

## **COUNCIL – 8 FEBRUARY 2022**

### **BUDGET AND BUSINESS PLANNING 2022/23 – 2025/26 STRATEGIC PLAN**

**Report by the Director of Finance and Corporate Director Customers,  
Organisational Development & Resources**

#### **RECOMMENDATIONS**

1. The Council is **RECOMMENDED** to:
  - a. adopt the Strategic Plan 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 the budget and medium term financial strategy – at Section 4) approve:
    - (1) the council tax and precept calculations for 2022/23 set out in Section 4.3 and in particular:
      - (i) a precept of £435,816,475;
      - (ii) a council tax for band D equivalent properties of £1,651.61;
    - (2) a budget for 2022/23 as set out in Section 4.4;
    - (3) a medium term financial strategy for 2022/23 to 2025/26 as set out in Section 4.1 (which incorporates changes to the existing medium term financial strategy as set out in Section 4.2);
    - (4) the Financial Strategy for 2022/23 at Section 4.5;
    - (5) the Earmarked Reserves and General Balances Policy Statement 2022/23 at Section 4.6 including
      - (i) the Chief Finance Officer's recommended level of General Balances for 2022/23 (Section 4.6), and
      - (ii) the planned level of Earmarked Reserves for 2022/23 to 2025/26 (Section 4.6)
  - d. (in respect of capital – at Section 5) approve:
    - (1) the Capital & Investment Strategy for 2021/22 to 2031/32 including the Prudential Indicators and Minimum Revenue Provision Methodology Statement as set out in Section 5.1;
    - (2) a Capital Programme for 2021/22 to 2031/32 as set out in Section 5.5 which includes new capital proposals set out in Section 5.6 and the Property Strategy set out in Section 5.4; and
    - (3) the Investment Strategy for Property Investment for 2022/23 set out in Section 5.3.

- e. (in respect of treasury management) approve:
- (1) the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23 at Section 5.2 including the Treasury Management Prudential Indicators and the Specified Investment and Non-Specified Investment Instruments.
  - (2) that any further changes required to the 2022/23 strategy be delegated to the Chief Finance Officer in consultation with the Leader of the Council and the Cabinet Member for Finance;

## **Executive Summary**

2. This report is the culmination of the Budget and Business Planning process for 2022/23 to 2025/26. It sets out the Cabinet's proposed budget for 2022/23, medium term financial plan to 2025/26 and capital programme to 2031/32, together with a number of strategies and policies that the Council is required to approve for the 2022/23 financial year.
3. The report is divided into five sections:  
  
Section 1 – Leader of the Council's overview  
Section 2 – Strategic Plan  
Section 3 – Statutory Report by the Director of Finance (Chief Finance Officer)  
Section 4 – Revenue Budget Strategy  
Section 5 – Capital Budget Strategy
4. This report provides an update to the report to Cabinet on 18 January 2022 following the receipt of information about the estimated council tax and business rate collection fund position for 2021/22 and business rate forecasts for 2022/23 from the City and District Councils.
5. The Final Local Government Finance Settlement is expected after publication of papers and is expected to be announced in the week commencing 7 February 2022.
6. The revenue budget proposals set out in Section 4 have been updated in the light of latest information. Changes since the report to Cabinet on 18 January 2022 are set out in paragraphs 11 to 16.

### **Section 1 – Leader of the Council's overview**

7. Section 1 sets out the Leader of the Council's overview of the proposed budget.

### **Section 2 – Strategic Plan**

8. Section 2 sets out the new Strategic Plan 2022/23 for the Council.

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

9. 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 – Revenue Budget Strategy**

10. This section sets out the detailed 2022/23 revenue budget and the 2022/23 – 2025/26 medium term financial strategy, the overarching financial strategy and the Earmarked Reserves and General Balance Policy Statement. 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**

#### **Council Tax Collection Fund Surplus**

11. Estimates of the County Council's share of the council tax collection fund surplus for 2021/22 were shared by the City and district councils in January 2022. It is estimated that the council will receive £6.4m council tax surpluses in 2022/23. This is £4.4m more than budgeted in the current MTFS which assumed a surplus of £2.0m.

#### **Business Rates 2022/23 and Business Rate Collection Fund Deficit**

12. The local share of business rates built into the 2023/23 budget is £34.5m. Based on estimates shared by the city and district councils this is now forecast to be £0.6m lower at £33.9m in 2022/23.
13. The existing MTFS does not anticipate any surplus/deficit on the Business Rates collection fund from 2022/23 onwards. The forecast net position for 2022/23 is an estimated deficit of £1.6m.

#### **Changes to budget proposals**

14. As set out in the report to Cabinet in January 2022, any changes arising from the outstanding information would be an addition to or reduction in the contribution to the Budget Priorities Reserve with the use to be agreed by Cabinet during 2022/23. It is proposed therefore that the combined impact of the changes in funding in paragraphs 11 to 13 of £2.2m is used to make an additional contribution to the Budget Priorities reserve.
15. After taking account of these changes the total additional one – off proposed contribution to the Budget Priorities reserve will increase from £5.4m to £7.6m in 2022/23.
16. There is mutual agreement to formally end the Section 113 Partnership Agreement between the Council and Cherwell District Council. Each Council is required to give six months' notice of the termination of the Section 113 Agreement. It is anticipated that such notice will be formally given shortly after the consideration of a report and recommendations from the Joint Shared Services and Personnel Committee by the Full Councils of the two Councils scheduled for 7 February 2022 (Cherwell) and 8 February 2022 (Oxfordshire). The costs of the new arrangements cannot be quantified until alternative structures are agreed and put in place during 2022/23. It also anticipated that some one – off settlement costs may arise. It is proposed

therefore, that any additional costs that may be incurred in 2022/23 are met from the contingency budget. These will then be addressed on a permanent basis as part of the Budget & Business Planning process for 2023/24.

## **Section 5 –Capital Budget Strategy**

17. This section sets out the Capital and Investment Strategy and the ten-year Capital Programme to 2031/32, together with the strategies which underpin this including the Treasury Management strategy, Investment Strategy for Property Investment and Property Strategy.
18. The Capital and Investment Strategy has been updated to include an update to the scheme cost and estimated funding available to support the HIF1 Projects within the Major Infrastructure programme.

## **Legal Implications**

19. The Council is required under the Localism Act 2011 to set a council tax requirement for the authority. The Council is required to set a balanced budget taking account of balances and any other available reserves before the commencement of the financial year to which it relates. The Local Government Act 2000 states that it is the responsibility of the full council, on the recommendation of the Cabinet to approve the budget and related council tax requirement.
20. This report provides information which will lead to the council tax requirement being agreed for 2022/23, together with a budget for 2022/23, five-year medium term financial strategy and ten year capital programme.
21. The Local Government Act 2003, section 25 requires the council's Section 151 Officer to report to the council on the robustness of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.
22. The Council has a fiduciary duty to council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of the council taxpayers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

Comments checked by:

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## **Equality & Climate 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. In developing budget proposals, services have considered the potential impact of change with respect to equality, diversity and inclusion, in line with our new framework: Including Everyone, and our commitment to tackling the climate emergency through our Climate Action Framework.
25. An overarching equalities summary impact assessment, taking into account the overall impact of the budget proposals, is included in Section 4.7. An overarching climate impact assessment is included in Section 4.8. Where a potential material service impact has been identified, an initial Equality & Climate Impact Assessment has been completed and these are available as part of the background papers.

**Lorna Baxter, Director of Finance**

**Claire Taylor, Corporate Director of Customers and Organisational Development**

Background papers:

- 1) Budget and Business Planning Report to Cabinet 19 October 2021
- 2) Budget and Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee 10 December 2021
- 3) Budget and Business Planning Report to Performance & Corporate Services Overview and Scrutiny Committee 17 January 2022
- 4) Budget and Business Planning Report to Cabinet 18 January 2022

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