

CABINET - 28 JANUARY 2014
SERVICE & RESOURCE PLANNING - 2014/15 to 2017/18
Report by Cabinet Member for Finance

Introduction

- 1 This report should be read in conjunction with the report from the Chief Finance Officer. Together, the two reports set out the details of the Cabinet's proposals for the 2014/15 budget and the Medium Term Financial Plan (MTFP) for 2014/15 to 2017/18.
- 2 New Business Strategies will set out the directorates plan to deliver the changes over the period of this administration taking on board the medium term objectives of the Council set out in the Corporate Plan.
- 3 This is my first budget since taking on the portfolio of Cabinet Member for Finance and the first of the new administration. It is clear that we are living through a challenging financial situation but our prudent financial planning over the medium term has enabled us to manage reducing funding levels.
- 4 Whilst we are in a strong position financially, the significant amount of savings that have been achieved over the last few years make every additional saving harder to find. Over the period 2010/11 to 2017/18 our government revenue funding will have reduced by £96m or 39%. On top of this we have had to manage significant increases in demand particularly in adult social care and children's social care.
- 5 By the end of 2012/13 we saved £127m and are broadly on track to deliver a further £43m in 2013/14. £31m of savings in the existing MTFP then need to be delivered over 2014/15 to 2016/17. We are now setting out how we will be able to deliver additional savings of £65m whilst still ensuring that essential services are protected.
- 6 Our budget is built on the premise of fairness and protecting the most vulnerable from the impact of any cuts. Where we can, we will raise income so that reductions in service budgets are less challenging.
- 7 Some of the savings we have made have been used to re-invest in our priority areas. These have allowed us to manage some of the pressures which are continuing to arise, such as through the growing numbers of older people, and the increased defects on our roads. We are again continuing with this re-investment. £31.5m of our savings will go straight back into the most important areas of our services in 2014/15 and the medium term on top of the £45.9m re-invested since 2011/12.
- 8 I have considered the comments on the draft budget proposals from the Performance Scrutiny Committee as well as feedback from Talking Oxfordshire; the public consultation through a budget telephone survey undertaken in December 2013 and the feedback from the online consultation through the Council's website including comments on business strategies and overall budget proposals. As we await final notification of some funding streams along with the final referendum principles, some further changes may be made to the budget proposals ahead of Council on 18 February 2014.

Budget Proposals

- 9 Set out below are the main areas where we are proposing changing the existing budget. We will continue to protect front line children's safeguarding services along with the Fire & Rescue Service with savings in those areas to be achieved only through genuine efficiencies. Where possible, we will raise income and we will invest in our key priorities.

Children, Education & Families

- 10 Children's social care has always been a service this council has protected from cuts and we will continue to focus on child protection including tackling child sexual exploitation as we have pledged following Bullfinch. Like other authorities Oxfordshire has seen a steep rise in referrals and care proceedings over recent years and these continue to rise. The Cabinet recently approved the Children's Placement strategy and this will lead to the building and provision of four homes in Oxfordshire. It is clear that better outcomes for children can be achieved when they live closer to home. This will also cost less and the capital cost, through prudential borrowing, will be paid for from savings expected by bringing children back in county. Efficiencies are also expected through the integration of working across partner agencies.
- 11 We will undertake a review of children's centres, early intervention services and other services for children and families with cross party involvement. We do not envisage closures for any children's centres or early intervention facilities. The aim is to find innovative ways to save money, protecting the front line service delivery and create a more cohesive all-round service that improves outcomes for children and young people.
- 12 We will change the way that some of our non-statutory education services are delivered in response to the changing relationships with schools including establishing the Music Service as an independent self-financing trust.
- 13 Our priorities for children with special educational needs and disabilities remain keeping them safe and promoting independence and well-being. We will reduce our use of expensive out of county placements by developing cost effective local solutions such as the new residential autism academy. In relation to children with disabilities, we will continue to ensure that we deliver our statutory responsibilities such as short breaks whilst driving down the cost and reducing duplication and management.

Social & Community Services

- 14 Adult Social Care accounts for 40% of our spend. We recognise that there is an ageing population which will continue to grow, and pressures on this budget will continue to grow too. We are continuing to invest in this area and everyone with an assessed need will receive support, however it is such a large proportion of our spend we must do all we can to minimise the ever increasing costs.
- 15 Due to the increase in demand we are investing an additional £10m in 2014/15, although some of this reduces in later years. This is in addition to the sums we have built in over

previous years which will allow for the increases in demography. These investments are spread across the older people, physical disabilities and learning disabilities services.

- 16 Additional funding of £10m is expected to be available to protect adult social care. We will work with the Oxfordshire Clinical Commissioning Group to agree how health and social care services can together provide better support at home and earlier treatment in the community to prevent people needing emergency care in hospital or care homes.
- 17 For learning disabilities we will be working with providers to reduce the cost of contracts and increasing the use of assistive technology but will continue to ensure that we meet assessed care needs as we are obliged to do.
- 18 We will work with district councils to assess how best to make savings in housing-related support funding, reflecting the reduction in central government grants in 2010.
- 19 We do recognise that rising demand poses a risk to so we have set aside some corporate contingency and will monitor performance closely in the coming year.

Fire & Rescue Service (including Emergency Planning, Trading Standards & Community Safety)

- 20 Oxfordshire has not had any change in fire cover arrangements nor had any additional fire stations built in the county since 1987. Since then, there has been considerable housing growth, particularly in Bicester, Didcot and Wantage. There is a need to improve operational response effectiveness in these areas as well as in the south of the county and in the Carterton area. We will invest £1.5m over the medium term to ensure we protect our emergency response function and ensure we remain fit for purpose. Whilst some efficiencies are proposed, the Council continues to protect the Fire & Rescue service from cuts.
- 21 We will cease additional funding provided to the Community Safety Partnerships reflecting that responsibility for this function has transferred to the Police and Crime Commissioner and we will reduce and refocus our support to community safety partnership coordination.

Environment & Economy (including Oxfordshire Customer Services)

- 22 The Highways Maintenance service is under constant scrutiny because it affects us all. We recognise the importance of maintaining the road network to keep Oxfordshire moving and the links good road networks have to economic growth. Recent harsh winters have taken a toll on roads so we are not making any savings in 2014/15; instead we are proposing additional investment of more than £1m in highways defects. Over the medium term we have done everything we can to reduce the impact of previously agreed savings and ensure we maintain a focus on road safety and are able to propose reduced savings of only £1m by 2017/18 rather than £2m in the existing MTFP.
- 23 We spend £30m a year on a range of different transport services including home to school transport; transport to and from adult social care day centres; subsidised bus routes and support to community transport services and subsidising concessionary bus

passes for the elderly. We believe that by bringing these services together we can undertake a fundamental review and seek opportunities for efficiency and change, maintaining services while making savings by smarter delivery. In relation to Home to School Transport we provide a service over and above the statutory minimum and our proposal has been to reduce to that minimum. We are consulting service users on how best to mitigate the impact.

- 24 The asset rationalisation programme is already underway with the proposed moves to Abbey House and the withdrawal from Clarendon House. But we propose to go further than our original plans. Reducing or sharing accommodation reduces costs with no impact on service delivery. Our savings proposals in Environment & Economy also include proposals for income generation through sponsorship and providing other services.
- 25 With the economy on the turn towards recovery, we are seeing an increase in the tonnages of waste disposed of and plan to invest £1m to meet that growth over the medium term. However, I am pleased to say that with the construction of the Energy from Waste Facility at Ardley well under way we are able to build into our plans income from the energy that will be created as a by-product from the facility with additional business rates generated from the energy element of the facility too.
- 26 In October 2013, Cabinet agreed to proceed with the externalisation of back office HR and Finance functions in Oxfordshire Customer Services. Aligned with this there was also agreement to the re-shape and commissioning of ICT services and a joint venture proposal for schools back office. These proposals are expected to generate further savings in our support services in addition to those already planned.

Chief Executive's Office (including Cultural Services)

- 27 We remain committed to our existing plan to introduce volunteers and 2014/15 will be the second of the three year Library Service Strategy. Some efficiencies are proposed along with a further rationalisation of management but there is no change to the strategy itself.
- 28 Savings in other areas of Cultural Services such as Coroners and Registration are proposed in line with our principles of seeking contract efficiencies and generating additional income. Savings proposed in the Chief Executive's Office are through structural changes and ceasing or reducing discretionary grants.

Public Health

- 29 The return of Public Health to Local Government has provided the opportunity to promote public health through the full range of council business. Whilst Public Health is currently funded through a ring-fenced government grant, this is expected to become general funding in 2016/17. We intend to make savings in this service through commissioning more efficient services as contracts used to commission services are renewed.

Council Tax

- 30 In order to avoid making unacceptable savings in 2013/14, we increased Council Tax by 1.99%. This represented a £23.12 increase for the year, equivalent to 44p per week. We felt this provided a balance between the need to protect the most vulnerable in our society and the fact that residents, both families and pensioners, were feeling pressure on the cost of living.
- 31 In order to maintain essential services we are therefore proposing a Council Tax increase of 1.99% again for 2014/15 and 2015/16 just under the current rate of inflation. We appreciate that our residents are feeling the squeeze but believe that a small increase to ensure our services which protect the most vulnerable in our society are maintained can be justified.
- 32 For 2016/17 and 2017/18 we have planned for an increase in council tax of 3%. As there are high levels of uncertainty about future funding and future levels of inflation we feel this is a reasonable position, but will review these increases each year as part of the budget setting process.

Earmarked Reserves

- 33 Oxfordshire's earmarked reserves are in line with the average for similar authorities. They are held for specific purposes and are planned to be used over specified periods. We will ensure that we maximise the use of reserves but ensure we hold them where necessary to meet future costs. Our total earmarked reserves are estimated to reduce from £107m at the end of 2013/14 to £24m by 2017/18. This demonstrates that we are taking our responsibilities seriously and ensuring the maximum use of taxpayers' money.
- 34 We also hold general balances to respond to unplanned events, such as the recent flooding. A risk assessment determines the level we hold, for 2014/15 it is £16.7m.

Capital Programme

- 35 In line with revenue, our capital programme to be approved by Council in February 2014 will extend up to 2017/18. At the time of writing we were still awaiting announcements on various funding allocations. Until we receive this information we will not be able to assess whether the funding we have will meet our needs. However, based on the allocations announced by the Department for Education in late December, the government's contribution towards delivering new school places to meet the needs of our growing population will fall by over 80% beyond 2014/15. If this level of funding continues into 2017/18 it will mean a shortfall of £19.3m in our school building programme. This presents a significant challenge, with the risk of fewer parents getting their child a place at a school of their choice, more children being transported around the county at the taxpayer's expense, reductions in the expected standard of new schools, and more children being taught in temporary classrooms.
- 36 Alongside funding for new school places, the Department for Education also announced capital funding to deliver the Government's pledge on universal free school meals for

infants. The allocation for Oxfordshire is £1.1m, we are currently examining the likely costs of implementing the changes and expect that we will need to find additional funding locally to meet this pledge, with early estimates suggesting the cost may be up to £10m.

- 37 I am pleased to announce that Oxfordshire Local Transport Board's major scheme allocation was confirmed by the Department for Transport in late December. £10.6m has been allocated over 2015/16 and 2016/17 to part fund three significant schemes; the Northern Gateway Cutteslowe junction; the Wantage Eastern Link Road and Bicester London Road schemes. These will provide a real boost to the transport network and promote growth in the county.

Conclusion

- 38 The council continues to face real challenges with increasing need for our most vulnerable clients at a time of reducing funding. By the end of 2017/18 we will have saved £265 million, but will have reinvested £77.4m back into our priority services. We continue to be committed to look for more efficient and different ways of working, generating income and reducing our costs. I am confident that we are able to put forward a set of proposals which will continue to ensure that we protect services for those most in need and we continue to provide a level of service we can afford.
- 39 The recommendations are set out in full in the Chief Finance Officer's report.

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Cabinet Member for Finance