

COUNCIL – 16 FEBRUARY 2016

CORPORATE PLAN AND SERVICE & RESOURCE PLANNING 2016/17 – 2019/20

ADDENDA

Report by the Chief Finance Officer

Introduction

1. This report provides an update to the report published on 8 February 2016 following the announcement of the Final Local Government Settlement (subject to House of Commons approval) and other outstanding information.
2. The budget proposals set out in section 4 have been updated in the light of this information. Changes since the report published on 8 February 2016 (unchanged from the report to Cabinet in January 2016) are set out in section 4.2.1.

Updated Financial Information

Final Local Government Finance Settlement

3. The final local government finance settlement was announced on 8 February 2016 for approval by the House of Commons on 10 February 2016.
4. Revenue Support Grant allocations remain unchanged from those published at the time of the provisional settlement.
5. £150m of transitional funding has been made available in both 2016/17 and 2017/18 for “the Council’s with the sharpest reductions in revenue support grant”. The Council will receive £4.5m transitional funding in both 2016/17 and 2017/18.
6. The provisional settlement showed a number of authorities seeing negative adjustments to Business Rates Top-Up payments from 2017/18 onwards. The final settlement has provided additional funding to cancel these adjustments for 2017/18 and 2018/219. The indicative allocations for 2019/20 still include the adjustment, and for Oxfordshire this is a £6.2m reduction.
7. The Rural Services Delivery Grant has been increased to £80.5m for 2016/17 from £20.0m in the provisional settlement. This funding is distributed to the top-quartile of authorities ranked by super sparsity. Oxfordshire does not receive any of this funding.

8. The government announced a review of the Needs Assessment Formula to calculate what this should be when all local government spending is funded by local resources (council tax and business rates) not central grant. This will be used to determine the transition to 100% business rates retention and the process will be set out in the next few weeks.
9. A consultation on funding for former Independent Living Fund recipients was launched on 10 February 2016. Draft allocations have been provided as part of the consultation. The 2016/17 allocation for Oxfordshire is £3.8m, £0.8m higher than 2015/16. It is proposed that the additional £0.8m is held in the corporate contingency pending the outcome of the consultation which closes on 22 March 2016.
10. The Special Educational Needs & Disabilities Grant has been announced at £0.4m for the Council, this is £0.1m higher than the estimated figure.
11. Allocations for the Better Care Fund at Clinical Commissioning Group level have now been announced. For Oxfordshire the overall allocation in 2016/17 is £40.6m. Of this £4.5m is Disabled Facilities Grant which is passed to district councils. The revenue allocation has increased by £2.2m to £36.1m in 2016/17. The amount of this fund to be used to support social care will need to be agreed by the Health & Wellbeing Board. It is currently assumed that this will be in line with the allocations for 2015/16.

Collection Fund Surplus

12. Final estimates of the County Council's share of the council tax collection fund surplus were received by the end of January 2016. The amounts have now been confirmed and the Council will receive £7.0m in 2016/17, £0.1m more than the forecast position reported in January 2016.

Business Rates

13. Final estimates of the County Council's local share of business rates were received on 8 February 2016. The forecast provided by district councils for 2016/17 is £29.9m of business rates income plus £1.0m grant to compensate for the various business rate reductions announced in the 2013 and 2014 Autumn Statement. In total this is £0.1m less than the previous forecast position. In addition, the Council is expected to meet a share of the estimated deficit on business rates collection for 2015/16 of £2.1m; this is £0.3m higher than the forecast position of £1.8m. A £0.4m contribution from the business rates reserve in 2016/17 will offset these reductions.

Flood Defence Levy

14. The Flood Defence Levy for 2016/17 has been confirmed as £541,000. This is a £6,000 increase from the 2015/16 amount.

Budget proposals

15. The extra transitional funding announced as part of the final settlement is temporary for two years; therefore it has no impact on the total level of savings

required over the medium term. The Cabinet propose to use £4.0m on a one-off basis in 2016/17 to create a fund to help local areas manage the impact of the savings. The further £4.5m of funding in 2017/18 reduces the level of savings to be identified in that year from £10.0m to £6.3m and then increases the 2018/19 amount from £1.7m to £6.2m.

16. The changes to the 2016/17 budget and medium term plan are summarised in the following table.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
JANUARY REPORT SURPLUS/SHORTFALL	0.7	10.0	1.7	-1.2	11.2
Council Tax Surplus	-0.1	0.1			0.0
Business Rates from District Councils	0.4	-0.3			0.1
Contribution from Business Rates Reserve	-0.4	0.4			0.0
Additional SEND Grant	-0.1	0.1			0.0
Independent Living Fund	-0.8	0.1	0.1	0.1	-0.5
Contribution to Contingency	0.8	-0.1	-0.1	-0.1	0.5
Transitional Grant Funding	-4.5		4.5		0.0
Transition Fund	4.0	-4.0			0.0
REVISED SURPLUS/SHORTFALL	0.0	6.3	6.2	-1.2	11.3

17. The report to Cabinet in January proposed that the shortfall of £0.7m in 2016/17 would be met from the budget reserve. The changes in funding as a result of the final settlement and the proposed creation of a transition fund mean that only a £60,000 contribution from the reserve will now be required.¹

Capital Programme

18. The capital programme presented to Cabinet in January 2016 included a proposed loan of £5.5m to the King Alfred's Academy to support their strategy to move from three sites to two. The Education Funding Agency has not approved the proposal and will instead put in place arrangement to offer loan facilities to Academy Schools for this type of work. Consequently, the £5.5m funding has been removed from the capital programme at Section 4.9.

Conclusion

19. This report reflects a number of changes in funding available to the Council in 2016/17 and the medium term and needs to be considered alongside the Corporate Plan and Service & Resource Planning report already published at Item 9. Section 4 of the report has been updated and reflects all of the changes described in this report.

¹ Not shown in the table at paragraph 16 due to rounding

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Background papers: Nil

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