



# **Environment & Economy Directorate**

## **Business Strategy**

**2013/14 to 2014/15**

## Introduction

1. 2013/14 will be the third of the four-year directorate business strategies. These were approved by Council in February 2011 and included savings of £119m to be achieved over the period 2011/12 – 2014/15. These are being achieved by reconfiguring services to establish a smarter, leaner and more cost effective operating environment, whilst at the same time reshaping services to fit the changed local and national policy environment. Funding for demographic and other agreed pressures was also built in.
2. While there have inevitably been some changes, the strategies are being delivered as planned with the majority of the original savings expected to be achieved. £27m remains to be delivered in 2013/14 and 2014/15 and is planned to be delivered in line with the Medium Term Financial Plan.
3. Changes to the funding of local government from 2013/14 and new pressures identified since the strategies were originally agreed mean there are now some changes to the savings required in 2013/14 and 2014/15. This revised strategy reflects the updated position and incorporates the £27m remaining original savings and changes that will be agreed by Council in February 2013.
4. New strategies will be developed as part of the Service & Resource Planning process for 2014/15 and will take into account the Government's next Spending Review.

## Directorate Overview

5. In 2010/11, the Environment and Economy Business Strategy set out clear proposals for radical change over the medium term period to 2014/15 to establish a smarter, leaner and more cost effective operating environment, whilst at the same time reshaping services to fit the changed local and national policy environment. This general strategy has held through the recent straightened public sector financial challenges and constraints. However there is a greater emphasis on the pace of change and the balancing of available resources towards front line customer facing services and focusing on the core strategic objectives of the County Council.
6. The new Directorate comprises Strategy & Infrastructure, Commercial Delivery and Oxfordshire Customer Services. A substantial part of the Directorate's spend is delivered through private sector providers, contractors or partners. A broad range of procured and contracted services are in place in relation to property and facilities management, integrated highways services, waste and resource management, dedicated transport services for the vulnerable, supported public transport services and ICT contracted services. These all have stretching cost, quality, performance and efficiency targets.
7. The challenge of delivering more for less is given greater clarity through the need to preserve and invest in the infrastructure which encourages both economic growth and wealth creation within Oxfordshire whilst ensuring targeted intervention to disadvantaged and deprived communities to enable access to goods and services for all who need them.

Year on Year	2013/14 £m	2014/15 £m
Pressures & Investments	7.133	3.567
Savings	-9.064	-6.884

**Note:**

*Pressures and investments are a combination those agreed in agreed in previous budgets and new pressures identified as part of the 2013/14 Service & Resource Planning process.*

*Savings are a combination of those already agreed and new savings identified as part of the 2013/14 Service & Resource Planning process.*

## Operating Policy Context

8. There has continued to be an unprecedented number of government reviews, consultations and policy reviews from the Department Business and Skills, Department of Transport, Department for Communities and Local Government and HMT, with impact on the Directorate. Major developments during the last year include:-
- No Stone Unturned: In Pursuit of Growth by the Right Honorable the Lord Heseltine of Thenford CH which focuses on developing an environment, both at a national and local level, in which businesses are able to thrive. The central message from the report is that drivers of the economy – business, central government and local leadership – “should be organised and structured for success” and includes a proposed overarching legal duty to have regard to economic development in all our activities.
  - Key measures within the Growth and Infrastructure Bill focus on proposed changes to the planning system. These have aimed to speed up the process and allow an appeal to the Secretary of State to seek renegotiation of affordable housing element of Section 106 agreements if a local authority has not agreed to modify the agreement or has failed to make a determination within a specified time.
  - The City Deal second wave announcement on 29 October 2012 included Oxford and Central Oxfordshire. City Deals invite cities and their wider areas to compete for deals that will see central government devolve powers in exchange for responsibility for delivering growth locally. City Deals are a key part of the Government’s objectives of rebalancing the economy and boosting private sector growth. It is hoped that City Deals will represent a genuine transaction between cities and Government, with ‘asks’ and ‘offers’ from both side.
9. In this emerging paradigm Oxfordshire is well placed, having successfully established a single Local Enterprise Partnership (LEP) for Oxfordshire. As a defined economic entity with key commercial sectors of national importance based on its tremendous science and technology networks, in particular, the “Oxfordshire Growth Arc” which comprises three priority areas for economic growth, enterprise and housing development in Oxfordshire over the next twenty years, focused on Oxford, Science Vale UK (which includes the Enterprise Zone) and Bicester. The Directorate has also continued with its Transition Programme through which resources are being realigned so as to support delivery of economic growth in localities. In support of this objective additional capacity is being put into supporting the economy and skills agenda.
10. Over the next twelve months this agenda will continue to play out. We will continue to support the LEP and help deliver its priorities. We will work across the public sector locally and with central government agencies to deliver the priorities identified in Oxfordshire’s

Local Investment Plan. Our Transport Strategy supports the local economy and aims to develop a truly integrated transport system. We are working with infrastructure network providers to develop and implement a better broadband solution for Oxfordshire which will improve broadband speeds and reliability by 2015 and we will continue to support the work of the Oxfordshire Skills Board.

11. This matches the Council's strategic objectives for "a Thriving Oxfordshire". The Directorate plays a critical role in this ambition, in particular by:

- Working with leading businesses and business networks to create the conditions that support new high value jobs and increased Gross Value Added (GVA)
- Providing the critical infrastructure necessary for Oxfordshire's economic growth and social development
- Facilitating the balance between growth and environmental quality
- Delivering the internal county council infrastructure through Oxfordshire Customer Services and the strategic management of the council's property assets.

## Delivering the Business Strategy

12. Our broad approach to delivering the business strategy was established two years ago, and remains a central plank of the overall council ambition. Specifically our approach is centred around five key areas which we will continue to pursue through these changing times.

- **Generating efficiencies through procurement:** We have re-tendered our key high value contracts in Highways, Waste and Property and Facilities. In each case we have sought contract efficiencies in excess of 20% and have negotiated shared risk partnering arrangements. We will continue to drive out contract savings through category management of our main areas of spend.
- **Directorate Transformation & Re-structuring:** The transition to new models of delivery in the Commercial Division and Strategy and Infrastructure Division will establish leaner operational structures, strengthening our strategic and policy focus whilst developing an environment which will provide a more integrated approach to service delivery based on customer and community based outcomes. This environment will also provide greater opportunity to further develop the different partnership working arrangements with our public and private sector partners, and to work more strategically across all our services whilst delivering operationally in a more commercial manner. All of which will lead us to become a leaner, more effective and customer focused organisation which will also generate the savings required in the Business Strategy. Oxfordshire Customer Services (OCS) is continuing with its Customer Services Programme which aims to transfer more services into the Customer Service Centre (CSC), reduce the number of publicised contact routes and focus on first time resolution.
- **Prioritisation of our services:** Our focus remains on the delivery of statutory and high political priority services. We will therefore need to develop and maintain the strategic capacity necessary to support leadership by the Council and their partners in maximising the opportunities for economic development and smart growth.
- **Review of Income:** Our main area of increased income generation in the medium term is through a combination of new/increased charges for our Park & Ride and On/Off Street parking services. The increased momentum of schools wishing to become academies provides challenges for maintaining income generation for support services provided within Oxfordshire Customer Services and our catering and cleaning services provided for through the new Carillion Capita Symonds (CCS) contract. The charges made will be subject to review, although many are limited by statute to cost recovery.
- **Strategic management of property:** Effective asset management is central to the County Council's overall business strategy both in terms of its interdependencies with all of the service Directorates and the Council's relationship with local communities. We continue to be on track to deliver the reduction in the revenue cost of the council's non-schools portfolio by 25%, increasing the amount of property that is Fit-for-Purpose and reducing our energy consumption. The Corporate Landlord approach is

addressing our presence in the community and is being used to realise the real community and service benefits of co-location i.e. asset led locality reviews and collaborative working with partners (which are taking advantage of opportunities to improve co-working with other public sector bodies). During 2013/14 due to the success of our strategic approach to capital investment and development of agile working strategies, there will be opportunities to have a more radical consideration of our office accommodation strategy, which anticipates significant further rationalisation around key sites in the longer term.

13. The agreed business strategy for 2012/13 included £10.156m of net savings. As of October 2012, we had already delivered or planned to deliver 97% of the savings required for 2012/13. Individual projects to deliver the Business Strategy are being managed well by staff across all areas of the Directorate and these projects are achieving both the savings and service changes that we set out last year. Although a firm foundation is in place to achieve the vast majority of our longer term targets, regular monitoring has identified pressures associated with the non-realisation of certain savings targets within the Medium Term Financial Plan (MTFP).
14. Our performance is monitored on a monthly basis through the Business Strategy Group and the outcome of that monitoring has been the focus of the new pressures identified as part of the Service and Resource Planning process. Eg, the Customer Services Centre where the transfer of six additional services within the year placed higher than anticipated pressures on service delivery and led to a re-appraisal of the previous £0.321m savings target. In addition, the remaining unachievable savings within the outstanding 3% are dealt with in specific sections of this strategy document.

### **New Pressures and Savings in the Medium Term Financial Plan (MTFP)**

15. Variations to the MTFP have been identified over the planned period. They are set out in Annex 3 of the main report - Summary of changes to the Business Strategies and MTFP. Following a rigorous reappraisal of all budget lines, the Directorate is confident that the proposed variations considered in each service plan will be sufficient to deliver the overall financial target for the period.

### **Uncertainties & Risk**

16. In the next year, we face particular challenges in the following areas:

- Contract Efficiency: Following the successful market testing and procurement process of the new integrated highways contract and the property and facilities management contract we have significant efficiency targets to meet which will require robust contract management.
- Pace and expectation: The corporate asset landlord function and the corporate information technology provider require us to consider both a strategic approach whilst remaining flexible to respond quickly to radical changes in Service directorate business models. In addition the locality agenda places significant tensions on resources and workload planning. Often managers in these

areas are juggling competing demands and priorities. Early engagement and clarification of needs is a prerequisite of a successful outcome. Lead-in times for the provision of infrastructure to enable changes of business delivery models and of location require to be realistically costed alongside the development of the service directorates' business plans and delivery timetables.

- Organisation resilience – the Directorate has sought to move quickly and bring forward the new models of delivery early. This has achieved savings; however, it has become clear that the new model requires some on-going capacity into 2013/2014 in order to support the Transition Programme.



## Strategy and Infrastructure

Year on Year	2013/14 £m	2014/15 £m
Pressures & Additional Funding	-0.472 <sup>1</sup>	0.418
Savings	-0.279	-0.143

**Note:**

*Pressures and additional funding are a combination those agreed in agreed in previous budgets and new pressures identified as part of the 2013/14 Service & Resource Planning process.*

*Savings are a combination of those already agreed and new savings identified as part of the 2013/14 Service & Resource Planning process.*

17. The Business Strategy for 2012/13 outlined the significant transformation required to align service delivery to the corporate business strategy themes. This theme is continued forward into 2013/14 as we continue to refine our operational structure to deliver agreed efficiencies and improve the customer focus for service delivery.
18. The creation of the Strategy and Infrastructure Planning division brings together business activities that were previously located within Growth and Infrastructure and Highways and Transport. The vision for the Division is –

***“To lead in the planning and implementation of strategic infrastructure that supports Oxfordshire’s ambitions for a thriving economy, delivering services that make the maximum contribution to achieving the Council’s corporate objectives.”***

19. The role of the division is to:

- Define the longer term strategic planning policy framework for Oxfordshire and work with partners at the locality level to turn that framework into a medium term programme of projects that contribute towards delivering agreed outcomes for that locality.

<sup>1</sup> This relates to one-off pressures that fall out in 2013/14

- Discharge the County Council's statutory planning and regulatory functions in support of delivering agreed outcomes at the locality level.
- Facilitate and support sustainable economic growth, utilizing and unlocking the potential of the skills base within Oxfordshire.

20. Business activity in Strategy and Infrastructure Planning is now managed through four service areas:

- Planning, Environment and Transport Policy.
- Infrastructure Development.
- Planning Regulation.
- Economy and Skills.

21. There will be a strong working relationship between all four services. Policy development needs to be informed by practical experience of delivery, whilst a policy framework that is outcome focused will help prioritise activities within localities. The work of the Planning Regulation service is shaped by the Planning, Environment and Transport Policy and Infrastructure Development services. The Economy and Skills service team provides an overarching context within the other three service areas.

22. The new operational structure will adopt a more agile way of working, one that will see individual teams formed to address clearly identified programmes by drawing upon the skills available across the Directorate and beyond. A more agile way of working provides the flexibility to target resources to priority activities, ensuring that staff resources are effectively managed and costs controlled. Clear lines of responsibility and accountability will help empower individuals and promote innovation and creative problem solving. At the same time they will ensure that individuals have clarity on where to seek guidance and support when faced with more complex challenges.

23. A more rigorous approach to business planning across the Strategy and Infrastructure Planning division will ensure the key programmes are identified, an appropriate level of management resource identified and performance monitored against agreed performance measures. The Directorate's comprehensive approach to Forward Planning will ensure that key decisions are properly planned and made in a timely manner. The philosophy of the division will be one of seeking continuous improvement in the services it delivers.

24. The Strategy and Infrastructure Planning division will promote 'one voice' on behalf of the County Council. It will use its technical

expertise and experience to ensure an evidence based approach to its work: at the same time it will apply political awareness and pragmatism to promote practical, outcome focused solutions that benefit the wider community.

25. Implementation of the new operational structure is being overseen by a transition team drawn from across the Directorate, supported by finance and human resource business partners. The Planning, Environment and Transport Policy, Infrastructure Development and Planning Regulation service teams will be in place from 1 February 2013: a revised Economy and Skills service team from April 2013.

### **Update on the Delivery of the Business Strategy**

#### **Planning, Environment and Transport Policy**

26. The Planning, Environment and Transport Policy service provides leadership in defining the longer-term policy framework that then shapes the division's activities in localities. The service comprises six teams:

- Policy and Strategy – responsible for the Division's work on strategic planning and transport issues, including engagement with national Government and its delivery agencies, as well as providing the County Council's input into the work of the Spatial Planning and Infrastructure Partnership.
- Transport Planning and Priorities – responsible for ensuring that the County Council's strategic responsibilities as Local Transport Authority are discharged, including the identification and prioritisation of major transport projects.
- Property Asset Strategy – responsible for setting and overseeing strategic policies in respect of the County Council's property estate, including its engagement with other local authorities and public sector agencies. The service will look to minimise the cost of the property estate, seek opportunities to co-locate services with other public sector agencies and look to maximise the return realised from the sale of surplus property.
- Environment, Energy and Travel – responsible for taking forward the Division's work, often with third parties, to promote and effect change in behavior, including the work focused on managing the County Council's energy demands.
- Waste Strategy – responsible for setting and overseeing strategic policies in respect of waste management, including the County Council's input into the Oxfordshire Waste Partnership.
- Historic and Natural Environment – responsible for ensuring that the importance of the historic and natural environment is

reflected throughout the Division's activities.

27. Effective asset management remains a central plank of the County Council's overall business strategy both in terms of its linkage with all of the other service Directorates and the Council's relationship with local communities. The overarching vision remains one of delivering an effectively planned, used and managed public sector estate that makes the maximum contribution to achieving the Council's corporate objectives, whilst at the same time reducing its cost.
28. With the successful commencement of the new Property and Facilities contract in July 2012, the Property Asset team is focused on ensuring the strategic framework for the County Council's property estate is kept up to date and delivered through the contract. This includes:
- a) Asset Rationalisation – delivery of the agreed programme of public estate disposals continues to be taken forward. This will deliver the revenue savings of £1.1m identified in the MTFP: potentially more depending on the outcome of detailed business cases or the major parts of the programme. In the process, this will realise capital receipts of approximately £3.2m. Implementation of the disposal programme will reduce the number of offices by up to 40%. Delivery of the programme requires funding up front (both capital and revenue), which will subsequently be recovered through the savings and further receipts realised.
  - b) Locality Reviews – increasing emphasis is being given to identifying and then realising opportunities to co-locate public sector services within individual localities. Work continues with the pilot programme of property led locality reviews through which opportunities for rationalisation of the public estate are being identified. The pilot programme comprises reviews for Berinsfield, Blackbird Leys, Banbury, Bicester and Didcot. Where appropriate each review is taking into account other public sector assets in order to afford a comprehensive picture of the opportunities for co-location that exist. The outcome of the pilot programme is being fed into the asset rationalisation programme.
  - c) Corporate Landlord – in April 2012 the Property and Facilities function took on responsibility for all property related issues, including county-wide facilities management services. A key milestone for the Property and Facilities Contract is the completion a condition survey of the property estate. This will allow the scale of the maintenance backlog to be updated and the implication of a continuation of the current non-essential maintenance 'holiday' beyond 2014/15 to be assessed.
29. Changes to the way in which we work and the move towards new models of service delivery for County Council services will challenge previously held assumptions on asset provision. For example, greater agility in the way members of staff work will reduce the need for desk space potentially providing opportunities for further reduction/consolidation in the property portfolio.
30. We will review what is an appropriate level of presence in local communities through the use of property led locality reviews, the

co- location of public services and alignment of approaches to asset management. This will be done across the public sector portfolio and would undoubtedly lead to further rationalisation of the property estate. However, in order to take this forward there will need to be a broad agreement across the directorates as to the approach to be adopted, in particular the basis on which costs and savings might be attributed.

31. From April 2012 all energy bills have been managed by the Property & Facilities team. The over-riding challenge facing the County Council is the need to improve its resilience to increasing energy prices. Energy costs continue to rise, with some providers forecasting a 50% increase in energy prices over the next 5 years. If the Council's energy consumption remains static over this period these gross cost pressures (which include Carbon Tax) would manifest themselves in a £3m increase in energy costs for property and street lighting, and an increase of £4m for schools in their energy bills by 2015/16.
32. Existing proposals set out in the current Business Strategy – including the rationalisation of property assets, investment in energy efficiency and installation of renewable energy sources – will offset no more than 20% of the increase in costs of energy (excluding schools). In addition to the direct impact of increased energy costs on our ability to deliver services, it is important to remember that the Council's overall level of energy determines its liability to pay the Energy Tax (Carbon Reduction Commitment tax).
33. In light of the pressures arising from increased energy costs there will be an on-going need for further capital investment in measures that will reduce energy consumption. These could be realised through a combination of further reduction in our property asset and/or co-location of services as well as investing in measures that increase energy efficiency and/or increase our use of renewable energy. The programme of works required to deliver the necessary level of cost avoidance across the next five year period will be developed as part of the overall asset management programme.
34. The Joint Municipal Waste Management Strategy provides the framework for managing waste in Oxfordshire. Responsibility for the strategy rests with the County Council working in partnership with the district and city councils through the Oxfordshire Waste Partnership.
35. The five year review of the strategy has taken place during 2012/13. The success of the strategy is evident in the increased rates of recycling and composting being achieved, which places Oxfordshire at the head of national performance. This has enabled higher targets to be adopted for the next five year period. The success is built on the back of investment by the county, district and city councils in waste collection and management systems.
36. The County Council as the Waste Disposal Authority has a statutory obligation to provide places for members of the public to deposit their household waste. The enhanced kerbside services introduced by the district councils have reformed and reshaped waste collection. Every house in Oxfordshire now has a comprehensive kerbside collection scheme including food waste so the need for people to use their local household waste recycling centre has reduced.

37. In April 2011 the County Council approved a revised household waste recycling centre strategy. An implementation plan designed to deliver that strategy was put in place in 2011. Changes to the strategic context means that there is a need to review and update the detail of the implementation plan. Specifically, there is a need to consider the implication of significantly higher levels of planned growth in Bicester, the decision not to proceed with the proposed facility at Kidlington and the opportunities to introduce 'reuse' operations at some of the existing household waste recycling centres. The review of the implementation plan is required in order to manage additional pressures on the budget. The outcome of the trial of reuse operations at household waste recycling centres will play a significant part in redefining the implementation plan.

### **Infrastructure Development**

38. The Infrastructure Development service provides leadership in turning the policy framework developed by the Planning, Environment and Transport Policy service into five year plans that are bespoke to individual localities. These in turn are then used to commission the preparation of two year programmes from the Commercial division. These will set out in greater detail the County Council's infrastructure and service requirements in individual localities. Delivery of those requirements will be undertaken working with colleagues and partner organisations within the Commercial division.

39. The primary focus of the service is the major areas of growth in Oxfordshire (in alphabetical order):

- Banbury
- Bicester
- Carterton
- Oxford (and environs)
- Science Vale UK (including Didcot and the Enterprise Zone)
- Witney.

40. The service will work closely with the district and city councils as they prepare their Local Plans to ensure that they take into account the infrastructure and revenue consequences of planned growth for services provided by the County Council. The transition from the current developer contribution regime (via Section 106) to the Community Infrastructure Levy will require careful management is opportunities to secure funding for infrastructure are to be realised. It is highly likely that there will be a degree of overlap between the two systems in the period to 2014.

41. The developer funding team within this service will continue to manage developer contributions on a corporate basis, working closely with individual services across the County Council to ensure investment is delivered in timely manner and co-ordinated with other

investment programmes. Increasingly the funding package for new infrastructure will be require a blend of funding sources. This will require key skills to be retained within the service.

### **Planning Regulation**

42. The Planning Regulation service brings together the County Council's statutory planning and transport functions into a single group. The service comprises three teams:

- Minerals and Waste Policy – responsible for the preparation of the Minerals and Waste Local Plan.
- Development Management – responsible for discharging the County Council's statutory duties as the Minerals and Waste Planning Authority, including monitoring and enforcement of planning permissions.
- Transport Development Control - responsible for providing transport comments on planning applications that the district and city councils determine.

43. Work on the Minerals and Waste Local Plan continues to move forward. In April 2012 the County Council agreed to submit the draft Local Plan to the Secretary of State. A final round of public consultation on the draft Local Plan was undertaken over the summer, the results of which were included as part of the package submitted to the Secretary of State in the autumn. The Government has appointed an independent Planning Inspector to conduct the Inquiry into the draft Local Plan: it is anticipated that this will take place in late spring 2013.

44. The processes and procedures employed within the Development Management team have been updated following a thorough review. In addition the content of standard planning conditions used by the team have also been reviewed and updated, in the process reflecting on the experience of the monitoring and enforcement team. The Development Management team has been at the forefront of the 'one voice' project. As part of this greater use is being made of electronic systems to record the decision making process for planning applications. The team continues to look for ways in which member engagement in the process can be improved.

45. A review of the processes and procedures used within the Transport Development Control team will begin in early 2013. This will draw upon the experience gained in undertaking such a review of the Development Management team. Opportunities to align the two sets of process and procedures and to simplify them will be taken forward as a priority. With pressure on staff resources continuing to be an issue during the course of 2013 the team will work with the district and city councils to identify opportunities to develop standard advice that can be applied to smaller scale planning applications. This will enable the staffing resource available to be concentrated on the more significant and/or complex planning applications.



46. The Government continues to delay the publication of detailed regulations and guidance that will enable the County Council to set its own fees for planning applications. In the short term, this limits our ability to generate additional income. However, we have introduced charges for pre-application advice (where the County Council is the Local Planning Authority), and continue to charge for work in relation to archaeological briefs.
47. Notwithstanding the lack of progress by Government we continue to make the necessary preparations that will enable us to put in place our own charging schedule for planning applications once the necessary regulations and guidance are in place. In particular we are looking at how we might use the charging schedule to encourage potential applicants to ensure that they submit good quality applications.

### **Economy and Skills**

48. The success of our economy is fundamental to achieving broader ambitions for Oxfordshire. Without economic success we will lack the ability to generate the wealth that will in turn enable investment to be made more widely in society, and our ability to compete in a global market. Availability of skills is equally fundamental to attracting investment in business
49. The public sector has a leading role to play in facilitating and supporting sustainable economic growth, primarily by providing leadership in improving the co-ordination of investment to deliver a shared ambition.
50. The Economy and Skills service brings together our work in these two key areas. Partnership working is fundamental to ensuring the County Council's contribution is effective. The Economy and Skills service continues to provide the administrative support for both the Oxfordshire Local Enterprise Partnership and the Oxfordshire Skills Board. Public sector support for both partnerships has been important; however as the two partnerships mature it will become increasingly important that they secure an enhanced level of support from the private sector.
51. The development of an over-arching economic narrative for the Oxfordshire functional economic area remains a priority area of work. The availability of a strong evidence base is fundamental to underpinning submission to Government for additional funding and/or the devolution of powers (for example through initiatives such as the City Deal).
52. Other priority areas for action in support of economic development include the updating of the Local Economic Assessment, the development of business support services (including the roll out of key account management) and the development of the inward investment service – Invest in Oxfordshire. The medium term ambition for the Invest in Oxfordshire service is that it should be self-financing, reflecting the benefit that is derived to the local supply chain from inward investment. The Economy and Skills service will work as a catalyst for the development of such a model over the next two years.



53. The Service's work on economic development will be complemented by that on skills development. The ambition is to ensure that the skills needs of local businesses are addressed, with the education/training opportunities provided reflecting identified skills gaps. The team will contribute to delivering the Council's aspirations by looking to:

- Increase the number of Oxfordshire residents participating in education or training that will ultimately enable them to become economically active rather than economically dependent.
- Increase the number of Oxfordshire's employers accessing training for their employees, attempting to address identified skills gaps, improving Oxfordshire's potential for economic growth.
- Work with the Oxfordshire Local Enterprise Partnership on skills related matters.
- Facilitate the Oxfordshire Skills Board, to work with all interested parties on skills related matters.
- Building upon the Skills Needs Statement to ensure that the provision of education/training opportunities address identified gaps.

54. Recognising the significance of skills in supporting economic development, the Economy and Skills service will continue to have a strong working relationship with the Children, Education and Families Directorate. The service will add value undertaking bespoke projects in partnership with other organisations that are designed to impact on the priorities identified around skills. Its role will be to link organisations in three key areas: learners of all ages and skills; education and training providers; and employers, so they can work more effectively together to meet the local skills needs of Oxfordshire's residents and employers.

### **New Pressures and Savings**

55. The Division has the following new budget pressures and savings for 2013/14 and 2014/15:-

#### Pressures

- **14EE15 - Asset rationalisation** – this is a re-profile of a £0.250m which the Directorate intended to realise in 2014/15, but due to issues around lease breaks i.e. when we can stop using various buildings, this saving will now be achieved in 2015/16.
- **14EE16 - Economic development and growth** – is a £0.100m investment in the Directorate's Economy and Skills Team.

The planned investment will fund the development of a shared database of key business contacts to be used as the basis for an account management system across all Oxfordshire councils. The investment will also fund a 6 monthly survey of barriers to business growth and allow us to conduct additional research. The results will be used to help develop a strategy for business growth promotion and remove barriers to growth. These actions will help us increase our capacity to attract and support potential investors.

### Savings

- **14EE3 - Oxfordshire Waste Partnership** – is a re-profiled phased withdrawal of non-statutory waste incentives. Currently for each tonne of waste recycled the district councils receive a statutory payment of £43; the County Council tops this up with an additional £21.50. The latter (non-statutory) payment was established to encourage investment in by the district council in new waste collection systems that would increase the recycling rate. The improvement in performance has been achieved at a much faster rate than originally envisaged with recycling rates already exceeding the targets originally set for 2020. As a consequence the non-statutory incentive is no longer required and will be withdrawn on a phased basis. In 2013/14 the re-profile will mean additional revenue funding of £0.299m but from 2014/15 we estimate savings of £0.200m per annum.
- **14EE11 - Reduction in policy and strategy activity** – a reduction of £0.155m from 2014/15. The number of staff needs to reduce as the Council responds to the overall budget pressures. The reduction represents a 3% reduction in staffing levels in this area. The reduction will place greater emphasis on prioritizing transport policy and strategy work around key localities and prioritization within localities.
- **14EE4 - Road adoptions** – a reduction of £0.100m in road adoption expenditure. This budget line is about improved back office efficiencies and should not impact on the service to customers, in fact, it is anticipated that we should improve customer service by streamlining the service.
- **14EE27 - Property Portfolio additional savings** – an efficiency of £0.100m in 2014/15 is achievable through a review of the rates liable on the existing property portfolio and ensuring that payments reflect the true rateable value.

## Commercial Services

Year on Year	2013/14	2014/15
	£m	£m
Pressures & Additional Funding	7.197	1.872
Savings	-7.476	-4.349

**Note:**

*Pressures and additional funding are a combination those agreed in agreed in previous budgets and new pressures identified as part of the 2013/14 Service & Resource Planning process.*

*Savings are a combination of those already agreed and new savings identified as part of the 2013/14 Service & Resource Planning process.*

56. The Business Strategy for 2012/13 outlined significant transformation required to align service delivery to the corporate business strategy themes. This theme is continued forward into 2013/14 as we continue to refine our operational structure to deliver a more commercial and entrepreneurial Division through improved contract and partnership working.
57. The creation of the Commercial Division has brought together activities that were previously in the old Directorate e.g. highways and waste, along with new activities: property and facilities management. The vision of the division is to place Oxfordshire County Council at the forefront of service delivery amongst its peers and to deliver an efficient and effective service to all who use its services.
58. The Commercial Division is responsible for the delivery of highways, transport, waste, property and facilities services for the authority. It provides a front line service and is the major experience of the authority for many residents of Oxfordshire. The division seeks to improve the quality and level of service through sharing of similar areas of expertise and the removal of areas of risk such as single points of failure. There is a close link between the Strategy and Infrastructure Division, who are developing strategies and the Commercial Division who implement them. A key element of this years' work will be to ensure that a seamless service is

delivered across the Directorate.

59. In these difficult financial times it is even more important that the council takes an asset based approach to the development and maintenance of its highways and property portfolios. The Commercial Division will lead on developing and refining this approach seeking to develop longer term programmes that enable flexibility but also allow better co-ordination of maintenance and new works.
60. We recognise that highways maintenance is one of the most important services for local residents (MORI Poll, Oxfordshire 2010).
61. We have sought to minimise the impact of reductions in service provision by focusing resources on keeping a functional, safe and accessible road network that meets the key requirements of its users

### **Update on the Delivery of the Business Strategy**

#### **Operational Contract/Client Management**

62. This area contains the client management function for all the areas that the Division is responsible for. In Highways and Property the section fulfills this role through undertaking the client function to ensure that contracts are properly managed and monitored working with Service Managers in the relevant delivery areas. They hold the Service Manager Role for these contracts, approve Task Orders, monitor performance, service board meetings etc. The current contractual arrangements are long term in both these disciplines but the team will need to keep up to speed with developments within the industry and ensure that the council is receiving a service that is fit for purpose and that the contract arrangements are used to support this. The MTFP identifies a number of savings that will need to be delivered by other areas of the Commercial Division but the team will act as an auditor in ensuring that these savings are delivered in a way that minimizes the impact on Oxfordshire residents.
63. In the transport area the team is responsible for delivering the contracted bus service, the education transport service and the adult social care transport service through a range of contractual arrangements. The team also works closely with bus operators to optimize the relationship between the commercial network and the supported bus network. In addition the team manages the concessionary fares for the authority. Oxfordshire County Council faces significant pressure in this area of the business due to the success of the bus industry in the county. Last year the council negotiated a two year deal with the major operators and one of its key activities over the next year will be to review the council's position and develop a new concessionary fares scheme for the 14/15 financial year. The team will be involved in the evolution of the Transport for the Community project which is taking an overall look at the way transport services are delivered in Oxfordshire to see if there is a way of reducing costs and/or delivering a better service. The team have been undertaking a number of area wide reviews of the service and are currently ahead of their projected savings. However, the demise of Jeffs Coaches and RH transport last year has had an impact on the ability to make further savings in this area.
64. The team also manages the delivery of the Council's service as Waste Disposal Authority. This includes delivery of the reuse trial

identified earlier, management of the energy from waste contract, with the plant due to open in 2014, and management of a number of landfill sites and household waste recycling centers. The work of the team has led to Oxfordshire being recognised as one of the top recycling authority in the country.

65. Finally, the team currently has responsibility for those Facilities functions that have not been included in the Property and Facilities contract. This includes the porters and front office staff that are the face of the authority to many who visit our buildings.

### **Network and Asset Management**

66. The asset management approach is a key tool for the authority in making best use of limited resources. The team is responsible for developing the highways asset management plan and the structural maintenance programme for the county highway network. In 2013/14, an additional one-off capital allocation of £2.3m has been provided for structural highway maintenance as a result of the Government Autumn Statement. A second allocation of £1.2m is to follow in 2014/15. The additional 2 year funding block is welcome, however the highway network has been impacted by recent flooding events. Additional resources may have to be explored once the final position becomes clear. The authority has also received £12.8m for highway maintenance as part of the Local Transport Settlement. This money will need to be targeted to areas of greatest need.
67. The team manages the drainage, bridges and street lighting functions of the highway authority. Additional money has been provided this year to undertake further survey work on our structures in order to develop a robust bridge maintenance programme. Flooding during the winter of 2012/13 has placed additional pressure on the drainage service. Over the next year the team will be consulting on the authorities flood strategy which needs to be in place during 2014. Energy consumption and cost will continue to be a challenge for the service and it will be looking at ways of reducing the authority's exposure to the volatility of energy prices.
68. The team will continue to develop the inventory of assets that the Council manages including improving records for both drainage systems and bridges. This will be used to develop the understanding of the risk associated with specific assets so that asset maintenance is properly focused on areas that demonstrably need it most. We will be working with regional colleagues and with the national Highways Maintenance Efficiency Programme to share best practice and improve our own service delivery.
69. The Civil Parking Enforcement service manages on street parking and residential parking areas where the council has taken those powers. The MTFP identifies a reduction in the draw down from the parking account which is a reflection of the projected income from this service. Residents parking and controlled parking areas will only be introduced through third party funding and will need to be able to be self-financing once in place.
70. Long stay parking charges were introduced to the Park and Ride sites at Water Eaton and Thornhill in December 2012 and charges will be introduced for the shorter stays during the 13/14 financial year. The County Council will mirror the charges for using the City Council Park and Ride sites for these shorter stays and will take the opportunity to review the balance between short and long stay parking at its sites.

71. The opportunity has been taken to move the Definitive Map Team into this area recognizing the close links and synergies with both Land and Records and highways Asset management and the List of Streets. The teams will be looking at ways to make information available to the public in a way that reduces the cost to the authority.
72. The Integrated Transport Unit has been reshaped as part of the restructuring in 2012 and the management of the vehicles directly run by the authority now sits with this team. Work is currently underway to investigate the opportunities for closer working with non-emergency hospital transport and this may well lead to efficiencies in the service.

### **Highways and Transport Delivery**

73. The Highways Services Contract is delivered by our providers, Atkins. The team consists of both OCC and Atkins staff and is managed by an Atkins manager who reports into the Deputy Director. The team provides the majority of the maintenance, construction and design work related to the highways and rights of way service and maintains the vehicles used by the Integrated Transport Unit (ITU). The MTFP recognises a pressure of £1.5m for this service which is a result of changing circumstances reducing the opportunity to deliver cashable efficiencies; this will enable the existing level of service to be maintained in many areas of the service. A reduction of £1m in revenue patching over a two year period will place additional pressure on the service. It is likely that additional funding will need to be diverted to defect repair as a result. The additional capital funding identified above will be targeted to ensure it is used in the most efficient and effective way.
74. The delivery of the adverse weather service remains a safety priority for the team and they continue to review our delivery of the winter service. The introduction of gritter naming last year, working closely with the road safety team has enabled us to get messages out to residents about safer winter driving and to improve children's understanding of the service we deliver.
75. Whilst a popular budget, the Area Stewardship Fund has primarily been used to deliver minor new works which add to the overall asset and maintenance costs for the authority. This budget will be adjusted to remove the opportunity to undertake new works and will focus on contributing to local maintenance needs for its final year before being removed in 2014/15. Minor new works, such as those funded through the Area Stewardship Fund will not be possible unless funded by third parties.

### **Property and Facilities Delivery**

76. The Property and Facilities contract was awarded to Carillion in April 2012. The Contract Director is an integral part of the Commercial Management Team reporting to the Deputy Director. By the end of the 2012/13 financial year the new corporate landlord approach will have been in place for a year. There are, however, still areas where it needs to be properly embedded and the team will be looking to achieve this during the 2013/14 financial year. As a result of the work undertaken last year the Council now have a significantly better understanding of the property portfolio and its condition. This year's maintenance programme has been developed using the condition data and focusing on those works that ensure the property portfolio complies with health and

safety legislation.

77. The team are supporting the County Council in the development of its property strategy and in the implementation of its Agile Working programme.
78. During the 2012/13 financial year a wholesale review of staffing was undertaken. A number of vacancies were created and there was some challenge in maintaining service levels. Work with neighboring contracts to introduce more resilience into the service, especially in relation to cleaners, continues to be a priority for the facilities element of the contract.
79. The team is ensuring that they are able to fully support the councils move towards academy schools.
80. The MTFP identifies ongoing efficiency savings as a result of the move to a Corporate Landlord approach and the opportunities that the new delivery arrangement presents.

### **New Pressures and Savings**

81. A summary of the main savings and pressures for the Commercial Division is set out below:

#### Pressures

- **14EE1 - Parking Account (£0.5m)** - the current income: expenditure profile of congestion management activity is placing unsustainable draw down pressure against the Parking Accounts. A projected pressure of £0.5m has been recognised which will have to be offset by savings and income review.
- **14EE2 - Highways Maintenance (£1.5m)** - The reduction of funding allocation for highway maintenance and increased asset demands have placed combined constraints on the ability to achieve target cashable efficiency savings. To mitigate the impact on road condition a £1.5m re-investment pressure has been agreed.
- **14EE12 - Public transport contract savings** – more procurement savings has been realised in 2012/13 than anticipated resulting in a re-profiling of future year's savings.
- **14EE13 & 14EE17 - Bridges Investigation (£350k)** - the County has experienced recent significant flooding events. Critical infrastructure especially bridges have been subject to scour damage and structural stress which will require review and remodeling

of structural maintenance programmes. Specific examination of bridges to reassess condition, weight limits and consequent investment is essential to maintain a safe, effective highway network. It is proposed that this is funded from reserves.

- **14EE14 - Waste treatment facility** – In 2014/15 our waste to energy facility will open. The budget line is a re-profiling due to a delay in the scheme caused by legal challenge which was successfully defended and the facility will now open. This new facility will mean that nearly all of Oxfordshire's residual waste will be converted to energy with less than 5% of our waste going to landfill. The waste to energy plant will power over 38,000 homes and reduce carbon emissions by approx. 60,000 tonnes for carbon dioxide a year.

#### Savings

- **14EE5 - Facilities management contract savings** – savings of £0.120m per annum totaling £0.360m by 2016/17 from the Carillion and Capita Symonds contract.
- **14EE7 - Park and Ride** - additional income from the introduction of day time charging at our two park and ride sites. A full consultation process will be required and therefore a part year income of £0.250m has been assumed for 2013/14. We will work with the bus operators to ensure that charging is kept to a minimum.
- **14EE9a & b - Area Stewardship Fund** - The Area Stewardship Fund will be removed in 2013/14. This funding will be refocused on a one-off basis in 2013/14 for Road Maintenance.



## Oxfordshire Customer Services

Year on Year	2013/14	2014/15
	£m	£m
Pressures & Additional Funding	0.408	1.277
Savings	-1.309	-2.392

**Note:**

*Pressures and additional funding are a combination those agreed in agreed in previous budgets and new pressures identified as part of the 2013/14 Service & Resource Planning process.*

*Savings are a combination of those already agreed and new savings identified as part of the 2013/14 Service & Resource Planning process.*

82. Oxfordshire Customer Services (OCS) was formed in late 2010, when the Customer Contact Centre, Information Communication Technology (ICT), Procurement and Adult Learning formally merged with Shared Services. All of these services were incorporated with the Environment and Economy Directorate in January 2011 to form a new customer focused directorate with a sharper commercial edge. The vision for OCS is

***“to provide a high quality, cost effective support service that has a reputation for excellent customer service whilst reducing the cost per transaction.”***

83. There are currently four key aspects to delivering the Vision:

- Services to external i.e. Oxfordshire citizens are being developed using a Customer Service Centre model with a view to answering queries quickly at the first point of contact wherever possible, i.e. the customer journey will be shorter and sharper.
- Resources are being directed towards improving internal processes and procedures, including automating those processes wherever beneficial.

- A fundamental review of the structure of Human Resources(HR) is being undertaken in light of the Adult Learning function joining the service and a strategic review of the operation of the Council's Health & Safety function.
- Investment in the ICT Infrastructure in Oxfordshire is a key pressure that will need to be addressed. Facilitating the delivery of Digital Oxfordshire and its linkages with the future of the Oxfordshire Community Network and the requirements of the Public Sector Network

### **Update on the Delivery of Business Strategy**

84. Overall **Oxfordshire Customer Services** is confident of delivering current savings targets with the exception of £0.321m previously agreed for reinvestment in the Customer Service Centre from 2012/13 as set out in new pressures below.

85. To deliver the Vision the following programmes and projects are progressing:

- Customer Services Programme – commenced in early 2010, this programme has offered directorates the opportunity to improve access to services and service delivery by transferring customer facing elements into the Customer Service Centre. In broad terms, the Programme is progressing well and by November 2012 approximately 60% of customer contact has been consolidated within the Customer Service Centre and all savings forecast up to 31 March 2012 have been delivered. Amongst the aims of the programme are, reducing the number of publicised contact routes; a single point of contact for related customer enquiries; a focus on first time resolution of all contacts; and bringing services together to improve access, consistency and reputation. In doing this the intention is to align with the Council's key Business Strategy aim ... *'to be more joined up across the Council and create strong internal partnerships'*:

There are HR and Finance, ICT and procurement workstreams within the overall Oxfordshire Customer Services Transformation Programme. These include:

- The redevelopment of the intranet site
- Introduction of HR self-service, and a more user-friendly front end for SAP finance
- Service Reviews
- Replacement of key systems
- End to end improvement of "Purchase to Pay" activity
- Consolidation of all school facing delivery into a single service

The medium term financial plan savings and further savings identified as part of the programme have been identified and are predicated on several factors: Key factors are:

1. The need for the capacity of back-office services to reflect the reduction in Council staff numbers over time and
2. Increased service efficiency through automation and streamlining process.

During 2013, all Services are subject to a strategic review to determine whether they are a service the Council must continue to operate in its current scope (or not), and if so whether there is strategic value in retaining the service in-house or commissioning the service externally.

- Tactical Partnering – an opportunity to partner ICT with Hampshire has been realised delivering savings to both authorities. There is already an ICT partnership in place with Oxford City Council to provide ICT infrastructure services. Other opportunities to partner with others will be considered as and when appropriate.
- Oxfordshire Skills and Learning delivery arm is setting up as Self Accounting Business Unit with effect from the 1<sup>st</sup> April 2013. In parallel, each part of the service will be reviewed to determine whether the Council will continue to provide certain or all aspects of the service taking into account the strategic value to the Council, the impact on communities in Oxfordshire and the national developments surrounding future funding of skills.
- Health & Safety – a review of how H&S is managed across the Council has been completed and the recommendations are being put in place including Health & Safety (H&S) action plans for County Corporate Management Team (CCMT) and Directorates, and the revision of policies.
- Procurement - proposals are being developed for three separate but linked services: a transactional procure to pay hub, based in OCS; a purchasing and contracts management hub for care services to support joint commissioning across the other Directorates; and a purchasing and contracts management hub in Environment & Economy Commercial Service for all other service areas.
- ICT– the ICT strategy provides ICT priorities and objectives over the next three years. Key elements delivered include Windows 7 & Office 2010 for desktop services and a new public website. In train are the delivery of a new Council intranet linked to self-service capability for internal staff, and an improved Document Management system. The adoption of “Cloud” based services is a key strategic objective for ICT for 2015/16.

## New Pressures and Savings

### Pressures

86. **14EE18 - Unrealisable Customer Service Centre savings** – £0.321m: 6 services areas were brought into the Centre during 12/13 with considerable pressure on delivery. This has been extremely challenging and to deliver these savings would mean severely compromising what is in large part a front-line service – often catering for vulnerable people. The rapid expansion of the Centre this year has highlighted a need for significant investment in technology and improvements across service boundaries if there is to be opportunity for future savings.
87. **14EE34 - Externalisation of OCS** – £0.750m is a one off pressure to fund the review, assessment and benchmarking of existing Services within Oxfordshire Customer Services. This work will also include the analysis and presentation of models for future service delivery. The scope for this will be school-facing services and also those other back-office services which, following review, it is deemed can be better delivered externally. . Service externalisation through any model will incur one off procurement costs.
88. **14EE35 - Data centre** – investment to secure the transition to “Cloud” based services requires £0.150m and £0.350m investment in 2013/14 and 2014/15 respectively. As highlighted in previous years, this strategic approach is rapidly gaining favour across the private and public sector as technology matures and entry costs decline. Scope exists for reduction in revenue costs through the effective outsourcing of infrastructure, data storage and (potentially) business application hosting.

### Savings

- **14EE19 - ICT infrastructure maintenance** – £0.061m and £0.096m in 2013/14 and 2014/15 saving respectively achieved largely through extending the robust management of suppliers though there is also a small reduction in need.
- **14EE20 - Oxfordshire Community Network** – £0.248m and £0.294m in 2013/14 and 2014/15 saving through a reduction in contract payment and telephony maintenance.
- **14EE21 - Schools Service Provision Subsidy** – application of full overhead costs to charges made to schools for support services provided by Oxfordshire Customer Services, which effectively removes a subsidy to them. To reduce the impact on schools, the full year subsidy cost of £0.500m to be achieved in two steps; £0.250m from 1<sup>st</sup> April 2013 and a further £0.250m from 1<sup>st</sup> April 2014.

- **14EE23 - Pension fund** – application of full overhead costs to the Pension Fund will generate a saving of £0.160m from 2014/15. Currently, staff who administer the Pension Fund use office accommodation, heating, lighting, ICT and other support overheads which should be charged back to the Pension Fund.
- **14EE25 - Colour printers** – by changing the way staff work and reducing colour printing substantially, in particular, standardizing print facilities around building requirement, rather than individuals we anticipate savings of £0.180m in 2013/14 combined with -
- **14EE31 - Consolidate and outsource print services** – £0.250m reduction in 2014/15, closely linked to the reduction in colour print use (above) and existing copier contract. The intention is to outsource our print requirements to a pay per page service. The Council will no longer buy or maintain print assets. There will be a standard approach to printer access and dedicated personal printers will be minimized.
- **14EE28 - Removal and recycling of ICT Hardware** - a £0.050m reduction in 2014/15 and a further £0.050m in 2016/17. The ICT estate is regularly audited and actual use of equipment is checked. Based on current evidence and experience to date, there is further scope to reduce expenditure on ICT hardware by recycling equipment such as PCs, and Laptops.
- **14EE29 - ICT reductions associated with data centre** - a £0.290m saving from 2015/16 reduction in annual running costs through movement to “Cloud” based services. Movement to "Cloud" allows reductions in staff (primarily) and maintenance. This is premised on initial investment outlined as a pressure above.
- **14EE22 - Reduction in ICT Application Maintenance** – Savings of £0.150m from 2015/16 and a further £0.150m from 2016/17 based on removing some ICT applications and reducing the actual use of others.
- **14EE33 - ICT reductions based on property rationalization** - £0.200m reduction in 2014/15 and a further £0.400m in 2015/16. All Council buildings have ICT infrastructure that has to be maintained and users in the building have to be supported. This ranges from local hubs, switches and network gear to corporate network access via a third party circuit.
- **14EE24 & 14EE30 - Reductions in OCS staffing reflecting the reducing size of the Council** and actions within the OCS Transformation programme valued at £0.445m are now scheduled from 2015/16.