

## **Divisions Affected – All**

### **Performance & Corporate Services Overview and Scrutiny Committee**

**19 January 2023**

### **Updated Strategic Plan and Funding and Budget Proposals 2023/24 to 2025/26**

### **Report by the Director of Finance and Corporate Director for Customers, Organisational Development and Resources**

#### **RECOMMENDATION**

1. The Performance & Corporate Services Overview and Scrutiny Committee is invited to consider and comment on:
  - Proposed Strategic Plan for 2023/24 – 2025/26
  - Updates to revenue budget proposals for 2023/24 to 2025/26 by directorate.
  - Proposals for the use of the Budget Priority Reserve.
  - Proposed additions to the capital programme.

#### **Executive Summary**

2. This report sets out updates to budget proposals for the period 2023/24 to 2025/26 from those reported to the Committee in December 2022. It provides the opportunity for the Performance and Corporate Services Overview and Scrutiny Committee to consider and comment on these.
3. The following annexes are attached to this report:
  - Annex 1 – Budget engagement: feedback from the budget consultation 2023/24
  - Annex 2 – Updated Strategic Plan for 2023/24 – 2025/26
  - Revenue expenditure
    - Annex 3a – changes to revenue pressures following the Autumn Statement
    - Annex 3b – proposed changes to revenue savings
    - Annex 3c – proposed budget increases

- Annex 4a – Overarching Equality Impact Assessment
- Annex 4b – Overarching Climate Impact Assessment

## Introduction

4. The [Budget and Business Planning report](#) that was considered as part of the agenda for the Performance and Corporate Services Overview and Scrutiny Committee on 9 December 2022 explained that there were inflationary pressures of £27.1m and other demand led pressures totalling £16.7m expected from 2023/24. These included the growing nationwide costs of supporting children and young people; the rising cost of social care and care placements for both children and adults; and a national shortage of social care workers leading to a reliance on agency staff and higher costs. The 2021 Census also confirmed Oxfordshire has a growing and ageing population, which will continue to increase demand on services. The February 2022 update of the OCC housing led-forecasts predict a total population in Oxfordshire of 853,500 by 2030, a growth of 157,600 or 20%.
5. After taking account of proposed savings of £35.0m, there was a budget deficit of £8.7m in 2023/24.
6. The public consultation on the 2023/24 budget proposals ran from 18 November 2022 to 19 December 2022 on the council's digital consultation and engagement platform, Let's talk Oxfordshire. Feedback from the consultation is included in this report.
7. The Local Government Policy statement published on 12 December 2022 set out the government's intentions for the local government finance settlement for 2023/24 and 2024/25. The Government subsequently announced individual local authority funding allocations for 2023/24 on 19 December 2022 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in early February 2023.
8. This report explains the updated funding position based on the information known at this stage as well as changes to the budget proposals published as part of the report for Performance and Corporate Services Overview and Scrutiny Committee on 9 December 2022. These changes reflect feedback from the budget engagement and consultation as well as the observations on the proposals shared by the Performance and Corporate Services Overview and Scrutiny Committee.
9. In the context of the feedback from budget engagement and consultation and the updated funding position, Performance and Corporate Services Overview and Scrutiny Committee is invited to consider and comment on the updates to the revenue and capital budget proposals for 2023/24 – 2025/26 and the updated Strategic Plan and Outcomes Framework for 2023/24.
10. The Committee's observations will be included in the Budget and Business Planning report to Cabinet on 24 January 2023, along with the outcome of the

public consultation and engagement. This feedback will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2023/24 and Medium Term Financial Strategy (MTFS) to 2025/26.

## **Budget engagement and consultation**

11. For 2023/24 the council's engagement and consultation on the budget had four distinct phases, putting residents' views at the heart of the council's budget and business planning from the start to the finish.

- Phase 1: Maximising the use of existing feedback
- Phase 2: Representative residents' survey
- Phase 3: Oxfordshire conversation events
- Phase 4: Public consultation on the substance of the 2023/24 budget (18 November 2022 to 19 December 2022)

### **Phase 1: Maximising the use of existing feedback**

12. To support the early stages of the council's budget and business planning process, digests of residents' and stakeholder feedback were compiled, themed by each of the council's nine strategic priorities. These digests were made available to senior officers, alongside a range of other insight, to inform the early stages of development of directorate budget proposals. This insight is historical and not included in this report.

### **Phase 2: Representative residents' survey**

13. Feedback from the [residents' survey](#) was included as part of the report to Performance and Corporate Services Overview and Scrutiny Committee in December 2022.

### **Phase 3: Oxfordshire Conversation events**

14. Three online Oxfordshire Conversation events took place between 18 and 21 October 2022. The aim was to engage with residents, share emerging budget challenges and to give them the chance to ask cabinet members questions about issues that matter to them. An in-person sounding board with children and young people, incorporating an Oxfordshire Conversation, was also held on 15 October 2022.
15. These four events replaced a much fuller programme of in-person and online meetings, which were cancelled following the death of Her Majesty The Queen.
16. Overall, 194 people signed-up to attend the Oxfordshire Conversation events with 122 of these attending. Nearly 100 questions were submitted in advance, with more posed on the day. Highways, travel and transport matters (speed limits, bus services, cycle provision, traffic filters etc) were by far the dominant themes for discussion although a range of other topics were raised.
17. Twenty-eight children and young people attended the sounding board. Travel and transport, home education, support for neurodiversity and youth service were key themes.

- Phase 4: Public consultation on the council's 2023/24 budget proposals**
18. Between 18 November and 19 December 2022, the council invited comments on its budget proposals for 2023/24, with a specific focus on its savings proposals. Residents and stakeholders were also signposted to a supporting consultation booklet for background information and to the detailed budget reports published for Performance and Corporate Services Overview Scrutiny Committee. Respondents were encouraged to engage with these detailed supporting documents should they wish.
  19. Feedback was primarily collated using an online survey on the council's digital consultation and engagement platform, Let's talk Oxfordshire, with residents and stakeholders also able to submit comments by email or by letter. In total, the council received 559 responses (including 26 email responses).
  20. Most people did not give a view on each proposal and instead chose to answer only on those of specific interest to them or simply skipped this section of the survey entirely. The number of respondents engaging on individual savings' proposals ranged from 26 people to 121 people.
  21. A summary of the responses received as part of the public consultation (phase 4 of the budget engagement activity) is provided in Annex 1.

Next steps

22. Feedback from the budget consultation and engagement will be taken into consideration by Cabinet in setting out their proposed revenue budget for 2023/24 and Medium Term Financial Strategy (MTFS) to 2025/26.
23. The consultation report will also be published on the council's digital consultation and engagement platform, Let's talk Oxfordshire, with a link to the meetings. This will be supplemented by a 'you said, we did' update on Let's talk Oxfordshire after decisions have been made.

## **Strategic Plan and Outcomes Framework**

24. The council's Strategic Plan has been reviewed and updated for 2023/24 and is included at Annex 2.
25. The nine strategic priorities are unchanged and the areas of focus have all been refreshed and updated into objectives to reflect the council's current ambitions. The objectives are core to the overall outcomes framework, outlining what good looks like in delivering these outcomes against the existing strategic priorities. The organising structure of the outcomes framework will also include a number of key performance indicators and progress measures which will be reported against to demonstrate progress, highlight and address areas of development.
26. The outcomes framework will represent a high-level overview of the council's priorities. It does not represent all metrics, measures, and targets that the council collects or reports upon. The strategic plan is also underpinned by a series of thematic and service strategies, and service areas produce their own

service or business plans and operational measures. Collectively these documents comprise the county council's performance management framework.

27. The 2023 – 2024 outcomes framework is built from the following organising structure: Nine strategic priorities, 25 commitments and 49 objectives.
28. Supporting the delivery of the objectives, commitments and strategic priorities are a number of key performance indicators and progress measures which make up the outcomes framework that will be agreed ready for reporting in April 2023. This will follow the end-of-year reporting and reviewing of local and national targets ready to include in the 2023/24 outcomes framework and will be included in the bi-monthly Business Management and Monitoring Reports.

## **Updates to Funding Assumptions**

29. The Local Government Policy statement published on 12 December 2022 set out the government's intentions for the local government finance settlement for 2023/24 and 2024/25 and also included updates on council tax referendum limits for each of those years.
30. The Local Government Provisional Settlement was published on 19 December 2022 and included the following updates that need to be considered as part of the final budget proposals for 2023/24.

## **Council Tax**

31. The referendum limit for increases in core council tax will be increased to 3% (from 2%) per year from April 2023. In addition, local authorities with social care responsibilities can increase the adult social care precept by up to 2% (from 1%) per year. The figures of new funding for adult social care published by the government in the autumn statement assumed that this increase would be made.
32. Each 1% increase in council tax compared to the current plan would generate on-going council tax funding of around £4.4m. To help meet on-going inflationary and other pressures it is proposed to increase council tax by 4.99% in 2023/24 and an assumed increase of 4.99% will be included in the MTFS for 2024/25. This will generate £8.9m additional council tax funding in 2023/24.
33. The council tax base is the number of Band D equivalent dwellings in a local authority area adjusted for the assumed rate of collection of council tax. Billing authorities (District and City Councils) are required to provide this information to the precepting authorities and the method used to calculate the tax base is prescribed in regulations. Growth in the tax base of 1.75% per year is assumed in the MTFS reflecting anticipated increases in the number of households in Oxfordshire paying council tax. Updates from the district councils received in

late 2022 confirm that the tax base will grow by 1.99% in 2023/24, generating additional council tax income of £1.1m.

34. In addition to the tax base, the Local Government Finance Act 1992 requires the billing authorities to determine the estimated surplus or deficit on the council tax collection fund as a result of income from council tax/ratepayers being more or less than originally estimated. Estimates for the forthcoming year are formed from the position for three years, the actual position for the prior financial year, the estimate for the current financial year and an estimate for the forthcoming financial year. Surpluses/deficits are shared between billing and major precepting authorities. The county council's share of surpluses on the council tax collection fund was estimated to be £4.0m for 2023/24 in the current MTFS and was cautious on the basis that there would be on-going impacts from the COVID-19 pandemic on the rate of council tax collection. However, estimated surpluses notified by the district and city councils in December 2022 for 2023/24 total £14.1m.
35. The Provisional Local Government Settlement set out that £100m will be available nationally to provide council tax support to the most vulnerable households. The total for the five Oxfordshire districts is £0.943m. Local authorities are required to put in place Local Council Tax Support (LCTS) schemes to offer council tax reductions to those facing financial hardship. To supplement this local support, the government expects that billing authorities will use their grant allocation to fund further reductions in the council tax liability of individuals receiving LCTS with an outstanding council tax liability, by up to £25. Local authorities are also able to use a proportion of their allocations to determine their own local approaches to supporting economically vulnerable households with council tax bills.

### **Business Rates and Settlement Funding Assessment**

36. The Council also receives general funding from business rates based on the Government's assessment of need. This is known as the Settlement Funding Assessment (SFA). The Provisional Local Government Settlement confirmed that the SFA will increase from £72.0m in 2022/23 to £74.7m in 2023/24. Based on previous inflation assumptions, the existing MTFS assumed an increase to £73.4m, so this is a £1.3m improvement.
37. In addition to the SFA, the Council receives compensation for under-indexation of the business rates multiplier by way of un-ringfenced section 31 grants. The current MTFS assumed an increase from 2022/23 of 2.4% in line with forecast CPI expectations. The Provisional Local Government Settlement confirmed an increase equivalent to 10.1% (September CPI) when combined with the SFA increase of £1.3m, the overall impact is an improvement in anticipated grant funding by £10.4m compared to the existing plan.
38. Local authorities have been able to retain the growth in business rates from a baseline of April 2013 up until the point of a business rates reset which was originally planned for April 2020 but has yet to take place. The forecast for retained growth in 2023/24 is £4.0m, £0.9m more than projected.

## **Grant Funding Updates**

### Social Care Grant

39. The Autumn Statement set out that £1.265bn in 2023/24 and £1.877bn in 2024/25 will be distributed to local authorities through the Social Care Grant for adult and children's social care. This is repurposed funding that was expected to be used to support the cost of adult social care reform.
40. The council will receive £11.3m new funding in 2023/24 increasing the total to £29.2m. Based on national totals and the same distribution method it is estimated that there could be a further increase to £34.2m from 2024/25 onwards. From 2023/24 £3.5m un-ringfenced funding previously received through the Independent Living Fund will also be rolled into the Social Care Grant.

### Services Grant

41. The current MTFs assumes the council's £5.0m share of the Services Grant, which was announced as part of the Spending Review 2021, would be one – off in 2022/23 only as the government set out that this was expected to be a temporary use of the funding available nationally ahead of the implementation of the Fair Funding Review. On that basis the current MTFs assumed that the council's £5.0m share of the un-ringfenced Services Grant would fall out in 2023/24. The Provisional Settlement confirmed that the council will receive £2.8m funding in 2023/24. This is assumed to continue in 2024/25 and 2025/26 but it is unclear what the long term arrangements will be.

### New Homes Bonus

42. £2.9m un-ringfenced funding from the New Homes Bonus, which was extended by a further year into 2022/23, was also not expected to continue from 2023/24. The Provisional Settlement confirmed that the council will receive a further £1.7m in 2023/24. As part of the settlement the government have indicated that this will be reviewed before the 2024/25 settlement so this is assumed to be one – off in 2023/24.

### Adult Social Care

43. £0.6Bn funding to support hospital discharges is being distributed through the Better Care Fund in 2023/24. The council's share of the national total is £1.5m and is ringfenced to meet new costs.
44. Adult Social Care Market Sustainability and Improvement Funding Grant is intended to "enable tangible improvements to be made to adult social care". Oxfordshire's £5.4m share is 0.95% of the national total. This includes the existing funding (£1.5m in 2022/23) so is an additional £3.8m. This is also ringfenced to meet new costs.

45. The improved Better Care Fund (iBCF) grant will be unchanged at £10.7m.

### Public Health Grant

46. The ringfenced funding for Public Health (£32.6m in 2022/23) is expected to continue to increase during the spending review period and individual

allocations will be protected in cash terms. Allocations for 2023/24 are expected to be announced early in 2023 but no final decision had been made on 2023/24 allocations at the time of the Provisional Local Government Settlement.

#### Household Support Fund

47. The Autumn Statement confirmed that the Household Support Fund will continue for a further 12 months with an additional £1bn of funding, administered via local authorities. No guidance has been received but if the council received the same share of the national allocation as for previous rounds this may total around £6.7m for the year.

## **Changes to Budget Proposals**

### **Further Pressures arising from the Autumn Statement**

48. As set out in the Business Management and Monitoring Report to Cabinet in December 2022 there is real concern over the level of demand for children's social care and a lack of suitable care placements available in the system. More generally the on-going impact of inflation which increased by 10.7% in the 12 months to November 2022, workforce shortages and supply side issues, mean that similar to local households the council needs to pay more to maintain the same level of service provision.
49. Inflation, including the impact of the proposed increase in the National Living Wage from April 2023, and increases in utility and fuel costs, was estimated to increase the council's costs by around £27.1m in 2023/24.
50. The Office for Budget Responsibility now forecasts CPI inflation to be 7.4% in 2023 before falling back to 0.6% from 2024 and returning to closer to the 2% target over the longer run.
51. The government will increase the National Living Wage for individuals aged 23 and over from £9.50 to £10.42 an hour (9.7%) from 1 April 2023. This is higher than the increase that was consulted upon over the summer and assumed in the proposals used for the budget consultation.
52. The impact of the increase in the National Living Wage and higher inflation more generally is expected to increase costs by a further £10.8m in 2023/24. There are also further increases of £2.0m in placement and £2.2m in transport costs in Children's Services as well as an increase of £4.4m relating to heightened demand and complexity across health and social care sectors following the pandemic, and the introduction of the Care Quality Commission Social Care Assurance framework from April 2023. Adding these together costs are expected to increase by a further £19.4m from 2023/24 and by £31.1m<sup>1</sup> over the medium term. The detailed changes in pressures since the report to this Committee in December 2022 arising from the Autumn Statement are included at Annex 3a.

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<sup>1</sup> Note rounding difference compared to Annex 3a which shows a total of £31.2m by 2025/26



**Table 1: Further Pressures following the Autumn Statement**

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	Total £m
Adult Services	6.4	6.4		12.8
Children's Services	5.7	2.0	1.7	9.4
Environment & Place	3.4			3.4
Public Health & Community Safety				
Customers, Culture and Corporate Services	1.3	0.9	0.5	2.7
Increase funding for pay award to 4.5% in 2023/24	2.6	0.1	0.1	2.8
<b>Total</b>	<b>19.4</b>	<b>9.4</b>	<b>2.3</b>	<b>31.1</b>

### Updated position after the Autumn Statement and Provisional Local Government Settlement

53. Estimated additional funding for 2023/24 compared to that set out in the report to this Committee in December 2022 total £37.1m.
54. £16.9m of this is higher funding compared to the assumptions in the current MTFs. The Services Grant and New Homes Bonus (paragraph 41-42), which were expected to cease will now continue in 2023/24 and will increase funding by £4.5m. Business rates funding (Settlement Funding Assessment and S31 grants) (paragraphs 36-38) is increasing by 10.1% in line with (September CPI) £10.4m more than planned. There is also growth in retained business rates of £0.9m. Higher growth in the council tax base will generate £1.1m additional funding.
55. There is £20.2m of new funding made up of £8.9m from the government's assumption that councils will increase Council Tax to 4.99% and new Social Care Grant funding of £11.3m.
56. After taking account of the existing budget deficit of £8.7m and the new pressures of £19.4m set out in Table 1 and Annex 3a, £9.0m additional funding is available to reduce savings or fund new budget increases. A further £10.1m one – off funding is available as a result of council tax surpluses (paragraph 34).

### Proposed Changes to Proposals included in the Budget Consultation

#### Proposed Changes to Savings

##### Revenue Support for the Capital Programme

57. A revenue saving of £1.2m (24CC15) relating to the release of £20m of the £90m prudential borrowing for capital schemes agreed as part of the 2022/23 budget was included in the budget that was consulted on. Taking account of

58. feedback to the consultation which supported capital investments to release future savings and reflecting the need to meet future capital requirements needed to achieve the council's priorities, it is proposed that the funding to support this borrowing is reinstated.
59. A number of respondents to the consultation opposed the proposed saving of a £0.8m contribution towards the future costs of replacing Oxfordshire Fire & Rescue Service vehicles (24PHCS2). The use of the funding would be subject to a future business case for the capital expenditure being agreed.

#### Other Changes

60. A one – off contribution of £2.3m (24EP12) from reserves that was proposed to be used to support revenue expenditure on a one – off basis will be removed from the revenue proposals.
61. Savings 24CCCS18 and 24CCCS19 both relate to one – off delays to maintenance of the council's buildings from 2023/24 to 2024/25. In light of the updated funding position, and to avoid any increase in future costs as a result of delaying, it is proposed to reinstate the funding for the work in 2023/24 as originally planned.
62. In response to the feedback in the budget consultation an on-going reduction of £0.3m relating to a reduction in supplies and services expenditure and vacancy management in the Library Service (24CCCS26) will be halved in 2023/24 to enable implementation of longer run efficiencies.
63. In addition 24CCCS17, a one off contribution from reserves of £0.1m, has been removed from the proposals.
64. The detailed changes to the proposed savings that were consulted on are included at Annex 3b.

#### **Proposed New Budget Increases**

65. In response to feedback received in the budget consultation and in line with the council's priorities, further proposals totalling £3.9m include £0.5m additional on-going funding for Children's Services to improve capacity for Education and Health Care Plan (EHCP) reviews and assessments. £2.5m will be used to improve access to public transport and includes £0.3m to support children and young people in cycling and walking to school or college. £0.6m is proposed to be used to improve ditch clearance and support communities in planning flood resilience. £0.1m is proposed to be used to provide on-going resource to accelerate development of a freight strategy for Oxfordshire.
66. It is proposed that £6.8m of the £10.0m one – off funding available through council tax surpluses is used to increase balances back to the risk assessed level for 2023/24 (£30.2m) after taking account of the impact of the forecast overspend in 2022/23. £2.3m is proposed to be used to provide support to low income households with the cost of council tax and other cost of living support

measures in 2023/24. Details on the use of this funding will be developed in due course. £1.0m funding will be used to the Councillor Priority Fund at a total of £15,000 for each councillor to be spent in 2023/24 or 2024/25.

67. The detailed proposed changes are included at Annex 3c.

### **COVID-19 Reserve**

68. A further £0.325m funding from the COVID-19 reserve is proposed to be used in each of 2023/24 and 2024/25 to support additional commissioning and contract activity for social care arising as a result of the on-going impact of COVID-19.

### **Updated Position for 2023/24 compared to current Medium Term Financial Strategy**

69. Table 2 on the next page sets out the revised position for 2023/24 compared to the current plan. The first column shows the budget for 2023/24 assumed in the MTFFS agreed by Council in February 2022. The second column then shows the estimated impact of the delay to the changes to Business Rates and Fair Funding Review assumed in the budget that was consulted on. The third column shows the impact of the proposals included in the budget proposals which were consulted upon during November-December. The fourth column shows the changes made following the Local Government Provisional Settlement published in late December 2022 and in response to feedback through the budget engagement and consultation.

**Table 2: Current Plan and Revised Budget for 2023/24**

	2023/24 Budget Current MTFS	Change to Funding Assumptions	New Budget Increases and Savings (Budget Consultation)	Changes following Provisional Settlement	2023/24 Budget Updated
	£m	£m	£m	£m	£m
<b>Funding:</b>					
Council Tax	456.7			10.0	466.7
Council Tax Collection Fund	4.0			10.1	14.1
Business Rates	76.5	5.3		11.3	93.1
<b>Total Funding</b>	<b>537.2</b>	<b>5.3</b>	<b>0.0</b>	<b>31.4</b>	<b>573.9</b>

	2023/24 Budget Current MTFS	Change to Funding Assumptions	New Budget Increases and Savings (Budget Consultation)	Changes following Provisional Settlement	2023/24 Budget Updated
	£m	£m	£m	£m	£m
<b>Net operating budget 2022/23</b>	<b>520.3</b>				<b>520.3</b>
<b>Directorate Budget Changes</b>					
Existing planned changes	17.2				17.2
New budget increases			37.7	26.5	64.2
New COVID-19 pressures			0.7	0.3	1.0
New savings			-33.8	3.9	-29.9
<b>Subtotal Directorate Changes</b>	<b>17.2</b>		<b>4.6</b>	<b>30.7</b>	<b>52.5</b>
Changes to budgets held centrally	5.0 <sup>2</sup>		4.1 <sup>3</sup>	7.7 <sup>4</sup>	16.8
Services Grant				-2.8	-2.8
New Homes Bonus				-1.7	-1.7
Social Care Grant				-11.3	-11.3
<b>Net Operating Budget 2023/24</b>	<b>542.5</b>		<b>8.7</b>	<b>22.6</b>	<b>573.9</b>
<b>Total Funding</b>	<b>537.2</b>	<b>5.3</b>	<b>0.0</b>	<b>31.4</b>	<b>573.9</b>
<b>Budget Deficit</b>	<b>5.3</b>	<b>0.0</b>	<b>8.7</b>	<b>-8.7</b>	<b>0.0</b>

<sup>2</sup> Planned corporate changes include updates to capital financing costs and interest on balances (+£1.2m), the removal of the one – off assumed funding or the Services Grant and New Homes Bonus (+£7.9m) the removal of a one – off contribution to the Budget Priorities Reserve (-£7.7m) in 2022/23 and other changes to budgeted contributions to/from reserves (+£3.6m).

<sup>3</sup> Comprises +£6.0m addition to contingency, less reduction in borrowing costs (-£1.2m) and additional contribution of -£0.7m from the COVID-19 reserve.

<sup>4</sup> Comprises +£1.2m reinstatement of funding for borrowing costs, +£6.8m budgeted contribution to balances and -£0.3m funding from COVID-19 reserve.

70. Table 3 shows the combined impact of the proposed changes for each directorate and for budgets held centrally.

**Table 3: Proposed changes for each directorate and budgets held centrally**

	Budget Consultation				Following Consultation			2023/24 Budget	Cash Change in Budget
	Starting Budget Rolled Forward from 2022/23	Add changes in current MTFS	Add new budget increases including new COVID-19 funding	Less new savings	Add new budget increases	Reduce Savings & New Grant Funding			
	£m	£m	£m	£m	£m	£m	£m		
Adult Services	213.3	9.7	15.5	-17.5	6.7		227.7	6.8	
Children's Services	152.3	5.0	10.9	-3.3	6.2		171.1	12.3	
Environment & Place	63.5	1.3	3.8	-4.8	6.6	2.3	72.7	14.5	
Public Health & Community Safety	27.3	0.3	0.0	-1.0		0.8	27.4	0.4	
Customers, Culture & Corporate Services	64.1	0.9	5.6	-5.5	4.6	0.9	70.6	10.1	
Funding for Pay Award and Savings to allocate	0.0	0.0	2.6	-1.6	2.6		3.6		
<b>Directorate Total</b>	<b>520.5</b>	<b>17.2</b>	<b>38.4</b>	<b>-33.8</b>	<b>26.8</b>	<b>4.0</b>	<b>573.1</b>	<b>10.1</b>	
<b>Budgets Held Centrally</b>									
Capital Financing Costs	26.1	2.3					28.4		
Interest on Balances	-13.0	-1.1			-2.5		-16.7		
Contingency	1.3	0.0	6.0		1.0		8.3		
Un-ringfenced Specific Grants	-32.4	7.9				-15.8	-40.3		
Insurance	1.4						1.4		
Contribution from COVID-19 Reserve	-8.4	2.1	-0.7		-0.3		-7.3		
Budgeted contributions to General Balances	1.0				5.8		6.8		
Budgeted contributions to reserves	23.8	-6.1		-1.2	2.5	1.2	20.2		
<b>Total Budgets Held Centrally</b>	<b>-0.2</b>	<b>5.0</b>	<b>5.3</b>	<b>1.2</b>	<b>6.5</b>	<b>-14.6</b>	<b>0.8</b>		
<b>Subtotal</b>	<b>520.3</b>	<b>22.2</b>	<b>43.7</b>	<b>-35.0</b>	<b>33.3<sup>5</sup></b>	<b>-10.7<sup>6</sup></b>	<b>573.9</b>	<b>10.3</b>	

<sup>5</sup> £19.4m pressures and £13.9m new budget increases (Annex 3a and 3c)

<sup>6</sup> £5.1m changes to savings (Annex 3b) and £15.8m new grant funding (Services Grant, New Homes Bonus and Social Care Grant).

71. The table shows that the funding for Adult Services will increase by £14.3m (6.8%), Children's Services by £18.7m (12.3%), Environment & Place by £9.2m (14.5%) and Customers, Culture & Corporate Services by £6.4m (10.3%) compared to 2022/23 budgets. CPI inflation was 10.7% in the year to November 2022. The real increases/reductions for each directorate after taking account of inflation are:

	Cash Change in Budget	Real Terms Change in Budget
Adult Services	6.8%	-3.9%
Children's Services	12.3%	1.6%
Environment & Place	14.5%	3.8%
Public Health & Community Safety	0.4%	-10.3%
Customers, Culture & Corporate Services	10.1%	-0.6%
<b>Directorate Total</b>	<b>10.1%</b>	<b>-0.6%</b>

## Medium Term Financial Strategy

72. Table 4 on the next page shows the position for 2023/24, 2024/25 and 2025/26, using the assumed council tax increases from the Autumn Statement of 4.99% in each of 2023/24 and 2024/25. An increase of 1.99% is assumed in 2025/26.

**Table 4: Medium Term Financial Strategy**

	2023/24 £m	2024/25 £m	2025/26 £m
<b>Funding:</b>			
Council Tax	466.7	498.5	517.3
Council Tax Collection Fund	14.1	4.0	4.0
Business Rates	93.1	94.7	96.3
<b>Total Funding</b>	<b>573.9</b>	<b>597.2</b>	<b>617.6</b>
<b>Net operating budget</b>	<b>520.3</b>	<b>573.9</b>	<b>597.3</b>
<b>Directorate Budget Changes</b>			
Existing planned changes	17.2	17.5	20.9
New budget increases	64.2 <sup>7</sup>	15.5	6.9
New budget increases – demography/inflation		2.0	
New COVID-19 pressures	1.0	-0.4	-0.4
New budget reductions	-29.9 <sup>8</sup>	-4.4	-0.6
<b>Subtotal Directorate Changes</b>	<b>52.5</b>	<b>30.1</b>	<b>26.7</b>
Changes to budgets held centrally	1.0	-6.8	0.5
<b>Net Operating Budget</b>	<b>573.9</b>	<b>597.2</b>	<b>624.5</b>
<b>Total Funding</b>	<b>573.9</b>	<b>597.2</b>	<b>617.6</b>
<b>Budget Deficit (+) / Surplus (-)</b>	<b>0.0</b>	<b>0.0</b>	<b>+6.8</b>

## Changes to Capital Proposals

73. Capital expenditure obtains or improves buildings, vehicles, equipment or other assets owned by the council. The capital programme shows how the Council will use capital expenditure to support the delivery of its priorities.
74. As set out in the report to Performance and Corporate Services Overview and Scrutiny Committee in December 2022, the availability of workforce and materials and inflationary increases in contract prices are increasing the risk to the deliverability and cost of capital schemes.
75. To help address this, a fundamental review of the current capital programme has been undertaken in 2022/23. This review was undertaken against the Council's recently adopted capital prioritisation framework (as set out in the Council's Capital and Investment Strategy). Indicative proposals to utilise funding of £26.2m released through that process were included in the report to Performance and Corporate Services Overview and Scrutiny Committee in

<sup>7</sup> Comprises the budget increases in Annex 1b of the report to PCSOSC on 9 December 2022 and Annex 3a and 3c of this report.

<sup>8</sup> Comprises the budget reductions in Annex 1b of the report to PCSOSC on 9 December 2022 and Annex 3b of this report.

December 2022. A further £3.0m relating to climate change priorities is proposed to be funded from the Budget Priority reserve.

**Table 5:**

<b>Prioritisation Category</b>	<b>OCC Funding (*)</b>	<b>Self – Financing (*)</b>
1: Statutory health & safety & school placements	£15.3m	
2: Generate revenue savings or cost avoidance/reduction	£11.2m – £12.2m	£11m
3: Climate action or active travel	£3.0m	up to £19.6m
<b>Total Council Funding Required</b>	<b>up to £30.5m</b>	<b>up to £30.6m</b>

(\*) estimates subject to business cases.

76. As noted in paragraph 57 it is proposed to reinstate revenue funding to support £20m of prudential borrowing. This funding will be added to the capital programme.

77. In December 2022 the council received notification that it had been successful in an application for £5.2m grant funding towards the cost of four homes that would be purchased and adapted for Children We Care For. To utilise all of this funding the council is required to provide match funding of £5.2m. Funding of up to £4.0m was included in the Category 2 proposals in December 2022 so a further £1.2m funding is required to go ahead with all four homes. This is proposed to be funded from the Budget Priority Reserve.

78. £0.7m funding is needed to carry out Category 1 statutory health and safety repair works at Redbridge Waste Recycling Centre.

#### New Capital Programme Pipeline Proposals

79. Funding of £2.0m is available in the Investment Pump Priming Reserve. £0.2m will be used to provide initial funding to develop plans for the workplace charging levy. £0.8m will be used to provide initial funding for an Energy Efficiency Recycling Fund for OCC Maintained Schools. The remaining £0.8m will be used to provide initial funding for the Low Carbon Business Travel Project (grey fleet).

80. Proposed funding of £0.5m per annum (£1.5m in total from 2023/24 – 2025/26) is included in the revenue budget proposals and will be used to develop transport hubs in locations across Oxfordshire.

### **Budget Priority Reserve**

81. The 2022/23 budget included a £7.7m one – off contribution to the Budget Priorities Reserve. To date £1.4m been agreed to be used as follows:

- Vision Zero £0.250m
- Food Strategy £0.250m
- Low Traffic Neighbourhoods £0.360m
- Council Tax Hardship Schemes (up to) £0.380m



- Replacement trees on highways £0.185m
82. As noted in paragraphs 74 and 76 is proposed to use £4.2m to fund capital programme pipeline proposals as follows:
- £3.0m to support climate action including tree replacement. The pathway to zero carbon Oxfordshire report recognises a need to plant of 23,000 trees across Oxfordshire by 2050. Between 2015 and 2022 a total of 3,942 highway trees had to be felled as they were at the end of their life, dead or dangerous. These have not been replaced and this funding is to help support the aspirations of the council's tree policy of replacing any tree felled with two new ones.
  - £1.2m to allow the council to unlock the full £5.2m grant offered by government to fund four children's homes.
11. A further £2.3m is proposed to be used to fund the following on a one – off basis:
- £0.5m for the development of community hubs in particular to support children and families through the provision of local services.
  - £1.0m for improvements to highways, cycle-paths and pavements in Oxfordshire on an area by area basis (responding to feedback from the consultation).
  - £0.5m for the further of development of school streets to improve road safety around local schools.
  - £0.1m for further work to develop rail studies
  - £0.2m to continue funding for the Business and Intellectual Property Centre for a further year from 1 April 2023 ahead of identifying on-going funding sources for 2024/25 onwards.
83. £0.6m remaining to support implementation of further initiatives after taking account of £0.8m other funding also available in the reserve.

## **Business and Budget Planning Process**

84. Cabinet will propose their budget on 24 January 2023 taking into account comments from Performance and Corporate Services Overview and Scrutiny Committee in December 2022 and January 2023 as well as feedback from the budget engagement and consultation.
85. Council will meet to agree the Revenue Budget 2023/24; Capital Programme 2022/23 - 2032/33; MTFS 2023/24 - 2025/26 on 14 February 2023.

## **Risk Management**

86. The statutory report of the Chief Financial Officer required under Section 25 of the Local Government Act 2002, which forms part of the suite of papers

considered by Council in setting the budget each February, includes a section assessing the key financial risks.

87. In addition to corporate contingency, general balances are also held to ensure that a major incident or emergency can be managed without impacting on other services. The level of balances held is monitored through the Business Management & Monitoring Reports throughout the year and subject to an annual risk assessment undertaken as part of the budget setting process.

## **Equality & Inclusion and Sustainability Implications**

88. 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.'
89. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with the council's framework "Including Everyone".
90. "Including Everyone" sets out how the council goes further than the protected characteristics in the Equality Act by also considering the impact our decisions might have on people living with social deprivation, rural communities, those leaving care, carers and those in our armed forces community.
91. The Climate Action Framework sets the council's commitment to tackling the climate emergency which is underpinned by the Council's priority to put action to address the climate emergency at the heart of our work.
92. Overarching summary impact assessments for both climate and equalities, taking into account the overall impact of the revenue budget proposals, are included at Annex 4a and 4b.
93. Following the public consultation, impact assessments will be reviewed and updated as necessary to take into account consultation responses.

## **Financial implications**

94. The Council is required by law to set a balanced budget for 2023/24 before 1 March 2023. Alongside this, there is a requirement under Section 25 of the Local Government Finance Act 2003 for the Chief Finance Officer to prepare a statement on the robustness of the budget estimates and the adequacy of reserves. This report is part of the process to achieve these objectives.

Comments checked by:  
Lorna Baxter, Director of Finance

## Legal implications

95. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which, when taken together with the previous and future reports up to January 2023, will lead to the council tax requirement being agreed in February 2023, together with a budget for 2023/24, medium term financial strategy covering the period to 2025/26, and ten - year capital programme.
96. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by:

Paul Grant, Head of Legal and Deputy Monitoring Officer

**Lorna Baxter, Director of Finance**

**Claire Taylor, Corporate Director of Customers, Organisational Development and Resources**

### Annexes:

- Annex 1 – Budget engagement: feedback from the budget consultation 2023/24
  - Annex 2 – Updated Strategic Plan for 2023/24
- Revenue expenditure
- Annex 3a – changes to revenue pressures following the Autumn Statement
  - Annex 3b – proposed changes to revenue savings
  - Annex 3c – proposed budget increases
  - Annex 4a – Overarching Equality Impact Assessment
  - Annex 4b – Overarching Climate Impact Assessment

Contact Officers:

Kathy Wilcox, Head of Financial Strategy  
Kerry Middleton, Head of Communications, Marketing and Engagement  
Chloe Taylor, Interim Head of Strategy  
Louise Tustian, Head of Insight and Corporate Programmes