

## COUNTY COUNCIL – 9 FEBRUARY 2010

### SERVICE AND RESOURCE PLANNING

2010/11 TO 2014/15

#### Report by the Leader of the Council

##### Introduction

1. My report to Cabinet on 19 January 2010 set out the strategy that this administration has taken to deliver a well planned and financially sound budget and Medium Term Financial Plan (MTFP) for the authority whose key aims are delivering high quality services to the residents of Oxfordshire.
2. Within this context we are delivering this budget in a framework of :
  - ❖ **Low tax** – reducing year-on-year the annual increase in Council Tax.
  - ❖ **Real choice** – providing services to meet the requirements of residents, not making residents' needs fit our services. This supports our commitment to providing services in ways that best suit the differing circumstances of the various parts of our diverse county.
  - ❖ **Value for money** – streamlining service delivery and improving cost effectiveness year on year.

and our medium term objectives of

- (a) Growing our World Class Economy
  - (b) Promoting Healthy & Thriving Communities
  - (c) Combating Climate Change & Improving Our Environment
  - (d) Delivering Better Public Services
3. For each of the objective areas I have identified challenges facing the County Council and, through the service and resource planning process, I have sought to prioritise those areas, either through revenue or capital funding, to ensure that the County Council can deliver excellent services to our customers.

The Corporate Plan is also on the agenda for this meeting and sets out the detail of our vision. Later in this report I have shown some of the linkages between the priority areas and the funding we have made available.
  4. While my report to Cabinet in January set out the majority of our proposals, I was aware that there was still outstanding information and, therefore, this report would need to finalise the budget proposals. The changes in funding available, taking account of the updated information, are set out in the Chief Finance Officer's supplementary report to this meeting. This enables me to make the following revised proposals which are built into Annexes 1 – 13 to this report.

##### Low Taxes – the level of Council Tax

5. In May 2005, this Administration gave a commitment to reduce the Council Tax increase year on year with a 0.125% reduction in each year down to 4% by 2009/10. We achieved this ahead of target in 2007/08 and then continued to make 0.125% reductions in the subsequent two years. Given the financial pressures caused by the national economic position, the Cabinet's planning for 2010/11 has been maintaining the level of increase at 3.75% in each year of the medium term plan, although I had hoped to continue with the downward levels of increase.

6. In my 19 January Cabinet report, I said I was very concerned not to be able to reduce the level of increase below 3% but the late introduction by the government of the Personal Care Bill meant that this did not appear possible.
7. All through this year's difficult process I have tried to find ways to reduce the level of council tax. I am very aware that many of our residents have faced little or no increase in their salaries or pensions and I have tried to balance the pressures the council faces to continue to deliver our essential services against that pressure.
8. When Cabinet considered my proposals on 19 January, I was still not able to make a reduction and the Council Tax was still expected to rise by 3.75% in accordance with my original plan. Since that time, I have received a report from our new Pension Fund actuary and this has given me the confidence to reduce the provision I was making for pension funding increases in 2011/12 and to enable those funds to be used to reduce the level of Council Tax increase by 1% in 2010/11 to give an increase of just 2.75%. This means that the average band D rate will be £1,161.71, or £22.34 per week. This is a rise of 60p per week on the current year.

### **Other Service Changes**

9. In addition to reducing the level of increase in Council Tax, there are a small number of other changes I have been able to make through the additional funding available from the Collection Fund. However, once I have taken account of the recent weather conditions, there are some things I feel that we can no longer achieve.
10. I am proposing to put further funding into repairing our highways, following the damage caused by the recent bad weather and I will also replace the funding allocated from balances in the 2009/10 financial year to deal with the additional calls on winter maintenance and highways repairs. In total these costs amount to £1.725m and mean that a further £0.750m will be made available to fund the urgent repairs to the highways.
11. I indicated previously that I had hoped to use the collection fund surplus to fund the Capital Minor Works programme for 5 years. I still intend to fund this in 2010/11 and so anticipate that any work required in the coming year will go ahead. However, I will need to review the future availability of funds once the Comprehensive Spending Review is known and once there is certainty on the Collection Fund position for 2011/12.
12. A further proposal for the use of the Collection Fund surplus has also needed to be reduced. I had hoped that I could remove the total saving which was proposed on our property maintenance in 2010/11. However, I can now only afford to reduce that saving by £0.732m, leaving a reduction of £0.395m. This does mean that valuable work to maintain our buildings can now go ahead.
13. Another change which I am proposing is to remove the future years' savings obtained through the re-introduction of the parking charges on Sundays and Evenings which our previous proposals only allowed for in the first year. I am pleased that this will continue as an incentive to encourage people into Oxford at those times and stimulate the economy.
14. The overall effect of these changes has meant that I have reduced the overall deficit in the MTFP period from £3.2m in the report to Cabinet to £3.0m now. I will continue to review this position in the coming year as the position of future funding becomes clearer and provides a greater degree of certainty.

### **Public Sector Pay**

15. Some of the changes above have been made possible by the assumption that public sector pay will be frozen in 2010/11 in line with the national offer from Employers. I know that this will be disappointing for our staff, who have continued to show their

dedication through the difficult winter period. However, they need to recognise the pressures which local government and the public generally are facing. Many people in the private sector faced a pay freeze last year and would not be pleased if we continued to increase pay when inflation has been so low.

### **Linkage of spending to Priorities**

16. I have set out in Appendix 1 the medium term objectives, the challenges facing the authority and how I am ensuring that the resources are available to deliver them. I would like to highlight a few of those.
17. Growing our world class economy by significant investment in public infrastructure through an ambitious capital programme; by continuing to address the issues of congestion and improving public transport; by working with schools to drive up educational attainment and, particularly to reduce the number of young people not in education, employment and training (NEETs).
18. Promoting healthy and thriving communities through serious work in breaking the cycle of deprivation in Banbury and parts of Oxford as well as smaller pockets in less visible locations; providing yet more funding to meet continuing demographic growth; through a programme of promoting community self-help and pride in place; significant investment in building homes for independent living; investment in additional watch managers for the fire and rescue service to strengthen our county-wide response capability.
19. Tackling climate change through funding energy saving measures and by working closely with schools which make a significant contribution to our present carbon footprint. Also working to improve our environment by funding surface water management schemes and repairing our highways after the recent cold spell as well as further promotion of re-cycling and other waste reduction strategies.
20. Finally, we are investing specifically to improve our own service delivery through developing a single service access point and by funding our work with many partnerships to ensure we join up public services across different organisations.
21. In recognition of our imperative of low taxes, real choice, value for money, I am lowering the council tax increase by a whole percentage point with a promise – if a Conservative government is returned later this year – of a zero tax increase in 2011/12 and 2012/13.

### **Conclusion**

22. This Revenue and Capital Budget and the Medium Term Financial Plan for 2010/11 to 2014/15 delivers Low Taxes, Real Choice and Value for Money for Oxfordshire County Council in a prudent and sustainable form, against a continuing background of economic recession, huge national indebtedness and anticipated severe cuts in public spending.
23. I am able to recommend a robust proposal which reduces the level of increase in Council Tax and also reduces the deficit in funding which we were facing over the plan period.
24. It is a testimony to the strong service and financial planning framework we have established and to the clear vision we have for high quality, customer-focused services that meet the needs of all of the citizens of Oxfordshire. It demonstrates a clear inter-relationship with the Corporate Plan, with investment for our key priorities, making Oxfordshire a better place.

25. Accompanying this report are the following documents:

- Annex 1: Medium Term Financial Plan 2010/11 – 2014/15
- Annex 2a: One-off Investment Proposals
- Annex 2b: Use of Local Authority Business Growth Incentive (LABGI) Reserve
- Annex 3: Identified Pressures & Proposed Savings
- Annex 4: Detailed Revenue Budget 2010/11
- Annex 5: Council Tax and Precepts 2010/11
- Annex 6: Dedicated Schools Grant Provisional Allocation 2010/11
- Annex 7: Virement Rules 2010/11
- Annex 8: Treasury Management Strategy Statement and Annual Investment Strategy for 2010/11
- Annex 9: Minimum Revenue Provision Policy Statement for 2010/11
- Annex 10: Capital Strategy 2010/11 – 2014/15
- Annex 11: Corporate Asset Management Plan 2010/11 – 2014/15
- Annex 12: Capital Programme 2009/10 – 2014/15
- Annex 13: Prudential Indicators for Capital

**26. RECOMMENDATIONS**

**(a) (in respect of revenue) RECOMMEND Council to approve:**

- (1) a budget for 2010/11 as set out in Annex 4 and a medium term plan to 2014/15 as set out in Annex 1;**
- (2) a budget requirement for 2010/11 of £389.870m;**
- (3) the Council Tax and Precept calculations for 2010/11 set out in Annex 5 to the report and in particular:  
(i).....a precept of £281.192m; and  
(ii)....a Council Tax for Band D equivalent properties of £1,161.71;**
- (4) the use of the LABGI reserve funding as set out in Annex 2b;**
- (5) the disposition of Dedicated Schools Grant as set out in Annex 6 to the report;**
- (6) virement arrangements for 2010/11 as set out in Annex 7 to the report;**

**(b) (in respect of treasury management) to RECOMMEND Council to approve:**

- (1) the Treasury Management Strategy Statement as at Annex 8 including the Prudential Indicators;**
- (2) that in relation to the 2010/11 strategy any further changes required be delegated to the Chief Finance Officer following consultation with the Leader and Cabinet Member for Finance and leaders of the Opposition and Labour group.**

**(c) RECOMMEND Council to approve the Minimum Revenue Provision Methodology Statement as set out in paragraphs 10 to 14 of Annex 9.**

**(d) (in respect of Capital) RECOMMEND Council to approve:**

- (1) the Capital Strategy at Annex 10 and Corporate Asset Management Plan at Annex 11**
- (2) the Capital Programme for 2009/10 to 2014/15 as set out in the capital programme at Annex 12;**
- (3) the prudential indicators for capital set out in Annex 13 to the report.**

**Keith R Mitchell CBE FCA FCCA**  
Leader of the County Council

### Linkage of spending to Priorities

#### (a) World Class Economy

- **Infrastructure** – improvements are needed to the county’s arterial roads, schools and other public buildings. We will work with partners to secure investment in priority schemes over the longer term
  - **The capital programme is delivering improvements to roads, schools and public building**
  - **The revenue funding for the Building Schools for the Future programme seeks to gain access to that programme for further future improvements**
- **Traffic congestion** – impacts adversely on Oxfordshire businesses as well as its residents. It is a priority to make it easier to get around the county, by car, rail, bus, walking and other forms of transport.
  - **There is funding for public transport, easing the pressures on car parking and continuing to encourage the use of Park and Rides**
  - **The continuation of the Transform Oxford Programme**
- **Educational achievement** – performance in Oxfordshire schools reflects the national average and is continuing to increase each year. However we think our schools should do a lot better and our aim is to be in the top 25% of areas nationally. There is still a mountain to climb.
  - **Significant funding through the work of schools and the directorate**
  - **Real terms increase in Dedicated Schools Grant of 0.7%**
  - **Increased funding for those children looked after by the Council**
- **Young people** – the recession has impacted adversely on our efforts to make sure all 18-25 year olds are in education, employment or training. With our partners we will work even harder to ensure that every young person gets the help they need to gain and maintain employment.
  - **Maintained the Chill out fund in Revenue and Capital**
  - **While there are some savings proposed for Youth, these will be linked to a fundamental review of services with staff and young people to provide an improved service**
- **Skill levels** – need to continue to improve, both for the benefit of individuals and Oxfordshire’s businesses which need high quality, skilled employees
  - **LABGI funding to support work on the Skills agenda**

#### (b) Healthy & Thriving Communities

- **Health inequality** – there are pockets in Oxfordshire where life expectancy and general health are lower than elsewhere. For example, mortality rates reveal a variation in life expectancy of over 15 years between the best and worst areas and the prevalence of mental illness in some parts of the county is double the county average. Work to promote healthy lifestyles, to support the vulnerable and tackle the cycle of deprivation is designed to address these health inequalities.
  - **Continued part funding of Director of Public Health**

- **Increased take up in school meals, providing healthy diet for pupils**
  - **Demographic change** – significant growth in older people (particularly the over 85s) and people with learning disabilities will put pressure on public services in the medium term. The Council is providing additional resources to meet these challenges. It will also be important to encourage more community self help.
    - **We have reviewed the impact of demographic change for older people and those with learning disabilities and built in a further year’s provision**
  - **Crime and anti social behaviour** – crime is generally low in Oxfordshire but fear of crime is disproportionately high. This is of particular concern to older people and is often associated with anti social behaviour. We are working to provide positive activities for young people, notably through the youth service. We also recognise that activity generated in local communities can help to bring people together and reduce anti social behaviour
    - **Working across the council with youth service, youth offending and community safety teams**
  - **Community Self Help** – expectations of public services grow ever higher while resources are increasingly rationed. Community self help can assist the council in maximising the use of our resources. Many communities have good neighbour arrangements, community transport and other similar schemes and we will support and promote these activities across the county. In particular we would like to mobilise the resource of retired, fit and skilled older people in our communities.
    - **Investment in Libraries to deliver automated check outs which will particularly protect smaller libraries**
  - **Closer to Communities** – we have defined 14 ‘localities’ across the county based on our market towns and the city of Oxford (see map in the Corporate Plan). Six of these 14 areas (Abingdon, Banbury, Bicester, Carterton, Didcot and Oxford) will be given priority attention because of the development and/or regeneration pressures they face.
    - **Funding our partnership work to develop programmes with others to develop solutions which improve services**
  - **Independent living** – the population is ageing and there are an increasing number of older people and people with disabilities to be cared for and supported. Our aim is to help people to maintain their independence and to have control over their lives. We will increase the availability of Extra Care Housing and Supported Living arrangements as an alternative to residential or institutional care.
    - **Significant increase in the Capital programme funded through Prudential Borrowing to address the need to increase provision for independent living**
- (c) **Climate Change & the Environment**
- **Carbon management** – there is national and international pressure to respond to climate change. The council has already committed to reduce its carbon footprint and the introduction of carbon tax will further incentivise action to reduce energy use.
    - **Additional revenue funding to promote and support work to reduce energy usage in our public building and in schools**

- **Awards to schools for good performance**
  - **Funding the Carbon Reduction Commitment**
  - **Flooding** – the risk of flooding is a particular concern and a range of mitigation measures have been put in place since the summer floods in 2007. Latest estimates from the Environment Agency indicate that there are approximately 21,000 existing properties at risk of flooding in Oxfordshire, with around 8,500 at significant risk.
    - **New funding to help surface water management and extreme weather pressures**
    - **Additional funding for Highways maintenance to repair roads following adverse weather**
    - **Completion of the work on Thames towpath**
  - **Waste management** – waste is a contributor to global warming and needs to be reduced. We are working with partners to increase recycling and composting as well as investing in new waste disposal facilities which will convert waste to energy.
    - **Promoting re-cycling through the funding of Waste re-cycling credits**
    - **development of proposals to reduce waste**
    - **delivery of future disposal facilities to reduce future cost increases**
  - **Transform Oxford** – Oxford is one of the most beautiful cities in the world and we need to protect and enhance its environment. The Transform Oxford project is one example of the County Council’s commitment to the improvement of the visitor experience in Oxford.
    - **Revenue and Capital funding to enable the project’s completion**
- (d) Better Public Services**
- **Improve customer service** – we will further enhance on-line services and develop a contact centre so that more enquiries can be dealt with at the first point of contact.
    - **Investment funding to develop a contact centre in Oxford to improve services to the public**
  - **Keeping council tax low** – our business efficiency strategy commits the Council to ‘lean working’, reducing management costs, joining up with partners, reducing bureaucracy and rationalising our assets. This strategy will enable the Council to reduce spending and keep Council Tax increases low.
    - **Continuing to reduce the level of increase in the Council Tax**
  - **Total place** – there is increasing recognition that, in every community, huge resources are deployed by central government, local government and other public sector organisations. The Council is keen to work with others to develop the ‘Total Place’ approach which could lead to better solutions and improved use of resources by reducing the risk of inefficiency and duplication.
    - **Funding our partnership work to develop programmes with others to develop solutions which improve services**