

COUNTY COUNCIL REPORT February 2013

Financial overview for 2013/14

Oxfordshire was the first County to announce it will increase council tax in March 2013, with a below-inflation 1.99% rise.

Every year OCC puts its budget proposals to a consultation panel across Oxfordshire, and this year 75% of the consultees felt a below-inflation increase was justifiable. The alternative, to freeze tax levels for a 3rd year running, would impact services to an unacceptable extent for the majority of residents.

The County Council has slashed £92m from its budget since 2010/11 and expects to cut a total of £200m by 2016/17. We have tried to protect frontline services, and it's imperative to continue doing that as much as possible.

The proposal this year is for a small increase of 44p per Band D property (roughly the price of a packet of fruit pastilles), which will protect key services.

A snapshot of council expenditure

The 2011 census estimates that 653,800 people now live in Oxfordshire – an increase of 48,500 (8%) since the 2001 census. It includes increasing numbers of older people – the 65+ population growth has been 18%, and the number of people aged 85+ has increased by 30%.

The County Council spent £125m on social care in 2001. Ten years later, demographic changes have seen that spending rise by 60% to £200m. An extra £5m is invested every year into adult care to meet growing demands, as follows:

- 77% on meeting people's care needs
- 13% on services to stop or delay the need for care (day services, re-ablement, etc)
- Under 10% on staffing (more than 70% of which represents frontline care staff).

During 2012, service demands have continued to increase. Assessments are up by 36%, home care up by 9%, and the numbers placed in care homes up by 23%.

This year the County Council has additional public health responsibilities, including:

- managing the Health & Wellbeing Board
- drug and alcohol services
- over £20m of former NHS spending in Oxfordshire.

At the other end of the demographic scale, projections show a 16% increase in Oxfordshire's primary school pupils from 46,760 (4-11 year olds) in 2011/12 to 54,208 in 2016/17. This rise is considerably more than the DfE's national expectations of 12.7%.

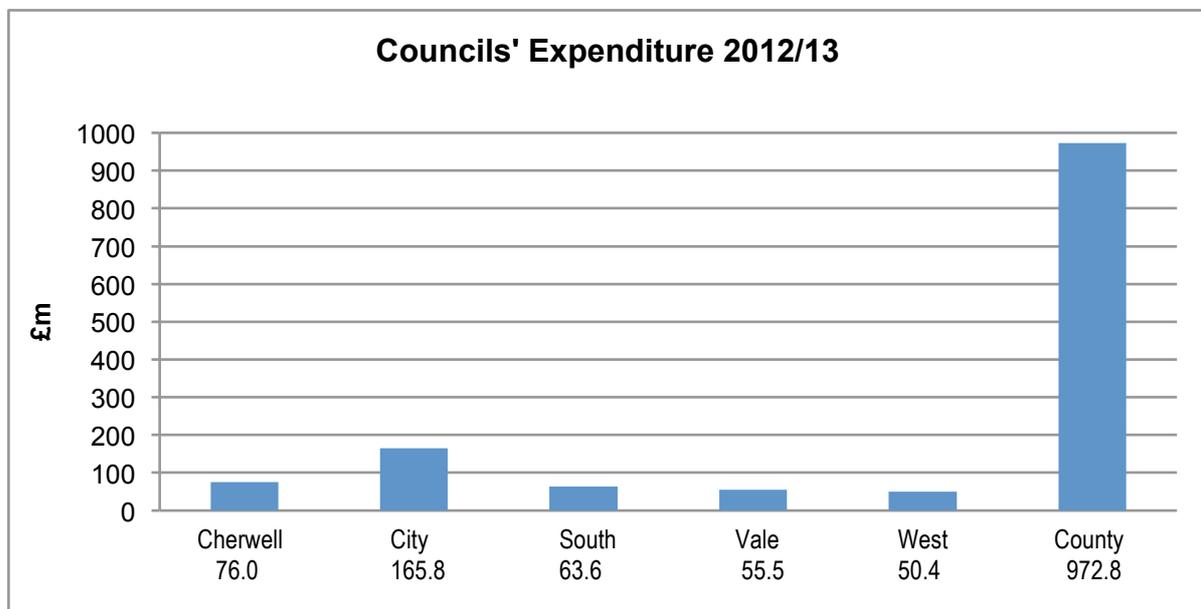
The secondary school population is predicted to rise by 12% from 36,351 in 2011/12 to 41,224 in 2018/19. Again, this increase is ahead of national patterns, and follows the rapid rise in primary intakes that will start to reach secondary school.

These increases have led the County Council to plan an additional £13m capital expenditure to accommodate 1145 more pupil places to 2016/17.

The table below may provide a useful reminder of the division of responsibilities across the different tiers of local government:

Responsibilities	
County Council	District council
Social Services (Adult & Children's)	Housing
Education & Youth Services	Planning
Transport and Highways	Revenues and Benefits
Waste Disposal	Waste Collection
Minerals & Waste Planning	Street Cleaning
Economic Development	Environmental Health
Libraries, Museums & Registration Service	Leisure Services
Trading Standards	Town and Parish
Fire & Rescue	Planning applications
Gypsy & Travellers Service	Community facilities & services
Emergency Planning	Community planning
Public Health (from 2013)	

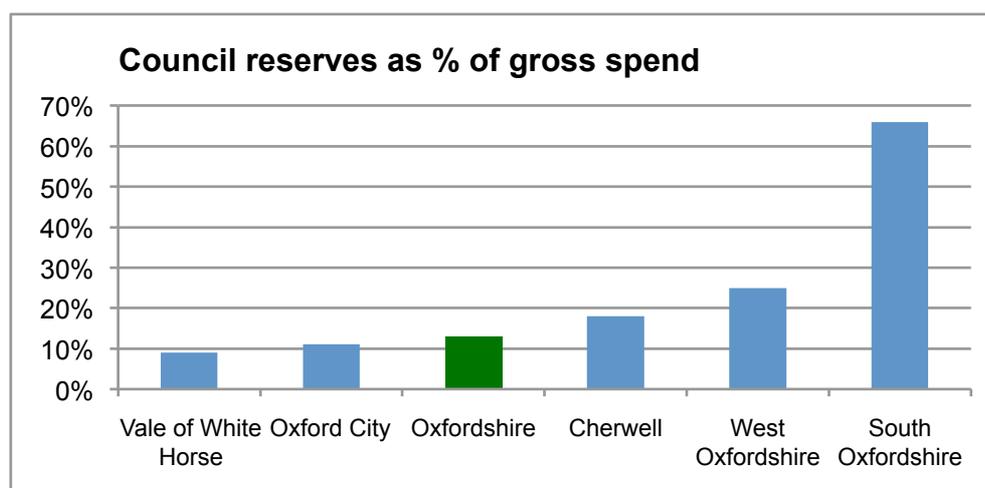
The total spend by councils in Oxfordshire reflects these responsibilities:



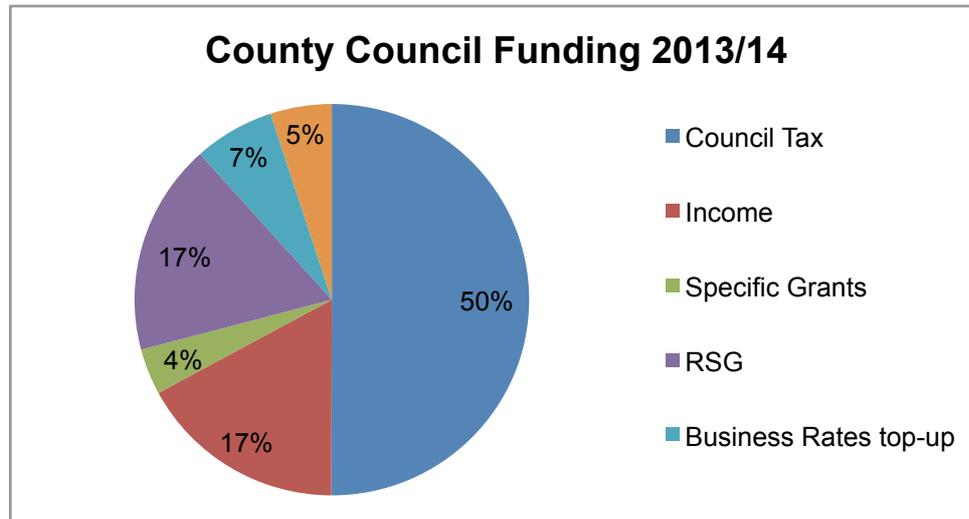
Excluding education spending, 84% of the County Council's revenue is spent on direct services. The table below, for 2012/13, shows that nearly half goes on social care services, both adult and children:

£m	%	<u>Direct Service Spend</u>
200	38%	Adult Social Care
54	10%	Highways & Transport (including subsidised bus routes & concessionary fares)
48	9%	Children's Social Care
29	5%	Property (including Food with Thought/Cleaning)
28	5%	Fire & Rescue (& Community Safety)
23	4%	Early Intervention (including Children's Centres & Hubs)
22	4%	Waste Management
15	3%	Home to School Transport
15	3%	SEN (other than amount delegated to schools)
10	2%	Libraries/Community Services
444	84%	Total Direct Service Spend
		<u>Indirect Spend</u>
38	7%	Capital borrowing costs
19	4%	Customer Service Centre (HR, Finance, Customer Services, Procurement)
17	3%	ICT
10	2%	Corporate & Democratic Costs
528	100%	Gross Expenditure less Schools & DSG-funded services

The County Council, in common with other local authorities, is prudent with its reserves, a large proportion of which is earmarked for specific capital projects:



Excluding schools, the County Council relies on council tax receipts for 50% of its funding, with potential business rates contributing only 5% to the funding:



Good housekeeping

Since 2005, the County Council has shown a record of good financial management and has been encouraged by regular plaudits from bodies such as the Audit Commission.

In 2006, £28m was saved from the back office to be reinvested in frontline services, and a further £35m was saved over the following few years.

In 2010, an ambitious new 4-year programme to save £119m was agreed. This included reducing management by 40% and reducing the non-schools workforce by 25%, with a headcount reduction of 1,400 staff. As planned, the County Council will have achieved £92m of these savings by the end of 2012/13.

The County's 2013 budget

The 2012 local government settlement has reduced the County Council's funding by another £15m for 2013/14. So the total target for the current savings programme, including the economies already achieved, is now £200m by 2017.

This is based on the proposed 1.99% council tax increase for 2013/14. The cost of accepting the Government's freeze grant would have increased the ongoing savings by a further £14.2m, resulting in unacceptable cuts in services such as older people's resources, early intervention, library services, waste recycling centres, highway maintenance or bus services.

Nick Carter

February 2013