

COUNCIL – 13 FEBRUARY 2018

SERVICE & RESOURCE PLANNING 2018/19 – 2021/22

Report by the Director of Finance

Introduction

1. This report is the culmination of the Service & Resource Planning process for 2018/19 to 2021/22. It sets out the Cabinet's proposed budget for 2018/19, medium term financial plan and capital programme, together with a number of statements/policies that the Council is required to approve for the 2018/19 financial year.
2. 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
3. This report provides an update to the report to Cabinet on 23 January 2018 following the receipt of business rates figures from district councils. However, at the time of publishing this report, the Final Local Government Finance Settlement had not been announced. A supplementary report will therefore be produced to inform Council of any changes to the budget once the settlement has been published.
4. The budget proposals set out in section 4 have been updated in the light of this information. Changes since the report to Cabinet on 23 January 2018 are set out in section 4.2.1.

Section 1 – Leader of the Council's overview

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

Section 2 – Council Vision

6. Section 2 sets out the new Corporate Plan 2018 – 2021 for the Council.

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

7. 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

8. This section sets out the detailed 2018/19 budget and the 2018/19 – 2021/22 medium term financial plan and capital programme to 2027/28, 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

9. The parliamentary debate on the 2018/19 local government finance settlement is expected on 7 February 2018, after the publication of this report. As set out above, a supplementary report will be produced to inform Council of any changes to the budget ahead of the Council meeting on 13 February 2018.
10. Following the Provisional Local Government Finance Settlement on 19 December 2017, the Government informed local authorities that the valuation information used to calculate the Business Rate Top-Up allocations was incorrect. New Business Rate Top-up figures have been issued to local authorities ahead of the final local government finance settlement and for Oxfordshire the figure is £0.032m less than previously announced.
11. The Special Educational Needs and Disabilities (SEND) Implementation grant and a new SEND Preparation for Employment grant has been announced for 2018/19 and the Council will receive £0.428m. The MTFP had assumed that this grant and corresponding expenditure would cease. Additional expenditure to match the grant is included in the Additional and Special Educational Needs Service.
12. The Extended Rights to Free travel grant has also been announced and the Council will receive £0.278m, a reduction of £0.020m from 2017/18.

Collection Fund Surplus

13. Final estimates of the County Council's share of the council tax collection fund surplus were received by the end of January 2018. The amounts have now been confirmed and the Council will receive £5.316m in 2018/19, £0.629m more than the forecast position reported in January 2018.

Business Rates

14. Final estimates of the County Council's local share of business rates were received on 2 February 2018. The forecast provided by district councils for 2018/19 is £33.259m of business rates income plus £2.775m grant to compensate for the various business rate reductions set out in previous Autumn Statement and

Budget announcements. In total this is £1.851m more than the previous forecast position. In addition, the Council is expected to meet a share of the estimated deficit on business rates collection for 2017/18 of £0.089m. A £0.089m contribution from the business rates reserve will offset the deficit on the collection fund.

Flood Defence Levy

15. The Flood Defence Levy for 2018/19 has been confirmed as £558,609. This is an increase of £7,188 from the 2017/18 amount.

Budget proposals

16. The changes to the 2018/19 budget and medium term plan are summarised in the following table.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total All £m
Position per 23 January Cabinet report (shortfall +/-surplus -)	0.000	0.000	0.000	-7.876	-7.876
Additional Improvements and Investments					
19CM19 - Cabinet Priorities	-1.000		1.000		0.000
NEW - Councillor Priorities Fund (£15,000 per Councillor)	0.945		-0.945		0.000
NEW - Parish Council Engagement	0.025	0.030	-0.055		0.000
NEW - Centenary of ending of WW1	0.030	-0.030			0.000
NEW - Housing and Growth Deal Capacity Funding	2.500	-0.500	-2.000		0.000
Additional pressures/expenditure:					
19RES14 - Reprofile ICT saving into 2019/20	0.500	-0.500			0.000
NEW - SEND Grant Expenditure Budget	0.428	-0.428			0.000
NEW - Reduction in Extended Rights to Free Travel grant	0.020				0.020
NEW - Business Rates Top-up reduction - correction from Provisional Settlement	0.032				0.032
NEW - Flood Defence Levy	0.007				0.007
NEW - Deficit on Business Rates Collection Fund	0.089	-0.089			0.000
Revised Position prior to further measures to balance budget	3.576	-1.517	-2.000	-7.876	-7.817
Additional savings/income:					
19CM3 - Taxbase Increase - Late adjustment to figures	-0.016				-0.016
19CM6 - Final Collection Fund Surplus	-0.629	0.629			0.000
NEW - SEND Implementation Grant	-0.331	0.331			0.000
NEW - SEND Preparation for Employment Grant	-0.097	0.097			0.000
NEW - Drawdown from Business Rates Reserve to offset the deficit on the collection fund	-0.089	0.089			0.000
NEW - Business Rates Local Share	-1.195	-0.039			-1.234
NEW - Housing and Growth Deal Capacity Funding	-2.500	0.500	2.000		0.000
19CM1 - Business Rates Re-set Loss of Growth above the baseline			1.234		1.234
19CM14 - Additional Section 31 grant for Business Rates Compensation	-0.656				-0.656
19CM17 - Use of Budget Prioritisation Reserve to balance budget	1.937	-0.090	-1.234	0.000	0.613
Revised Overall Position as per February Council Report (shortfall +/-surplus -)	0.000	0.000	0.000	-7.876	-7.876

17. The Cabinet have set out how the £1m of temporary funding in 2018/19 and 2019/20 will be allocated. This includes £15,000 per Councillor totalling £0.945m for a Councillor Priorities Fund, £0.030m for the Centenary of the ending of World

War I in 2018/19 and £0.025m for Parish Council Engagement in 2018/19 and £0.55m in 2019/20.

18. The budget proposals include a saving of £2.4m over three years from 2018/19 to be met from ICT potential partnering options. The Council no longer intends to pursue this route in the immediate future and instead wishes to examine the prospects for making the saving by transforming ICT service provision as part of the wider transformation of programme. The overall saving remains at £2.4m but has been reprofiled to be delivered from 2019/20 instead of 2018/19.
19. The additional funding expected in 2018/19 since the report to Cabinet on 23 January 2018, which predominantly from business rates, means that draw down from the Budget Prioritisation Reserve can be reduced by £1.937m to £6.830m.
20. Changes to the budget and MTFP since January also include £4.5m relating to the revenue element of the Oxfordshire Housing and Growth Deal (the Deal) announced by Government in the November Budget. The Deal provides £215m of additional Government funding for Oxfordshire, along with a package of planning freedoms and flexibilities for the Oxfordshire authorities, further details of which are set out in Paragraph 21 below. The Deal includes £5.0m for capacity funding, of which £0.5m will be received in 2017/18, and the remaining £4.5m over 2019/20 and 2020/21.

Capital Programme

21. The Capital Programme at Section 4.10.1 includes £210m relating to the capital element of the Oxfordshire Housing and Growth Deal. In relation to capital, the Deal offers £150m for infrastructure and £60m for affordable housing. This funding, over a five-year period, will support the ambition of building 100,000 new homes across Oxfordshire between 2011 and 2031 to address the county's severe housing shortage and expected economic growth. This level of housing growth is that identified by the Oxfordshire Strategic Housing Market Assessment 2014, and is consistent with that planned for in existing and emerging Oxfordshire Local Plans. The six Oxfordshire Councils along with OxLEP are required to agree the Housing and Growth Deal and the detailed Delivery Plan before the end of February, in so doing they will also agree to Oxfordshire County Council becoming the accountable body for the Deal. Cabinet will be asked to approve the recommendations on 12 February 2018. Once agreed by the constituent authorities, delivery of the Deal will be overseen by the Growth Board, working in partnership with Homes England, Highways England and other partners.
22. The Capital Programme also includes an additional Pothole Action Fund grant of £0.917m confirmed on 1 February 2018 for the 2017/18 financial year.

Financial and Legal Implications

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

Equality and Inclusion Implications

24. 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.'
25. 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 4.11 of this report.

RECOMMENDATIONS

26. **The Council is RECOMMENDED to:**

- (a) **have regard to the report of the Director of Finance (at Section 3) in approving recommendations b to e below;**
- (b) **(in respect of revenue) approve:**
- (1) **the council tax and precept calculations for 2018/19 set out in section 4.3 and in particular:**
 - (i) **a precept of £352,041,895;**
 - (ii) **a council tax for band D equivalent properties of £1,426.19;**
 - (2) **a budget for 2018/19 as set out in section 4.4;**
 - (3) **a medium term plan for 2018/19 to 2021/22 as set out in section 4.1 (which incorporates changes to the existing medium term financial plan as set out in section 4.2; and, subject to Cabinet approval on 12 February 2018, as Accountable Body for the Oxfordshire Housing and Growth Deal, includes £4.5m capacity funding (noting a further £0.5m will be received in 2017/18);**
 - (4) **the use of Dedicated Schools Grant (provisional allocation) for 2018/19 as set out in section 4.8; and**
 - (5) **virement arrangements to operate within the approved budget for 2018/19 as set out in section 4.5;**
- (c) **(in respect of balances and reserves) approve:**
- (1) **the Chief Finance Officer's recommended level of balances for 2018/19 as set out in section 4.7.1; and**
 - (2) **the planned level of reserves for 2018/19 to 2021/22 as set out in section 4.7.2;**
- (d) **(in respect of treasury management) approve:**
- (1) **the Treasury Management Strategy Statement and Annual Investment Strategy for 2018/19 as set out 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 2018/19 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;**
 - (4) **the Prudential Indicators as set out in Appendix A of section 4.9;**
 - (5) **the Minimum Revenue Provision Methodology Statement as set out in Appendix B of section 4.9;**

- (6) the Specified Investment and Non Specified Investment Instruments as set out in Appendix C and D of section 4.9; and**
- (7) the Treasury Management Policy Statement as set out at Appendix E of section 4.9;**

- (e) (in respect of capital) approve:**
 - (1) the Capital Strategy as set out in Section 4.10; and**
 - (2) a Capital Programme for 2018/19 to 2027/28 as set out in section 4.10.1 which:**
 - (i) subject to Cabinet approval on 12 February 2018, as Accountable Body for the Oxfordshire Housing and Growth Deal, includes £150m funding for Infrastructure and £60m for Affordable Housing;**
 - (ii) includes the Highways Structural Maintenance Programme 2018/19 and 2019/20 in section 4.10.3.**

LORNA BAXTER
Director of Finance
Background papers: Nil

Contact Officers: Section 2 – Maggie Scott – Assistant Chief Executive
Tel: 07557 082579

Section 4 – Katy Jurczynszyn – Strategic Finance Manager
Tel. 07584 909584

February 2018