

## **SCRUTINY COMMITTEES 20 DECEMBER 2010**

### **BUSINESS STRATEGY AND SERVICE & RESOURCE PLANNING 2011/12 – 2015/16**

#### **Report by County Council Management Team**

#### **Introduction**

1. This report forms part of a series relating to the Service and Resource Planning process for 2011/12 to 2015/16. On 21 September 2010 Cabinet agreed that the Business Strategies would be considered by Scrutiny Committees on 20 December 2010.
2. Each Committee will meet in turn and will consider the Business Strategies and savings proposed for their service areas. Comments from each Committee will then be considered by Strategy & Partnerships Scrutiny Committee on 13 January 2011 prior to being fed back to Cabinet in order that they can take the comments into consideration in proposing their budget and Medium Term Financial Plan (MTFP) in January 2011.
3. The following annexes are attached:
  - Annex 1 Summary of proposed savings
  - Annex 2a Children, Young People & Families Business Strategy
  - Annex 2b Social & Community Services – Adult social Care Business Strategy
  - Annex 2c Social & Community Services – Community Services Business Strategy
  - Annex 2d Social & Community Services – Community Safety Business Strategy
  - Annex 2e Environment & Economy Business Strategy
  - Annex 2f Customer Services Business Strategy
  - Annex 2g Chief Executive's Office Business Strategy
  - Annex 3 Capital Prioritisation Assessment (to follow)
  - Annex 4 Areas for consideration by each Scrutiny Committee

#### **Background**

4. The Service & Resource Planning reports to Cabinet in July and September 2010 set out that the expectation of significant reductions in funding in future years, which would require major changes to the way the Council does business. Cabinet agreed that additional savings of £100m should be used as a planning assumption for spending and grant reductions, to be achieved over the period 2011/12 – 2014/15. This was in addition to the £102m savings by 2014/15 in the 2010/11 – 2014/15 MTFP. Cabinet also agreed to a full review of the Capital Programme in the light of the March 2010 (Labour)

National Budget assumptions which included a 50% reduction in Capital Borrowing allocations, along with identified pressures.

5. To meet the challenges ahead a Business Strategy has been put in place. This is a programme that will enable the Council to deliver its required savings and will facilitate the cultural shift to a more dynamic and empowered organisation. The Strategy pulls together a series of strands of work, and ensures that with such high levels of change being managed that there is a single focussed overview. The key elements of the Strategy are:
- (a) Changing the way we work
  - (b) Reshaping Management
  - (c) Future of Shared Services and creation of Customer Service Centre
  - (d) A comprehensive Asset Management strategy
  - (e) A new Strategy for dealing with our customers, including managing our reputation
  - (f) Streamlined Service & Resource Planning processes and delivery of savings within Directorates
  - (g) Engagement and Consultation (Including Oxfordshire's Big Debate and staff suggestions for change)
  - (h) Community self-help

### Planned Savings Target

6. The additional £100m planning assumption for savings were anticipated to fall evenly over the four years to 2014/15 giving a total target of £202.4m. As reported to Cabinet on 16 November 2010 the planning target was subsequently reduced by £47.7m to £154.8m following an assessment of the Spending Review on 20 October 2010. However, as set out in the Business Strategy & Service & Resource Planning Factsheets [1](#)<sup>1</sup> and [2](#)<sup>2</sup> the timing of the savings has changed with more savings estimated to be required in 2011/12 and less in later years. It should be reiterated that this is still an estimate the actual grant position for 2011/12 will not be known until the Draft Local Government Finance Settlement. The table below summarises the current position and shows that £119.3m savings are estimated to be required from 2011/12 – 2014/15.

|   | £m           |
|---|--------------|
| Original Target 2010/11 – 2014/15<br>(Current MTFP + Additional £100m target) | 202.4        |
| Less savings planned to be achieved in 2010/11                                | -35.5        |
| <b>Original Target 2011/12 – 2014/15</b>                                      | <b>166.9</b> |
| Reduce Additional Target of £100m to £67.2m                                   | -32.8        |
|   | 128.8        |
| Council Tax grant doesn't drop out  | -14.8        |
| <b>Revised Target 2011/12 – 2014/15</b>                                       | <b>119.3</b> |
| <b>Revised Target 2010/11 – 2014/15</b>                                       | <b>154.8</b> |

<sup>1</sup> Click to open Factsheet 1

<sup>2</sup> Click to open Factsheet 2

7. Once the Provisional Local Government Settlement is announced an addenda to the Service & Resource Planning Report for Cabinet on 21 December will be produced. It is likely that the savings required will change in light of this information.
8. The announcement of the Draft Local Government Finance Settlement then marks the start of a six week consultation period with the final settlement being announced in mid January. It is possible therefore that the figures contained in the settlement could be subject to change and remain draft until the final settlement.

### **New Pressures and Proposed Savings**

9. Directorate Business Strategies have been considered by the relevant Star Chamber as part of the Service & Resource Planning process. Some of the proposals were taken to a second Star Chamber for further challenge in November 2010.
10. The savings proposals are set out in Annex 1 to this report while the each of the Business Strategies are included at Annex 2. The savings proposals include a mixture of both previously agreed proposals which are still relevant and new proposals. These are annotated “N” where new, “E” where they are existing saving that were already built into the MTFP or “C” where they are a combination of the two – i.e. an existing saving that has subsequently been added to or reduced. Any new pressures are also noted in Annex 1 and are offset against the savings proposals. For ease of reference the second column of Annex 1 provides a link back to the associated Business Strategy which provides further explanation and context.
11. Each Scrutiny Committee is invited to consider and comment on the relevant Business Strategy plus the new pressures and proposals for savings contained therein and summarised in Annex 1.

### **Capital Programme**

12. The Service & Resource Planning report to Cabinet on 21 December includes a recommendation to adopt a set of principles for prioritising capital investment proposals. This is aimed at ensuring that the Council allocates capital resources in line with corporate objectives and priorities and considers what outcomes can be achieved by a particular project and how effectively it uses limited corporate capital resources.
13. The schedule at Annex 3 sets out the priority categorisations of capital projects and the amount required for each project currently in the Capital Programme (held by the moratorium) and new pressures. The Capital Investment Board has also reviewed and challenged the prioritisation. Once the amount of funding available is known, this will determine which schemes proceed. Scrutiny Committees are invited to comment on the proposed prioritisation of schemes as set out in Annex 3.

14. The draft Corporate Asset Management Plan Capital Strategy and will be considered by Strategy & Partnerships Scrutiny Committee in January 2011 and their comments will be taken into account by Cabinet in drafting their budget proposals on 25 January 2011.

### **Next Steps**

15. The comments from each Scrutiny Committee will be fed back to Strategy & Partnerships Scrutiny Committee for consideration on 14 January 2011. They will then offer an overall view on the Cabinet's proposed Revenue Budget 2011/12, Capital Programme, MTFP, Review of Charges and Asset Management Plan. The Cabinet will then finalise their budget proposals and propose the Revenue and Capital Budget for 2010/11 – 2014/15 on 25 January 2011, taking into consideration comments from Strategy & Partnerships Scrutiny Committee on 14 January 2010.

### **Financial and Legal Implications**

16. This report is mostly concerned with finance and the implications are set out in the main body of the report. Under the Local Government Finance Act 1992, the Council is required to set a budget requirement for the authority and an amount of Council Tax. This report provides information on the financial position for the authority which forms a basis for those requirements, leading to the budget requirement and Council Tax being agreed in February 2011.

### **Equality and Inclusion Implications**

17. An overarching Equality Impact Assessment setting out how all communities in the county will be affected by the proposals reflected in the Business strategies along with the need for mitigating action is being compiled and will form an annex to the Service & Resource Planning Report to Cabinet on 21 December 21010. Service level Equality Impact Assessments are also being drafted. These will be completed in time for consideration alongside the Cabinet's proposed budget in January 2011.

### **RECOMMENDATIONS**

18. **Each Scrutiny Committee is invited to consider and comment upon:**
  - (a) **the relevant Business Strategies, savings proposals and pressures for the relevant service areas;**
  - (b) **the priority of capital proposals for the relevant service area.**

JOANNA SIMONS  
Chief Executive

SUE SCANE  
Assistant Chief Executive & Chief Finance Officer

STEPHEN CAPALDI  
Assistant Chief Executive (Strategy)

MEERA SPILLETT  
Director for Children, Young People & Families

JOHN JACKSON  
Director for Social & Community Services

HUW JONES  
Director for Environment & Economy

DAVE ETHERIDGE  
Chief Fire Officer

Contact Officers: Lorna Baxter – Assistant Head of Finance (Corporate Finance)  
(Tel. 01865 323971)  
Alexandra Bailey – Corporate Performance & Review Manager  
(Tel. 01865 816384)

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