

COUNCIL – 12 FEBRUARY 2019

CORPORATE PLAN AND SERVICE & RESOURCE PLANNING 2019/20 – 2022/23

Report by the Director of Finance

RECOMMENDATIONS

1. The Council is RECOMMENDED to:
 - (a) approve the Corporate Plan 2019 – 2021 as set out in section 2;
 - (b) have regard to the statutory report of the Director of Finance (at Section 3) in approving recommendations c to e below;
 - (c) (in respect of revenue) approve:
 - (1) the council tax and precept calculations for 2019/20 set out in section 4.3 and in particular:
 - (i) a precept of £369,064,777;
 - (ii) a council tax for band D equivalent properties of £1,468.83;
 - (2) a budget for 2019/20 as set out in section 4.4;
 - (3) a medium term plan for 2019/20 to 2022/23 as set out in section 4.1 (which incorporates changes to the existing medium term financial plan as set out in section 4.2;
 - (4) virement arrangements to operate within the approved budget for 2019/20 as set out in section 4.5;
 - (5) the Financial Strategy for 2019/20 at section 4.6
 - (6) the Earmarked Reserves and General Balances Policy Statement 2019/20 at section 4.7 including
 - (i) the Chief Finance Officer's recommended level of balances for 2019/20 (section 4.7 Appendix 1), and
 - (ii) the planned level of reserves for 2019/20 to 2022/23 (section 4.7.1)
 - (7) the use of Dedicated Schools Grant (provisional allocation) for 2019/20 as set out in section 4.8; and
 - (d) (in respect of treasury management) approve:
 - (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20 incorporated in the Capital & Investment Strategy in section 4.9;
 - (2) the continued delegation of authority to withdraw or advance additional funds to/from external fund managers to the Treasury Management Strategy Team;

- (3) that any further changes required to the 2019/20 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;
 - (4) the Treasury Management Prudential Indicators; and
 - (5) the Specified Investment and Non Specified Investment Instruments as set out in Appendix A and B of section 4.9.
- (e) (in respect of capital) approve:
- (1) the Capital & Investment Strategy for 2019/20 – 2028/29 including the Prudential Indicators and Minimum Revenue Provision Methodology Statement as set out in Section 4.9; and
 - (2) a Capital Programme for 2019/20 to 2028/29 as set out in section 4.9.1 which includes the Highways Structural Maintenance Programme 2019/20 and 2020/21 in section 4.9.3.

Executive Summary

2. This report is the culmination of the Service & Resource Planning process for 2019/20 to 2022/23. It sets out the Cabinet's proposed budget for 2019/20, medium term financial plan to 2022/23 and capital programme to 2028/29, together with a number of strategies and policies that the Council is required to approve for the 2019/20 financial year.
3. The report is divided into four main sections which are outlined below:

Section 1 – Leader of the Council's overview
Section 2 – Corporate Plan
Section 3 – Statutory Report by the Director of Finance (Chief Finance Officer)
Section 4 – Budget Strategy and Capital Programme
4. This report provides an update to the report to Cabinet on 22 January 2019 following the receipt of council tax collection fund, business rates figures from district councils and the Final Local Government Finance Settlement.
5. The budget proposals set out in section 4 have been updated in the light of this information. Changes since the report to Cabinet on 22 January 2019 are set out in section 4.2.1.

Section 1 – Leader of the Council's overview

6. Section 1 to follow, will set out the Leader's speech on the proposed budget.

Section 2 – Corporate Plan

7. Section 2 sets out the new Corporate Plan 2019 – 2021 for the Council.

Section 3 – Statutory Report by the Director of Finance (Chief Finance Officer)

8. Under Section 25 of the Local Government Act 2003, the Chief Finance Officer is required to report on the robustness of the estimates made in determining the council tax requirement and on the adequacy of the proposed financial reserves. This assessment is set out in Section 3 of the report. Council is required to have regard to this report in making their decisions on the budget.

Section 4 – Budget Strategy and Capital Programme

9. This section sets out the detailed 2019/20 budget and the 2019/20 – 2022/23 medium term financial plan and capital programme to 2028/29, together with the strategies which underpin these such as the financial strategy, capital strategy and treasury management strategy. It includes those matters that the Council must approve as part of the budget setting process, including the council tax requirement and council tax amount for a band D property.

Updated Financial Information

Final Local Government Finance Settlement

10. The final local government finance settlement for 2019/20 was announced by the Secretary of State for Housing, Communities and Local Government, James Brokenshire MP, in a written ministerial statement on 29 January 2019. The Local Government Finance Report is expected to be debated in the House of Commons on Tuesday 5 February.
11. The final 2019/20 settlement remains broadly unchanged from the allocations published at the time of the provisional settlement in December 2018. The final New Homes Bonus grant notification has increased the Council's allocation by £0.005m.
12. The government announced £56.5m of new funding to support local authorities with Brexit preparations in 2018/19 and 2019/20. £20m of this funding will be distributed to local authorities in 2018/19, with a further £20m in 2019/20. In addition, £1.5m will be allocated to specific authorities facing immediate impacts from increased activity or disruption at ports. £10m is being retained for allocation in 2019/20 to respond to specific local needs that may emerge after Brexit and the remaining £5m will be split between teams in MHCLG and the local government sector including for support on resilience and community cohesion.
13. Oxfordshire will receive £0.0875m in both 2018/19 and 2019/20. The announcement also stated that this will not be the only resources authorities will receive to fund new pressures related to Brexit; Government departments will assess and, if appropriate, provide the necessary funding for new burdens falling on local authorities as a direct consequence of any additional requirements that may be placed upon them.

Collection Fund Surplus

14. Final estimates of the County Council's share of the council tax collection fund surplus were received by the end of January 2019. The amounts have now been confirmed and the Council will receive £7.306m in 2019/20, £2.641m more than the forecast position reported in January 2019.

Business Rates

15. Final estimates of the County Council's local share of business rates were received on 1 February 2019. The forecast provided by district councils for 2019/20 is £33.515m of business rates income plus £4.583m grant to compensate for the various business rate reductions set out in previous Autumn Statement and Budget announcements. In addition, as set out previously, a further £0.500m of business rates income is forecast in relation to the Council's share of growth from pooling arrangements. In total, business rates are £0.256m more than the previous forecast position. In addition, the Council will receive a share of the estimated surplus on business rates collection for 2018/19 of £0.264m.

Flood Defence Levy

16. The Flood Defence Levy for 2019/20 has been confirmed as £570,360. This is an increase of £11,751 from the 2018/19 amount.

New budget proposals

17. The Cabinet has proposed to create a Youth Provision fund of £1.0m to run for two years, with £0.5m available in 2019/20 and £0.5m in 2020/21. The fund is to provide seed funding for locality based Youth provision. A new reserve will be created to hold the funding allocated for 2020/21.
18. The remaining £2.2m will be added to the corporate contingency budget for 2019/20, taking the overall contingency level to £7.6m. This increase will provide additional cover for the recent rising demand in special educational needs home to school transport.

Budget Changes

19. The changes to the 2019/20 budget and medium-term plan from the report to Cabinet in January 2019 as set out in this report are summarised in the following table.

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	2019/20	2020/21	2021/22	2022/23	Total All
	£m	£m	£m	£m	£m
Overall Position per January report (shortfall +/-surplus -)	0.000	15.574	0.180	1.577	17.331
Changes set out in January 2019 Cabinet Report:					
Additional Collection Fund Surplus	-2.641	2.641			0.000
New Homes Bonus - increase in Final Settlement	-0.005				-0.005
Brexit Preparation Grant	-0.088	0.088			0.000
Additional Business Rates (Local Share, Collection Fund Surplus and S31 Grant)	-0.520	0.520			0.000
Flood Defence Levy	0.012				0.012
Youth Provision Fund (to be spent over 2 years)	1.000	-1.000			0.000
Increase in Contingency	2.242	-2.242			0.000
Revised Overall Position as per January Report (shortfall +/-surplus -)	0.000	15.581	0.180	1.577	17.338

Capital Programme

20. There are no further changes to the proposed Capital Programme at Section 4.9.1 from the programme presented to Cabinet in January 2019.
21. In December 2018, the Department for Education (DfE) announced that the Special Provision Capital Fund would be increased by a further £100m. The Council's share of this funding is £1.142m. This has not been included in the proposed capital programme as receipt of the grant is subject to the DfE approving the Council's plan for use of the grant.

Financial and Legal Implications

22. This report is mostly concerned with finance and the implications are set out in the main body of the report.

Equality and Inclusion Implications

23. The Equality Act 2010 imposes a duty on local authorities that when making decisions of a strategic nature, decision makers must exercise 'due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations.'
24. The service and community impact assessments (SCIAs) setting out an assessment of the impact of the budget proposals were set out in the Service & Resource Planning report to Cabinet in December, but for completeness, they are also included in section 4.10 of this report.

LORNA BAXTER

Director of Finance

Background papers:

- 1) Service & Resource Planning Report to Cabinet 18 September 2018
- 2) Service & Resource Planning Report to Performance Scrutiny Committee 13 December 2018
- 3) Service & Resource Planning Report to Cabinet 18 December 2018

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- 4) Service & Resource Planning Report to Performance Scrutiny Committee 10 January 2019
- 5) Service & Resource Planning Report to Cabinet 22 January 2019

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