

Introduction

The purpose of the Narrative Statement is to provide information on the Council, its main objectives and strategies and the principal risks it faces. It sets out information to help readers understand the Council's financial position and performance during 2020/21.

Oxfordshire County Council provides services to residents, businesses and communities across the whole county.

We are responsible for children's and adult social care, public health, support for education and families, highways, waste disposal, libraries and cultural services, fire and rescue and a range of community safety services.

We participate in and lead key partnerships that work to deliver housing and growth, environmental benefits, safer communities and improved health and wellbeing for all Oxfordshire residents.

With our partners at Cherwell District Council, we are developing an innovative new model of working in local government, focusing on delivering joined up approaches that maximise benefits for residents.

We use the learning from this partnership to improve our work with all of Oxfordshire's councils and other organisations.

Responding to the COVID-19 Pandemic

COVID-19 has had a significant impact on the services we deliver and how we deliver them in 2020/21. The different ways in which we have responded to the pandemic are set out throughout this report.

In the early part of 2020, the council acted swiftly to establish an emergency response to support vulnerable residents, offer assistance to key partners and maintain essential frontline services in areas like education, social care and infrastructure delivery. At the same time, much of our work moved online. As the first wave of the virus began to impact Oxfordshire, our teams were heavily involved in activity to bring the virus under control and protect the

most vulnerable individuals – whether that be from the direct effects of the virus or from the impact of lockdown on people's health, wellbeing and financial security.

As lockdown measures eased in the summer, our focus switched towards managing the return of residents into the public realm and supporting businesses and other settings to help contain infection while maintaining economic activity. We worked to understand the impact of lockdown in areas such as educational attainment, children's social care and mental health, and put in place plans to support recovery.

From September, as the second wave of infection began to take hold, we put back in place provision such as direct support to those considered clinically extremely vulnerable to COVID-19, supporting them to shield and initiating a local contact tracing system to supplement the national effort for the hardest to reach cases. In the first five months since its launch, in October 2020, the team successfully completed contact tracing for just under 2,000 people. A countywide COVID secure team was also established, providing advice to local businesses to ensure they were compliant with new COVID-19 rules.

We worked in partnership with other councils and the voluntary and community sector to initiate emergency welfare schemes and new support for those eligible for free school meals. As the vaccination and symptom-free testing programmes grew in scale, the county council has played a central role in operational delivery and community outreach.

Throughout the pandemic, we have acted as a trusted source of information on public health matters, working with NHS and local authority colleagues to communicate information and guidance as widely as possible through our Stop the Spread campaign, and focusing our efforts on those groups less likely to respond to national messages. We have renewed and refined our partnership working arrangements with colleagues across public and private organisations and within the community and voluntary sector. Wherever practical, we have worked together to pool resources and ensure that the most appropriate organisations were enabled to deliver the best possible outcomes.

While the long-term impact of COVID-19 will take some time to become clear, we know that in areas such as health, inequality, deprivation and business support, the council will have a key role to play in supporting local communities and economic recovery for some time to come

Vision for Oxfordshire

Oxfordshire County Council's ambition, as set out in our Corporate Plan, is for a county where local residents and businesses can flourish - a thriving Oxfordshire.



Our Corporate Plan 2020-24 set out our vision for thriving communities for everyone in Oxfordshire. It explained the priorities and focus for us to achieve our vision. It explained how we will realise our vision and how we measure progress through our robust performance management framework.

You can read more about our Vision and Corporate Plan on our website. [Our vision | Oxfordshire County Council Intranet](#)

- Vision
- Corporate Plan 2019-22:
- In February 2020 our Corporate Plan was updated. Our new corporate plan for 2020-24 is published here: <https://www.oxfordshire.gov.uk/sites/default/files/file/about-council/CorporatePlan2020.pdf>

Our core services in 2020/21 included:

- Children, Education and Families (including the safeguarding of children, looked after children, services to vulnerable children and young people and their families, adoption and fostering services and some education services)
- Adult Social Care (commissioning and providing services which keep adults safe and provide the support our residents need for independent living).
- Services for public health including mental health
- Highways maintenance and transport planning
- Strategic spatial planning including major infrastructure, inward investment and housing growth
- Strategic environmental management including carbon emissions reduction, energy efficiency and waste disposal
- Community safety including Fire and Rescue and Trading Standards
- Cultural Services including libraries, museums and the Music Service
- Coroners' and Registration services

These services are either provided directly by the Council or are commissioned from and delivered by other organisations. Most of these services are mandatory, meaning that the Council must provide them because it is under a statutory duty to do so.

Our leadership and workforce

Our Constitution sets out the rules and procedures by which the council operates.

<https://www2.oxfordshire.gov.uk/cms/content/council-constitution>

The Council has 63 members (or ‘councillors’), elected by the public to represent a particular local area, or ‘Division’. Collectively they are responsible for the democratic structure of the council, overseeing our key policies and services and setting the council’s annual budget and capital programme. More information can be found on our website.

<https://www.oxfordshire.gov.uk/cms/public-site/about-your-council>

During 2020/21, the Leader of the Council was Cllr Ian Hudspeth. Cllr Hudspeth appointed a Cabinet, responsible for the key decisions to manage the Council’s business. Following the elections in May 2021, a new administration has been formed by the Oxfordshire Fair Deal Alliance with Cllr Liz Leffman elected Leader of the Council.

Details of current Cabinet members and their responsibilities can be found on our website.

<https://www2.oxfordshire.gov.uk/cms/content/cabinet>

Employees (‘officers’) support Cabinet and Council in their work and manage the Council’s services and operations. The Chief Executive (Yvonne Rees) leads the most senior group of officers, the Chief Executive’s Direct Reports (CEDR), who advise councillors on policy and implement councillors’ decisions.

As at 31 March 2021 the Council’s staff complement stood at 4126.93 FTE (full-time equivalent) posts (4,123.42 at 31 March 2020), representing 5,087 employees (5,079 at 31 March 2020). Most staff are structured into one of several directorates, each responsible for a group of services and functions in support of the Council’s Vision and Corporate Plan.

The Council works in close partnership with Cherwell District Council. We have continued to develop the partnership further during the year. The two councils share a Chief Executive and senior management team, and many officers work jointly across both councils. The partnership offers opportunities to join up services for residents and reduce the costs of providing services

We also work collaboratively with partners in the public, private and voluntary sector to achieve the best outcomes for our residents. Further details of how the Council works, both internally and with external partners, can be found in our Annual Governance Statement.

Our performance

During 2020/21 common approaches to performance reporting, risk management and assurance were significantly enhanced to improve focus, consistency and cohesive business management across the Council. Directorates are responsible for setting their strategies and business objectives for the year ahead and the longer term, in support of ambitions and commitments set out in the Corporate Plan.

Throughout 2020/21 we have reported on each month’s performance to internal managers, councillors and the public. The monthly Business Management and Monitoring Reports bring together information on performance, finance and leadership risk, giving a balanced picture of how the Council is doing and providing audiences with greater insight into our business than in previous years.

The monthly reports describe performance in terms of a set of 27 indicators which most clearly demonstrate progress towards the outcomes in the Corporate Plan. The Council’s performance outturn for 2020/21 has been published in detail in our Business Management and Monitoring Report.

In our monthly reports we show the latest assessment of our 27 performance indicators. Most are given a Red, Amber or Green (RAG) rating, signifying

whether or not progress is on track. In deciding RAG ratings we consider data on current performance and an assessment of progress. The exceptions are a small number of indicators and outcomes for which a performance target is not appropriate, but which we include in reports to provide updates on activity in these important areas. At 31 March 2021 the 27 indicators were assessed as follows:

RAG	Count	%
Green	17	63%
Amber	9	33%
Red	0	0%
Not assessed – due to Covid-19	1	4%

Risk Management

During 2020/21 we continued to strengthen our risk management activities. This helped us to ensure that we continued to identify and address any uncertainties relating to the achievement of our priorities. The Risk and Opportunities Management Strategy, is reviewed annually and captures the risks supporting the priorities in the corporate plan.

Leadership Risks – were reported to Cabinet in our monthly Business Management and Monitoring Reports. Leadership risks are those that are significant in size and duration and could impact on the performance of the Council as a whole, and in particular on its ability to deliver its strategic priorities.

Directorates and teams within the Council also maintained “operational” risk registers to ensure that individual services, projects or areas of business remained on course. Operational risks which become more severe can be escalated to the Leadership level for management.

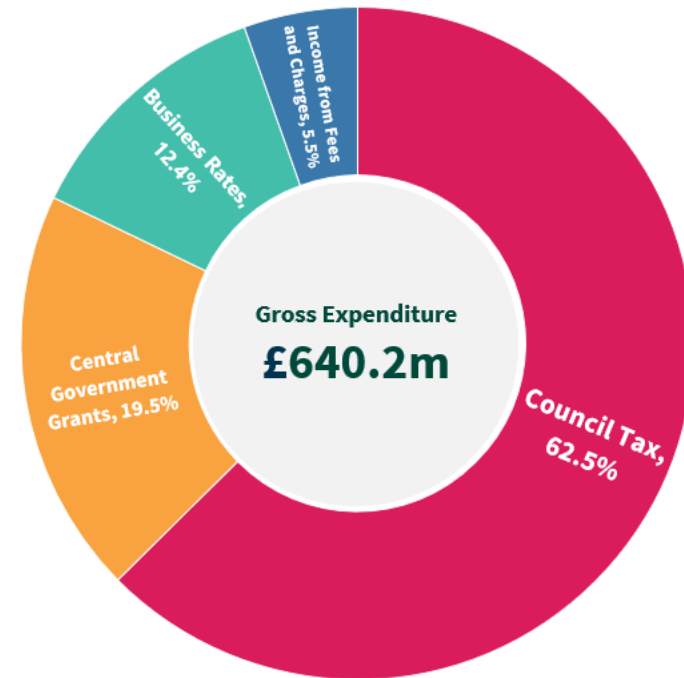
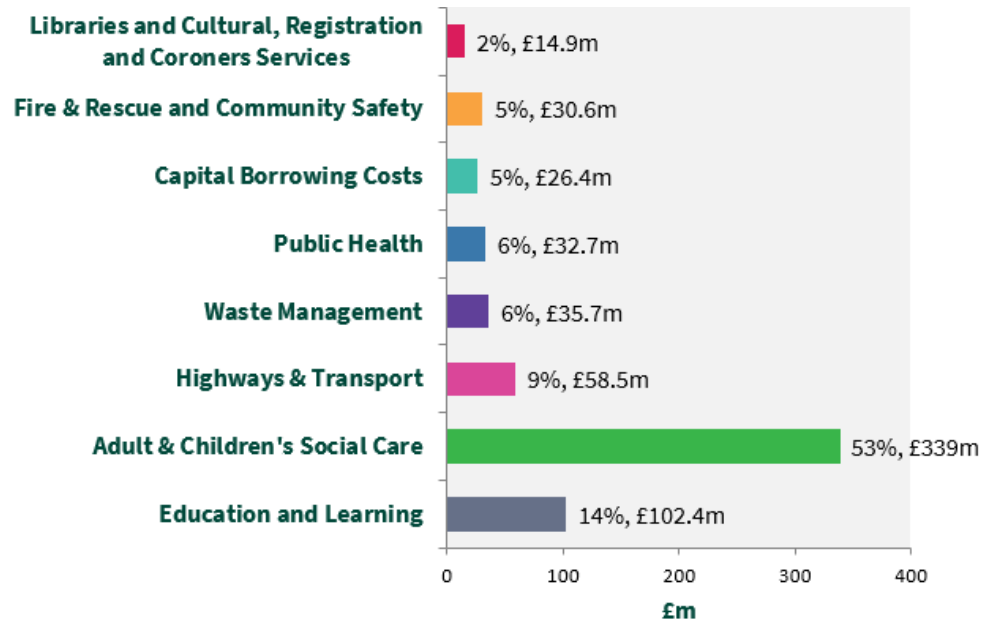
Our financial operating model

The Council sets a revenue budget, medium-term financial strategy (MTFS) and capital programme in the February preceding the start of the financial year. These are underpinned by a Financial Strategy, Capital & Investment Strategy, Treasury Management Strategy and a risk assessment of the level of general balances required. Construction of the budget and budget proposals are subject to challenge by the Council’s Leadership Team and the Director of Finance. Councillors have the opportunity to question and challenge the proposals through engagement sessions and member presentations. The Performance Scrutiny Committee scrutinises the budget proposals at its meetings in December and January before Cabinet propose the budget, MTFS and capital programme in January. Throughout the year, regular business management reports including financial monitoring are presented to Cabinet.

Revenue spending plans for 2020/21

Our budget for the provision of services in 2020/21 and Medium Term Strategy Plan (MTFS) to 2023/24 was agreed by Council on 11 February 2020 alongside the Corporate Plan for 2020 – 24 for Thriving Communities for everyone in Oxfordshire. The budget set out plans for a net investment in services of £28.4m including £9.1m for measures to manage demand and £4.8m for invest to save proposals.

We planned to spend £640.2m (excluding schools) on delivering services in 2020/21. We spend £188.7m on running schools the funding for which comes directly from government.



We intended to finance £165.1m of our spending plan from specific and general government grants, contributions from other bodies, charging and interest income plus a contribution from reserves and balances. Therefore, our net operating budget totalled £475.1m.

The net operating budget was financed from: Business Rates (£75.1m); and Council Tax (£400.0m). Council tax for a Band D property was set at £1,527.44. This was a 3.99% increase from 2019/20.

The majority of the planning for the 2020/21 budget was completed well in advance of the discovery of the coronavirus. The World Health Organisation formally named the virus COVID-19 on 11 February, the same day that the budget was set. At that point there was little indication that the financial year would begin in a period of national lockdown which was announced by the Prime Minister on 23 March 2020.

The new financial year began on 1 April in an environment of significant uncertainty about additional costs and duties as a result of the pandemic, the impact on services, and the what level of additional funding would be available from central government.

The [Financial Monitoring Report to Cabinet in July 2020](#) noted that the COVID-19 pandemic was having a significant impact on the local government sector and had required authorities to commit expenditure that was outside of their agreed budgets and that councils were also experiencing significant losses in

income from fees and charges. It was estimated that the financial pressure arising from these factors in 2020/21 could be as significant as £50.9m for the Council.

At that point, the total funding received by the Council to meet the forecast pressure was £31.0m of which £30.7m was available to use in 2020/21 after £0.3m was applied in 2019/20. This created an estimated in year funding gap of up to 20.2m.

On [18 August 2020, Cabinet](#) agreed revisions to the budget that reprioritised £14.9m of Council resources towards managing the impact of COVID-19. The virements (budget movements) to enact the revised budget was approved by [Council on 8 September 2020](#).

Following the agreement of the in-year budget, additional funding was announced by the Government. This included a further tranche of general emergency grant funding (£3.9m) and the Sales, Fees and Charges Income Compensation Scheme (claim of £4.0m). This additional general funding, combined with other specific financial support for care providers, reduced the pressure on existing Council resources.

As the year progressed, it became clear that there will be a long-term impact of COVID-19 on Oxfordshire's residents and communities and the Council's services that extends beyond 31 March 2021.

The combination of increased funding and the revised profile of additional expenditure has created an underspend against the COVID-19 budget in 2020/21. The balance of £14.2m has been carried forward through reserves into 2021/22 to manage the ongoing financial impact of the pandemic.

Revenue Financial year end position

Revenue

2020/21 was dominated by the COVID-19 pandemic. This will continue to have a significant impact on the Council, our resources and our communities for

several years to come. Robust financial planning and business management and reporting remains key to maintaining essential service delivery and protecting the most vulnerable.

As set out in the table that follows there was a -£5.9m variation to directorate budgets at year end. This position includes the transfer of £14.2m to the COVID Reserve.

During the year, the Council received £67.2m of government grants of which, £24.4m were unringfenced and £42.8m ringfenced. Un-ringfenced COVID-19 funding available in 2020/21 totalled £53.5m which comprised the grants received in 2020/21 as well as £14.2m unringfenced COVID-19 support grant carried forward from 2019/20 and £14.9m reprioritised in the in year budget. This has been used to fund £39.3m of exceptional expenditure and lost income relating to COVID-19. As noted above, the balance of £14.2m will be placed in the COVID-19 reserve for use in 2021/22 and beyond.

Ringfenced grant funding of £42.8m was received in year of which £12.7m has been carried forward for use in future years reflecting the terms and conditions of the individual grants. Of the £12.7m carried forward £9.9m relates to the Contain Outbreak Management Fund.

Grant funding is set out in Notes 19 and 20 on [pages x and x](#).

As part of the MTFS agreed by Council on 11 February 2020 it was agreed that £4.6m would be transferred to general balances (County Fund) to increase balances to the risk assessed level. The Council underspend of £5.9 will also be added to general balances. This is set out in the Movement on General Balances table on the following page.

Narrative Statement

	Original Budget £m	Final Budget £m	Actual Net Exp £m	Variation Final Bgt £m
Directorates				
Children's Services	130.674	133.911	130.472	-3.439
Adult Services	194.047	197.320	197.320	0.000
Public Health*	0.000	0.788	0.788	0.000
Environment and Place	64.261	63.542	65.504	1.962
Customers, Organisational Development & Resources	33.923	35.421	34.421	-0.956
Commercial Development, Assets & Investments	50.059	49.936	46.455	-3.518
	472.964	480.901	447.096	-5.951
Strategic Measures				
Capital Financing	24.077	24.077	23.218	-0.859
Interest on Balances	-10.449	-10.449	-9.287	1.162
Unringfenced Government Grants	-27.030	-44.018	-43.861	0.157
Contingency	4.879	0.414	0.053	-0.361
Insurance Recharge	2.942	2.942	2.942	0.000
COVID-19 Budget	0.000	21.042	21.042	0.000
Transformation Savings	-5.464	0.000	0.000	0.000
Public Health Saving Recharge	-0.425	0.000	0.000	0.000
	-11.470	-5.992	-5.893	0.099
Contributions to/from Corporate Reserves				
Contributions to (+) / from (-) reserves	9.641	-3.774	-3.774	0.000
	9.641	-3.774	-3.774	0.000
Funding				
Business Rates Top-up Grant	-40.546	-40.546	-40.546	0.000
Business Rates	-35.125	-35.125	-35.224	-0.099
Council Tax Requirement	-391.445	-391.445	-391.445	0
Council Tax Surpluses	-8.610	-8.610	-8.610	0
	-475.726	-475.726	-472.825	-0.099
Overall Surplus (-) / Deficit (+)	-4.591	-4.591	-10.542	-5.951
Planned Contribution to balances	4.591	4.591	0.000	-4.591
Overall Increase (-) / Decrease (+) in General Balances	0.000	0.000	-10.542	-10.542

*Public Health is funded by the Public Health Grant. Under the terms and conditions of the grant any variation should be transferred to the Public Health Reserve.

General balances at 31 March 2021 were £34.6m compared to a risk assessed level of £23.4m for 2020/21. The risk assessed level for 2021/22 is £28.8m as set out in the Medium-Term Financial Strategy (MTFS) approved by Council in February 2021.

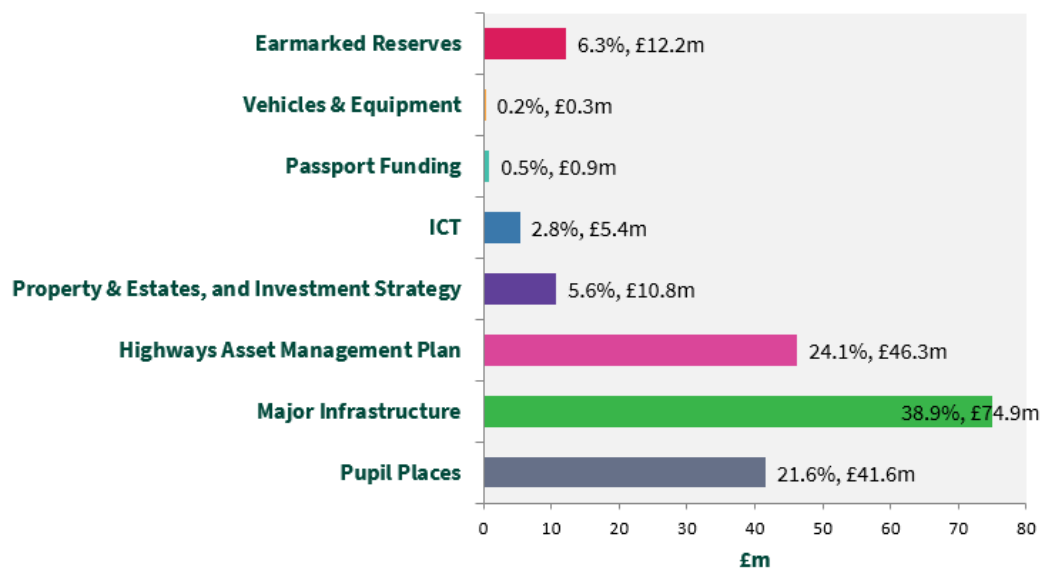
Movement on General Balances	£m
General Balances at 1 April 2020	24.1
Budgeted Contribution to Balances	4.6
Directorate Underspend	5.9
General Balances at 31 March 2021	34.6
Risked Assessed Level of General Balances 2020/21	23.4
Level of surplus balances	11.2

Further detail will be set out in Annex C of the [Business Management Report to Cabinet on 22 June 2021](#).

Capital

Capital investment plans for 2020/21

The original capital programme for 2020/21 was agreed by Council in February 2020. This set out an expected programme of spend of £192.4m. This included £41.6m on providing additional school places and new schools in housing developments and £40.9m on major infrastructure projects, including large road improvement schemes, and road maintenance.



We planned to fund this from grants and contributions (£142.2m), developer contributions (£30.8m) and prudential borrowing (£19.4m).



The capital programme is updated throughout the year to reflect the latest delivery profiles and cost estimates for each programme. The capital programme for 2020/21 was last updated in February 2021. At that point in the year, expected spend to 31 March 2021 totalled £174.1m. Actual capital programme expenditure for the year 2020/21 was £152.5m. The variation between the latest programme and the final outturn is £21.6m (-12%). In all cases, the reduction in spend in 2020/21 was due to a reprofiling of delivery timelines with planned spend moving into 2021/22.

The Capital Programme expenditure of £152.5m was funded by £123.5m of capital grants and other external contributions, £28.2m of developer contributions, £0.6m of revenue contributions and £0.2m of prudential borrowing.

Further detail will be set out in the [Capital Outturn Report to Cabinet on 22 June 2021](#).

Financial Outlook

The 2021/22 Earmarked Reserves and General Balances Policy Statement increased the risk assessed level of General Balances from £23.4m to 28.8m for 2021/22. This is equivalent to 6.0% of the net revenue budget for 2021/22 and equates to around three weeks net expenditure. The increase in the assessed risk from 2020/21 was primarily due to the changing risk environment that has emerged as a result of the COVID-19 pandemic. Taking into account the 2020/21 year end position, at the start of the year, general balances are £34.6m; compared to the risk assessed levels of £28.8m. This means that the County Council remains in a strong position to withstand the ongoing financial uncertainty created by the COVID-19 pandemic and the wider pressures on local government budgets.

The ongoing and longer term impacts of the COVID-19 pandemic beyond 2021/22 are still not clear. However, it is prudent to plan for reduced income from council tax and business rates as well as a potential on-going increase in

demand in adults and children’s social care. During 2020/21, a £6.0m reserve was created to help manage shortfalls in the Collection Fund over future years. Assumptions are continually updated for the latest information and will be used to inform the Budget and Business Planning Process for 2022/23.

The Government has not yet confirmed that the delayed implementation of the Review of Relative Needs and Resource and 75% business rates retention will be implemented in 2022/23, however it is unlikely that this will be achievable within the timeframe. This creates ongoing uncertainty about future funding arrangements. The first Budget and Business Planning Report for 2022/23 will be considered by Cabinet in October 2021 and will provide an update on the latest funding assumptions for both 2022/23 and the MTFs to 2026/27.

Further detail of the 2021/22 financial monitoring position will be set out in Annex C of the [Business Management Report to Cabinet on 22 June 2021](#).

Basis of Preparation and Presentation

The Council produces a Statement of Accounts to provide transparency about the Council’s finances, to give assurance to stakeholders that public money has been properly accounted for and that the financial standing of the council is on a secure basis.

The accounts (including notes to the accounts) for 2020/21 are set out on pages **14 to 93**.

The accounts bring together all the Council’s financial statements for the year 2020/21 and show its financial position as at 31 March 2021. The statements reflect both revenue and capital elements for the General Fund, including transactions relating to joint operations with other local authorities and health bodies.

The County Council is the administering authority for the Oxfordshire Local Government Pension Fund. As such, the Fund accounts are included as a disclosure within the Council’s accounts.

The Statement of Accounts must provide a ‘true and fair’ view of the Council’s financial position at 31 March 2021 and of its income and expenditure for the 2020/21 financial year. When preparing the accounts consideration is given to the materiality of information. Disclosure of information is made where omitting it could be misleading or inhibit the true and fair view.

The strong and prudent level of general balances, combined with Earmarked Reserves (Note 44), are sufficient to ensure that the County Council is able to continue to meet the cost of the provision of services over the medium term. Therefore, the accounts are prepared on a ‘going-concern’ basis.

Financial Statements

Comprehensive Income and Expenditure Statement	Shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.
Movement in Reserves Statement	Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into ‘useable reserves’ (ie those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’ (for example the Revaluation Reserve which holds unrealised gains and losses or the Capital Adjustment Account which holds adjustments between the accounting basis and funding basis under regulations). This statement shows how the movements in year of the authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance in the year following those adjustments.
Balance Sheet	The balance sheet shows the values as at 31 March 2021 of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority, analysed between ‘useable’ and ‘unusable’ reserves.

Cash Flow Statement	This summarises the changes in cash and cash equivalents during 2020/21. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.
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Notes to the accounts

The Notes to the Accounts explain and provide further detail behind the key items and entries within the Financial Statements. They consist of:

- Expenditure and Funding Analysis – Compares the net expenditure as funded by taxation with the accounting cost of providing services as presented in the Comprehensive Income and Expenditure Statement.
- Notes to the Accounts – Which explain some of the key items and disclosures in the accounts.
- Pension Fund Accounts – These are the accounts of the Pension Fund, which is operated for employees of the County Council, district councils and other bodies.
- Statement of Responsibilities for the Statement of Accounts – Outlines the key responsibilities in respect of the accounts, together with statements from the Chief Finance Officer and Chairman of the Audit & Governance Committee.

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (ie government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Annual Governance Statement

The Audit & Governance Committee approved our Annual Governance Statement (AGS) at its [meeting on 2 June 2021](#). The AGS summarises the governance framework that has been in place in the Council during 2020/21. The Statement demonstrates that we have effective arrangements for the governance of the Council and that we are satisfied that we have a robust system of internal control.

Conclusion

For 2020/21 as a whole, through careful planning and management, Oxfordshire County Council has ensured that we achieved or made good progress with our priorities for the year, despite COVID-19. We have delivered vital services to the residents and communities of Oxfordshire and have reached the end of the business year in a robust financial position.

This will serve us well in meeting the long-term challenges created by the COVID-19 pandemic 2021/22 and beyond as we continue to work towards our vision of Thriving Communities for Everyone in Oxfordshire.