

Division(s): N/A
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**ANNEX 3**

**STRATEGY & PARTNERSHIPS SCRUTINY COMMITTEE  
25 NOVEMBER 2009**

**SERVICE AND RESOURCE PLANNING 2010/11 – 2014/15**

**Report by Assistant Chief Executive & Chief Finance Officer and Assistant  
Chief Executive (Strategy)**

**Introduction**

1. As part of the Service & Resource Planning process, Strategy & Partnerships Scrutiny Committee is meeting prior to the December round of Scrutiny Committees to consider the Business Improvement and Efficiency Strategies for all Directorates. Each Scrutiny Committee will then consider the strategies for their programme areas with comments from each being passed back to Strategy & Partnerships Scrutiny Committee in January 2010, in order that the committee can then feed back to Cabinet in time for consideration as part of their budget proposals.
  
2. The following annexes are attached:
  - Annex 1 : Summary of Identified Pressures and Proposed Savings
  - Annex 2 : Oxfordshire's Business Efficiency Strategy
  - Annex 3 : Children, Young People & Families Business Improvement & Efficiency Strategy
  - Annex 4 : Social & Community Services Business Improvement & Efficiency Strategy
  - Annex 5 : Environment & Economy Business Improvement & Efficiency Strategy
  - Annex 6 : Community Safety Business Improvement & Efficiency Strategy
  - Annex 7 : Corporate Core & Shared Services Business Improvement & Efficiency Strategy

**Service & Resource Planning process 2010/11 - 2014/15**

3. The report to Cabinet in September set out that since the budget was agreed in February 2009, the financial position has been under continuous review. Pressures relating to the medium term were identified which required changes to the planning assumptions. These reflected the scale of the national and global recession, changes in legislation and pressures in the cost of services. The impact of these was spread across the timeframe of the business plans, but with a significant impact in 2011/12.
  
4. In total pressures of £60.0m were identified, £21.0m relating to reduced funding, £34.0m relating to pressures and £5.0m relating to previously agreed budget changes in the Medium Term Financial Plan (MTFP). The level of reduced funding being a real reduction in the level of expenditure, however,

the remaining savings identified being recycled to fund continuing or new pressures.

5. In July 2009, savings targets rising to £60m over the medium term were issued to Directorates to ensure that the identified pressures could be managed across the medium term and allow adequate time for options and plans to be worked up before the budget is agreed in February 2010.
6. In addition to the £60.0m savings target, the existing MTFP already includes £30.0m of planned savings over the period 2009/10 – 2013/14.

### Identified Pressures and Proposed Savings

7. Directorate Business Improvement and Efficiency Strategies alongside draft business plans were completed in September in order that financial pressures and savings over the medium term could be considered by the relevant Star Chamber as part of the Service & Resource Planning process.
8. Through this process pressures totalling £83.5m have been identified, an increase of £23.5m from the estimate in July. The total of savings proposed is £81.1m, after deducting £5.0m already required in the existing MTFP, is £16.1m more than planned. The pressures and savings include £7.5m which have already been agreed as part of the existing MTFP (and form part of the £30m referred to in paragraph 6), but for which specific savings had not previously been identified. The new pressures and savings should therefore exclude this figure. The table below sets out the position.

Year on Year	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	TOTAL £m
Total Pressures Identified	19.4	20.0	10.8	21.4	11.9	83.5
Less : Previously agreed but unidentified savings now shown as a pressure		-1.1	-3.1	-3.3		-7.5
<b>NEW PRESSURES</b>	<b>19.4</b>	<b>18.9</b>	<b>7.7</b>	<b>18.1</b>	<b>11.9</b>	<b>76.0</b>
Total Savings Proposed	-30.1	-17.6	-15.8	-15.4	-2.2	-81.1
Less: Savings required in existing MTFP	2.5	2.5				5.0
Less : Previously agreed but unidentified savings now shown as a pressure		1.1	3.1	3.3		7.5
<b>NEW SAVINGS</b>	<b>-27.6</b>	<b>-14.0</b>	<b>-12.7</b>	<b>-12.1</b>	<b>-2.2</b>	<b>-68.6</b>
<b>NET POSITION</b>	<b>-8.2</b>	<b>4.9</b>	<b>-5.0</b>	<b>6.0</b>	<b>9.7</b>	<b>7.4</b>

9. The table shows that over the medium term there is still a shortfall of £7.4m. This assumes that in 2010/11 and 2012/13 the surpluses are carried forward to future years to cover or contribute towards the deficits.
10. The overarching business efficiency strategy and the individual Directorate strategies (including identified pressures and proposed savings) are set out in Annexes 2 to 7.

### Staffing Changes

11. When the savings target of £60m was distributed, it was recognised that there would be a reduction in the number of posts over the medium term of around 500. The table below sets out the proposed staffing changes in full time equivalents (FTE) over the medium term, which arise from the individual Business Improvement and Efficiency Strategies.
12. Many of these reductions can be met through turnover and redeployment. There are currently in excess of 500 vacant posts throughout the organisation (excluding schools), with annual turnover based on the first six months of this financial year at 15%.

Year on Year	2010/11 FTE	2011/12 FTE	2012/13 FTE	2013/14 FTE	2014/15 FTE	TOTAL FTE
Children, Young People & Families	-52.1	-54.7	-113.1	-47.9	-4.6	-272.4
Social & Community Services	-15.0	-22.4	-14.5	-18.5	-2.0	-72.4
Environment & Economy	-18.0	-6.0	-12.0	-12.0	0	-48.0
Community Safety	-4.2	-4.0	0.5	3.0	0	-4.7
Shared Services	-12.0	-3.0	-3.0	0	0	-18.0
Corporate Core	-55.0	-19.0	-16.0	-16.0	0	-106.0
<b>NET POSITION</b>	<b>-156.3</b>	<b>-109.1</b>	<b>-158.1</b>	<b>-91.4</b>	<b>-6.6</b>	<b>-521.5</b>

### Council tax

13. The existing MTFP assumes Council tax increases of 3.75% for 2010/11 and beyond. Given the current low rates of inflation, the Committee are asked to consider if they think 3.75% is still an appropriate increase. In considering this, the Committee should bear in mind that every 1% reduction in Council tax requires £2.7m of savings, which would be required in addition to those already set out in the Business Improvement and Efficiency Strategies.

## **Capital Programme**

14. The timetable for consideration of capital is slightly later than the consideration of revenue. The Capital Star Chamber was held on 24 November 2009 and the draft Capital Strategy and Corporate Asset Management Plan will form part of the report to Cabinet on 19 January 2009 having been considered by Strategy & Partnerships Scrutiny Committee on 17 December 2009. Given the later consideration, it is proposed that the chairs from each Scrutiny Committee are invited to attend the December meeting to comment on the capital proposals.

## **RECOMMENDATION**

15. **The Scrutiny Committee is invited to :**
- (a) comment on the overall Council position and the balance of pressures and savings across the directorates;**
  - (b) note that the Directorate Business Improvement & Efficiency Strategies plus the pressures and savings therein will be considered by the Service Scrutiny committees, their comments being fed back to Strategy & Partnerships Scrutiny Committee for consideration in January 2010;**
  - (c) consider whether the Council tax increase in the existing MTFP is still appropriate recognising that any reduction would require further savings to be identified; and**
  - (d) agree to invite the chairs of the Service Scrutiny Committees to attend the Strategy & Partnerships Scrutiny Committee on 17<sup>th</sup> December 2009 to comment on the capital proposals.**

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