

**CABINET - 25 JANUARY 2011**  
**SERVICE AND RESOURCE PLANNING - 2010/11 – 2014/15**  
**Report by Cabinet Member for Finance and Property**

**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 2011/12 budget and the Medium Term Financial Plan (MTFP) for 2011/12 to 2015/16. The Service & Resource plan will deliver changes taking on board the medium term objectives of the Council, details of which can be found in the Corporate Plan which is also on the agenda for this Cabinet Meeting for recommendation to the February County Council.
  
- 2 In making these proposals the Cabinet built on the work done in the past two years, when we started planning for the impact of the financial position the Coalition Government took on when it entered office in May 2010. A combination of financial imprudence, national economic downturn and problems in the banking sector had left the country in a position where the only prudent course was to reduce public spending. Our planning for this has ensured that we were well placed when the Comprehensive Spending Review was announced on 20 October 2010. We have then been able to react positively to the Provisional Local Government Settlement announced on 13 December 2
  
- 3 The legacy of an annual Economic deficit - building from 2001 – of £175 billion and a National Debt of £1 trillion and growing left the new Coalition Government no option but to impose draconian measures to remedy the Nation's financial plight. We understand the challenge faced by Government and we shall support their sensible efforts. Nobody enters politics to deprive folk of their valued services, the Nation's economic jeopardy in 2010 demanded major public expenditure reductions and we shall play our part.
  
- 4 The targets we set as part of that planning process in 2009 have meant that we are on course to achieve £35m of savings in the current financial year, and can now set out how we will be able to achieve the remainder of that target, whilst still ensuring that essential services are protected, and realistic assessments for growth continue to be built in. Our focus has been on how we can deliver essential services to the public in a different way which will reduce our costs whilst protecting the service to the public.
  
- 5 This Cabinet has considered the comments on the draft budget proposals from individual Scrutiny Committees held on 20 December 2010 as well as the outcome of the Big Debate public consultation which was undertaken in September 2010. In addition, results of the Oxfordshire Voice Panel have provided further information which has been taken

into account. The Council has invited comments on its overall proposed budget. A summary of the comments received is attached at Annex 1.

- 6 Below I set out the main areas where we are proposing to reduce budgets by delivering services in a different way, engaging more with the community, although accepting that in some areas there will be a real reduction in service. Given the national financial position this is unfortunately inevitable, and we have had a very difficult task of balancing where those reductions are to be found from.

### **Budget Proposals and Changes arising from Scrutiny**

- 7 The Cabinet took an early decision to protect front line children's safeguarding services along with the Fire & Rescue Service from the level of reductions required of other services. We have been able to achieve this, with savings in those areas to be achieved only through genuine efficiency of working.

#### *Children Young People and Families*

- 8 Substantial savings are coming from this area, of which many are through the reduction in management with a focus on new ways of working. Examples of this are Early Years' and Children's Centres, where we are aligning teams and improving administrative processes. The Director is proposing a new Early Intervention Service, which will bring together many of the areas which provide targeted support to young people and their families. This re-organisation takes full advantage of the removal of ring fences on previous grants, which had given rise to considerable duplication in team structures and management costs.
- 9 The Early Intervention Service will be provided through 7 hubs, rather than the 3 Area Offices which provide services now. The proposals do include a reduction in provision of some youth centres. We have to recognise that these are non statutory services, and ones which are already provided in many communities by other groups. We will be working with community groups in the coming months to see what services they would wish to take on, and how that can be supported.
- 10 We have also been able to make savings without cuts to services on Home to School Transport through improved contracting, and some ongoing savings are forecast to arise from decisions made by the Council in previous years.
- 11 Our expenditure on Schools is mainly determined by the Government, through ring-fencing of grants, and these are being protected. We are still awaiting the final figures for next years school funding, which will follow the January pupil count. However, the Pupil Premium will provide additional support to those schools with the most deprivation and will also support those with Military populations.

*Social & Community Services*

- 12 As this Directorate has the greatest share of budget - once schools are excluded – S & CS therefore needs to take a substantial share of budget reductions. However, I am pleased to say that officers have been able to come forward with proposals which make genuine efficiencies whilst protecting the most vulnerable services. We have also been able to continue to invest in Adult Social Care recognising the ageing population will continue to grow.
- 13 We have been able to maintain the previously planned level of funding for the Supporting People Programme, even though the grant we are now receiving for it has reduced substantially. This programme, along with our support to carers which has also been protected, provides key preventative elements of our services.
- 14 The efficiency savings are mainly from the personalisation agenda; through our work to reduce the dependence on residential care and allow people to stay in their own homes where they would prefer to be; and through driving out cost in our contracts. We are also planning to outsource our home support service, because it has become clear that this is no longer cost effective given the changing arrangements clients are requiring.
- 15 Our Community Services have taken the greatest percentage reduction in budgets, we believe that these are areas where the community is prepared to engage in the provision of services, although we have ensured that there will remain a good spread of library services throughout the county. We will work with communities where facilities are closing if they feel that they can provide these services for themselves.

*Environment & Economy*

- 16 The greatest saving in this area has been achieved through the improvements to the waste recycling position across the county. This is due in part to the amended waste strategy and the changes in waste collection services. We have been able to propose reductions in the number of Waste Recycling Centres, although that is in part offset by investment we made in this area in previous years. Through the capital programme we are ensuring that the new and remaining ones receive investment to provide improved facilities.
- 17 We have inevitably had to make reductions in Highways Maintenance although much of this has been achieved through a new contract which is delivering services at lower rates. Parking charges will be increased and charges at the Park & Rides will be re-introduced. Whilst we had hoped to be able to maintain the free Park & Ride parking brought in previously, the current economic position doesn't allow it.

## CA8A

18 The Council is taking over the running of Concessionary Fares from the Districts Councils in April, and this has been built into our budget. We will be funding this service at a similar rate to the combined district costs. Although we hope to make some reductions through better administration in successive years, we are concerned that Government has reduced the grant needed to maintain this service in accordance with national rules. Regrettably, we forecast the scheme to cost us £8 million which is twice the grant we are to receive from the government.

19 *Chief Executives Office & Oxfordshire Customer Services*

20 Savings are being made in our support areas through the reduction of management costs, which has already been started in the current year. We are also proposing that Members allowances are frozen, travel allowances will be reduced in line with the staff scheme changes, the three assistants to the groups will be deleted from the establishment and, as part of the Boundary review, we will reduce the number of councillors by approx 10 from after the next (May 2013) elections.

### *Cross Directorate*

21 This area includes savings made across the work force, and we are pleased with the way that staff have proposed savings through the consultation process in their conditions and the unions have worked with us to achieve them. This will help us to maintain our services to the public.

22 We have been able to utilise funding set aside previously for pensions which is no longer required, from strategic measures following the change in the local government settlement which provided capital grant rather than consent to borrow, and from the efficiency reserve to balance the budget without the need for further service reductions.

### **Collection Fund**

23 Any collection fund surplus is treated as a one-off investment. Provisional figures from the District Councils are currently estimated at £3.0m. This sum has currently been proposed to offset the shortfall in grant. If any further funds become available when the position is finalised, the Leader of the Council and I will set out proposals for their use to Council.

### **Council Tax**

24 As part of last years MTFP, for 2011/12 and 2012/13, we built in the presumption from the Conservative Manifesto, that if elected, they would provide the funding to freeze council tax if authorities held their levels of increase at 2.5% for those two years. The Government has found that the national purse was in a worse state than had been

anticipated, but have provided the means to achieve this pledge in 2011/12. We are accordingly proposing that the council Tax is frozen in 2011/12, and that the 2.5% original level is re-introduced in 2012/13 to ensure essential services are maintained. For the future years when we expect to see the levels of inflation rising we have included slightly higher levels of increase.

### **Capital Programme**

- 25 We have done a lot of work this year on combining our capital programmes into a single pot and being clearer about the areas for prioritisation. We have used this methodology to prepare for the reductions in funding which the previous government had built into its budget before the election. In practise when we received the provisional local government settlement we found that the changes proposed to the methodology meant we are able to put back some of those reductions.
- 26 I am pleased to say that we propose to put £7m back into structural maintenance of the highways, which is recognised as a priority area by the public. We will also be ensuring that the funding which is now coming to the Local Authority which was previous devolved to schools for capital maintenance will still be spent on schools and we hope will be able to achieve a better result for all schools.
- 27 As mentioned above we have been able to make revenue savings from the change from borrowing consents to capital grants, and are also proposing revenue savings through funding schemes which were to be met from prudential borrowing.

### **Conclusion**

- 28 This year's service and resource planning process has been particularly difficult, with the inevitable reductions required following the disastrous management of the country's finances by the previous government. However, I believe that through a preparedness to look for different ways of working, some good negotiations to reduce our costs and an acceptance that some areas will need to change we are able to put forward a set of proposals which will ensure that our critical services are maintained and we continue to provide a level of service we can afford.

### **Cllr Jim Couchman**

Cabinet Member for Finance and Property

Attachment: Annex 1 - Public budget consultation summary