

Divisions Affected – N/A

CABINET - 19 JANUARY 2021

**Budget and Business Planning 2021/22
Corporate Plan Refresh**

**Report by Director of Finance and
Corporate Director Customers, Organisational
Development & Resources**

RECOMMENDATIONS

In relation to the Corporate Plan (Section 2);

Cabinet is RECOMMENDED to RECOMMEND Council to:

- (a) approve the Corporate Plan (Section 2.1).**

In relation to the Revenue Budget and Medium Term Financial Strategy (Section 4);

Cabinet is RECOMMENDED to:

- (b) approve the Review of Charges for 2021/22 and in relation to the Registration Service, charges also for 2022/23 (Annex A);**
- (c) approve the final funding formula for schools for 2021/22 subject to the decision by the Secretary of State for Education (Annex B);**
- (d) approve the Financial Strategy for 2021/22 (Section 4.5);**
- (e) approve the Earmarked Reserves and General Balances Policy Statement 2020/21 (Section 4.6), including the creation of a new COVID-19 Reserve; and**
- (f) to note that the Leader of the Council will, following consultation with the Director of Finance and the Cabinet Member for Finance and Property, make any appropriate changes to the proposed budget.**

Cabinet is RECOMMENDED to RECOMMEND Council to:

- (g) a Medium Term Financial Strategy for 2021/22 to 2025/26 as set out in Section 4.1 (which incorporates changes to the existing Medium Term Financial Strategy as set out in Section 4.2);**
- (h) the council tax and precept calculations for 2021/22 set out in Section 4.3 and in particular:**
 - (i) a precept of £407,954,239;**
 - (ii) a council tax for band D equivalent properties of £1,573.11.**
 - (iii) approve a budget for 2021/22 as set out in Section 4.4**

In relation to the Capital and Investment Strategy and Capital Programme (Section 5);

Cabinet is RECOMMENDED to recommend Council to:

- (i) **approve the Capital and Investment Strategy for 2021/22 - 2030/31 (Section 5.1) including;**
 - (i) **the Minimum Revenue Provision Methodology Statement (Section 5.1 Annex 1);**
 - (ii) **the Prudential Indicators (Section 5.1 Annex 2) and**
- (j) **approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2021/22 (Section 5.2); and**
 - (i) **approve that any further changes required to the 2021/22 Treasury Management Strategy be delegated to the Director of Finance in consultation with the Leader of the Council and the Cabinet Member for Finance and Property;**
 - (ii) **approve the Treasury Management Prudential Indicators; and**
- (k) **approve the Investment Strategy (Section 5.3);**
- (l) **approve the Property Strategy (Section 5.4);**
- (m) **approve the new capital proposals for inclusion in the Capital Programme as set out in Section 5.6**

Executive Summary

1. This report is the culmination of the Budget and Business Planning process for 2021/22 to 2025/26 and sets out the Cabinet's proposed Corporate Plan and related revenue budget for 2021/22, medium term financial strategy to 2025/26 capital programme to 2030/31 and all supporting policies, strategies and information.

Introduction

2. The Budget and Business Planning report to Council on 9 February 2021 will be set out in five sections:
 1. Leader of the Council's Overview
 2. Corporate Plan
 3. Chief Finance Officer's Statutory Report
 4. Revenue Budget Strategy
 5. Capital & Investment Strategy
3. This report sets out Cabinet's proposed Corporate Plan (Section 2), Revenue Budget Strategy (Section 4) and the Capital and Investment Strategy (Section 5). Alongside this, the report also sets out the Review of Charges for 2021/22 and the proposed funding formula for schools for 2021/22.
4. Cabinet's Corporate Plan and revenue and capital budget proposals take into consideration the latest information on the council's financial position outlined in this report and comments from the Performance Scrutiny Committee meetings on 18 December 2020 and 14 January 2021. Comments from the Performance Scrutiny Committee are included as Annex C to this report. In finalising the

proposals, Cabinet has also taken into consideration feedback from the public consultation on the Corporate Plan priorities, revenue budget proposals and council tax increase. An analysis of the responses to the consultation accompanies the budget proposals at Section 4.7.

5. Three strands of information which will have an impact on the proposed budget for 2021/22 remain outstanding:
 - The Final Local Government Finance Settlement
 - Confirmation of Council Tax Collection Fund position
 - Confirmation of Business Rates income including the collection fund position
6. Cabinet notes that, to enable this information to be incorporated into the budget proposed to Council on 9 February 2021, the Leader of the Council will, following consultation with the Director of Finance and the Cabinet Member for Finance and Property, make appropriate changes to the proposed budget (recommendation f).

Corporate Plan – Section 2

7. A refreshed Corporate Plan will be presented to Council for approval on 9 February 2021, alongside the Revenue Budget Strategy and Capital and Investment Strategy. The Corporate Plan is a key document for the Council, setting out our future strategic direction and how this will be delivered.
8. The 2021/22 Corporate Plan reflects on this year's challenges and looks to refresh the supporting outcomes of the six overarching priorities:
 - We listen to our diverse residents so we can continuously improve our services and provide value for money
 - We tackle inequality, help people live safe and healthy lives and enable everyone to play an active part in their community
 - We provide services that enhance the quality of life and we take action to reduce the impact of climate change and protect the local environment
 - We strive to give every child a good start in life and protect everyone from neglect
 - We enable older and disabled people to live independently and care those in greatest need
 - We support a thriving and inclusive local economy that recovers strongly from the COVID-19 crises
9. Whilst the 2021 Corporate Plan is an annual refresh and not a full review it is proposed that a number of areas are strengthened within the plan, reflecting local priorities and the national context. These themes are:
 - Considering the youth offer for Oxfordshire, especially in the context of recovery from COVID-19 and its impact on children and young people (enhancing priority 4).

- More clearly reflecting the ambitions of the climate change action plan within the corporate plan, particularly in the context of the opportunities for a green recovery (enhancing priority 3).
 - Enhancing our focus on reducing health inequalities, healthy place shaping and working to reduce inequality and support those most vulnerable in our society (enhancing focus across a number of the current priorities or adding a new clearer priority).
 - A commitment to supporting the post COVID-19 recovery in line with the themes in the Restart, Recover, Renew report approved by Cabinet in June 2020.
10. In reflecting investments, savings and pressures the proposed budget takes account of the Councils **strategic risks** (as set out in the leadership risk register) – *the highest risks on the register include demand management, financial resilience, the impact of COVID-19 on local residents and safeguarding for young people.*
 11. The proposed budget and MTF5 recognises the **long term impacts of the COVID-19** pandemic on the organisation and the residents of Oxfordshire, with particular regard to the requirements to plan for recovery (as set out in our strategic recovery plan).
 12. The proposed investments recognise our role as a significant local employer by protecting and enhancing our offer in terms of our use of **apprenticeships, training and development** to help support our local economy. Whilst service redesign may impact on some roles we are not seeking to prevent recruitment of traineeships as a cost management measure.
 13. The proposals recognise our ongoing commitment to modernisation and transformation, undertaking service redesign where necessary and investing in areas such as digital inclusion
 14. Cabinet is recommended to approve the Corporate Plan (recommendation a).

Revenue Budget Strategy – Section 4

15. Section 4 sets out the proposed budget for 2021/22, the Council Tax Requirement for 2021/22 and 2021/22 council tax for band D equivalent properties, and the MTF5 to 2025/26. It is comprised of the following sections:
 - 4.1 Detailed MTF5 2021/22 to 2025/26
 - 4.2 Investments, Pressures and Savings 2021/22 – 2025/26
 - 4.3 Council Tax and Precepts 2021/22
 - 4.4 Detailed Revenue Budget 2021/22
 - 4.5 Financial Strategy 2021/22
 - 4.6 Earmarked Reserves and General Balances Policy Statement 2021/22
 - 4.7 Budget Consultation Report
 - 4.8 Overarching Equality Impact Assessment

16. The following paragraphs set out the latest funding information, proposed investments, pressures and savings, plus changes from the funding and spending assumptions in the existing MTFs agreed in February 2020.

Funding Assumptions

17. The Spending Review for 2021/22 was announced on 25 November 2020 and was followed by the Provisional Local Government Settlement on 17 December 2020. These announcements set out that:
1. There will be a freeze of public sector pay cost of living awards
 2. There will not be a reset of the business rates system in 2021/22
 3. The New Homes Bonus scheme will be continued for a further year in 2021/22, but there will be no legacy payments.
 4. Revenue Support Grant will increase in line with inflation.
 5. An additional £3bn Social Care grant in addition to the continuation of the existing Social Care Grant, Winter Pressures Grant and Improved Better Care Fund (iBCF).
 6. County Councils and Unitary authorities can raise an Adult Social Care Precept of up to 3% over 2021/22 and 2022/23. This is in addition to the council tax increase of 1.99% permitted without holding a referendum.
 7. There will be a further £3bn of funding to help address Covid-19 pressures in 2021/22 including:
 - £1.6bn for general additional expenditure pressures
 - Extending the current 75% Covid-19 sales fees and charges reimbursement scheme for a further 3 months in 2021.
 - £0.8bn to compensate local authorities for 75% of losses against irrecoverable business rates and council tax income.
 - £0.7bn for local authorities in recognition of the anticipated extra cost of Local Council Tax Support schemes in 2021/22 due to higher unemployment.

Government Grants

18. The current MTFs assumed that the implementation of the Fairer Funding Review would result in a number of grants falling out in 2021/22 which, combined with business rate reset, would create a funding gap of £24.4m. The impact of the roll forward for 2021/22 confirmed by the Spending Review means that the starting point for the planning assumptions for 2021/22 is a broadly balanced budget with a small excess of £1.2m.
19. In addition, the Council's additional allocation of the additional Social Care Grant and New Homes Bonus for 2021/22 have been confirmed as £0.6m and £1.8m respectively. Both grants are unringfenced.
20. The Provisional Settlement included proposed allocations of £11.9m COVID-19 Emergency Funding and a further £4.9m for Local Council Tax Support. This is one off funding available for 2021/22 only and will not form part of the base budget. It is therefore proposed to hold this funding in a new COVID-19 reserve and drawn down the funding to meet the ongoing financial impact of COVID-19 as pressures and priorities emerge.

Business Rates

21. The current MTFs assumed that the Business Rates reset would take place in April 2021 and that locally retained business rate growth of £4.7m would fall out. The Government has now confirmed that the Business Rates reset will not take place in April 2021 and the assumption is that this will now take place in April 2022. This moves the budget pressure from 2021/22 to 2022/23. Due to the economic impacts of COVID-19, there is an expectation that the amount of business rates related income will reduce by £2.0m compared to 2020/21. Final notification of Business Rates for 2021/22 will not be received from the City and District Councils until 31 January 2021. This information will be incorporated into the proposed budget for 2021/22 presented to Council on 9 February 2021.

Collection Funds and Tax Base

22. The Business Rates and Council Tax collection funds are expected to record deficits in 2020/21. Deficits ordinarily need to be funded in the following year, but the Government has introduced legislation requiring deficits to be spread over the following three years. In addition to this, government will compensate local authorities for 75% losses against irrecoverable business rates and council tax income in 2021/22.
23. The existing MTFs assumes surpluses on the Council Tax Collection Fund of £5.0m per year. It is currently estimated that there will be a loss of £1.0m in 2021/22. The £6.0m Collection Fund Reserve created as part of the revised budget in 2020/21 is expected to be sufficient to manage this pressure although information on Collection Fund balances will not be received from the City and District Councils until late January 2021.
24. A deficit on the Business Rate Collection Fund is also expected. The Council has a Business Rate reserve which can be used to help manage any pressure from a deficit on the Business Rate Collection Fund. The proposed budget includes a £1.0m contribution to this reserve in 2021/22, increasing the reserve available to £2.0m.
25. Information on the Council Tax Collection Fund and Business Rate Collection Fund will be received from the City and District Councils by 31 January 2021. This information will be incorporated into the proposed budget for 2021/22 presented to Council on 9 February 2021.
26. Due to the economic impact of COVID-19, there has been an increase in the levels of those eligible for the Council Tax Reduction Scheme across Oxfordshire during 2020/21. Furthermore, the level of housebuilding has been lower than assumed due to restrictions in the early part of the first lockdown. These both have the impact of reducing the Council Tax Base and therefore the levels of Council Tax that will be received by the Council compared to the assumptions in the existing MTFs. The Council has received notified of the tax base from the City and District Council's which has confirmed lower growth equating to a shortfall of £3.0m in 2021/22 and a further estimate of £1.6m in 2022/23.

Council Tax and Adult Social Care Precept

27. The current MTFs assumes Council tax increases of 1.99% for every year. The Spending Review confirmed that the referendum limit will remain at 2.00% for 2021/22.
28. The Spending Review included the option for the Council to raise Council Tax by up to an additional 3.00% to fund Adult Social Care which can be spread across 2021/22 and 2022/23. Each 1.00% increase in Council Tax generates additional funding of £4.0m. It is proposed to raise an Adult Social Care Precept of 1.00% in 2021/22 to meet additional costs of adult social care and defer the further 2.00% increase to 2022/23 to help meet anticipated pressures
29. Cabinet is recommended to recommend to Council to approve a council tax requirement (precept) for 2021/22 of £480.0m (Section 4.3) and approve a 2021/22 council tax for band D equivalent properties of £1,573.11 (recommendation h).

Spending Assumptions

Pay Inflation

30. The existing MTFs assumed a pay award of 2.5% for 2021/22. The Spending Review confirmed a pause in pay rises for all local government employees except those earning under £24,000 per year who are guaranteed an increase of at least £250. This releases funding of approximately £4.0m.

Investments and Pressures

31. The Council has also identified budget pressures of £5.5m within services that will need to be funded in 2021/22 and opportunities to invest in Council priorities of £4.0m. The detailed pressures and investments are set out in Section 4.2 and a summary is provided in Table 1 below.
32. The total proposed for reinvestment in services is £9.5m in 2021/22, reducing by £0.2m in 2022/23.

Table 1:

	2021/22 £m	2022/23 £m	2 year total £m
Pressures			
Children's Services	1.4	0.0	1.4
Adult Services	2.0	1.8	3.8
CDAI	0.6	-0.6	0.0
COD&R	1.5	-0.9	0.6
Total Pressures	5.5	0.3	5.8
Investments			
Children's Services	1.8	-0.5	1.3
Adult Services	1.3	0.0	1.3
Public Health	0.2	0.0	0.2
Environment & Place	0.4	0.0	0.4
COD&R	0.3	0.0	0.3
Total Investments	4.0	-0.5	3.5
Total Pressures and Investments	9.5	-0.2	9.3

Updated Medium Term Financial Strategy

33. After taking account of the updated funding position, including the proposed Adult Social Care precept, and new investments and pressures that have been identified this leaves a funding gap of £19.6m for 2021/22. A summary of the changes from the existing MTFS is set out in Table 2 below.

Table 2:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
MTFS Gap February 2020	24.4	0.0	0.0	0.0	0.0
Impact of Funding Roll Forward:					
Negative Revenue Support Grant not implemented	-5.2	5.2			
Business Rate not reset	-5.4	5.4			
New Homes Bonus extra year	-1.8	1.8			
Social Care Support Grant continues	-12.0	0.0			
Fire Pension Grant continues	-1.4	0.0			
	-25.8	12.4	0.0	0.0	0.0
Impact of Spending Review:					
Social Care Grant	-0.6	0.0			
Pay inflation	-4.0	0.0			
	-4.6	0.0	0.0	0.0	0.0
Service Redesign Savings required to be made in existing MTFS:					
Savings to be delivered in MTFS	10.5	2.0			
Savings not delivered in 2020/21	4.1	0.0			
	14.6	2.0	0.0	0.0	0.0
COVID-19 Impact:					
Business Rates	2.0	-2.0	0.0	0.0	0.0
Council Tax Base and Collection Fund	3.1	5.6	-1.3	0.0	0.0
	5.1	3.6	-1.3	0.0	0.0
New Pressures and Investments	9.5	-0.2	0.0	0.0	0.0
Inflation and other adjustments	0.4	2.0	2.0	0.7	0.2
Adult Social Care Precept	4.0	8.2	0.0	0.0	0.0
MTFS Potential Gap before Savings Proposals	19.6	11.6	0.7	0.7	0.2

34. In order to set a balanced budget for 2021/22 savings of £19.6m are required to be made.
35. Savings proposals of £19.6m were consulted on between 15 December 2020 and 13 January 2021. Respondents were generally supportive of the Council's proposals to prioritise and protect front line services while making savings through reducing staffing and making efficiencies.
36. A detailed summary of feedback on the proposals received through the budget consultation is set out in Section 4.7.

Savings Proposals

37. Table 3 below provides a summary of savings by directorate. The detailed savings proposals are set out in Section 4.2.

Table 3:

Directorate	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Children's Services	-3.5	-0.2			
Adult Services	-5.5	-0.1			
Public Health	-0.3	0.0			
Environment & Place	-3.7	-0.9	-0.6	-0.7	-0.2
Commercial Development, Assets & Investment	-2.2	-1.6	-0.1		
Customers, Organisational Development & Resources	-1.1	0.2			
Strategic and Corporate Measures	-3.3	0.0			
Total	-19.6	-2.6	-0.7	-0.7	-0.2

38. The Detailed Revenue Budget (Section 4.4) sets out the proposed changes to directorate budgets by service area.

Earmarked Reserves and General Balances

39. Cabinet is recommended to approve the Earmarked Reserves and General Balances Policy Statement (Section 4.6) (recommendation e). This sets out the planned contributions to and from Earmarked Reserves and the proposed minimum level of General Balances for 2021/22,

40. The proposed budget for 2021/22 includes the use of £5.0m one-off funding available from the reserves allocation and contingency funding to increase existing reserves which will be used to support one-off costs associated with service redesign and organisational development:

- (i) £3.0m contribution to the Transformation Reserve to increase available balance to £5.2m
- (ii) £2.0m contribution to the Redundancy Reserve to increase available balance to £3.6m

41. The risk assessed level for General Balances is £28.8m for 2021/22 which is equivalent to 6% of the proposed net operating budget. This is an increase of £5.4m from the risk assessed level for 2020/21 and is primarily due to the changing risk environment that has emerged as a result of the COVID-19 pandemic.

Proposed MTFs

42. The detailed five-year MTFs to 2025/26 is set out in Section 4.1. This sets out a proposed balanced budget for 2021/22. There is a £9.0m funding shortfall for 2022/23 as a result of the implementation of the Fair Funding Review, the

Business Rate Reset and the ongoing impact of COVID-19 on the tax base and Collection Fund. The MTFs is balanced for the final three years from 2023/24 to 2025/26. Cabinet is recommended to recommend to Council to approve a budget for 2021/22 (recommendation i) and a Medium Term Financial Plan to 2025/26, based on the proposals set out in Section 4.2 (recommendation g).

43. The Financial Strategy (Section 4.5) sets out the assumptions for future funding covering the tax base growth, collection fund projections, the potential impact from Fairer Funding Review and the Business Rate reset. Cabinet is recommended to approve the Financial Strategy (recommendation d)
44. A summary of the MTFs for 2021/22 to 2025/26 is set out in table 4 below:

Table 4:

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Opening Net Operating Budget	475.7	479.9	506.6	526.2	544.5
Directorate Budgets:					
Previously agreed budget changes	0.8	6.6	10.4	0.0	0.0
Inflation	1.2	6.0	6.0	6.0	6.0
Service redesign savings	14.6	2.0	-0.2	-0.9	0.0
New Investments	4.1	-0.5	0.0	0.0	0.0
New Pressures	5.5	0.2	0.3	14.2	14.0
New Savings	-16.4	-2.6	-0.7	-0.7	-0.2
	9.8	11.7	15.8	18.6	19.8
Grant Funding Changes	-17.7	21.7	1.1	0.0	0.0
Corporate Measures	12.1	-6.7	2.7	-0.4	-0.9
Net Operating Budget	479.9	506.6	526.2	544.5	563.4
Funded By:					
Council Tax	408.0	430.6	446.8	463.7	481.2
Council Tax Collection Fund	-1.0	0.0	2.0	2.0	2.0
Business Rates	75.0	67.1	68.4	69.8	71.2
Business Rate Collection Fund	-2.0	0.0	0.0	0.0	0.0
Total Funding	479.9	497.6	517.2	535.5	554.4
Budget Surplus (-) or Deficit (+)	0.0	9.0	9.0	9.0	9.0
Year on year		9.0	0.0	0.0	0.0

Review of Charges 2021/22 and 2022/23 – Annex A

45. As part of the Budget & Business Planning process, services have reviewed their charges for 2021/22. There have been no changes to the Corporate Charging Policy from that agreed by Cabinet in January 2019 which requires services to operate a full cost recovery model except where legislation dictates a maximum charge. The expectation was that charges would increase by a minimum of 2.0%,

however the proposed increase should be higher where the market allows or where costs are not being fully recovered.

46. The Registration Service has also reviewed and proposed charges for 2022/23 which will enable the service to confirm the cost of services, including bookings for ceremonies such as marriages and civil partnerships, up to 31 March 2023.
47. The schedule of proposed charges for 2021/22 and, in relation to the Registration Service, charges for 2022/23 is set out at Annex A. Cabinet is recommended to approve the Review of Charges (recommendation b).

Dedicated Schools Grant 2021/22 – Annex B

48. Dedicated Schools Grant (DSG) allocations for 2021/22 were announced on 17 December 2020. Oxfordshire's provisional allocation for 2021/22 is as set out in the table below. Of the additional funding, £20.2m relates to the inclusion of pay and pension grant in DSG.

Table 5:

Summary of Block Funding	2020/21 £m	2021/22 £m
Schools block	394.692	429.15
Central Services Schools block	4.126	4.616
High Needs block	73.133	81.932
Early Years block	38.639	39.276
Total	510.59	554.97

49. The Government has reiterated its long-term intention that schools' budgets should be set on the basis of a single, National Funding Formula (NFF). The detail of the School Funding Formula is set out in Annex B. Following consultation with Schools Forum on 12 January 2020 the proposed formula delivers the National Funding Formula to each school and transfers £1m from the Schools Block to the High Needs block
50. Cabinet is recommended to approve the final funding formula for 2021/22 subject to the decision by the Secretary of State for Education as set out in paragraphs 52 to 56 below (recommendation c).

Transfer from Schools Block to High Needs Block

51. Dedicated Schools Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2021/22 (meaning funding can only be spent on the services/provisions covered by the blocks).

52. The Department for Education (DfE) guidance allows for transfers up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum. To make such a transfer, local authorities should consult with all local maintained schools and academies.
53. The consultation asked Schools whether they wished to support a transfer to the High Needs Block. Responses were limited, but of those that did respond, 64% did not support this. The School Forum in November 2020 voted on the transfer and unanimously did not agree to support a transfer from the Schools Block to the High Needs Block. Given the forecast overspend within the High Needs block (see paragraph 57), Oxfordshire appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £2.0m of eligible funding from the Schools Block to High Needs.
54. At the meeting of Schools Forum on 12 January 2021, the proposed School Funding Formula for 2021/22 was presented. School Forum considered and agreed an option that delivered the National Funding Formula to schools in full and agreed a transfer from the Schools block to the High Needs block of £1m to contribute to the continuation of the one-off enhancement to High Needs Top-Up rates agreed for 2020/21. The £1m consists of £0.4m that is the residual funding after allocating the National Funding Formula in full to all schools and reversing the £0.66m contribution to the Growth Fund.
55. The decision of the Secretary of State is pending. A decision to allow the transfer of a further £1m will result in school funding allocations lower than the National Funding Formula by approximately £5,000 per school.

High Needs DSG Forecast

56. The forecast overspend on the High Needs block based on estimated growth and allowing for a funding increase of £7.5m, is expected to be £10.5m in 2021/22. If the one-off increase in top-up is repeated in 2021/22, this will add approximately £3m to the forecast overspend. The sufficiency project has identified expansion in special school places and resource bases that may reduce spend by £1.9m, giving a net forecast overspend of £11.7m.
57. The High Needs budget prospects remain of concern. The number of EHCPs maintained by Oxfordshire has risen by 16% from 4011 in Dec 2019 to 4635 in Dec 2020.
58. Although funding has increased by £7.5m for 2021/22, there is no reduction in demand. Comparative data shows that Oxfordshire support around the national average % of children with EHCPs in mainstream school and support a higher % in further education. Oxfordshire is an outlier for those children supported in independent specialist settings, at a rate of 16.1% compared to 10.1% nationally. As the independent settings are also the most expensive, this provision is likely to be driving the overspend.
59. The use of the independent sector is partly driven by capacity and partly by parental preference. In recognising the shortfall of in County places, the Council has allocated Capital funding to increase provision locally, including resource

bases at each new primary school and investment in additional places on existing sites including the rebuild & expansion of the Orion special school. These increases in provision are likely to reduce expenditure by £1.9m in 2021/22.

60. It will take many years before the use of independent schools can be reduced. With a few exceptions, children will receive an uninterrupted education in current settings and material reductions in expenditure will only be realised when the new Special Schools are open from 2023.
61. There are many new initiatives seeking to reduce spend in High Needs. These initiatives are managed under the SEND Transformation Project and feed into the Deficit Management Plan. Representatives from all education sectors have agreed to join the project as well as colleagues from the Clinical Commissioning Group and parent representative groups.
62. Part of the strategy is to support more learners in mainstream schools (although Oxfordshire is at the national average for the number of EHCP learners within mainstream schools). The funding strategy will be overhauled as part of the SEND Transformation project but with benchmarking indicating that Oxfordshire's mainstream and special schools are underfunded compared to statistical neighbours, this exercise may result in more pressure on the High Needs block.
63. The forecast High Needs DSG deficit as at 31 March 2021 is £22.5m (as set out in Section 4.6). Oxfordshire is forecasting increasing annual deficits driven by the growth in the learners supported. The strategic work continues in order to ensure that services are better structured in order to meet demand; despite this, it is unlikely that the deficit can be eradicated in the face of increasing numbers of children requiring support, parental preference and the dominant provider market.

Capital and Investment Strategy – Section 5

64. The Capital and Investment Strategy (Section 5.1) is an overarching strategy that brings together the strategies that drive the Capital Programme (Section 5.5) and incorporate the Investment Strategy (Section 5.3) and the Treasury Management Strategy (Section 5.2).
65. This strategy satisfies the requirements as set out Prudential Code for Capital Finance in Local Authorities 2017 for authorities to prepare at least one Investment Strategy containing the disclosures and reporting requirements specified in the guidance each financial year. Cabinet is recommended to approve the Capital and Investment Strategy for 2021/22, including the Capital Prudential Indicators and Minimum Revenue Provision Policy Statement which form annexes to the strategy and the Investment Strategy (recommendation j).

66. Cabinet is recommended to approve the Treasury Management Strategy and Annual Investment Strategy for 2021/22 including the relevant Prudential Indicators and Specified Investment and Non-Specified Investment instruments as set out in paragraphs 56 to 61 of the strategy. To enable the Treasury Management team to operate effectively, Cabinet is also recommended to continue to delegate the authority to approve that any further changes required to the 2021/22 Treasury Management Strategy to the Director of Finance in consultation with the Leader of the Council and the Cabinet Member for Finance (recommendation k).
67. The Property Strategy (Section 5.4) has been reviewed and updated. The strategy sets out the Council's approach to property assets and will guide the Council's priorities for managing and developing the Council's estate over the next 5 years. Cabinet is recommended to approve the strategy (recommendation m).
68. The Pupil Place Plan and Highways Assets Management Plan will both be updated during 2021/22 for approval as part of the Budget and Business Planning process for 2022/23.
69. The Council's 10 year Capital Programme is derived from the priorities identified in the supporting strategies and sets out the agreed capital investment to deliver those priorities. The programme is refreshed annually and agreed by Council each February. The draft programme for 2021/22 to 2030/31 is attached at Section 5.5. Section 5.6 sets out the proposed changes to the existing Capital Programme. Cabinet is recommended to approve the new capital proposals for inclusion in the Capital Programme (recommendation n).
70. A summary of the proposed programme is set out in table 5 below:

Table 6:

Strategy / Programme	Latest Programme £m	Proposed Changes £m	Total Programme £m
Pupil Place Plan	245.8	14.2	260.0
Major Infrastructure	601.7	16.2	617.9
Highways Asset Management Plan	322.8	15.2	338.0
Property & Estates, and Investment Strategy	84.3	-13.7	70.6
ICT & Digital Infrastructure	27.3	0.0	27.3
Passported Funding	90.8	3.7	94.5
Vehicles & Equipment	0.8	8.6	9.4
Earmarked Reserves	48.8	0.0	48.8
Total Estimated Capital Programme	1,422.3	44.2	1,466.5

Financial Implications

71. This report is mostly concerned with finance and the implications are set out in the annexes of the report. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which will lead to the council tax requirement being agreed in February 2020.

Comments checked by:

Lorna Baxter, Director of Finance, lorna.baxter@oxfordshire.gov.uk

Legal Implications

72. The Council is required to set a balanced budget taking account of working balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Act 2003, section 25 requires the Council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations. This will be done at Council in February 2021 when the Budget is approved. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which will lead to the council tax requirement being agreed in February 2021, together with a budget for 2021/22, five-year medium term financial strategy and ten year capital programme.

Comments checked by:

Anita Bradley, Director of Law and Governance,
Anita.Bradley@oxfordshire.gov.uk

Equality Implications

73. The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'
74. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with our new framework: Including Everyone. Where a potential material service impact has been identified, an initial Equality Impact Assessment has been completed and these are available as background papers to this report. An overarching summary impact assessment, taking into account the overall impact of the budget proposals is published as Section 4.8.

Environmental Implications

75. In 2019, OCC declared a climate emergency and committed to prioritising climate action in decision making. More recently, a climate action framework was approved that commits the council to:

- Being carbon neutral in its operations by 2030
 - Enabling a zero-carbon Oxfordshire by 2050.
76. In developing budget proposals, services were asked to assess how their plans affected the Council's ability to reduce its emissions from buildings, fleet, staff travel, purchased products and services (including construction), to enable emission reductions in maintained schools, and to enable reductions at a county-wide level.
77. Proposals were identified that will help reduce carbon emissions, particularly those involving service digitalisation with potential reductions coming from a decrease in staff mileage.
78. Consolidation of fleet management as proposed will allow for more effective management of the decarbonisation of the fleet and an overall reduction in staff and operational mileage.
79. Further specific positive climate impact is assessed for improved recycling facilities at Drayton Highways Depot for tar bound materials and gully waste. These plans will see materials that have previously been disposed of as hazardous waste to re-enter the supply chain and reducing overall supply-chain emissions.
80. Innovations such as the use of technology within the Home to School transport contract will help monitor and reduce contractor carbon emissions and encourage the transition to cleaner vehicles.
81. Finally, changes to COMET fares will allow an increase in service reach in rural areas which has the potential to reduce private vehicles miles.
82. No negative climate impacts were identified for the budget proposals submitted.

Lorna Baxter, Director of Finance

Claire Taylor, Corporate Director of Customers and Organisational Development

Annexes:	Annex A:	Review of Charges 2021/22 and 2022/23
	Annex B:	DSG Allocations 2021/22
	Annex C:	Comments from Performance Scrutiny Committee
	Section 2.1:	Corporate Plan
	Section 4.1:	Revenue Budget 2021/22 and MTFS to 2025/26
	Section 4.2:	Detailed MTFS to 2025/26
	Section 4.3:	Council Tax and Precepts
	Section 4.4:	Revenue Budget 2021/22
	Section 4.5:	Financial Strategy 2021/22

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- Section 4.6: Earmarked Reserves and General Balances Policy Statement 2021/22
- Section 4.7: Budget Consultation Report
- Section 4.8: Overarching Equalities Impact Assessment
- Section 5.1: Capital and Investment Strategy 2021/22
- Section 5.2: Treasury Management Strategy 2021/22
- Section 5.3: Investment Strategy 2021/22
- Section 5.4: Property Strategy
- Section 5.5: Proposed Capital Programme 2021/22 to 2030/31
- Section 5.6: Proposed changes to the Capital Programme

- Background papers: Equality Inclusion and Climate Impact Assessments (ECIAs):
- Highways – Routine and Reactive Maintenance
 - Highways – Winter Maintenance
 - ASC 22AS11 & 22AS12 – Care Home Activity
 - ASC 22AS15 – Individual Reviews
 - ASC 22AS10 – BCF and ACSN Pool 1% saving

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January 2021