



# **Business Strategy**

**2011/12 – 2014/15**

## **Environment & Economy Directorate**



## Directorate Statement

### Introduction

1. Last year the directorate set out clear proposals for radical change over the period 2010 – 2015 to establish a smarter, leaner and more cost effective way of delivering key services. This change has involved strengthening the strategic management capacity and developing new delivery models with private sector partners in a more integrated fashion whereby risks and benefits are shared in a leaner, more commercial environment.
2. The current financial environment and the need to make significantly more cashable savings over the period, accompanied by a strong element of front loading has led us to look at all aspects of this approach and we have found the strategy to be robust and have confidence that it remains the right model to deliver our medium term ambitions and priorities.
3. That said we will need to increase the pace of change, and explore all avenues to sensibly realise more income before considering reductions in service level and cessation of certain activities. Whilst this is likely to prove testing and will require challenging policy decisions we are confident that the proposals set out in this document are achievable over the medium term.
4. Broadly the directorate will become more integrated with the delivery ambitions of the other key Service directorates, particularly in relation to the development of assets and resources within the County Council and its strategic partners to become not only more cost effective but more responsive to the needs of customers and local communities and locally identified priorities
5. This transformation has, therefore, already begun and to continue to move forward we will need to:
  - Build on our existing innovative approach to partnership to produce further efficiencies and further creative models for delivering services.
  - Implement leaner operational structures, with less management layers and fewer staff overall.
  - Continue to re-tender all our high value contracts to ensure optimum contract efficiencies to maintain performance and service delivery requirements at reduced cost.

- Ensure that we are listening to our customer base to enable us to target scarce resources on those areas most highly valued by local people and communities.

### Directorate profile

6. The Environment and Economy Directorate has an overall gross budget of £99.0m and employs 568 staff. 23 are hosted by the council but externally funded. Over 50% of what the directorate delivers is delivered through contractors or with partners.
7. The Directorate is central to the development and delivery of the Council's place shaping role in terms of creating the environment for economic growth and developing the physical assets to sustain the balance between growth and environmental quality. In its key areas of spend it has two primary functions:
  - a) The delivery of the critical infrastructure necessary for Oxfordshire's economic and social development
  - b) The delivery of internal county council infrastructure through the strategic management of the organisation's property assets;

### **Broad Approach to Directorate Business and Efficiency Strategy 2010 - 15**

8. The broad principles of the Directorate Business strategy were established in the 2010/11 Service & Resource Planning process. These savings were built on the following five principles:
  - **Generating efficiencies through procurement:** By 2013 we will have re-tendered all of our high value contracts. In each case we have or will be seeking contract efficiencies in excess of 20% and we have or will negotiate shared risk partnering arrangements.
  - **Directorate Transformation & Re-structuring:** Over the next four years we will transform the directorate establishing leaner operational structures and enabling the delivery of our efficiency targets. We will also develop the strategic capacity necessary to deliver our core objectives and manage the growth agenda. The re-structuring of services and the business re-engineering should reduce the number of management layers, the number of senior service managers and the overall staffing numbers.
  - **Prioritisation of our services:** While the efficiencies gained through re-tendering and re-structuring will go a long way towards meeting our new gross savings target, we have also had to consider the priority afforded to some of our services. All

services have considered areas where they could stop/reduce non-statutory services or reduce the level of delivery to the statutory minimum.

- **Review of Income:** We have further reviewed the opportunity to generate income through our fees and charges. There are a number of significant opportunities to generate income through initiatives such as the management of charges within the parking account and the maximisation of developer funding.
  - **Strategic management of property:** We will implement the emerging Asset Management Strategy and reduce our footprint, encourage the co-location of services and aim to achieve a reduction of at least 25% in rents, rates and service charges. We will continue to pursue the achievement of a better balance between delegated and non-delegated budgets and responsibilities for repairs and maintenance.
9. Although the five themes set out in the 2010 -15 strategy continue to provide a robust framework to deliver the additional savings target for the remaining four years of the strategy, the focus has now changed so that the prioritisation of services will be given far greater focus as a strategic priority.

### **Directorate transformation**

10. Directorate transformation is being implemented in phases

- Tranche 1

The new model of Highways and Transport service delivery is in place with the implementation of a new ground breaking partnering arrangement with Atkins and a complete service and management organisation redesign. There are already significant savings in the 2010/11 Medium Term Financial Plan which reflect the financial and staffing efficiencies of this procurement. The efficiencies from this contract were based on the level of service the contract was expected to deliver when agreed in 2010. The quantum of work is now likely to reduce, and whilst Atkins are likely to bear a significant part of this cost in terms of staff reductions, there may be an impact on the efficiencies that the Council can realise.

- Tranche 2

New senior management structural arrangements are being implemented and proposals are in development for further integration of the directorate and rationalisation of strategic and operational planning and policy groups. Additionally we have re-engineered the approach to: capital investment; commercial development; procurement; and performance and business improvement, centralising them within a Director's Office. Staff consultation is currently ongoing for the pooling of

Administrative services; first within the current directorate where generalist and specialised roles have been identified and to determine the level of possible reduction in administrative resource requirement based on a directorate wide business case.

- Tranche 3

Tranche 3 centred on the Property Services contracts retendering opportunity in 2012. Initial service re-engineering is already in consultation to provide a clearer and more focussed strategic client and a sharper operational delivery structure in preparation for the procurement of a delivery partner. The creation of a strategic asset management team will bring together capacity from other directorates into a unified offer and efficiency gains are forecast in the financial summary.

- Tranche 4

The significant changes nationally in planning policy and the removal of regional levels of governance will require a major redesign of planning, access and infrastructure teams within the Sustainable Development Service and Transport Strategy teams. This will be achieved within the overall requirement to downsize organisational structure and consultation proposals will be developed for implementation in 2011/12

- Tranche 5

The merging New Customer Services within the directorate provides additional challenges but very real opportunities to take the commercial partnering approach to a higher level. The work already undertaken in preparing Asset management and Facilities Management for the market has enabled the bringing forward of the strategic milestones for Customer Services and both will now be managed under a single transformation programme with implementation in 2012/13. Within this programme different models of delivery will be developed dependent on the ability to develop wider joint public sector frameworks or the appetite of the market to provide capital investment in the development of a joint venture partnership.

## **Key external pressures**

11. There are 3 critical issues that will provide pressures for the directorate:

- The relationship between capital investment and revenue funding: Because the directorate is the critical infrastructure strategic development and delivery arm of the council, the effect of the grant cuts experienced in other directorates will have an impact on deliverables required from Environment & Economy. Given that the directorate also manages the asset maintenance portfolio on behalf of the organisation, the reduction in revenue funding and the indirect impact of the reduction in capital funding will both create pressures on revenue in terms of maintaining that infrastructure.

- Expected cuts in capital funding: This is likely to result in significant changes to project/ programme delivery capacity within the directorate subject to the amount of capital work generated through the growth portfolio.
  - Housing Growth: Oxfordshire will experience significant housing growth over the next fifteen years. Effective facilitation of economic development and management of the growth agenda will require the directorate to re-define its core business.
12. Whilst the medium term budget model confirms that the overall pressures will remain for 2014/15, areas of high performance will be offset by those more difficult to manage.
  13. Finally, recent government announcements have re-defined Carbon Reduction allowances, which would have yielded an allowance recycling benefit to the council, as a pure Tax liability.

**Specific Pressures affecting the Medium Term Financial Plan**

14. Changes to Carbon Reduction allowances were announced in the 2010 Spending Review. The changes mean it is no longer possible to recycle Carbon Reduction allowances which had previously enabled us both to cover costs and to generate a net benefit. The tax liability has been calculated for the whole council. This has then been offset by the schools’ element that will be funded through Dedicated Schools Grant, leaving a net pressure attributable to street lighting and all other non-school properties.
15. As a result of the new Carbon Tax, the reduction of carbon per se is now not a primary driver for cost reduction; a more potent driver is the reduction of energy consumption, and increased efficiency will require investment. The CRC pressures have been offset against the savings proposals.

<b>External pressure</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Carbon Reduction Tax Liability and associated pressure for reversing Carbon Reduction Commitment (CRC) benefits now not realisable (£m)	0.421	0.538	0.664	0.782

## Highways and Transport

Employees	387.35 fte (402.66 establishment)
2010/11 Gross Budget	£47.979m

	2011/12	2012/13	2013/14	2014/15
Savings (£m)	-5.390	-9.518	-11.687	-12.841

### Current Service Activity

#### Service Vision

***To be a Leading Transport Authority delivering a high quality, cost effective transport infrastructure and services to our customers.***

16. We deliver all highway and transport services including highway maintenance, drainage, flooding, street lighting, bridges, traffic signals, civil enforcement, parking, transport planning, public transport, school buses, special transport, highways development control, travel planning, road safety, transport strategy, major developments, Local Transport Plan, traffic management, streetworks, asset management. The service is also responsible for the delivery of the Council's Highways and Transport Capital Programme.
17. The service is now being delivered totally through a new ground breaking partnership arrangement, with Atkins, with all staff fully integrated into one organisational structure. This arrangement began, in July 2010 and the key savings within the strategy rely on the new service being more efficient and effective in its use of resources.
18. This level of saving is already assumed in the current Medium Term Financial Plan and whilst the principles are in place for delivering the savings all of the hard work to drive and implement change is still to take place. This should not be underestimated and the additional savings required will put considerable pressure on achieving this. However, the service is positioned well to deliver.

## Proposals

### Highways Maintenance

19. We recognise that highways maintenance is one of the most important services for local areas (MORI Poll, Oxfordshire 2010). We have sought to minimise the impact of reductions in service provision by focusing resources on keeping a functional, safe and accessible road network that meets the key requirements of its users. However, being mindful of the levels of savings required we have needed to take a robust approach which recognises that parts of the service can be categorised as “non-essential” and it is right that reductions in funding are focused on those areas.
20. It is proposed that the overall budget, subject to consultation, will be reduced in the following areas of provision:
- Carriageway repairs
  - Drainage / Gully emptying
  - Footway repairs
  - Signing and lining
  - Minor improvement schemes
  - Dropped crossings
  - Minor Bridge repairs
  - Noxious weed control
21. This will represent a budget reduction of 10% spread proportionately across these areas of service and will enable all essential aspects of these types of maintenance work to be continued.
22. To mitigate the impact of reduced spending, it is proposed that the £1m Area Stewardship Maintenance Fund is protected and reframed to encourage more effective identification of service needs at a local level. The fund will be ring fenced for ‘community enhancement projects’ which would need the support of their local members. This would enable communities to identify projects and services that are important to them (e.g. replacement of non –priority road signs, grass verge cutting). This will provide local accountability for the prioritisation of the fund and Area Stewards will work closely with local members and the community to determine the most appropriate use of the funds.



### Maintenance response times

23. Nationally highway defects are defined into two categories. Category 1 defects are those that require prompt attention because they represent an immediate or imminent danger and Category 2 are all other defects that meet the Council's criteria for remedial attention. In Oxfordshire, Category 2 defects are separated into 7 and 28 day responses. Whilst there are no legal standards with which to comply, the national Code of Practice recommends that these categories are addressed within 24 hours and 28 days respectively. The proposed removal of the 7 day response time would allow the less immediate works to be planned more effectively, resulting in better utilisation of the workforce and a reduced average cost for fixing each defect.
24. This will provide an improved level of service for residents as defects will be planned more effectively and with more certainty for delivery

### Flooding and drainage

25. The Service has identified revenue pressures (£0.986m) within the previous Medium Term Financial Plan to enable the authority to meet its duty under the Floods and Water Act. It is proposed that the service absorbs £0.400m of this pressure by re-prioritising activities in this area.
26. It is important to note that operational activity to redress identified flooding issues are currently completely funded through capital budgets, with the exception of gully cleansing where we intend to maintain a similar level of service provision. This still leaves an additional £0.586m which will provide opportunities to improve resilience to flooding in the highest priority areas of the county.

### Street Lighting

27. Street lighting uses around 2% of all electricity generated in the UK, and accounts for 27% of the Council's energy costs. The Council is responsible for approximately 58,000 street lights and has delivered a number of innovative street lighting solutions which have kept our base level energy use below 2005/06 levels, even with growth through new developments. Last year it was agreed that we would move to part-night lighting on 14,000 street lights. It is proposed that we extend this to include an additional 14,000 lights, taking the total number of street lights which will be on part night lighting to 28,000. Subject to the outcome of consultation before implementing the proposal, we will ensure that the proposal does not adversely impact on safety for the community or road users.

28. We propose to reduce our overall budget for the repairs and maintenance of street lights by 11%. Future repairs will be prioritised to instances where there is a risk to road or personal safety.

### Bus Subsidy Review

29. There are two opportunities during the 2011/12 financial year to review subsidised bus services when a number of existing contracts expire (June & December). Early indications are that the level of additional saving identified for 2011/12 will be achievable with very little impact on the bus service network. This is because a number of relatively high cost subsidised services are now close to being fully commercially viable and our revised procurement process has seen more competitive bids for subsidised services overall.
30. A risk to this is the change that has been made to the nationally funded Bus Services Operators Grant (BSOG). Reduction in the level of BSOG (20% reduction by 2014) will put additional financial pressure on bus operators. This may lead to a number of bus routes becoming less commercial. However, Oxfordshire has the highest patronage of any county for its bus services and this will help to mitigate this risk. Operators generally within Oxfordshire have strong support for their services and we would anticipate this remaining.

### Community Transport

31. We have reviewed our spending on Community Transport to ensure that it delivers value for money. We propose to re-focus our community transport funding on resources that 'signpost' people to the community transport which is available to them. We are proposing to link the resource to the current Social and Community Services pilot project, OxTAil, that signposts service users to community transport. This will support the Social and Community Services plan to rapidly ramp up their Self Directed Support initiative which places greater emphasis on service users arranging their own care & transport arrangements.

### Public Transport Development

32. Oxfordshire has the highest level of passenger transport outside the metropolitan areas and this is a key element in our congestion management strategy. Passenger information is seen by the public as essential to ease of use, however commercial channels would need to be developed to fill this gap as it is the commercial operators who gain the greatest benefits. We propose to cease to provide the Oxfordshire Public Transport Guide and review our contribution to the national 'Travel line' public transport information and Control System.

33. We propose to continue to maintain the Real Time Bus Information System but we will not allocate further resources to enhance the system.

#### Staffing within the service

34. Further to the existing commitments identified within the current Medium Term Financial Plan for staff reduction, it is proposed to reduce the staffing budget by an additional £0.250m to reflect the reduced capital funded activity. The impact to the authority can be managed through utilising the flexible contractual arrangements of the current Highways and Transport contract and draw on additional support through this mechanism to manage peaks in workload activity if and when funding increases.
35. Where we have appropriate skills in-house we will also reduce spend on consultants. This provides better utilisation of in-house staff whilst retaining the key skills and knowledge to ensure that the authority is fit for purpose in supporting the growth agenda, developer funding and other future investment. Only those areas of technical specialism will be procured through consultants

#### Road Safety

36. Road safety is an area which carries little statutory duty and the educational side, whilst important, is difficult to relate directly to casualty reduction. Plans are in place to transfer the responsibility for road safety education activities to Community Safety where it can link in with the Fire Service. As part of this transfer we will review the provision of the Footsteps child pedestrian safety programme in schools, the Council's Cycle Training Programme in primary schools, and the Theatre in Education project.

#### Controlled Parking Zones (CPZs)

37. When the council introduced permit charges it made a commitment to review the existing and older Controlled Parking Zones to ensure that they met the needs of residents and businesses. We have now completed these reviews and addressed the majority of the concerns raised. Going forward we will no longer fund further whole scale reviews of CPZs, however we will continue to manage the demand for disabled bays and reflect changes required to the controlled parking zones as a result of Section 106 investment/ planning conditions.

Place- based public transport procurement

38. Overall the County Council is currently spending in excess of £34 million on public transport related activity and control of this lies within three different Directorates (Social & Community Services (SCS), Environment & Economy (E&E) and Children, Young People & Families (CYPF). To date we have achieved much through better, smarter procurement but in a traditional sense. We now need to look at more innovative way of procuring and arranging transport to maintain services whilst cutting costs. Our plan is to look at the potential of joining up public transport services within an area and enabling the commercial operators to come forward with ideas on which areas of transport could be packaged together and how we could achieve this.
39. The proposal is to explore the potential of joining up public transport services within a geographic area and enabling the commercial operators to work with the county council to develop ideas on which areas of transport could be packaged together, for example, to develop a Quality Contract for a whole area such as a district and include all commercial services, subsidised services, social services needs and school travel.
40. There is also the potential of reviewing how we manage our Park & Ride sites and again work closely with operators to develop ideas. This would provide an opportunity to not only reduce costs but also to plan investment in the sites to ensure continuity of a thriving future service.
41. To achieve the greatest efficiencies, a Council wide approach is required, rather than the current fragmented service budgeting. CYPF and SCS must however retain responsibility for policy and commissioning to ensure that customer and business needs are met. This would require the overall budgets for public transport provision to be managed in a joined up way across the three directorates with a common aim of providing efficiencies. Savings will be made in the budget holding directorate and will contribute to any unfunded targets in future years.

Reintroducing charging at Park & Ride sites

42. The five Park and Ride sites currently operating around Oxford remain one of the largest provisions of Park and Ride in the country, offering 4,870 spaces to commuters. During the morning peak, over one in five cars bound for Oxford uses Park and Ride and annually Park and Ride is keeping more than a million cars out of Oxford's historic city.
43. The five sites currently require approximately £1.3 million a year to operate. The Council proposes to reintroduce charges at Park & Rides. Any net surplus will need to be shared with the City Council and Land Owners. The level of charging set will be such that the Park & Ride service is still attractive compared to the alternative of driving and parking the central area. Any charge introduced will be through a more seamless process such as "Pay on Foot".

Reintroducing on street charges

44. In the current economic climate it is no longer feasible for the council to provide free on street parking in Oxford. The council proposes to revert to the pre-2007 situation. This proposal is expected to generate £0.600m which will ensure than the council is able to continue to prioritise the use of public transport and Park and Ride facilities, reducing congestion in the city centre. This will also align with City Council practice for off street parking.

## Growth and Infrastructure

<b>Employees</b>	116.29 fte (120.08 establishment)
<b>2010/11 Gross Budget</b>	£33.056m

	2011/12	2012/13	2013/14	2014/15
<b>Savings (£m)</b>	<b>-4.366</b>	<b>-6.293</b>	<b>-9.603</b>	<b>-11.902</b>

### Redefining Core Business

45. Changes in the external environment (for example the removal of nationally set targets for planning and the implementation of the coalition Government's 'localism' agenda) are such that the delivery model for the Sustainable Development Service is no longer fit for purpose.
46. The coalition Government has set out its commitment to reduce the national deficit through a combination of budget cuts and encouraging economic growth, as part of which it has emphasised the importance of encouraging growth in the private sector.
47. Increasing emphasis is being placed on the role of the public sector to work in partnership with the private sector and academia to create the conditions for economic growth.
48. The public sector has a leadership role to play in taking forward infrastructure planning to improve the co-ordination of investment to deliver a shared ambition. It also has a leadership role in transforming the planning system so that it becomes an enabler of sustainable economic growth.
49. The scale and nature of these challenges requires changes in both the culture and capability of the service. Adopting a business-led approach to encouraging growth and investing in infrastructure will enable us to meet the challenges of the new political and economic climate. To that end we will:
  - Rationalise our existing spatial planning, economic development and planning implementation teams and create a new Growth and Infrastructure team;

- Explore opportunities for new models of delivery for our countryside services as part of the wider Directorate restructuring;
- Use our success in tackling the waste issue to develop our overall waste management strategy, using the wider Directorate restructuring as the opportunity to secure synergies in the way our contractual work is delivered.

50. In addition to improving our strategic capability, this approach will enable us to realise savings through economies of scale and rationalisation of our existing teams. It will enable us to deliver an enhanced quality of service and improve our ability to shape and influence the investment decisions of other agencies and service providers.

### **Oxfordshire City-Region Enterprise Partnership**

51. The proposal for the Oxfordshire City-Region Enterprise Partnership is one of 24 partnerships endorsed by Government. It will provide a level of strategic leadership from the business community, the public sector and academia the like of which has not been realised in the past.

52. It provides the framework through which we will:

- Shape and articulate a vision for the long term future of Oxfordshire's economy;
- Promote the rebalancing of the economy from the public to private sector;
- Support existing organisations to realise their full potential through better support and co-ordination;
- Promote investment in skills development that supports growth in our key sectors (low carbon and green technologies; advanced materials and engineering; space and other high value Research & Development science based sectors);
- Remove barriers to business start up and growth, actively facilitating innovation and entrepreneurship.

53. The Partnership's initial focus will be on:

- Addressing skills deficiencies;
- Supporting innovation and growth, including access to finance;
- Business support provision;
- Securing investment for infrastructure provision.

54. Economic development needs to be seen in terms of the outcome achieved as opposed to a process undertaken. The County Council's leadership role in infrastructure planning means that it is a key participant in the Partnership.

## Transformation and Restructuring the Service

55. The Service model is focused around three key areas of activity:

- Growth and Infrastructure team
- A Countryside team;
- A Waste Management team.

### Growth and Infrastructure Team

56. The Growth and Infrastructure team will provide corporate leadership in ensuring that all of the activities undertaken by the County Council are seen as contributing towards achieving economic development. In this it will support the work of the Oxfordshire City-Region Enterprise Partnership.

57. The team will provide leadership in:

- Ensuring that strategic infrastructure needs are identified and set out in an infrastructure plan for Oxfordshire that is agreed with the district/city councils;
- Ensuring that those needs are reflected in the core strategies of local development frameworks prepared by district/city councils;
- Working with the district/city councils to increase the financial contributions secured from developers towards meeting identified infrastructure needs;
- Working with national delivery agencies to ensure that their investment priorities and plans are aligned with local needs.

58. It will achieve this by:

- Preparing the Infrastructure Plan – working with the district/city councils to identify (in broad terms) the strategic infrastructure required to deliver planned growth and support investment by the private sector;
- Adopting a tariff/levy based approach to securing developer contributions – using the framework provided by the Infrastructure Plan to explore the potential to use the resulting funding stream to establish a forward funding mechanism for enabling infrastructure;



- Aligning funding streams at national level with those managed by the County Council – using the framework provided by the Infrastructure Plan to improve co-ordination of investment across public sector and other agencies (e.g. infrastructure providers that operate within an independently controlled regulatory regime – utilities, rail);
- Providing support for partnerships with external bodies that are focused on facilitating economic growth – for example by providing technical and administrative support for the Oxfordshire City-Region Enterprise Partnership (which will have a role in co-ordinating proposals for funding channelled through the Regional Growth Fund), the Spatial Planning and Infrastructure Partnership, the Oxfordshire Waste Partnership.

59. With its emphasis on delivering activities that support place-shaping, individual leads will act as the focus for bringing about co-ordinated action in our priority locations and areas of activity.

60. These lead individuals will continue to have access to skills within the County Council that enables us to:

- Contribute to the development of core strategies for the local development frameworks prepared by district/city councils;
- Comment on planning applications of strategic significance (e.g. 400+ dwellings and major employment sites/business parks).

61. We propose to no longer:

- Necessarily comment on all smaller scale planning applications that are of local significance;
- Provide advice or comment on the more detailed supporting documents to the local development framework;
- Undertake archaeological outreach work.

62. The proposed move towards a tariff based approach for developer contributions will make it easier to secure funding for investment in infrastructure. In addition because the tariff could be applied to all development it will increase the overall amount of money secured.

63. By its very nature a tariff based approach is simpler to apply and will substantially reduce the need to undertake detailed and extensive negotiations with developers. This proposal will enable us to realise savings in staff time and resource. We propose, however, retain the specialist skills required to enter into detailed discussions with developers where the nature of the proposal is more complicated and the tariff is not appropriate.

64. We will continue to have a statutory role with regards to waste and minerals planning. We will therefore retain a core group of specialist skills that enables us to:
- Take the lead in producing the Minerals and Waste Development Framework;
  - Produce a local waste plan;
  - Determine planning applications for minerals, waste and the County Council's own development;
  - Monitor and enforce conditions relating to planning permissions.
65. The Growth and Infrastructure team will have responsibility for ensuring the legal obligations under the Carbon Reduction Commitment are met. The results of this monitoring will inform and shape future investment choices through mechanisms such as the Asset Management Strategy.
66. Creating the Growth and Infrastructure capacity is a key priority for the Directorate. Early consultation on the structure of the team will enable it to be in place from April 2011. Implementation will be supported by a change management programme that ensures key services are maintained during the transition.
67. The skill set and capability of the team is likely to be different from the existing service. Every opportunity will be sought to redeploy existing staff, however there may be a requirement for recruitment of new skills.
68. The structure of the Growth and Infrastructure team will be designed to ensure it lends itself to further integration with other activities as part of the wider Directorate restructuring (already identified in the Medium Term Financial Plan)

#### Countryside Team

69. The countryside is important to Oxfordshire both in its own right as an economic activity and as part of the wider tourism offer.
70. A significant number of the activities undertaken are statutory duties placed upon the County Council through legislation. The level of service associated with those duties is determined by the Council and we will review these further as part of our prioritisation of services.
71. However, the scale of the savings required is such that our delivery model for countryside services also needs to be reviewed. In particular the opportunity to secure service delivery in partnership with adjoining local authorities is being pursued. Specific opportunities being explored are:

- Rights of Way – potentially sharing managerial functions, management of definitive map work;
- Maintenance Works – testing the current delivery model against alternative arrangements;
- Environmental Advice – potentially creating a pool of specialist advisors that are available to support the County Council's own activities, with the potential to recover some costs through advice provided on planning applications.

72. Discussions are at an early stage and the nature of potential savings yet to be identified. A detailed proposition will be prepared by April 2011, thereby enabling savings to be properly identified.

73. We will continue to act as host for a number of projects provided that our costs are recovered from partnering organisations. Where this is not possible we will work with the project to secure alternative arrangements.

### Waste Management

74. Waste management continues to account for the overwhelming majority of the Service's expenditure (approximately 80% of gross budget). The majority of costs incurred relate to contracts in place covering recycling, reprocessing and residual waste treatment. These areas of activity have therefore been tested through the procurement process. There is therefore limited scope for realising further staffing efficiencies; therefore we are reviewing the ability to re-engineer the recycling infrastructure.

75. Our success in tackling the waste issue provides the opportunity to revise our waste management strategy such that we:

- Ensure our Waste Recycling Centres (WRC) are well located to our largest urban areas;
- Minimise the number of WRC facilities;
- Continue to invest in WRC facilities to ensure that they remain fit for purpose

76. This approach would, subject to consultation, enable us to reduce the number of Waste Recycling Centres from 9 to 5. The proposal consists of 1 centrally located facility accepting residual waste along with reuse, recycling and composting (a new facility to be delivered at Kidlington). The other 4 facilities (existing facilities at Drayton, Dix Pit, and Oakley Wood, together with a relocated Alkerton facility) would cater for recycling/composting and reuse only. Under this proposal, Ardley, Dean, Stanford and Redbridge in Oxford would close. However the Redbridge site would be maintained as a trade waste only centre.

77. This approach will reduce the capital investment required to ensure our Household Waste Recycling Facilities remain fit for purpose. It will also enable revenue savings to be achieved.

78. The extent to which further restructuring of the service is possible will be explored as part of a wider discussion on the future role and shape of the Oxfordshire Waste Partnership. This is being taken forward as part of the current review of the 2011/12 budget for the Oxfordshire Waste Partnership.

### **Prioritisation of Services**

79. The programme of restructuring and transformation outlined above will realise savings in staff costs by refocusing and rationalising our work. However in order to contribute to the wider directorate savings target there is also a need to re-prioritise our services.

80. The proposed approach adopted across the service is to:

- Review and redefine the level of service for statutory duties;
- Reduce the grants provided in support of non-statutory duties;
- Reduce all other financial incentives.

### Redefining the level of service

81. Funding for maintenance work on the Rights of Way network has been reduced by 25%. In future it is proposed that only essential and priority work will be programmed. This will result in a reduction in the level of access to the countryside. It may also result in an increase in campaigns by local amenity groups for the County Council to take action

82. Our contributions towards the Boards that manage the Areas of Outstanding Natural Beauty have similarly been reduced.

83. Provision for monitoring of closed landfill sites has been reduced to the legal minimum required (3 sites). Monitoring of the remaining (7 sites) is proposed to be reduced in line with a risk based approach.

### Reduction in Grants to External Bodies

84. Continuing to fund non-statutory activities will no longer be affordable. An immediate withdrawal from supporting these community based projects will increase the risk of their failure due to the lack of time in which to put in place alternative funding arrangements that are not reliant upon the public sector.

85. A managed programme of withdrawal for grants relating to non-statutory activities is proposed. We propose to retain the capacity to support such activities (through the provision of advice and guidance) as a means of facilitating their continued existence. This approach will help ensure that we continue to lever in substantial support (through work in-kind) from community based projects and activities.

### Review Financial Incentives

86. As a result of the behavioural change already achieved in respect of waste management it is an appropriate point in time at which to review the policies and proposals promoted through the Oxfordshire Waste Partnership.
87. In particular consideration needs to be given as to whether there is a continued need to pay the (non-statutory) incentives to the Waste Collection Authorities in the medium term. Any reduction in these incentives may have a direct financial impact on the district/city councils and carry political risk. This will be considered as part of a wider discussion on the future role and shape of the Oxfordshire Waste Partnership. This is being taken forward as part of the current review of the 2011/12 budget for the Oxfordshire Waste Partnership.

### **Income Generation**

88. Revenues from planning applications have fallen as a consequence of the impact of the recession on commercial activity. However, we propose in future to charge for pre-application advice and for the discharging of conditions. The likely level of income has been estimated on the basis of a scale of charges comparable with other local authorities. The scale of charges will be kept under review. Opportunities to introduce charges for other areas of professional advice (e.g. natural environment) are also being explored.
89. The County Council has a number of income generating opportunities arising from the installation of equipment to produce renewable energy on its sites. The level of income secured would be dependant on the level of funding secured to invest. Council own funds/investment will achieve the highest level of income, but would require upfront investment. Private finance could be secured but would require a profit sharing agreement. Work is currently underway to investigate the opportunities to initiate a competitive dialogue for all 6 Oxfordshire councils to secure private finance. Income generation from renewable energy installations would help reduce energy costs and would need to form part of the Asset Management Strategy.
90. Income generating opportunities in the waste management service are more limited, although there is scope for generating income from the sale of recycled inert waste and through advertising at the Household Waste Recycling Centres.

91. Partnering arrangements (e.g. sponsorship) and/or the introduction of some form of community fund arrangement in partnership with local communities may lever in additional income to invest in the Public Rights of Way network. However, the potential of this has yet to be explored in any detail and remains an unknown quantity. Opportunities may also exist to introduce pay-and-display charging in Council owned car parks that provide access to the Public Rights of Way network as a means of increasing revenue.

## Property Asset Management

<b>Employees</b>	84.2 fte (establishment 91.82 fte) <b>including transfer of Facilities Management</b> on 1 April 2010 (33.63 fte/ 38.16 fte was FM establishment transferred)
<b>2010/11 Gross Budget</b>	£18.012m (£2.225m net after recharges to other Services)

	2011/12	2012/13	2013/14	2014/15
<b>Savings (£m)</b>	-1.281	-2.363	-2.770	-2.585

**Vision: Deliver effectively planned, used and managed property assets that make the maximum contribution to achieving the Council's corporate objectives, and reduce our assets to a core of well located, flexible property, focused on core public service delivery.**

### Delivering changes already in the Medium Term Financial Plan

92. As outlined in last year's directorate strategy, the Property Asset Management service is moving from a largely reactive, bottom up property service to a cross council asset management approach where assets are used in the most effective way to deliver the council's priorities.
93. The restructure of Property Asset Management to enable provision of this new service will be fully in place by November 2010. This will deliver the staffing savings in the 2010/11 Medium Term Financial Plan of £0.230m (EE37) and will establish the service needed to deliver the asset strategy, including transferring all strategic property Medium Term Financial Plan includes procurement savings to reflect the 15% efficiencies (£0.550m – EE42) we anticipate driving from this exercise.
94. Plans and projects are underway to reduce the size of the portfolio to deliver the savings targets of £0.220m rising to £0.880m already in the Medium Term Financial Plan (EE43), although to an extent these will depend on there being clear plans for changes to service delivery.
95. It is proposed that the repairs and maintenance budget is reduced in 2011/12 and 2012/13 by approx £1.2m before rising to more sustainable levels in 2013/14. This will mean that little or no planned work to non-school properties will take place within those years, However selective reinvestment would take place in the last two years of the planned period to prevent long term deterioration of the asset base.

## Delivering the Additional Savings

96. The efficiencies already profiled into the Medium Term Financial Plan drive significant savings out of property services and our assets. To deliver the additional savings required we will need to aim to reduce the costs of the non-schools portfolio by 40% leading to a saving in addition to £0.880m already in the 2010/11 Medium Term Financial Plan (EE43). The cross council approach to property assets and the need to reduce the size of the county council gives an opportunity to transform our assets to help deliver change and savings. However it is becoming clearer that these aims are not achievable unless there is clear direction and considerable change to current business models. Even with the conditions set out below this must be considered ambitious.
97. The following critical success factors are highlighted:
- Clear and timely proposals for changes or reductions in services
  - A New Ways of Working initiative to transform the way our staff work and significantly reduce the amount of office accommodation needed
  - A truly cross council approach to asset management and an effective Property Asset Management Service in place. The Service should act as **a corporate landlord** to provide fully serviced, optimised property for those Services where asset presence is essential. This proposal will involve the transfer of some premises budgets from Services to Property Asset Management. This will need to ensure that savings are not double counted.
  - A further restructure of the consolidated Facilities Management Service to delivery salary, procurement and running costs savings of £0.300m from 2012/13.
98. Following a cross cutting challenge it was agreed that efficiencies could be gained if all non-school premises budgets were to be held by Property Asset Management. It is therefore proposed that the following non-school premises budgets, parts of which are currently held by services, are transferred to Property Asset Management from April 2011:
- energy and water budgets
  - repairs and maintenance budgets
  - grounds maintenance
  - rent
  - security
  - cleaning and cleaning materials
  - refuse collection



- premises insurance

99. Transfers will need to be carried out so that there is a neutral financial effect on both individual services and on Property Asset Management. Where savings have already been identified by services for activities where a budget transfer is to take place, only the reduced budget will transfer, with the individual service taking the saving.
100. In the current Medium Term Financial Plan it was agreed that the Repairs and Maintenance budgets allocated directly to schools would be examined with an overall review of delegated funding to schools, to align funding in proportion to the level of responsibility that rests with schools and the council as a whole to ensure appropriate spending, and the better management of the structural maintenance budgets. However, changes in the relationships with schools as a result of national policy may mean revisiting this strategy and considering whether schools become responsible for full repair and replacement within reducing budgets or if the arrangement remains as it is.
101. In years 2011/12 and 2012/13 the savings proposed are relatively small and come from staff reductions and reducing the repairs and maintenance budgets. In the later years it is proposed that the significant savings come from re-procurement and reducing the size of the portfolio. The preferred strategy is to deliver the majority of the additional savings by reducing the size and therefore the costs of our portfolio.
102. Two thirds of the property portfolio is owned by the County Council and therefore, in most cases, the benefits of disposal will be capital receipts rather than significant revenue savings. Although it should be possible to reduce the size of the non-school estate by 25%, it will therefore be very difficult to reduce the revenue costs by 25%. It is therefore proposed that contributions from the Strategic Measures Account (a central fund) be used to reduce this revenue saving target to reflect the benefit to the organisation of generating capital receipts from the disposal of freehold property.
103. The Asset Management Strategy is a cost reduction strategy, achieved by reducing the number of assets and therefore reducing repairs and maintenance liabilities; increasing sharing across the Council and with our partners; and making more intensive and flexible use of our office accommodation. However it will require capital and revenue investment. An initial business case will be prepared by April 2011 setting out the proposed programme for reducing the size of the portfolio, the investment required and the savings delivered.

## Summary

104. It is clear that the current business strategy is already delivering major efficiencies for the directorate. Although further efficiencies are sought through re-scoping, re-designing and re-scaling service delivery models, it is important to recognise that while a substantial amount of directorate budget is tied into very recently tendered contracts, the scope for further savings is limited unless further pooling of resources in other areas of service delivery (like public transport) is supported.
105. Therefore, for the E&E Directorate, the majority of the additional savings will have to be generated through cutting the volume of delivery, changing current service standards, introducing service charges or stopping the delivery of certain services altogether. This explains why the majority of our new proposals have policy implications. The delivery for some of the very ambitious proposals will be dependent upon decisions by / support of our partner organisations. In particular, the ability to generate additional efficiencies and revised incentives through the current Oxfordshire Waste Partnership structure may be limited.
106. The directorate will continue to be reshaped and services transformed based on the outcomes the Council wishes to achieve and the priorities we want to deliver over the next four years. This is critical to respond effectively to new business drivers and challenges; to enable cross-directorate working based on agreed priorities; to facilitate opportunities for joint-working with our partners and to be able to influence their choices over what really matters to us.
107. As the key provider of critical infrastructure for the Council, the directorate is becoming increasingly corporate in both its thinking and in its interdependency with other directorates. Issues of new models of delivery outside the directorate will significantly impact on the location, volume and quality of the assets required to deliver them. The directorate will work increasingly outside its historic boundaries with internal and external service providers to ensure that benefits from transformation are fully realised
108. One of the key challenges is to preserve and provide adequate levels of investment in critical infrastructure. It is clear that:
- the current financial environment will bring new challenges for funding the current and future infrastructure requirement;
  - links between emerging service delivery proposals and delivering efficiencies through the implementation of the asset strategy will need to be managed effectively if the target savings are to be achieved and the required benefit realised;
109. Capital and revenue budgets are extremely interdependent and the expected reduction in capital will place additional pressures on the maintenance of existing assets. There is significant performance data to demonstrate that a significant reduction in repair and maintenance budgets is both inefficient and ultimately more expensive in terms of whole life cost.

110. The five key areas of focus in this strategy will provide for a sharper business model with leaner operation costs and a re-direction of resources into recognised areas of corporate priority only. Some of the proposals will involve a high degree of public impact but are designed to protect critical frontline services.
111. The strategy has been severely tested by the scale of the additional savings required. By frontloading re-procurement of key contracts and early transformation of service delivery models the directorate is confident that it can achieve the financial savings originally profiled for years 1 and 2. In addition, after robustly reviewing the interventions profile the directorate has been able to bring forward more of the proposed savings into year 1 to offset the additional front end pressures faced by the council. This is primarily to be found from the reprofiling of proposed reductions in road and asset repair and maintenance budgets. Whilst difficult, these proposals are deliverable, although it is accepted that additional reductions in the maintenance of the critical asset base is not sustainable in the long term and future plans would require selective re-investment to prevent critical failure.