

# Section 1

# Leader of the Council's Overview

**SERVICE & RESOURCE PLANNING****2014/15 to 2017/18****Overview by the Leader of the Council****Introduction**

1. The Cabinet Member for Finance's report to Cabinet on 28 January 2014 set out the detailed budget proposals from the Cabinet which continue to deliver a financially sound budget, Medium Term Financial Plan (MTFP) and Capital Programme for the authority.
2. This is the first budget of the new administration following the elections in May 2013 and our budget is built on the premise of fairness and protecting the most vulnerable from the impact of any cuts. Where we can, we will raise income so that reductions in service budgets are less challenging.
3. Where we have proposed to reduce or eliminate services, or to increase charges, I want to be clear that we have done this to play our part in bringing down the deficit, not because we don't appreciate the hard work of staff, or the value placed on those services by their users.
4. Even after these savings, we will remain a large organisation, delivering 80% of local government services to over 600,000 people. Even if we were reduced to providing only the minimum level of service we are required to provide by law, we would still be spending hundreds of millions of pounds a year across a broad range of services for the people of Oxfordshire.
5. The previous administration set out ambitious financial plans, and met them. I am confident that we will do so over the period of this new administration. We believe that by proposing this realistic budget we will be better placed to sustain the services of the future.
6. There are no longer any easy savings. Every saving is hard and every saving is challenging but I believe the proposals are the right choices in difficult times.

**Service & Resource Planning Consultation**

7. Throughout Talking Oxfordshire I made a commitment to listen carefully to the views of residents. Almost 1000 people took time out of their evenings to come and have their say. Consultation with residents and stakeholders is a key part of our budget setting process and we take into account the views expressed in our budget consultation programme, surveys as well as written representations and petitions.

8. In proposing its budget, the Cabinet has taken into account comments from Performance Scrutiny Committee and a range of stakeholders; views expressed in the public budget consultation telephone survey of 600 residents and responses to the consultation through the Council's website on business strategies and overall budget proposals. Although this consultation closed on 3 January feedback and comments are still being received. I would like to assure people that all representations are being recorded and are being placed on deposit for all councillors to review.
9. The telephone survey included questions on Council Tax increases. 80% of respondents to the survey agreed that Council Tax should be increased with only 19% saying there should be no increase. The survey found that residents are generally positive about the Council's actions in the current economic climate; over half saying they trust the Council to do what's right for Oxfordshire in the current economic climate and over 3 in 5 saying that the Council does a good job despite the difficult financial situation.

### **Council Tax**

10. With an ever reducing amount of central government grant, we rely even more on locally raised income through Council Tax to meet our funding requirements. Council Tax accounts for 47% of our total income compared to 31% of central government grant<sup>1</sup>.
11. In order to sustain our services and protect the most vulnerable from the impact of any cuts, we are recognising the need to make a small increase to the Council tax of 1.99%, just under the current level of inflation. We believe that freezing Council tax would put at risk the financial security of our future plans, as it would commit us to a further reduction in income in the long-term.

### **Our Priorities**

12. My administration's priority is to deliver a Thriving Oxfordshire - one where people are able to get on in life, children receive a high quality education, local people take up jobs created by new and growing businesses, as well as those which choose to move here due to our strong local offer - transport links, an educated workforce, and one of the leading centres of research and development in science in Europe.
13. We are also committed to ensuring that wherever possible we protect the most vulnerable people in our society, and the services on which local people place the strongest value. This has not been easy in a time of austerity, and that challenge is no less great in this budget round.

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<sup>1</sup> Excluding Dedicated Schools Grant

14. More detail about our priorities is set out in the County Council's corporate plan. The 2013 version of the plan set out our priorities as we went into the local elections. Following these, we are producing a revised and refreshed plan, which will make clear our priorities for the life of this administration. We expect to place this before council in April.

### **Updated Financial Information & Changes to Budget Proposals**

15. The report to Cabinet in January set out the majority of our proposals but we were awaiting confirmation of the final Local Government Settlement, the Council Tax referendum limit and local business rates forecasts before confirming all of our plans. The outstanding information has now been confirmed and the covering report sets out the detail.
16. The final financial position has confirmed an excess of savings over pressures of £2.7m and additional business rates income of £1.3m. This allows us to reduce some of our savings proposals by £1.3m having taken into account feedback and comments received through the various consultations and provide £2.7m additional investment in priority areas. The changes we are now recommending are set out in section 2.3.1 of the report.

### **Total Reserves**

17. Much has been made in the press of the level of reserves councils hold. We hold reserves for two purposes; earmarked reserves for specific and planned purposes such as funding our Thriving Families programme; and balances for unplanned events such as flooding. During the recent floods we never had to say 'stop' because we didn't have the funds. We just got out there and did the job. That's why we hold balances and reserves and I am confident that the level we hold provides the right balance between ensuring the maximum use of taxpayers' money and keeping sufficient aside to deal with major emergencies.

### **Capital Programme**

18. We have plans for additional investment of £32m in our Capital Programme up to 2017/18. However, the announcement about our basic needs funding in late December means we have to rethink our plans for capital investment in Education over the coming year to address the £19m shortfall we now have in funding school places. We could scale back the building programme and use spare capacity at schools more fully. However, this would create more school transport costs and make it harder for parents to get their children a place at a school of their choice. We could also return to the long term use of temporary classroom units.

19. Additional funding has been confirmed by the Department for Transport providing almost £11m of capital funding for Oxfordshire to part meet three significant schemes; the Northern Gateway Cutteslowe junction; the Wantage Eastern Link Road and Bicester London Road schemes. These will provide a real boost to the transport network and promote growth in the county.
20. I am also delighted that the City Deal has now been announced which will bring £55m of central government investment to Oxfordshire. This will enable us to improve the skills of people in Oxfordshire, improve the housing and then we will be able to tackle the issues around homelessness. The City Deal will pay for major transport schemes as well as jobs in hi-tech industries and construction and speed up the building of 7,000 homes across the county and is a great boost to Oxfordshire. The implications of this major programme will need to be assessed and reported on later in the year.

### **Conclusion**

21. I recognise the hard choices these budget proposals set out, and I accept the justifiable unhappiness we have heard during the budget consultation process. People have every right to protest, and make their voices heard - and those voices have played a part in shaping these proposals. However, as I have said throughout this process, our funding is fixed. If we shy away from some cuts, we have to find others to replace them, and I heard much less about that during the consultation.
22. There are no longer any easy savings. Every saving is hard and every saving is challenging but I believe the proposals are the right choices in difficult times.
23. This council remains committed to a thriving Oxfordshire - thriving families, thriving communities and a thriving economy. We will continue to provide a safety net for the most vulnerable people in the county. This revenue budget, Medium Term Financial Plan and Capital Programme for 2014/15 to 2017/18 deliver a sustainable programme of services within the finances available to Oxfordshire County Council.

**Ian Hudspeth**  
Leader of the County Council  
February 2014