

## **COUNCIL – 17 FEBRUARY 2015**

### **CORPORATE PLAN AND SERVICE & RESOURCE PLANNING 2015/16 – 2017/18**

#### **Report by the Chief Finance Officer**

#### **Introduction**

1. This report is the culmination of the service & resource planning process for 2015/16 to 2017/18. It sets out the Cabinet's proposed budget for 2015/16, medium term financial plan and capital programme, together with a number of statements/policies that the Council is required to approve for the 2015/16 financial year. The report also includes the refreshed Corporate Plan and directorate business strategies to 2017/18, which set out how the medium term financial plan will be delivered.
2. The report is divided into five main sections which are outlined below:  
  
Section 1 – Leader of the Council's overview  
Section 2 – Corporate Plan  
Section 3 – Budget Strategy and Capital Programme  
Section 4 – Directorate Business Strategies and Corporate Performance Indicators  
Section 5 – Chief Finance Officer's statutory report
3. The report provides an update on information received since the Cabinet meeting on 27 January 2015, including the final local government finance settlement (subject to House of Commons approval) and the local share of business rates. The budget proposals set out in section 3 have been updated in the light of this information. Changes since the report to Cabinet in January are set out in section 3.5.1.

#### **Section 1 – Leader of the Council's Overview**

4. The Leader's speech on the proposed budget is set out in Section 1.

#### **Section 2 – Corporate Plan**

5. As part of a range of documents which set out objectives and activities ahead, the Council produces a Corporate Plan that is refreshed on an annual basis. The update for 2015/16 has focussed on what the Council has achieved in the last year, where Council activity will be focussed in the coming twelve months and a general update of statistics and data. Updates relating to finance will be made following the approval of the budget and capital programme by Council.

6. The key themes and objectives remain the same, as below.

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| <p><b>Our ambition:</b><br/>A Thriving Oxfordshire</p>   |
| <p><b>This means having:</b><br/>A Thriving Economy<br/>Thriving People and Communities<br/>A Safety Net</p>   |
| <p><b>The county council's role in delivering this ambition:</b><br/>Providing Community Leadership<br/>Working in Partnership<br/>Helping People to Help Themselves</p> |

### **Section 3 – Budget Strategy and Capital Programme**

7. This section sets out the detailed 2015/16 budget and the 2015/16 – 2017/18 medium term financial plan and capital programme, together with the strategies which underpin these such as the financial strategy and treasury management strategy. It includes those matters that the Council must approve as part of the budget setting process, including the council tax requirement and council tax amount for a band D property. The updated financial strategy was presented to Cabinet in September 2014.

### **Section 4 – Directorate Business Strategies and Performance Indicators**

8. The refreshed directorate business strategies for the period 2015/16 – 2017/18 are set out in section 4. This also includes a link to the current service & community impact assessments (SCIAs) completed for each of the savings proposals. SCIAs are living documents, and directorates update them to ensure they always reflect the current state of the proposal. Any changes to a proposal will have to be assessed for their potential impacts and the SCIA updated accordingly.
9. The corporate performance indicators proposed for 2015/16 have been reviewed, to ensure that indicators reflect the core business of each directorate as set out in their business strategies and the Council's priorities as set out in the corporate plan. Updates have focused on:
- (a) Strengthening our focus on safeguarding vulnerable adults
  - (b) Reducing waiting times for care and support
  - (c) Support to carers
  - (d) The introduction of the Multi Agency Safeguarding Hub
  - (e) Strengthening our focus on safeguarding children
  - (f) Growth, particularly through the provision of apprenticeships and the use of developer funding
  - (g) The implementation of the support transport programme

- (h) The introduction of the energy recovery facility and the impact on wider waste management.
10. The proposed indicators and their associated targets have been set on a realistic expectation of performance based on the forecast demand for service and the level of available resources. It will also be possible to refine them, as necessary, to ensure that they are achievable and realistic. Any further revisions to targets, for example to respond to year end performance levels, will be monitored by the Performance Scrutiny Committee.

## **Section 5 – Chief Finance Officer’s statutory report**

11. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the estimates made in determining the council tax requirement and on the adequacy of the proposed financial reserves. This assessment is set out in section 5 of the report. Council is required to have regard to this report in making their decisions on the budget.

## **Updated Financial Information**

### Final Local Government Finance Settlement

12. The final local government finance settlement was announced on 3 February 2015 for approval by the House of Commons on 11 February 2015. An additional £74 million has been allocated via Revenue Support Grant to upper-tier authorities to recognise that such councils have asked for additional support, including to help them respond to local welfare needs and to improve social care. Oxfordshire’s share of this is £0.5m, although as the funding is included in RSG, it is expected to decrease in line with general RSG assumptions, to £0.3m by 2017/18. It is proposed to put £0.3m into the corporate contingency which is held to manage the risks and uncertainties of rising demand, including that in adult social care.

### Collection Fund Surplus

13. Final estimates of the County Council’s share of the council tax collection fund surplus were received by the end of January 2015. The Council will receive £7.5m in 2015/16, £0.4m more than the forecast position reported in January 2015. This has been added to the budget reserve in 2015/16.

### Business Rates

14. Final estimates of the County Council’s local share of business rates were received by 31 January 2015. The forecast provided by district councils for 2015/16 is £30.3m of business rates income plus £1.3m grant to compensate for the various business rate reductions announced in the 2013 and 2014 Autumn Statement. In total this is £0.7m more than the previous forecast position and includes £1.2m for the Energy from Waste plant at Ardley. In addition, the Council is expected to meet a share of the estimated deficit on business rates collection for 2014/15 of £0.9m.

15. The business rate pool between Cherwell District Council, West Oxfordshire District Council and the County Council has been confirmed. The pooling arrangement is expected to bring benefits to the area as a whole through reduced levies on business rates growth. The financial benefit for the County Council is expected to be small (less than £0.2m), receiving a 10% share of any levies retained as a result of pooling.
16. As with council tax, the council receives a share of the surplus or deficit on collection of business rates during the year. The impact of appeals has had a considerable impact on this position, with £0.2m deficit on collection arising from 2013/14 and £0.9m in 2014/15 (per paragraph 14). It is proposed to create a new reserve of £0.5m to manage the impact of future year deficits.

### General Balances

17. The Financial Monitoring & Business Strategy Delivery Report to Cabinet on 24 February 2015 shows forecast balances of £17.5m at the end of 2014/15. This is £1.3m more than the forecast position in January due to a reduction in the estimated overspend by directorates. As a result of this, balances for 2014/15 are currently forecast to be £0.1m more than the risk assessed level.

### Budget proposals

18. Following the receipt of the outstanding information set out above, there is £1.2m available to allocate from the additional revenue support grant allocation and business rates income. In addition to the contribution to contingency and creation of a new reserve referred to in paragraphs 12 and 16 respectively, the Cabinet's proposals (set out in section 3.5.1 of the report) include a reduction in the savings required for highways maintenance of £0.3m and the removal of the saving for community action groups.

## **Financial and Legal Implications**

19. This report is mostly concerned with finance and the implications are set out in the main body of the report.

## **Equality and Inclusion Implications**

20. 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.'
21. The current service and community impact assessments (SCIAs) on the budget proposals are included in section 4.0 of the report.

## RECOMMENDATIONS

22. The Council is RECOMMENDED to:

- (a) approve the Corporate Plan 2015/16 – 2017/18 (update for 2015/16) as set out in section 2.0;
- (b) approve the Financial Strategy 2014/15 – 2017/18 (update for 2015/16) as set out in section 3.1;
- (c) have regard to the Chief Finance Officer's report (at Section 5) in approving recommendations d to h below;
- (d) (in respect of revenue) approve:
  - (1) the council tax and precept calculations for 2015/16 set out in section 3.2 and in particular:
    - (i) a precept of £288,252,933;
    - (ii) a council tax for band D equivalent properties of £1,232.46;
  - (2) a budget for 2015/16 as set out in section 3.3 including the:
    - (i) virement of £2.751m from corporate contingency to Children's Social Care (CEF2-3);
    - (ii) new reserve for Business Rates;
  - (3) a medium term plan for 2015/16 to 2017/18 as set out in section 3.4 (which incorporates changes to the existing medium term financial plan as set out in section 3.5);
  - (4) the use of Dedicated Schools Grant (provisional allocation) for 2015/16 as set out in section 3.6;
  - (5) virement arrangements to operate within the approved budget for 2015/16 as set out in section 3.7;
- (e) (in respect of balances and reserves) approve:
  - (1) the Chief Finance Officer's recommended level of balances for 2015/16 as set out in section 3.8.1
  - (2) the planned level of reserves for 2015/16 to 2017/18 as set out in section 3.8.2;
- (f) (in respect of capital) approve:
  - (1) a Capital Programme for 2014/15 to 2018/19 as set out in section 3.9 including the Highways Structural Maintenance Programme 2015/16 and 2016/17 in section 3.9.1;
- (g) (in respect of treasury management) approve:
  - (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2015/16 as set out in section 3.10;
  - (2) the continued delegation of authority to withdraw or advance additional funds to/from external fund managers to the Treasury Management Strategy Team;
  - (3) that any further changes required to the 2015/16 strategy be delegated to the Chief Finance Officer in consultation with

- the Leader of the Council and the Cabinet Member for Finance;
- (4) the Prudential Indicators as set out in Appendix A of section 3.10
  - (5) the Minimum Revenue Provision Methodology Statement as set out in Appendix B of section 3.10;
  - (6) the Specified Investment and Non Specified Investment Instruments as set out in Appendix C and D of section 3.10;
  - (7) the Treasury Management Policy Statement as set out at Appendix E of section 3.10;
- (h) approve the directorate business strategies and performance indicators as set out in section 4.0 and 4.1.

**LORNA BAXTER**

Chief Finance Officer

Background papers: Nil

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