

Section 1

Leader of the Council's overview

Budget 2022/23: Leader's Report

a) The Fair Deal Alliance and our priorities

1. This is the first budget of the Oxfordshire Fair Deal Alliance, a new administration for Oxfordshire which has been forged around our shared commitment to nine priorities. The three political parties of the Alliance are working together because we want to see a greener, fairer, healthier Oxfordshire.
2. Addressing the climate emergency, tackling inequality and promoting the health and well-being of all residents are not over-night tasks but require long-term, persistent commitment. We have inherited a Council shaped by the actions and priorities of its previous leadership. While we are impatient for change, we recognise it takes time to reform culture, processes and activities.
3. Through this budget we are targeting funding and seeking to reshape the Council's ability to have a positive impact in our priority areas. One of our priorities is to be more open and inclusive in decision-making. We consulted widely on our priorities and on this budget: our initial budget proposal in December had 1,392 responses, compared with 692 the previous year. We are grateful to all those who gave us their views and have sought to reflect these in the proposals we are presenting.

b) Background to our Budget

COVID has disrupted all our lives and work

4. We are nearly two years into the management of the COVID pandemic. While we hope to emerge soon from its deadly impact on so many lives, this remains a period of huge challenge and uncertainty. We pay tribute to the staff of the County, District and City councils, and those who work in the NHS and social care and in our schools and early years settings, who have kept frontline services going during this period. They have shown great dedication. The Council has worked closely with our partners across the county to support vulnerable residents, and to deliver the vaccination programme, and see this as a model for future collaboration.
5. All countries globally have been affected by the disruption to supply chains caused by COVID. The UK has also been navigating a period of disruption to our trading relationships following our departure from the European Union which have compounded supply chain challenges. A new immigration regime, combined with some of the travel restrictions brought about by COVID, has also directly impacted on the availability of staff in some key sectors, notably health and social care, construction and hospitality.

Local government was already facing very significant challenges

6. We are at the end of a ten-year period during which central government funded spending power for English local authorities has more than halved,

falling by 52%¹. Faced with declining budgets, Council officers have been driven to find continual savings. Increased demand for our services has created significant pressures on budgets, especially in social care.

We face very significant financial pressures in adult and children's social care

7. The government announced on 7 September its plan for changing the charging arrangements of adult social care². This represents a very substantial change to how social care is funded and to the operation of the market for social care. There are real, new costs associated with the regime the government is implementing. It is very likely that costs to the Council will rise well above any new funding to meet this.
8. In children's services, a particular concern is the growing liability of our deficit in the High Needs Block. This element of the grant we receive from central government funds SEND costs. Due to the growth in demand, it has proved insufficient. We face a growing annual shortfall and are therefore accumulating a very worrying deficit. For 2022-23, the annual deficit is projected to be £20.3m, taking our total deficit to £55.7m. Based on current funding and demand, this is projected to grow to £201.9m by 2025-26. The Treasury has given local authorities dispensation to hold this ring-fenced deficit off balance sheets. Yet this is only in place until 2023-24. Unless central government addresses the chronic underfunding of this area and absorbs the accumulated deficit, many local authorities – including Oxfordshire – will have to make deep cuts to other areas to fund the deficit.

Local government depends on national government bids for capital investment

9. At the same time as facing funding pressures in our revenue budget, we have increasingly seen capital funding controlled by national government through a series of bidding contests that require local authorities to compete for funding. Although the new Secretary of State for Local Government, Michael Gove, told his departmental select committee in November that this effort to bid is detracting from delivering local services³, we are waiting to see any change of approach.
10. Nationally, we face frustration in conflicting approaches by No10, Treasury and the Department for Levelling Up, Housing and Communities (DLUHC). For example, we submitted an ambitious bid for a bus strategy for Oxfordshire, responding to a statement from the Prime Minister in March 2021 that committed a budget of £3billion to the "Bus Back Better" strategy⁴, only for the

¹ <https://www.nao.org.uk/report/the-local-government-finance-system-in-england-overview-and-challenges/> Figure 5, page 13

² <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>

³ <https://committees.parliament.uk/oralevidence/2980/pdf/> In response to Q27

⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/980227/DfT-Bus-Back-Better-national-bus-strategy-for-England.pdf p.4

October spending review to see the Treasury cut this sum to £1.2billion⁵. We have yet to learn whether our bid has been successful.

We are facing significant underfunding of capital projects initiated by the previous administration, and of our existing highways network

11. In some areas, we have found that the sums provisioned for projects were inadequate. This is true of Kennington Bridge, where the £50million estimate that accompanied the outline business case in July 2020 accepted by the previous administration is now projected to be £90million. Faced with this unfunded increase to a critical piece of the county's infrastructure, we have no choice but to use this budget to provide £27million of the additional funding to allow this critical project to proceed.
12. In other areas, the previous administration committed to major projects where the Council bears all the risk of cost increases. The largest examples are the two Housing Infrastructure Fund (HIF) schemes. We now face disruptions to the supply chain, very significant inflation and labour shortages in the construction sector, through a combination of COVID and the policies related to the UK leaving the EU. Taking account of these elevated risks, we need to provision £50million for potential future costs of major infrastructure.
13. We have asked officers to redouble their scrutiny of these and future capital projects to make sure that the optimism bias displayed in the past is removed and we are taking a more sober and realistic assessment of the costs and risks associated with major programmes in the light of the present economic environment.
14. Over the coming years, we face a major challenge to shift the capital budget so that investments are made with an eye to the future, taking account of our commitment to increase active travel and reduce carbon emissions across all areas of the Council's activity. Travel and transport are investment is key to this.
15. The estimated cost of maintaining Oxfordshire's highways over the next five years (from 2022-23 to 2026-27) is £228m. Yet, as it stands, we are set to receive only £70m from national government. Previous borrowing of £32m is scheduled for the next two years, but the total funding gap is currently £125m. As we look to maintain our roads, we will have to confront some difficult choices.

c) A new approach to budget consultation

16. Our budget consultation process has followed that which we developed when consulting last year on our nine priorities on the Let's Talk Oxfordshire platform, plus paper copies distributed through libraries, and has included contributions from members of the public, partners and stakeholders, as well

⁵

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1043689/Budget_AB2021_Web_Accessible.pdf p.58

as members of this Council. We are delighted that so many people contributed to the process. We received 1,392 responses, which is a huge increase on the 652 in the previous year's consultation. This reflects a strong commitment by this administration, supported by officers, to reach a broader range of consultees and to encourage more public participation in the process. We still have further to go to make our consultations more representative of the diversity of Oxfordshire's residents, but we are glad already to have increased the participation in the budgeting process.

17. A number of key themes emerged from the public consultation which have informed our final budget proposals:

- (a) The public consultation indicated the highest support for the Oxfordshire Fair Deal Alliance's priorities to focus on the health and well-being of Oxfordshire residents and to support carers and the social care system AND the vast majority of respondents wanted to see front-line services protected.

The largest increases in this budget go towards adults and children's services.

- (b) The next two priorities to attract the highest support were putting climate action at the heart of our work and investing in an inclusive, integrated and sustainable transport network.

Our budget includes a significant increase in core resourcing to support climate action, alongside specific capital allocations to improve transport networks and connectivity.

- (c) Opinion was split on the proposed Council Tax increase but more supported this than opposed it, taking account of the 3% precept for adult social care.

- (d) Respondents favoured savings that focused on
- (1) using digital technology to deliver services more efficiently
 - (2) redesigning services, using fewer agency staff and holding more vacancies
 - (3) reducing operating costs by encouraging more long-term flexible working
 - (4) looking for creative ways to meet needs at lower cost while also helping people to be as independent as possible

We are committed in our proposals to all of these areas of activity and intend to realise savings here that will release funds for the frontline

d) Supporting our priorities through our Budget

18. We have approached the budget process with three key principles in mind:

- (a) We have looked for effective ways to deliver our priorities, in particular addressing climate change and reducing inequality;
- (b) We have maintained a relentless focus on high quality services for the residents of Oxfordshire;
- (c) We have sought out opportunities to make investments now that will save the council cost in the future.

Pursuing our climate change goals

- 19. We are delivering on a series of measures to help the county achieve its 2030 carbon goals. So that the Council as an organisation can put climate change at the heart of our activities, we are investing £1,330,000.
- 20. Travel and transport are key to reducing our carbon emissions in Oxfordshire. To encourage cycling and walking and to increase safety in our towns and villages, we are investing £8million in a programme to make 20mph the new normal in residential areas across Oxfordshire. We are putting aside £6million to support our bid to government with the bus companies for electric buses to serve Oxford city. We are investing in additional resource to accelerate our work on active travel in the county: planning for new schemes and advising on opportunities to integrate active travel more fully in future proposals.
- 21. To show the impact that more people-centred urban design can have on the use of active travel and on well-being, we are allocating £500,000 towards the capital costs of pedestrianizing Broad Street in Oxford. We are also funding investments to reduce congestion and improve air quality through more effective enforcement to keep traffic moving.
- 22. We will undertake a strategic rail feasibility study to establish what it would take to advance the proposals for new rail links to Cowley, Grove/Wantage, and Witney, and to double the track on the North Cotswold line.

Investing in social care and SEND to support the most vulnerable and tackle inequality

- 23. We are making a significant investment in the social services we provide to our most vulnerable residents: with year-on-year increases in the budgets for children's services of 7.4% and adult social care of 6.8%.
- 24. Children and young people have faced considerable delays in getting SEND assessments and in arranging placements. We are providing over £2million more funding for these services.
- 25. We are allocating £500,000 to support the review into home-to-school transport to assist in transitioning to any new arrangements, with a particular focus on supporting more active travel and more sustainable transport opportunities.
- 26. Carers and those living with disabilities argued that we should consider reducing the contribution rate we require from their allowances so that they

have a little more to spend. We have listened and are budgeting £800,000 to reduce the contribution rate.

27. We are looking for opportunities to improve the services we offer and to reduce costs. An early decision of the Oxfordshire Fair Deal Alliance, reflected in this budget, was to invest £5million in Resonance Supported Homes Fund to bring more adults requiring supported accommodation back to Oxfordshire.
28. In the future, we want to take more steps in this direction: where children or adults are cared for outside the county, it removes them from family and friends and often costs considerably more. In our capital budget, we have earmarked up to £6million for two new children's homes to be built in the county. If these measures are successful in improving the quality of life for those we support, while also reducing our costs, we will look to make further similar investments.
29. We are preparing for a whole new funding regime in adult social care, mindful that government has stated that local authorities must be ready to deliver within this new framework or face losing funding. We will receive a £1.5million grant from government to support our preparations for this reform. In addition, we have allocated £400,000 to make sure that we are ready to operate under the new framework. In the coming year, we anticipate rising costs in the market for adult social care so have allocated £4.4million to make sure we can sustain our provision of services.

Responding to the impact of the pandemic on health inequality

30. We are promoting a joined-up approach to tackling health inequalities, especially post-pandemic. We are putting money into priority areas of public health, particularly where the pandemic has disrupted services and left individuals more vulnerable such as £250,000 into sexual health and NHS health checks.

Equipping the Council to deliver better services while consuming less

31. We are making an investment in the core functions of the Council. We believe these need to be strengthened so we can be sure that well-informed decisions are being made, expenditures are being carefully tracked and to avoid expensive mistakes.
32. We want to ensure we have the right staff to support scrutiny of decision-making, monitor capital projects, give legal advice and pursue effective procurement, while investing in our ability to recruit and retain outstanding staff across our services.
33. We are continuing to look for ways – particularly through digitisation and more flexible work patterns – that the Council can deliver high quality services at lower environmental and financial costs.

Ensuring Council property assets deliver the best economic, environmental and social value

34. We will look for ways to make more of the assets we hold by undertaking a full asset condition survey to inform an ambitious property strategy. We are investing in our estate to reduce carbon consumption, including by investing now to increase co-location in Council buildings.
35. Oxford is a county shaped by its rivers and our bridges are a key part of the county's infrastructure. Unfortunately, they have been underinvested in over many years. The backlog is considerable and the consequences of not acting are potentially serious. We are increasing our investment in the repair and maintenance of the county's bridges by an additional £2.7million.
36. We are offering tenants of the Council in community assets a one-year rent holiday to take account of financial pressures many community and voluntary organisations have faced during the pandemic; we also commit to reviewing the management of these properties and put their arrangements on a more stable, predictable footing from 2023-4.

e) The financial settlement and Council Tax

37. We set our budget proposals in December against some cautious assumptions about revenue in light of the considerable uncertainty created by the pandemic and delays to national government decision-making. Since our budget proposals were published, we have been able to update the revenues we can expect to receive in 2022-23.
38. In the updated information provided to Cabinet on 18 January, we learnt that an additional £6.8million was available for one-off spending in 2022-23. This reflected the outcome of the provisional Local Government Financial Settlement, and an update to figures on the county's tax base. At the same time, we were warned that delayed reforms through the national funding review were likely to lead to a cut to the Council's core funding from next year.
39. We proposed that £1.4million of these funds go towards specific priorities in the budget, which have been highlighted earlier. The remaining £5.4million would be available as reserves for further investments that help support our priorities.
40. Since then, district and the city councils have updated us on their estimated council tax and business rate collections in 2021-22. These show that council tax collections will be higher than expected while business rate collections will be lower. The county's share of these figures, which is reflected in a change to revenue for 2022-23, was £4.4million improvement for council tax and a £2.2million reduction for business rates: a net improvement of £2.2million. This estimated figure is also assigned to the budget prioritisation reserve.
41. In spite of a slightly better position that we anticipated, we are facing exceptional pressures in all areas of the council's activities. We therefore

propose to increase Council Tax by 4.99% as directed by central government to fund support to core services, in particular adult social care. We are very aware of the financial pressures many households will face in the coming year and will look carefully at what steps we can take through our services to support the most financially vulnerable.

Conclusion

42. This budget has been set against a background of very significant pressures in all areas of the council's activities, especially in social care, but also in capital expenditure to which we have been committed by the previous administration. Nevertheless, we have been able to support the administration's priorities by finding ways of investing where we believe we can make the most impact, addressing the climate emergency, tackling inequalities and promoting the health and wellbeing of all our residents. The increase in council tax will allow us to provide much-needed support to the most vulnerable adults in our community, though we know that this is not a satisfactory long-term solution. One-off grants allocated to us this year will allow us to increase our spending in areas where we believe we can be most effective, though we recognise that in future years, these funds may not be available.
43. Our new approach to consultation has helped to us to shape both the budget and our strategic plan, and we will continue to listen and learn from residents, stakeholders and members of this Council. Our draft strategic plan sets out our key objectives in detail, and we will be developing outcome targets and measurements that the administration will review and report on regularly throughout 2022/23 and beyond.
44. We would like to thank our officers for the guidance and support that they have given to the Fair Deal Alliance in putting forward our first budget, and for the detailed work that has gone into its preparation. We view the task of delivering on the administration's nine priorities as a collaborative process, and we look forward to partnering with officers to achieve this.
45. I commend this budget to members. Please support this budget so that together, we can make Oxfordshire a greener, fairer and healthier place for all of the county's residents.

Councillor Liz Leffman,
Leader, Oxfordshire County Council
February 2022