

Division(s):N/A
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## CABINET – 28 JANUARY 2014

### SERVICE & RESOURCE PLANNING 2014/15 – 2017/18

#### Report by the Chief Finance Officer

#### Introduction

1. This report is the final report to Cabinet in the series on the service & resource planning process for 2014/15 to 2017/18, providing councillors with information on budget issues for 2014/15 and the medium term. It sets out the proposed 2014/15 budget and the draft 2014/15 – 2017/18 Medium Term Financial Plan (MTFP). Information outstanding at the time of the Cabinet meeting will be reported to Council when it considers the budget on 18 February 2014.
2. The Cabinet Member for Finance has prepared a separate report, circulated alongside this report, which sets out the basis for the Cabinet's proposals. The proposals take into consideration comments from the Performance Scrutiny Committee meetings on 16 December 2013 and 9 January 2014, and comments from the public consultations on the budget, as well as the latest information on the Council's financial position outlined in this report. As final notification of some funding streams and referendum principles are awaited, some further changes may be made to the budget proposals ahead of Council on 18 February 2014.
3. The service & resource planning report to Council in February will be set out in four sections:

Section 1 – Leader of the Council's overview  
 Section 2 – Budget Strategy and Capital Programme  
 Section 3 – Directorate Business Strategies  
 Section 4 – Chief Finance Officer's statement on the budget

This report forms the basis of Section 2 to that report.

4. The following annexes are attached:

Annex 1	Financial Strategy 2014/15
Annex 2	Draft medium term financial plan (MTFP) 2014/15 – 2017/18
Annex 3	Variations to the new revenue budget pressures and savings proposals reported in December 2013
Annex 4	Provisional local government finance settlement
Annex 5	Council tax 2014/15 (draft)
Annex 6	Draft revenue budget booklet 2014/15
Annex 7	Treasury management strategy statement and annual investment strategy for 2014/15 (including prudential indicators and minimum revenue provision policy statement)
Annex 8a	2014/15 risk assessment for level of balances

Annex 8b	Summary of balances and reserves
Annex 9	Dedicated Schools Grant provisional allocation 2014/15
Annex 10	Virement rules for 2014/15
Annex 11a	Asset management plan (property)
Annex 11b	Transport asset management plan
Annex 11c	Updated capital programme 2013/14 – 2017/18
Annex 11d	Capital pressures
Annex 11e	Oxfordshire Local Transport Board funding
Annex 12	Comments from Performance Scrutiny Committee
Annex 13	Budget consultation summary
Annex 14	Council tax referendum regulations

## Information Outstanding

5. There are several areas where information is still provisional and on which assumptions are included in the budget for 2014/15:
  - Final local government finance settlement, including the revenue support grant and the business rates top-up
  - Council tax referendum limit
  - Adoption reform grant
  - Local business rates forecasts
  - Surpluses/shortfalls on collection fund
  - Education capital maintenance grant
6. Any changes once this information is finalised could have an impact on the budget. Any changes to the provisional assumptions will be reported to Council in February 2014 by the Chief Finance Officer. All Councillors will be notified of any updated information once it is received.
7. Once the funding position is confirmed a decision will be made about how any surplus or shortfall in savings over pressures will be dealt with, taking into account the responses received from the budget consultation and the comments from the Performance Scrutiny Committee.
8. It is proposed that authority is delegated to the Leader of the Council, following consultation with the Chief Finance Officer, to make appropriate changes to the Cabinet's proposed budget ahead of the Council meeting on 18 February 2014.

## Financial Strategy

9. The financial strategy sets out how the Council intends to finance its services and the priorities and principles upon which the medium term financial plan and the capital programme are based. A fully updated financial strategy, which now incorporates the capital strategy, is included at Annex 1.

## Draft Medium Term Financial Plan 2014/15 to 2017/18

10. The Medium Term Financial Plan (MTFP) covers a four-year period and has been rolled forward one year. A draft MTFP for 2014/15 to 2017/18, reflecting the period of the new administration, is set out in Annex 2. This is based on the latest information on financing available to the Council plus the proposed new pressures and savings as set out in the service & resource planning report to Cabinet in December 2013, as amended by the variations to those set out in Annex 3 to this report.

### *Draft council tax requirement 2014/15*

MTFP £m	2014/15	December report £m	Latest position £m	Change £m
	<b>Budget</b>			
430.7	Base (2013/14 budget)	430.7	430.7	0.0
6.8	Inflation	4.9	5.1	0.2
1.0	Function & funding changes	3.0	4.4	1.4
-8.7	Previously agreed budget changes and allowed variations	-8.7	-8.7	0.0
	Variations to the existing MTFP	11.1	11.0	-0.1
-4.6	Use of Reserves	-12.9	-12.4	0.5
<b>425.2</b>	<b>Total Net Spend</b>	<b>428.1</b>	<b>430.1</b>	<b>2.0</b>
	<b>Funded by:</b>			
	<u>Government funding:</u>			
-81.5	Revenue support grant	-79.4	-80.6	-1.2
-36.8	Business rates top-up	-36.8	-36.4	0.4
	<u>Business rates:</u>			
-28.1	Local share of business rates	-28.4	-28.4	0.0
	<u>Council tax:</u>			
-276.8	Council tax requirement	-277.5	-277.7	-0.2
-2.0	Council tax surpluses/deficits	-6.0	-7.0	-1.0
<b>-425.2</b>	<b>Total Funding</b>	<b>-428.1</b>	<b>-430.1</b>	<b>-2.0</b>

11. The table above sets out the draft council tax requirement for 2014/15 as per the service & resource planning report presented to Cabinet in December 2013 and shows the latest position for expenditure and financing. Changes from the previous report for both 2014/15 and over the medium term are explained in the ensuing paragraphs.

### **Inflation**

12. As set out in the savings put forward to Cabinet in December 2013, it is proposed that the provision for pay inflation for 2015/16 is reduced from 2.5% to 1.0%, that no provision is made for non-pay inflation (other than for contracts) in each year of the MTFP and to reduce the allowance for contract inflation. A small adjustment has been made to income inflation since December. Over the medium term these changes will generate £11.6m of savings.

### **Function and Funding Changes**

13. The function and funding changes relate to changes to un-ringfenced specific grant allocations. Some allocations for 2014/15 are yet to be confirmed and are based on provisional estimates. The December report included assumed shortfalls in education services grant and the amount the Council would get in returned top-sliced funding. The main change since December relates to the assumed cessation of £1.2m un-ringfenced adoption reform grant – this is still to be confirmed.
14. Changes to other specific grant funding in future years are set out in Annex 4 on the provisional local government finance settlement. An overall reduction of £5.2m un-ringfenced specific grant funding is forecast over the medium term (excluding compensation for capping the business rates multiplier) compared to the existing MTFP.

### **Variations to the existing MTFP**

#### *New pressures and savings*

15. The new pressures and savings proposals were set out in the report to Cabinet in December 2013. The main changes since December relates to the removal of £0.6m for pensions auto-enrolment, as directorates are expected to be able to absorb this pressure. Other minor variations are set out in Annex 3, including the re-phasing of the withdrawal of Refugee Resource grant as recommended by the Performance Scrutiny Committee.

#### *Strategic Measures*

16. Following the review of the treasury management strategy (detailed in paragraphs 53-58), some changes are proposed to the strategic measures budget. Areas of the strategy which impact on the strategic measures budget include forecasts of the bank rate and expected returns from deposits, updated cash flow forecasts and long term borrowing requirements.

17. The existing MTFP assumed a bank rate of 0.5% for 2014/15 and over the medium term. The Council uses the services of Arlingclose Limited to provide investment advice to the Council. Their current view on interest rates is that the bank rate will remain at 0.5% for the duration of their medium term forecast to March 2017, with an upside risk of a change in the base rate ranging from 0.25% in June 2014 to 1.00% in March 2017. Taking these forecasts into account, the Council has formed the view that the bank rate forecast for the medium term will remain at 0.5% for 2014/15 and 2015/16, rising to 0.75% in 2016/17 and 1.00% in 2017/18.
18. Taking into account the Treasury Management Strategy principles that prioritise security and liquidity of principal over investment return (see paragraph 53 for further detail), a view has been taken on the rates achieved on deposits: 0.3% higher than the base rate in 2014/15 and 2015/16, reducing to 0.05% above base rate in 2016/17 and at base rate for 2017/18. This gives forecast return rates of 0.8% for 2014/15 – 2016/17 and 1.00% for 2017/18. This is marginally below the return rates in the existing MTFP, which assumed 0.85% for 2014/15 and 0.8% for 2015/16 and 2016/17.
19. The average cash balance for 2014/15 is forecast to be £300m, including externally managed funds. This is higher than the average cash balance than had been forecast in the existing MTFP. The higher balance offsets the reduction in forecast rate of return, so that there is net nil impact on interest on balances.
20. Current long-term borrowing rates do not impact on the strategic measures budget because it is anticipated that no additional external borrowing will be arranged over the medium-term.
21. As with last year, a corporate contingency of £2.6m has been set aside within the strategic measures budget in case directorates are unable to deliver savings or manage within available resources. This is included in the variations to the existing MTFP line in the table at paragraph 10.

### **Use of Reserves**

22. A £4.6m contribution from the Budget Reserve to support the budget in 2014/15 is already built into the existing MTFP. In 2014/15 an additional £7.8m contribution from the reserve will be required to balance the budget. This is a £0.5m improvement from the December forecast position as a result of changes to funding and the taxbase. As reported in December, the new savings proposals do not match the new pressures in each year of the MTFP, giving rise to a cash flow issue over the medium term.
23. Further details on the Budget Reserve over the medium term are given in paragraph 49.

### **Revenue Support Grant and Business Rates Top-up**

24. The provisional local government finance settlement was announced on 18 December 2013 and details are provided in annex 4. The revenue support grant allocation for 2014/15 is £1.2m more than included in the December forecast, due

to government adjustments to some of the funding top-slices. The benefit of these adjustments falls out in 2015/16, so that over the two years the reduction in general funding is in line with the previous forecast position.

25. Overall the provisional settlement suggests that the Council will get £0.3m additional general funding over the medium term (including compensation for capping the business rates multiplier) compared to the forecast position in the reports to Cabinet in September and December 2013.

### **Local Share of Business Rates**

26. The District Councils have provided provisional figures for the Council's share of business rates for 2014/15 which in total are £0.3m higher than the estimate included in the existing MTFP. The District Councils are required to provide final estimates for 2014/15 by 31 January 2014, together with the Council's share of any surplus/deficit estimated for 2013/14.

### **Council Tax Requirement**

27. In the Cabinet Member for Finance's report which runs alongside this document, council tax increases of 1.99% in 2014/15 and 2015/16 are proposed, just below the government's proposed council tax referendum threshold of 2%. The government has yet to confirm the referendum limits that will apply for those years so this is subject to change. The regulations that apply to holding referendums on council tax increases are outlined in annex 14. Council tax increases of 3% are proposed for the final two years of the MTFP, in line with the position reported in December.
28. The existing MTFP includes a taxbase<sup>1</sup> of 227,931 for 2014/15, based on assumed growth of 0.6%. Provisional figures from the district councils indicated an increase in the taxbase of 1.37%, as set out in the report to Cabinet in December 2013, due to a combination of increased house building and lower than expected costs of the council tax support scheme. Final figures have been confirmed by all district councils with a final taxbase of 229,834, an increase of 1.44% from 2013/14. Compared with the December report this increases the amount of funding available by £0.215m.
29. The existing MTFP included growth in the taxbase beyond 2014/15 of 0.75% per year. These increases are considered prudent given the size of the increase in tax base for 2014/15 and the uncertainty of the future impact of the Council Tax Support Scheme.
30. Annex 5 provides a draft of the Band D council tax and council tax requirement for 2014/15.

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<sup>1</sup> The taxbase is the number of banded properties that the council uses to set the council tax. It is the total number of properties in the county weighted by reference to council tax bands A to H and takes into account discounts and exemptions.

## **Council Tax Surpluses/Deficits**

31. The latest estimate for the County Council's share of income from collection fund surpluses and shortfalls is £6.971m, an increase of £0.971m from the December position. Each district council must formally notify the County Council of its share of any surpluses or shortfalls on the council tax collection funds within seven working days of 15 January 2014. The final and confirmed position will be notified in due course/ahead of the Cabinet meeting.
32. The existing MTFP includes surpluses of £2.0m each year. Notwithstanding the higher figure for 2014/15, it is considered prudent to maintain the estimates for future years' surpluses at £2.0m as they have been around that level or below in five out of the last ten years.

## **Draft 2014/15 Budget for Directorates**

33. Annex 6 sets out the draft detailed revenue budget for 2014/15 for directorates. The annex shows the movement in gross expenditure and income from 2013/14, showing inflation, function and funding changes, previously agreed funding and proposed virements. For illustrative purposes, the annex also includes the effects of the new funding for pressures and proposed savings as set out in the service & resource planning report to Cabinet in December 2013 as adjusted for the variations set out in Annex 3. This is not an agreed plan but shows the impact on services if all the proposals are agreed. This will be updated for the Council meeting in February to reflect each proposal made.

## **Schools Funding**

34. Dedicated Schools Grant (DSG) for 2014/15 is being allocated to local authorities in accordance with the three block methodology introduced in April 2013: early years block, schools block and high needs block. The underlying schools budget is being kept at the same level on a per pupil basis as 2013/14 with a minimum funding guarantee so that no school sees more than a 1.5% per pupil reduction in their budget compared to 2013/14 and before the pupil premium is added.
35. £50.5m is being deducted nationally from DSG for 2014/15 to reflect that all state funded schools will be withdrawn from participating in the Carbon Reduction Energy Efficiency Scheme from April 2014. The County Council loses £0.6m from its DSG allocation as a result. As schools no longer need to meet the cost of purchasing carbon allowances they should be no worse off as a result of this change.
36. Funding for early learning places for two-year-olds from lower income households is being extended in 2014/15, with £755m being allocated nationally. From 1 September 2013 early learning became a statutory entitlement for around 20% of two-year-olds across England, which will extend to 40% from September 2014.
37. Following the implementation of substantial changes to school funding formulae for 2013/14 there are a limited number of changes being made for 2014/15. Consultation on a national funding formula is now expected to commence in January 2014.

38. As part of the Autumn Statement the government announced free school meal provision for all infants. This is expected to cost an additional £7m a year in Oxfordshire. The Department for Education is still considering how the revenue grant will be allocated.
39. The government has announced Education Services Grant (ESG) allocations for 2014/15. The retained duties element of the funding is a flat rate of £15 per pupil. The general funding rate for pupils in local authority mainstream schools is £113. This compares to a per-pupil rate of £140 for mainstream academies. The estimate for 2014/15 ESG remains at £7.0m, based on latest forecasts for academy conversions. Consultation on the 20% top-slice of ESG announced in the Spending Round 2013 is expected to run alongside the national formula funding consultation.
40. Schools receive extra funding through the pupil premium. Funding nationally for the pupil premium will increase to £2.5bn in 2014/15 from £1.875bn in 2013/14. The level of the per pupil premium is increasing from £900 in 2013/14 to £1300 for primary-aged pupils and £935 for secondary-aged pupils in 2014/15. For looked after children, adopted children and children with guardians the rate will be £1900 in 2014/15.
41. Schools Forum met on 12 December 2013 and provisionally approved the use of part of the Early Years block of DSG for 2014/15, with a final decision to be made at the meeting on 27 February 2014. The provisional 2014/15 DSG allocation is included at annex 9.

### **Better Care Fund**

42. The government announced allocations and guidance for the Better Care Fund (previously called the Integration Transformation Fund) on 20 December 2013. Nationally there will be £3.8bn worth of pooled funds between health and social care from 2015/16. For 2014/15 an extra £200m is available in addition to the £900m transfer from health to social care already planned.
43. £3.46bn of the Better Care Fund is revenue funding of which the allocation for Oxfordshire is £33.9m. The guidance confirms that £1bn of the £3.8bn will be paid depending on local performance. There are six nationally set measures and one measure to be agreed locally.
44. To access the funding, Oxfordshire's Health & Wellbeing Board will be required to submit a draft plan by 14 February 2014 on how the pooled funding for Oxfordshire will be used to join up health and care services, with final plans by 4 April 2014. The Council is working closely with the Oxfordshire Clinical Commissioning Group to develop the joint plan.



## Balances and Reserves

### *General Balances*

45. The financial strategy states that balances will be maintained at a level commensurate with identified risks, based on an annual risk assessment, subject to a minimum of 2.5% of gross expenditure (excluding schools). A risk assessment for 2014/15 is attached at annex 8a which takes into account the current financial monitoring position and the risks in the 2014/15 budget and the economy generally.
46. The risk assessment confirms that the level of planned balances in the existing MTFP, including the £1m increase to take the budgeted balance to £16.7m in 2014/15, remains commensurate with risk.
47. The financial monitoring report to Cabinet on 17 December 2013 showed the 2013/14 forecast position on balances at the end of October as £15.6m, based on the assumption that the current £4.5m overspend will be a call on balances. The budgeted year-end balance in the existing MTFP is £15.7m. It is proposed to make no adjustment for the £0.1m variation between the forecast and budgeted year-end position. The projected level of balances over the medium term is set out in Annex 8b.

### *Reserves*

48. All the Council's reserves which are maintained for specific purposes have been reviewed as part of the service and resource planning process. A summary of the planned use of the reserves over the medium term is given in Annex 8b. This shows that most of the revenue reserves will be used over this period, with the forecast falling to £23.9m by the end of 2017/18, of which £5.7m relates to schools. This is an improved position compared to December, which showed the forecast balance on reserves falling to £9.8m over the medium term as a result of the Budget Reserve being overdrawn by £12.5m. The latest forecast position for the Budget Reserve is set out below.

### *Budget Reserve*

49. The Budget Reserve is being used to manage the cash flow implications arising from a different profile of pressures and savings in the MTFP. The existing MTFP includes contributions from the reserve in each of the years 2014/15 – 2016/17 totalling £20.2m.
50. The new proposed savings do not match the new pressures in each year of the MTFP giving rise to further cash flow implications. The cumulative shortfall/surplus between new savings and new pressures is as set out overleaf.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	Total £m
New pressures	19.3	11.3	12.8	18.0	61.4
New savings	-11.5	-20.2	-13.3	-19.6	-64.6
Shortfall(+)/surplus(-)	7.8	-8.9	-0.5	-1.6	-3.2
<b>Cumulative shortfall(+)/surplus(-)</b>	<b>7.8</b>	<b>-1.1</b>	<b>-1.6</b>	<b>-3.2</b>	

51. The overall impact on the Budget Reserve based on the previously agreed use and new pressures/savings proposals is set out below.

	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Opening balance	17.9	5.5	-0.9	-7.3
Previously agreed contribution to(+)/from(-) reserve	-4.6	-7.5	-8.1	0.0
Contribution to(+)/from(-) reserve arising from new proposals	-7.8	1.1	1.7	3.2
<b>Closing balance</b>	<b>5.5</b>	<b>-0.9</b>	<b>-7.3</b>	<b>-4.1</b>

52. The table shows that the Budget Reserve will go overdrawn by the end of 2015/16, peaking at £7.3m overdrawn in 2016/17, before falling back to £4.1m overdrawn in 2017/18. This is an improved position compared to the forecast in December however will still require the temporary use of other reserves or other balances held by the Council (e.g. developer contributions) in 2015/16 - 2017/18 to manage the cash flow position, as the Council cannot hold a deficit reserve. Any temporary use of other reserves or other balances would need to be replaced in a subsequent year. This will need to be reviewed and addressed as part of next year's service & resource planning process.

## Treasury Management Strategy

53. Treasury management is the management of the Council's cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.
54. The treasury management strategy statement and the annual investment strategy for 2014/15 are set out in Annex 7. This document complies with the requirements of legislation, codes and government guidance, including the technical requirement of the CIPFA treasury management code of practice. It sets out, amongst other things the investment strategy for the Council's temporary cashflow surpluses.
55. The prime objective of the Council's investment strategy is to maintain capital security whilst ensuring that there is the necessary liquidity to carry out its business and only once these have been satisfied should the return on the investment be considered. The annual investment strategy for 2014/15 continues with this premise. The strategy for financing prudential borrowing during 2014/15 continues with the policy of using temporary internal balances. External debt will

remain to be repaid upon maturity and will not be refinanced unless the economic outlook or the capital programme forecasts change.

56. It is proposed that any changes required to the 2014/15 treasury management and investment strategies are delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance. This is included in the recommendations at the end of the report.
57. As part of the service & resource planning process for 2014/15 the Council is required to approve a set of prudential indicators which show that the Council's prudential borrowing is prudent, affordable and in line with the Council's treasury management strategy. Appendix A of Annex 7 sets out the draft prudential indicators.
58. Annex 7 also incorporates the minimum revenue provision policy statement for 2014/15 at Appendix B. Legislation requires Council to approve a statement of its policy annually before the commencement of the financial year.

### **Virement Scheme**

59. When approving the budget each year the Council is required to agree the virement rules. The existing arrangements have been reviewed and updated and are set out for approval at Annex 10. The update relates to the removal of the requirement for Cabinet approval for virements arising from revised government grant notifications.

### **Capital Programme and Asset Management Plans**

#### *Asset management plans*

60. The asset management plans underpin the capital element of the financial strategy. Both the asset management plan (AMP) and the transport asset management plan (TAMP) have been updated as part of this planning round.
61. The draft asset management plan attached at annex 11a provides a framework within which the Council adopts a strategic approach to securing operational and financial benefits of a property estate that supports the provision of services using industry best practice whilst at the same time securing the maximum benefit for the local economy. It builds upon last year's plan and continues with the shift in priorities from holding property to delivering services and ensuring the approach to property delivers the broader objectives of the Council.
62. The Transport Asset Management Plan (TAMP) sets out the prioritisation for investment in highway infrastructure and provides the 2-year rolling programme for all highways maintenance activities. The revised plan attached at annex 11b has been updated to reflect current needs and to ensure that prioritisation of schemes enables the Council to derive the greatest value from its investment.

### *The Capital Programme: 2013/14 to 2017/18*

63. The updated capital programme at annex 11c includes £31.7m of new pressures reported in the service & resource planning report to Performance Scrutiny Committee on 9 January 2014 and set out at annex 11d. £15.5m of this relates to adding an additional year of annual programmes in 2017/18. 2014/15 is the only year of the programme which is firm, for the reasons set out below.
64. The programme has been developed on the basis of estimates of future capital funding allocations, with the assumption that the new capital pressures could be met from flexible capital resources available to allocate. Estimates of future capital allocations included those for education basic need. As set out in annex 4, the basic need allocation notified by the Department for Education (DfE) in late December indicates that allocations for 2015/16 – 2017/18 will be £19.3m less in total than previous estimates. The Council is seeking clarification from the Department on the basis of the allocations for 2015/16 and 2016/17. Current forecasts for increased pupil numbers are to be reported to the DfE later this year and it is hoped that basic need allocations for 2015/16 and 2017/18 will be increased to address the potential shortfall. The 2014/15 allocation for education maintenance has still not been notified. However, based on the current basic need allocations and the assumption that education maintenance allocations will be in line with estimates, a firm programme for 2014/15 is proposed with a review of the future years' education capital programme during 2014/15.
65. The table below shows the change in the overall capital programme from the last programme approved by Cabinet in October 2013.

	<b>October 2013 Programme £m</b>	<b>January 2014 Programme £m</b>	<b>Change £m</b>
Children, Education & Families	151.6	177.4	25.8
CEF programme reductions to be identified		-19.3	-19.3
Social & Community Services	33.6	36.1	2.5
Highways & Transport	90.8	124.7	33.9
Environment & Economy – Other	28.1	28.6	0.5
Chief Executive's Office	2.8	2.3	-0.5
<b>Total</b>	<b>306.9</b>	<b>349.8</b>	<b>42.9</b>
Schools Local Capital	8.7	10.1	1.4
Earmarked Reserves	66.9	51.2	-15.7
<b>Total Capital Programme</b>	<b>382.5</b>	<b>411.1</b>	<b>28.6</b>

66. The updated programme does not include funding or schemes relating to the £1.1m capital allocation for universal infant school meals, as these proposals have yet to be developed. Early estimates suggest the cost of implementing these changes may be up to £10m, with additional funding having to be found locally to meet this pledge.

67. Oxfordshire's Local Transport Board Local Major Scheme funding allocations for 2015/16 and 2016/17 totalling £10.6m were confirmed on 23 December 2013. The funding forms part of the Local Growth Fund and is overseen by the Oxfordshire Local Enterprise Partnership. Further details are provided in annex 11e. This will be added to the grant annex of the capital programme to be agreed by Council until a detailed cost profile is provided following the project business case submission.

### **Comments from the Performance Scrutiny Committee**

68. The Performance Scrutiny Committee considered the new revenue pressures and proposed savings at its meeting on 16 December 2013 and the treasury management strategy statement and capital proposals on 9 January 2014. A summary of the comments from the meetings is attached at annex 12.

### **Consultation**

69. A telephone survey was conducted during December to capture feedback on how people think the Council should save money, service priorities and views on the level of council tax increase. Between 6 December 2013 and 3 January 2014 members of the public had the opportunity to comment on the budget proposals through the Council's website. The district councils within Oxfordshire have also provided responses to the County Council's budget proposals. A summary of the results of these consultation exercises and the pre-budget proposals countywide exercise 'Talking Oxfordshire' is attached at annex 13.

### **Overview and advice from the Chief Finance Officer**

70. 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 will be included in Section 4 of the report to Council in February 2014.

### **Financial and Legal Implications**

71. This report is mostly concerned with finance and the implications are set out in the main body of the report. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. This report provides information which will lead to the council tax requirement being agreed in February 2014.

### **Equality and Inclusion Implications**

72. 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.'
73. A general assessment of the broad impact of the new budget proposals is set out in the service & resource planning report to Performance Scrutiny Committee on

16 December 2013. This is supported by initial service-level assessments for the new proposals, included at Annex 3 to that report. The directorate budget strategies and supporting service and community impact assessments (SCIAs) will be included in the service & resource planning report to Council on 18 February 2014.

## **RECOMMENDATION**

74. **The Cabinet is RECOMMENDED to:**

- (a) RECOMMEND Council to approve the updated Financial Strategy;**
- (b) (in respect of revenue) RECOMMEND Council to approve:**
  - (1) a budget for 2014/15 and a medium term plan to 2017/18, based on the proposals set out by the Cabinet Member for Finance;**
  - (2) a council tax requirement (precept) for 2014/15;**
  - (3) a council tax for band D equivalent properties;**
  - (4) virement arrangements to operate within the approved budget;**
- (c) (in respect of treasury management) RECOMMEND Council to approve:**
  - (1) the Treasury Management Strategy Statement ;**
  - (2) that any further changes required to the 2014/15 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance.**
- (d) RECOMMEND Council to approve the Prudential Indicators as set out in Appendix A of Annex 7;**
- (e) RECOMMEND Council to approve the Minimum Revenue Provision Methodology Statement as set out in Appendix B of Annex 7;**
- (f) (in respect of capital) RECOMMEND Council to approve:**
  - (1) the updated Asset Management Plan and Transport Asset Management Plan;**
  - (2) a Capital Programme for 2013/14 to 2017/18;**
- (g) to delegate authority to the Leader of the Council, following consultation with the Chief Finance Officer, to make appropriate changes to the proposed budget.**

LORNA BAXTER  
Chief Finance Officer

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Annex 1, 4, 8, 9: Stephanie Skivington – Corporate Finance Manager  
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Annex 7: Donna Ross – Principal Financial Manager  
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Annex 11a: Martin Tugwell - Deputy Director Strategy & Infrastructure Planning  
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Annex 11b: Mark Kemp – Deputy Director - Commercial  
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Annex 12: Claire Phillips – Senior Policy and Performance Officer  
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Annex 13: Carole Stow – Senior Marketing and Consultation Officer  
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Annex 14: Glenn Watson – Principal Governance Officer  
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