

CABINET - 17 JANUARY 2012
SERVICE & RESOURCE PLANNING - 2012/13 to 2016/17
Report by Cabinet Member for Finance and Property

Introduction

- 1 This report should be read in conjunction with the report from the Assistant Chief Executive & Chief Finance Officer and takes account of the latest financial information. Together, the two reports set out the details of the Cabinet's proposals for the 2012/13 budget and the Medium Term Financial Plan (MTFP) for 2012/13 to 2016/17. The Business Strategies will continue to deliver the changes planned taking on board the medium term objectives of the Council, details of which can be found in the Council Plan which is also on the agenda for this Cabinet Meeting for recommendation to the February 2012 County Council.
- 2 Our prudent financial planning to respond to the government's economic rescue mission has placed us in a very strong position to manage the known reduction in local government funding in the shorter term. In February 2011, the Council agreed savings of £119m in the MTFP set out in the 2011/12 to 2014/15 Business Strategies and we are on course to achieve £54m of savings in the current financial year.
- 3 Through the Service & Resource Planning process some changes to the planned savings in the Business Strategies for 2012/13 to 2014/15 have been identified. These changes relate to the timing or phasing of existing savings, some newly identified pressures and proposed corresponding savings. In the main, the Strategies are being delivered as planned with the majority of savings for 2012/13 to 2014/15 expected to be achieved. We now set out how we will be able to achieve the changes to the business strategies whilst still ensuring that essential services are protected. Our focus remains on how we can deliver essential services to the public in a different way which will reduce our costs.
- 4 With George Osborne's Autumn Statement revising downwards the forecasts for growth, borrowing set to be higher than forecast and spending cuts to carry on to 2017, the age of austerity looks set to last longer than previously thought. From the statement it appears that the four years from 2011/12 to 2014/15 will not be the worst of the funding reductions to the public sector, but that reductions in 2015/16 and 2016/17 will be as much as in the previous four years. When added to the unknown impact of the introduction of the new localized business rates scheme, the future beyond 2012/13 is uncertain.
- 5 The Business Strategies will need to be revisited in autumn 2012 when the implications of the localized business rates scheme start to become clearer and plans will need to be amended for 2013/14 and later years in the MTFP with consideration of further budget reductions and how those will be achieved at that point.
- 6 This Cabinet has considered the comments on the draft budget proposals from individual Scrutiny Committees held on 15 December 2011 as well as feedback from the public consultation through Oxfordshire Voice Panel in September 2011. The Council has also

invited comments on its overall proposed budget, this consultation closed on 10th January 2012. A summary of the comments received is attached at Annex 1.

- 7 Below I set out the main areas where we are proposing changes to the existing Business Strategies to 2014/15.

Budget Proposals and Changes arising from Scrutiny

- 8 The Cabinet continues to protect front line children's safeguarding services along with the Fire & Rescue Service with savings in those areas to be achieved only through genuine efficiency of working. We have been also been able to provide some additional funding for key priorities.

Children, Education & Families

- 9 The new Early Intervention Service which became operational in September 2011 provides a single integrated service to families through seven hubs. This new innovative service seeks to work with families where problems have been identified; to intervene early to resolve problems and help families to develop skills to address any future issues for themselves. The service was due to make further savings in 2012/13. However it is not considered appropriate to make further savings with the service only just operating in a stable situation.
- 10 Savings are planned from Connexions through reduction in central support as the responsibility for all age careers moves to schools. Modest savings are also planned for Children's Centres. The aim is to protect services and the reach to families provided by all 44 of our centres whilst making savings from eradicating duplication, sharing best practice and exploring innovative management and administrative solutions. Restructuring the Youth Offending Service in line with principles of the restructure which took place during the year across the rest of the directorate will also provide some savings.
- 11 Our expenditure on Schools is mainly determined by the Government, through ring-fencing of grants, and these are being protected at the same level as the current year. We are still awaiting the final figures for next year's school funding, which will follow the January pupil count. However, the increase in Pupil Premium will provide additional support to those schools with the most deprivation and will also support those with Military populations.

Social & Community Services

- 12 We recognise that the ageing population will continue to grow and we plan to continue to provide for demographic growth. Given the pressures that have demonstrated this year, we are also proposing to provide additional investment in adults with physical disabilities, adults with autism and adults with acquired brain injuries. This will provide some measure of financial safety net for these vulnerable groups.

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- 13 Proposals for changes to our libraries network went out to consultation in May this year. The proposal, to keep all libraries open with some support from volunteers was a significant change from the original proposal to withdraw funding from twenty libraries and a response to the public concern. The council proactively listened and engaged with communities who were worried about the impact of losing funding for their library. Following the extensive consultation, a revised proposal was formed, and agreed by Cabinet in December, that will ensure that the council provides an efficient and comprehensive library service that meets the needs of Oxfordshire residents.

Environment & Economy (including Oxfordshire Customer Services)

- 14 The greatest saving in this area is in waste management. This has been achieved through reduced costs from the reduction in the overall tonnage disposed of and increased recycling/composting performance.
- 15 There are some new pressures arising from increased energy costs and some new funding to provide support to the Local Economic Partnership in helping address on-going economic challenges. No new reductions in Highways Maintenance are proposed.
- 16 The Council took over the running of Concessionary Fares from the Districts Councils in April 2011. We had built in additional funding to the MTFP from 2012/13 but were being cautious about the extent of savings we could achieve by bringing the administration together. In practise we have achieved greater efficiency, and in addition some savings are expected through changes to bus company reimbursements. This means that we can reduce the budget next year with no impact on the services to be delivered.
- 17 New savings are planned in Oxfordshire Customer Services from a new Telephony Strategy which will reduce reliance on fixed line desk based telephony, and from extending the new operating model to Human Resources and Finance.

Chief Executive's Office

- 18 Funding to provide on-going support for the military is proposed. In previous years, funding has been available from LABGI and other grants which have now ceased. This cabinet strongly supports the military personnel and their dependents in Oxfordshire. We were the first council in the country to sign the Community Covenant and in June 2011 the Leader of the Council took on the role of Military Champion for the County which recognises the significant involvement of the county council in supporting the military community. Additional savings are proposed to meet this cost through further structural changes across the CEO office.
- 19 Given the success of the Big Society Fund we propose to continue to provide funding in 2012/13. The fund was created last year for communities to bid for start-up funding for sustainable community projects that would benefit their areas. Dependent on the final funding available we hope to provide at least £400,000 for the coming year.
- 20 Additional funding was agreed as part of the MTFP last year to enable the council to respond financially to the outcome of consultations. This funding will contribute towards

the shortfall in savings being made by the library service following the consultation set out above.

Collection Fund

- 21 Any collection fund surplus is treated as a one-off investment. Provisional figures from the District Councils are currently estimated at £2.0m more than budgeted for. Once we have a final figure for the surplus the Leader of the Council and I will set out proposals for its use to Council.

Council Tax

- 22 Last year, the Government provided the funding to achieve their pledge of freezing council tax if authorities held their levels of increase at 2.5%. Consequently we froze council tax in 2011/12 and also built in a proposed 2.5% increase for 2012/13. Since then, the Government has been able to provide funding to freeze council tax increases for a further year where authorities limit their levels of increase to 2.5%. As we had limited our proposed increase to 2.5% we are in a position to take this grant, however, as the grant for 2012/13 is only a one-off grant, to ensure that essential services are maintained in future this funding needs to be replaced in 2013/14.
- 23 For future years we have maintained our previous proposed levels of increase at 3.75%, as there are high levels of uncertainty about future funding, although these rates will be reviewed each year as part of the budget setting process.

Capital Programme

- 24 We did a lot of work last year on bringing our capital programmes into a single pot and being clearer about the areas for prioritisation. We have used this methodology again this year to prioritise areas of investment and are able to present a balanced programme with additional £45m of investment over the medium term to 2016/17.
- 25 The recent announcement from the DfE of capital funding allocations for 2012/13, confirmed a £3.513m reduction from the allocation received in 2011/12. This reduction is mainly due to a change in the methodology for allocating funding for pupil places, also the structural maintenance allocation has been reduced to reflect schools that have converted, or are about to convert, to academy status. It is proposed that allocations for schools structural maintenance and schools access initiative are reduced in line with the reduced grant.
- 26 I am pleased to say that we are able to include in the programme all capital investment needs related to statutory requirements and maintenance of essential infrastructure and capital investment proposals supporting the delivery of updated business strategies. This includes £23m for large highways structural maintenance schemes.
- 27 Broadband infrastructure investment is vital in supporting the growth agenda. The benefits of superfast broadband will have a positive impact across the whole economy. The lack of broadband and mobile phone coverage in rural areas has been identified as a

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significant barrier to future development and growth by government who have made funding available through Broadband Delivery UK (BDUK). Oxfordshire has been allocated Oxfordshire £3.86m towards the infrastructure costs and I am proposing £10m capital investment to support this.

- 28 There are still a number of schemes which remain on hold pending options appraisals which will be carried out to inform decision making ahead of next year's capital budget setting process.

Conclusion

- 29 The direction of travel of the Business Strategies for 2011/12 to 2014/15 remains unchanged. We are on track to deliver the full £119m savings required by 2014/15. The limited number of changes to the strategies reflects the thorough planning undertaken last year and the council's commitment to look for different ways of working, reducing our costs and accepting that some services will need to change. We are again able to put forward a set of proposals which will continue to ensure that our critical services are maintained and we continue to provide a level of service we can afford.

Cllr Jim Couchman

Cabinet Member for Finance and Property

Attachment: Annex 1 - Consultation Summary