

Division(s): N/A

PERFORMANCE SCRUTINY COMMITTEE
17 December 2015

Service & Resource Planning
2016/17 to 2019/20

Report by the Chief Finance Officer

Introduction

1. As set out in the Service & Resource Planning report to Cabinet in September 2015, due to the expected reduction in funding and increases in demand for services, the Council was planning on the need to make savings in the region of £50m over the next 4 years. The report to Cabinet in December 2015 gave an update to this position. This report sets out the savings options and details of the pressures over the medium term. The savings options were subject to public consultation and a summary of the feedback is available to this Committee, together with a forecast of reserve balances over the medium term and the report and response to the Budget Options Review undertaken by the Local Government Association (LGA) in October 2015.
2. The following annexes are attached to this report:
 - Annex 1: Summary Report on Talking Oxfordshire Feedback (full report to follow)
 - Annex 2: Savings Options and Pressures
 - Annex 3: Reserves Forecast 2016/17 – 2019/20
 - Annex 4: LGA Budget Options Review

Talking Oxfordshire Feedback Report

3. Members of the public and stakeholders were able to comment on the detailed budget options through the Council's website and at three events held around the County. The consultation closed on 30 November 2015, a summary is provided at Annex 1. A full report will be published before the meeting and a full set of responses will be made available to Members in the resource room.

Savings Options & Pressures

4. The Service & Resource Planning Report to Cabinet in December 2015 set out the latest position on savings options and pressures and is set out in Annex 2.
5. Directorate and Corporate pressures total £47.0m over the medium term as shown in the following table.

Directorate	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Children, Education & Families	4.2	-	-	-	4.2
Adult Social Care	3.0	-0.6	5.0	5.0	12.4
Environment & Economy	4.5	-1.9	0.5	0.5	3.6
Corporate	12.3	4.3	6.0	4.2	26.8
TOTAL	24.0	1.8	11.5	9.7	47.0

6. Directorate and corporate savings options of £51.6m¹ have been identified over the period 2016/17 to 2019/20. Within the existing MTFP there are £5.7m of unidentified savings and savings that will no longer be achieved, when these are taken into account the net savings figure is £45.9m. A summary by directorate is shown in the table below:

Directorate	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Children, Education & Families*	1.0	-5.2	-	-0.4	-4.6
Adult Social Care	-1.4	-0.2	-8.0	-6.0	-15.6
Fire & Rescue Service and Community Safety	-0.4		-0.1	-0.4	-0.9
Environment & Economy	-6.3	-0.8	-0.3	-1.5	-8.9
Cultural Services	-0.3	-0.4	-0.4	-	-1.1
Corporate Services	-0.8	-0.5	-0.1	-	-1.4
Corporate Measures	-6.9	-3.2	-2.0	-1.3	-13.4
TOTAL	-15.1	-10.3	-10.9	-9.6	-45.9

* includes re-phasing of £1.7m savings from 2016/17 to 2017/18

7. The following table shows that currently there is a net pressure of £1.1m over the medium term. However, there is currently a net pressure in 2016/17 of £8.8m. The Council is awaiting the outcome of the Provisional Local Government Finance Settlement before revisiting and if necessary addressing this position in order that a balanced budget can be set on 16 February 2016.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	TOTAL £m
Pressures	24.0	1.8	11.5	9.7	47.0
Savings	-15.2	-10.3	-10.8	-9.6	-45.9
Net Pressure (+)/Saving (-)	8.8	-8.5	0.7	0.1	1.1

¹ The savings options which have been consulted on totalled £52.1m. A saving of £0.4m within Adult Social Care relating to the Money Management service has been removed as it is no longer deliverable and a change of £0.1m to the HWRC saving within Environment & Economy.

Reserves

8. As set out in Annex 3, revenue reserves were £63.6m as at 1 April 2015 and are forecast to be £50.9m at 31 March 2016, of which £20.9m relates to schools. Other reserves, which include insurance, capital and cash flow reserves, are forecast to be £44.5m at 31 March 2016, compared to £48.1m as at 1 April 2015.
9. Annex 3 also sets out the forecast use of reserves over the medium term. This shows that most of the revenue reserves will be used over this period, with the forecast balance falling to £12.8m by the end of 2019/20, of which £9.4m relates to schools. Other reserves will fall to £15.2m by the end of 2019/20.
10. The budget reserve is currently forecast to be overdrawn by £11.4m in 2016/17 as the phasing of pressures does not match the profile of the savings, as set out in paragraph 7. The existing MTFP had assumed the reserve would be in deficit in 2016/17 and the current proposals increase the deficit. The reserve does currently return to a surplus position in 2017/18 and beyond. The Council cannot hold deficit reserves so there may be a need for some temporary use of other revenue reserves in 2016/17 to manage the deficit reserve.

LGA Budget Options Review

11. In October 2015 the Local Government Association carried out a short review of the savings the Council has made since 2010 and the planned savings over the next five years to see if there were any areas that the Council has not pursued or could go further with. In addition, the adequacy of the process to set the budget and the involvement of Members in the process was reviewed. The result of the review and the response from the Council is available in Annex 4.

Next Steps

12. The comments from this Committee on the savings options will be fed back to the Cabinet for it to take into consideration when proposing the revenue budget for 2016/17 and MTFP to 2019/20 MTFP on 26 January 2016.
13. The Council will meet to set the budget and council tax requirement for 2016/17 on 16 February 2016.

Financial and Legal Implications

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

RECOMMENDATION

- 15. The Performance Scrutiny Committee is invited to consider and comment on:**
- (a) the savings options and in light of the feedback from the public consultation identify those savings that are the least acceptable, and**
 - (b) the LGA report and the Council response.**

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