackling health inequalities but providing additional funding to focus on Tier 1 tertiary prevention. A detailed action plan of how this could be delivered across all Council Departments would help shift Council focus into supporting health partners more effectively
- ❑ Cabinet could consider mainstreaming Inequality considerations so that Inequality ambitions become a consideration in all policy and budget proposals which may help in meeting duties under Part One of the Equality Act 2010
- ❑ The path for cultural services and libraries is not clear from the budget proposals
- ❑ Proportion of savings to reinvestment is a concern that requires significant focus in future budget scrutiny process
- ❑ The Council has indicated a commitment to enhancing the Overview and Scrutiny function and playing its part in creating a vibrant local democracy, there are no details of the budgetary support moving forward for the Scrutiny function in the budget proposal. Cabinet should consider what resources are required to deliver the best practice scrutiny function it aspires to and what measures need resourcing to create a vibrant local democracy.
- ❑ There are some concerns within the Committee about the Councils current approach to budget consultation and consultation in general. The Committee recognises that this is an item for consideration at its January 2022 meeting and would welcome a role in ensuring future budget consultation can add as much value as possible to the budget setting process
- ❑ Workforce issues and the retention and recruitment of workforce is recognised as a key concern for the Council and for significant public sector and business partners. Cabinet could consider the potential benefits of a County wide workforce commission to identify options moving forward.
- ❑ A clearer idea of how the revenue budget will support delivery of capital programme would be beneficial, both in a presentational and substantive sense. i.e. some indication of which elements support the capital programme and whether this is adequate given the large pipeline of projects and the constant pumping out of new active travel funds by central government

As previously stated this report has been developed to provide observations and recommendations to support Cabinet budget considerations in January. It is not a lengthy or detailed report, it recognises that there is a better and more effective way to undertake budget scrutiny and seeks Cabinet support in developing the ongoing improvements across the Overview and Scrutiny function moving forward.

The support provided by the Cabinet to Overview and Scrutiny in 2021/22 should be recognised.

Next Steps

The schedule of meetings makes providing Cabinet with this report difficult, with the Performance and Corporate Services OSC next meeting on 17 January 2022 and Cabinet meeting a day later on 18 January 2022 to consider budget proposals.

This report will be shared with Cabinet in draft form at the earliest opportunity with any amendments or additions following the Committee meeting on 17 January being verbally reported to Cabinet the following day.

In addition, the Capital and Investment Strategy, incorporating the Property Investment Strategy and Treasury Management Strategy alongside the Capital Programme proposals, will be considered by this Committee at its January 17 2022 meeting. Any observations and recommendations from that meeting will also be reported to Cabinet verbally at its meeting on January 18 2022.