

Law and Governance

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14 February 2014

Dear Councillors

COUNCIL - WEDNESDAY 19 FEBRUARY 2014

Attached are additional papers for the above meeting which were not available when the main agenda was published. Please bring these with you to the meeting

Agenda item 4 – Report of the council's Chief Finance Officer on the robustness of the 2014/15 budget

Report of the Head of Finance under Section 25 of the Local Government Act 2003 which requires him to report to the Council on:

- (a) The robustness of the estimates made for the purposes of the calculations of the budget, and
- (b) The adequacy of the proposed financial reserves

Agenda item 5 – Medium Term Financial Strategy 2014-15 to 2017-18 and 2014-15 Budget for Consultation: A Fair Future for Oxford

Extract from the minutes of the City Executive Board held on 12th February 2014 detailing the recommendations to Council.

Liberal Democrat Group alternative budget proposals

Green Group alternative budget proposals

Agenda item 6 – Corporate Plan 2014-18

Extract from the minutes of the City Executive Board held on 12th February 2014 detailing the recommendations to Council.



INVESTORS
IN PEOPLE



Agenda item 7 – Treasury Management Strategy 2014/15

Extract from the minutes of the City Executive Board held on 12th February 2014 detailing the recommendations to Council.

Agenda item 8 – Council Tax 2014/14

Report of the Head of Finance which sets out the necessary calculations to enable Council to set the 2014/15 Council Tax for Oxford City, in accordance with the Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011.

Yours sincerely

Mathew Metcalfe
Democratic and Electoral Services Officer

To: Council

Date: 19th February 2014

Item No:

Report of: Head of Finance

Title of Report: Report of the Council's Chief Finance Officer on the robustness of the 2014/15 budget

Summary and Recommendations

Purpose of report:

Under Section 25 of the Local Government Act 2003 there is a requirement for the Council's Chief Financial Officer to report to the Council on:

- a) the robustness of the estimates made for the purposes of the calculations of the budget; and
- b) the adequacy of the proposed financial reserves.

Council in considering its Budget should have regard to this advice.

Recommendation: That Council notes this report in setting its budget for 2014/15 and the indicative budgets for 2015/16 – 2017/18.

Robustness of the Budget.

Economic Outlook

1. Despite an increase in GDP of 0.8% between July and September 2013 the economy remains fragile. The Chancellor has insisted he will hold firm with his deficit reduction policies and gave only a limited number of tax giveaways in his Autumn Statement on December 4.
2. The independent Office for Budget Responsibility forecasts this year's deficit remaining broadly in line with the last financial year at £120 billion.
3. In a recent announcement the Chancellor advised a further £25 billion will be required from Departmental Budgets after the next General Election. In addition he advised that the job was 'not even half done' and more austerity lay ahead.

- 4 The stronger than expected rebound in growth and the notable decline in the unemployment rate has forced some backtracking on the Monetary Policy Committee's Forward Guidance. The accomplishment of the 7% unemployment target will not trigger an automatic hike in official interest rates, but will prompt a more focused discussion of options going forward. This trigger however; is still thought to be at least two years off and as a result interest rates are unlikely to rise until 2016/17.

Preparation of the Medium Term Financial Plan

5. The Council has undertaken a prudent and robust approach in developing its Medium Term Financial Strategy, as in previous years. This has reaped rewards in terms of the delivery of significant levels of savings and provides a firm foundation on which to build.
- 6 The efficiency savings, additional income streams and service reductions have, as in previous years been subject to rigorous review, with Service Heads being required to review the plans they put forward in previous years and confirm delivery of the proposals. Any changes to previous proposals put forward have where possible been mitigated and the plan updated accordingly.
- 7 This year rather than ask Heads of Service to identify further incremental efficiencies a number of key corporate savings projects have been identified which it is anticipated will deliver larger financial savings going forward. In outline these include :

- **Review of Administrative Support - £350k per annum from 2015/16**

Proposed rationalisation of administrative support across the Council, encouraging generic working, standardisation and automation of systems and procedures thereby reducing duplication of effort and increasing resilience.

- **Off street Car Parking - £730k per annum**

The development at Westgate will see the demolition of the Westgate Multi Storey car park and the temporary loss of adjacent car parking spaces whilst demand arising from the Westgate and other developments is likely to rise. One response is to investigate increasing capacity at Seacourt Park and Ride. In addition the Council is looking at a means of increasing capacity across the city in the short term.

Review of Investments - £250k - £300k per annum

The Council's investment of surplus cash is largely in fixed term deposits with secure counterparties earning an average interest rate of around 0.8%. These returns are unlikely to increase in the next 2-3 years. The Council also has £3million invested in non-specified property funds with a current return of around 6%. These investments are dependent on the performance of individual properties, the value of which can go up as well as down. Hence they are

inherently more risky. However, officers are currently examining the potential to invest a further sum in property funds to achieve higher overall returns but establishing sufficient provisions to protect the Council from adverse variations in value.

- **Renegotiation of Leisure Centre Contract**

The Council is exploring its option to extend its current Leisure facilities contract for a further 5 years beyond 2019

- 8 The General Fund Medium Term Plan continues to include an increased reliance on additional income driven from increased external work undertaken by the Council's Direct Services workforce. Whilst this does create some additional risk for the Council this is partially mitigated by the inclusion of a contingency to cover shortfalls in income
- 9 Scrutiny of the budget has been undertaken by
 - The Finance Team
 - Directors and Chief Executive
 - Executive Members
 - The Scrutiny Committee's Finance Panel
- 10 Monitoring of the budget through the year is undertaken by Finance in conjunction with Heads of Service and Cost Centre Managers to ensure that the budget is on target or variations are reported and acted upon at an early stage.

General Fund Assumptions

- 11 Assumptions on which the four year Medium Term Plan are based are contained within the main budget report presented elsewhere on the agenda, however, some of the key assumptions include:
 - **Council Tax increase-** The level of council tax increase has been set at 1.99% which is below the referendum level.
 - **Finance Settlement** – The settlement figures for 2014/15 and 2015/16 are broadly in line with the indicative figures announced by the Government in December 2013 with decreases in revenue support grant of £927k in 2014/15 and £1.877 million in 2015/16 compared to 2014/15. **Specific grants** for preventing homelessness continue at around the same level for these years. Council Tax Freeze Grant for 2011/12 has been included in the Formula Grant base funding level as has the grant for 2013/14 (which the Council did not accept) Base line figures and tariffs are also included in the settlement although the amount of **Retained Business Rates** retained by the authority are subject to the amount of business rates income estimated by the authority. From December 2014. Figures included in the Medium Term Plan are shown below :

- **New Homes Bonus** – New Homes Bonus is paid to a local authority each year for 6 years. It is based on the amount of council tax revenue raised for new build homes conversions and long term empty homes brought back into use. There is also an extra payment for providing affordable homes. Oxford City is forecast to be paid a bonus of £2 - £3 million per annum over the next four years.
- **General Inflation** - other than contractual inflation e.g. Leisure contact and ICT maintenance contracts no general inflation has been allowed for in budgets, they are therefore cash limited
- **Pay Inflation** – Following successful negotiations with the trade unions a five year local settlement has been agreed based on 1.5% per annum. In addition incremental progression was reintroduced from 1st October 2013 for employees on the bottom of the grade subject to a satisfactory performance rating. This provides considerable certainty over pay costs in the medium term. In addition the council will continue with the partnership payment for all those staff not receiving an increment subject to a satisfactory performance appraisal and it will no longer be linked to efficiencies.
- **Council tax collection** rates have prudently been held at 97% as a reflection of the continuing difficult economic climate.
- **Contingencies** - Contingencies have been allowed for the potential shortfall in efficiency savings, additional income and service reductions based on 40% of the value of high risk and medium risk proposals respectively together with an allowance of £299k in respect of organisational changes
- **Revenue contributions to Capital** in the order of £3 million to £4 million per annum provide a 'buffer' against adverse variations in other aspects of the Plan, for example lower than anticipated income from the 'New Homes Bonus'.

Housing Revenue Account (HRA) Assumptions

- 12 The Scrutiny of the HRA budget and Business Plan has followed a similar process to that for the General Fund outlined above.
- 13 Prudent assumptions have been built into the HRA Business Plan to mitigate potential risk around increased rent arrears and increased numbers of houses sold through Right to Buy. The Business Plan has also been constructed in such a way that the Council does not need to utilise its borrowing headroom to deliver its investment aspirations, thereby providing additional flexibility.

14 Key assumptions included in the HRA budget include

- **Rent Setting** – Rents continue to be increased in line with formula rent for 2014/15 at RPI + £2 plus 1% a rate of 5.42%. Going forward the increase has been changed to CPI + 1% in line with recent Government Guidance. Whilst the Council is not required to follow this guidance it is prudent to set future rent increases at this level in the advent of the Government mandating on this level.
- **Debt Profile** – Sufficient allowance has been built in to repay the £200 million debt over the next 50 years, with the initial payment of £20 million to be paid in 2020
- **Responsive Repairs and Maintenance** - Within the four year Medium Term Financial Strategy and the 30 year business plan we have projected efficiency savings to be realised from the Council's Responsive Repairs budget. Namely, after allowing for uplifts a 5% reduction implemented in 2013/14 is followed by further annual reductions of 1.5% up to a ceiling of 15%.
- **Property Change Assumptions** -The HRA BP assumes a reduction of around 40 dwellings per year up until 2020/21.
- **Inflation and pay assumptions** -The assumptions for pay Inflation are the same as for staff and expenses within the Council's General Fund
 - **Rent Arrears** – The provision for bad debt has been increased to £500k per annum, to allow for changes in payment of benefits, the “bedroom tax”, and the general economic climate
 - **Right to Buy assumptions** – the HRA capital programme includes an assumption of 40 dwelling receipts per annum with an estimated usable capital receipt of around £6.5 million over the four year programme.

Capital

- 15 The Council has set an ambitious Capital Programme for the next four years in excess of £142 million. Major projects within the program include
- Construction of New Competition Size swimming pool at Blackbird Leys -£6 million
 - Introduction of broadband within the city - £5 million
 - Purchase of dwellings for housing homeless families -£10 million
 - Motor vehicle replacement - £6 million
 - Temporary car parking at Oxpens -£3.3 million
 - Housing refurbishment and new build - £81 million
- 16 The preparation of the on-going Programme has undergone similar scrutiny to the other areas of the Council's budget with the Capital Asset

Management Group also having an oversight of all new bids. Monitoring of delivery through the year will be undertaken by this group. Contingencies are included within individual schemes for variations in spend with any other variations outside these amounts being subject to the normal virement and supplementary estimate approvals set out in the Council's Financial Rules.

- 17 Financing of schemes within the Programme is predominantly through revenue and capital receipts although the latter will be exhausted over the four year period. There is limited reliance on prudential borrowing for funding the Programme with the exception of the purchase of replacement vehicles (@£2.5million per annum). The revenue effects of funding the Capital Programme have been taken account of in the HRA and General Fund estimates.

Adequacy of Reserves and Balances

- 18 The minimum prudent level of reserves that the Council should maintain is a matter of judgement and cannot be judged merely against the current risks facing the council as these can and will change over time
- 19 The consequence of not keeping a prudent minimum level of reserves can be serious and in the event of a serious problem, or a series of events; the Council could run the risk of a deficit or, of being forced to cut expenditure during in a damaging or arbitrary way.
- 20 CIPFA (Chartered Institute of Public and Finance and Accountancy) have stated that there should be no imposed limit on the level or nature of balances required to be held by an individual Council. However for a district council, where changes to a few areas can have a disproportionate impact, a higher percentage level of reserves to net expenditure is desirable.
- 21 The Council has maintained a reasonable level of reserves and working balances as a result of its prudent financial management. Working balances for both HRA and General Fund are in the region of £3.5 million to £3.6 million are unallocated and are to be used to cover unexpected adverse variations in the Councils financial position. Earmarked reserves on the other hand are generally earmarked or held for specific purposes. A full schedule of reserves and balances is attached at Appendix A with an explanation as to their intended use and the anticipated position as at 1st April 2014 after forecast commitments have been funded in 2013/2014.
- 22 As part of the budget setting process this year a review of earmarked reserves was undertaken to ensure those no longer required were released to support the budget. Around £3 million, including a capital funding reserve of £1.7 million has been used to assist in funding the Councils capital programme.
- 23 In total the Council's reserves and balances are forecast to be in the region of £25.824 million at 31st March 2014 as shown in the Table 1 below. These include two reserves which will be spent in year in relation to Westgate temporary car parking £3.3 million and a property purchase of £7 million. The

Council had intended to use the £7million to purchase property to provide an ongoing revenue stream to the General Fund, having transferred the monies from HRA in September 2013. However, there is a risk of external factors impacting in this transfer and until such time as this risk is reduced or eliminated the money will remain in a reserve.

Table 1 : Earmarked Reserves and Working Balances

Reserve Description	Balance 1/4/2013	Projected Balance 31-03-14	Projected Balance 31-03-15
	£000's	£000's	
General Fund			
Earmarked Reserves	15,376	16,151	4,479
Working Balance	3,622	3,622	3,622
Sub Total	18,998	19,773	8,101
Housing Revenue Account			
Earmarked Reserves	1,499	946	797
Working Balance	3,698	3,504	3,534
Sub Total	5,197	4,450	4,331
Insurance Funds	1,674	1,601	1,687
Total	25,869	25,824	14,119

- 24 It is, however, necessary to distinguish between those reserves that are earmarked for specific purposes and those general reserves which are available to support annual revenue budgets.
- 25 Clearly earmarked reserves are dictated to a certain extent by the fact that they are as they say 'earmarked' for specific purposes and are therefore not generally available for use.
- 26 The level of Working Balances on the other hand is more subjective and is retained as a cushion against in year changes in income and expenditure or to cover unexpected eventualities. There are some heads of expenditure which are quite volatile such as investment interest, housing benefit, commercial rents, car parking income. From 1st April 2013 there is the added complication of Business Rates Reform which for the first time

brings with it uncertainty about the level of external grant income receivable from central government especially given the recent finance settlement which has seen Government grant be reduced by around £2.5 million over the next two years. There are also welfare reforms (leading to uncertainty about Housing Benefit Administration Grant, levels of staffing, and risks around increased homelessness) and changes to council tax support. Each of these could feasibly vary significantly (and are largely outside the Council's control).

- 27 It should be realised, of course, that the authority would be exceptionally unlucky to suffer adverse consequences from all major potential sources of adverse variation in the course of a financial year. However, it should be noted that a 10% reduction in car parking income represents around £800k and a similar percentage reduction in commercial rent income would represent around £600k reduced income.
- 28 An analysis of 'Key Risks' is shown in the main Budget report elsewhere on the agenda and should be considered before making any decisions upon the use of reserves.
- 29 **Earmarked reserves** include:
- ring fenced accounts funded by third parties and which must be repaid if it is not use for the purpose specified, e.g. Salix Fund and much of the Grants Reserve
 - reserves which have a statutory limitation on their use; such as the Taxi Licensing Reserve and the HMO Licensing Reserve
 - accounts which it is considered prudent to set aside for a specific purpose such as the Insurance Fund
 - committed but unspent budgeted amounts carried forward at the end of the Financial year to fund/complete specific projects
- 30 **General Fund Working Balance** - This is forecast to be around £3,621k at 31st March 2014 representing 3.6% of gross general fund expenditure and 14.50% of net expenditure. This is considered by the Section 151 Officer to be the prudent minimum level to be held by this authority and over the Medium Term Financial Plan no further use of this reserve is forecast. In a Survey carried out by the Audit Commission in December 2012 it was found that unallocated reserves in those District Councils surveyed varied between 0% and 226% of net revenue spending with a median of 22%. The ratio of unallocated reserves to earmarked reserves was 27 : 73.
- 31 **Housing Revenue Account Working Balance**– This is forecast to be £3. 5 million at 31st March 2014 the prudent minimum level of working balance considered by the Section 151 Officer for this authority representing around 8% of gross rental income.
- Progress on the 2013/14 Budget**
- 32 Current budget monitoring for the half year ending 30th September 2013

presented to the City Executive Board in December on the General Fund indicated a forecast underspend of £3.081 million (13.5%) largely arising from increased commercial rental income, operational savings in Direct Services and cash and non-dwelling asset transfers from the HRA to the General Fund. On the Housing Revenue Account there is a forecast revenue out-turn overspend of around £421k against largely arising from an overoptimistic level of service charge income of £100k and increase interest paid on internal borrowing. Whilst the situation looks positive based on current budget monitoring this has not been factored into the end of year balance position. On the General Fund in particular, the strategy has been to use the majority of previous years' underspends to fund capital projects and this has been factored into the Medium Term Financial Plan assisting in reducing the requirement for prudential borrowing to finance capital commitments, with a resultant future financial benefit to the revenue account.

Conclusion

34 I have reviewed the budget preparation process for 2014-15 to 2017/18 and the adequacy of reserves and balances and would conclude the following :

- The process for the formulation of General Fund HRA and Capital budgets, together with the level of challenge, provides a reasonable assurance of their robustness.
- The approach which has been taken to those funding streams which are currently uncertain is prudent and puts the Council in a positive position to manage underlying pressures going forward.
- The level of contingencies provided for unachieved efficiency savings and income projections etc. is prudent
- The level of the Council's total reserves is sufficient to provide:
 - A working balance to cushion the impact of unexpected events or uneven cash flows and
 - The setting aside of funds to meet known or anticipated liabilities (earmarked reserves).

Financial Implications

37 These are covered within the report

Legal Implications

38 These are covered within the report

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APPENDIX A

STATEMENT OF RESERVES AND BALANCES

Ref	Reserve Description	Balance	Projected	Projected
		31/03/2013	Balance	Balance
		£000's	31-03-14	31-03-15
		£000's	£000's	£000's
General Fund Earmarked Reserves				
Ring fenced accounts funded by third parties				
1	SALIX Energy Projects Reserve	318	308	308
2	Barton Reserve	137	-	-
3	Oxford Strategic Partnership reserve	50	50	50
4	Oxfordshire Total Refit project	213	17	-
5	IESE Grant reserve	10	-	-
29	Procurement Hub Reserve	33	33	33
Reserves which have a statutory limitation				
6	Taxi Licence Reserve	198	198	198
7	Grants Reserve	902	260	260
8	HMO Licensing	347	247	247
9	Reserve for Land Charges	42	42	41
10	General licensing reserve	43	43	43
Prudent to set aside for specific purposes				
12	Town Hall Equipment Reserve	24	-	-
13	Work Of Art Reserve	5	5	5
14	Shopmobility Reserve	64	64	30
15	Severance and HT Reserve	1,670	976	700
16	IT Infrastructure Reserve	100	-	-
17	Repairs & Maintenance Reserve	179	-	-
18	Leisure Repairs & Maintenance	280	280	-
19	Business Transformation Projects	886	306	100
20	City Council Elections Reserve	9	9	9
21	Chief Executive's Fund	3	3	3
23	Capital Funding Reserve	1,719	-	-

24	Property reserve	-	7,000	-
25	Agresso Improvement Reserve	116	34	-
26	Car Parks maint/replace lamp columns	22	3	-
28	MS Office Reserve	20	-	-
30	Ward Members Budget Reserve	45	10	10
31	Homelessness Reserve	1,336	836	400
32	Loan Guarantee Reserve	115	115	115
33	Lord Mayors Deposit	59	59	59
34	Home Choice fund for single persons	36	36	36
35	Rose Hill Demolition	339	-	-
36	Partnership funding	509	509	509
38	Town Team Partners	10	10	10
39	Assets of Community Value	13	13	13
40	Unlawful Dwellings Reserve	150	150	50
41	Westgate Redevelopment Reserve	3,279	3,279	-
42	Emergency Flood Reserve	150	150	150
43	Park and Ride - County Contribution to Maintenance	-	115	-
44	Organisational Development Reserve	723	500	800
Committed unspent budgeted amounts				
45	Committed Projects Reserve	1,222	491	300
Self-Insurance Funds				
46	Self-Insurance Funds	1,674	1,601	1,687
Total General Fund Earmarked Reserves		17,050	17,752	6,166
General Fund Working Balance		3,622	3,622	3,622

Housing Revenue Account Earmarked Reserves				
1	Committed Projects Reserve	816	267	430
2	IT Projects Reserve	248	248	100
3	IT Equipment Reserve	435	431	267
Total HRA Earmarked Reserves		1,499	946	797

Housing Revenue Account Working Balance	3,698	3,504	3,534
Total Council Reserves and Balances	25,869	25,824	14,119

General Fund Earmarked Reserves

- 1 The Salix Energy Projects reserve created from a grant made available via Salix. The fund is used to loan money to Service Areas within Oxford City Council. Services then utilise these funds to implement energy efficient schemes. Savings on energy costs are then used to repay the initial loan.
- 2 Barton – The balance of a HCA grant to fund set up costs in relation to the joint venture with Grosvenor for the development of housing at Barton.
- 3 Oxford Strategic Partnership – balance of LAA / Breaking cycle of deprivation funding received in 2012/13
- 4 Oxfordshire Total refit partnership – monies received from Europe to provide investment in renewables in partnership with the County Council and Low Carbon Hub
- 5 IESE Grant Reserve – remaining balance of grant allocation from the Improvement and Efficiency Social Enterprise for Oxfordshire Procurement Hub has been spent in 2013/14.
- 6 The Taxis A/C reserve was created to manage the ring fenced taxi licensing cost centre. Surplus / deficits associated with this cost centre are collected and the balance is used to improve and / or address pressures within the Taxi Licensing area.
- 7 A reserve established under accounting convention to accumulated all unspent balances of grants received in the year pending their spend on projects including Oxfordshire Sports Partnership, Homelessness, Community Safety and flood prevention.
- 8 HMO Licensing Reserve – Ringfenced licensing income in respect of HMO's to fund future service area expenditure.
- 9 The Reserve for Land Charges reserve collects the surplus / deficit associated with Land Charges. This is a ring fenced account; funds are used to improve the services/ address pressures associated with the Land Charges area.
- 10 General Licensing reserve – net surplus on the administration of licences
- 12 The Town Hall Equipment reserve is used to fund new / replacement or repair of Town Hall equipment. The balance represents the net surplus of this cost centre year on year.
- 13 The Work of Art Reserve was created to aid the purchase or restoration of Council works of art.
- 14 The Shopmobility reserve was created to fund replacement or repair of Shopmobility equipment. Any under or overspend associated with the service is collected in this reserve account.
- 15 Severance reserve was created to cover any unexpected pressures related to employee costs e.g compensation for loss of office.
- 16 The IT Infrastructure reserve is used to fund IT Infrastructure replacement across the Council.
- 17 Repairs and maintenance – established from residual revenue balances to

- supplement the capital and revenue programme for repairs and refurb of council buildings
- 18 Leisure repairs and maintenance – established to fund repairs and refurb of leisure centres.
 - 19 The Business Transformation reserve is a transitory account. At the year end budgets associated with transformation projects not yet completed are transferred to this reserve. At the start of the following year projects are approved to continue and the funds allocated back to the projects.
 - 20 The City Council Elections reserve is created from the budget surplus / deficit on the City Council Elections cost centre. City elections are held every 2 years and this reserve is used to fund additional costs in election year.
 - 21 Chief Executives Fund – used for initiatives put forward by Chief Exec
 - 23 Capital Funding Reserve – created to fund capital expenditure.
 - 24 Property reserve – created to purchase an investment property as an invest to save initiative
 - 25 Agresso Improvement Reserve – used to fund the implementation of modules on the Financial Management system
 - 26 Car park maintenance
 - 28 MS Office reserve – to fund the implementation of MS office across the council
 - 30 Ward members reserve – established to carry forward unspent balances of monies allocated to ward members
 - 31 Homelessness – unspent budget and grant monies associated with homelessness.
 - 32 Loan Guarantee Reserve – Created to fund potential shortfalls in recovery of loans to small organisations.
 - 33 Lord Mayors Deposit - scheme to help people on a low income afford to move into private rented accommodation by issuing a Deposit Guarantee Bond to landlords.
 - 34 Homes Choice funds – needed as top-up for bonds/deposits re Private Sector properties.
 - 35 Rose Hill Demolition – established from previous years balances to fund the demolition of Rose Hill community centre
 - 36 Community and Neighbourhood Reserve-includes ring-fenced project funding for Connecting Communities, Community Actions Groups and Wood Farm Community Centre.

 - 38 Town Team Partners- grant to improve the High Street working with Local Businesses. Additional financial support for the City Council will be required to work up a scheme.
 - 39 Assets of Community Value-DCLG new burdens grant for setting up a register of Assets of community value.
 - 40 Unlawful dwellings reserve – established to cover revenue running expenses of enforcement against unlawful dwellings i.e beds in sheds
 - 41 Westgate redevelopment reserve – established to fund the provision of temporary car parking following the demolition of Westgate multi story car park in relation to the redevelopment of the Westgate
 - 42 Emergency flood reserve – established to cover the costs of flooding in the city
 - 43 Park and Ride maintenance – monies in respect of maintenance of park and ride car parks
 - 44 Organisational Development Reserve – This fund was set up in 11/12 to fund

the Council's Partnership Payment and support the Council's organisational development aspirations, in particular the Corporate Plan objective of achieving IIP Gold.

- 45 Committed projects is a reserve relating to the carry forward unspent budgeted amounts from previous years for committed projects
- 46 The Self-Insurance Reserve is used to cover claim costs that are below the Council's insurance policy excess limit. The fund was subject to actuarial review in 2012/13 and will be adjusted in line with any recommendations flowing from it

Housing Revenue Account Earmarked Reserves

- 1 The Committed projects reserve is for funding uncompleted projects at the end of the financial year
- 2 The IT Projects Reserve is to fund the HRA element of IT development projects
- 3 The IT equipment reserve is to fund future IT equipment purchased used specifically for HRA activity e.g. Housing Rents and Servitor job costing

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EXTRACT FROM THE MINUTES

CITY EXECUTIVE BOARD

Wednesday 12 February 2014

133. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2017/18 AND 2014/15 BUDGET

The Head of Finance submitted a report (the main report) (previously circulated, now appended) and a supplementary report (also previously circulated, now appended). The Board also had before it a Scrutiny report (previously circulated, now appended). With the agreement of the Chair, Councillor Simmons addressed the meeting and spoke to the Scrutiny report and generally.

Resolved:-

- (1) To RECOMMEND Council to approve:-
 - a) the Council's General Fund Budget Requirement of £24.080 million for 2014/15 and an increase in the Band D Council Tax of 1.99% or £5.34 per annum as set out in Table 1 of the supplementary report of the Head of Finance, representing a Band D Council Tax of £273.53 per annum;
 - b) the continuance of the Council's Council Tax Support Scheme (formerly Council Tax Benefit) as referred to in paragraph 44 of the main report of the Head of Finance;
 - c) the Housing Revenue Account budget for 2014/15 as set out in Appendix 4 to the main report and an increase in average dwelling rent of 5.42% representing £5.25 per week and taking the annual average rent to £102.08 as set out in Appendix 5 to the main report;
 - d) the Capital Programme for 2014/15 -2017-18 as set out in Appendix 6 to the main report;
 - e) the Fees and Charges Schedule that forms Appendix 7 to the main report;
 - f) the changes to the level of exemptions and discounts on empty homes and unoccupied properties as outlined in paragraph 44 of the main report;
- (2) To adopt a retail relief scheme for business rates on the terms set out in paragraph 19 of the main report and to delegate the authority to administer the Retail Relief Scheme to the Head of Customer Services in conjunction with the Section 151 Officer;
- (3) On the recommendations from Scrutiny:-
 - a) To agree recommendation 1, 3, 4, 6, 11 and 13;
 - b) Not to agree recommendations 5, 7, 9 (noting that the supplementary report of the Head of Finance dealt with the Government's announcement on 'excessive council tax' levels and the setting of the Council Tax), 10 and

12, all for the reasons set out in the Board Member's response as contained in the Scrutiny report;

- c) On the five parts of recommendation 2, to agree parts 2, 4 and 5; on part 3 to note that an additional £25,000 for the low carbon Oxford budget line was proposed to be added and that no further budget provision was felt to be necessary; and on part 1, not to agree for the reasons given in the response to the recommendations as contained in the Scrutiny report;
- d) On recommendation 8, to record that officers would be seeking to develop good quality outcome monitoring for 2014/15 from the Council's involvement in youth activities.

Liberal Democrat City Council Budget Proposals 2014/15

Liberal Democrats are keen to provide the services that people want and need. In these times of austerity we must ensure that we do all we can to support those who are struggling to make ends meet. With Central Government grant being severely reduced year on year, and the particularly large cuts being made in the County Council budget, there is a risk that support will not be there for many vulnerable people. So we will provide £60k in the year 2014/5, and £100k each year thereafter, to help to fund essential support services which prevent homelessness.

On the energy front we will extend the energy efficiency officer post for at least the next three years to lever in outside funding. We will add a half-time Air Quality post from mid-2014/5 for 18 months. We will transfer £50k each year to the Flooding Reserve fund.

On Planning we will reintroduce letters to residents about new planning applications. To support the new Planning Design Panel, we will provide £25k pa for two more years. We will reintroduce Area Committees to bring local decisions back to local people. To engage the public in key decisions we will hold two Citizens Panels each year.

We will extend the opening hours of toilets in district centres as well as in the city centre.

Because we believe that more people should be encouraged to use our Parks we will allow free parking for one hour in City parks. We will also provide extra money for tree planting across the city.

Oxford will gain significantly from the East-West Rail Project and we are dismayed to note that, despite including it in the Corporate Plan, Labour are refusing to contribute. We will pay our contribution towards it from 2015/16 onwards.

In the Capital Programme we will provide an extra £50k for the Covered Market. We are deferring the proposed refurbishment of the Town Hall toilets as unnecessary at this stage.

All these benefits to Oxford's citizens can be funded by small savings in staffing, by reducing publication of Your Oxford to one issue a year and by using the interest on the £7m transferred from the HRA but so far not used to buy property as expected. If that money is spent on property, there will be further savings for general use.

Our proposed Council Tax increase is 1.99% in 2014/15 and 1.49% thereafter. It is a prudent budget which will help to support those at risk from cuts elsewhere, improve the environment and reduce carbon emissions. I ask Council to support these amendments.

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PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2014/15 £000'S	2015/16 £000'S	2016/17 £000'S	2017/18 £000'S
Consultation Budget Net Budget Requirement	23,471	21,408	21,045	20,692
Changes since the consultation budget	7			
Reduced Contingency Required Following Actuarial Review of Pension Fund	-200	-200	-200	0
Outcome of Contract Negotiations with Fusion	223	28	-71	-221
Additional New Homes	-17	-473	-580	-644
Reprofiling of purchases of homelessness properties	100	100	200	
Remove additional income from £7m		300	300	300
Training	100	100		
Wellbeing	75	75		
Transformation Funding	150	150		
Flood equipment	75			
Youth	50	25		
Job Club	42			
Town Hall charges		35	35	35
Community Grants	60	60	60	60
Efficiencies in supplies and services	(36)	(36)	(36)	(36)
Additional Savings				
Change to extra 4 year electoral cycle	(25)	(25)	(25)	(25)
Reduce Your Oxford to 1 per annum	(10)	(10)	(10)	(10)
Reduce legal staffing		(50)	(50)	(50)
Reduce PCC Staffing	(20)	(40)	(40)	(40)
Introduce District car parking Charges to Alexandra Courts	(26)	(26)	(26)	(26)
Net additional saving from introducing 'man and van' collection service	0	0	0	0
Capitalise flood equipment	(75)			
Interest on £7million		-70	-70	-70
Savings on community grants	(60)	(60)	(60)	(60)
Total additional savings/growth	(216)	(281)	(281)	(281)
Cumulative additional savings	(216)	(497)	(778)	(1,059)
Additional costs				
Keep Toilets in District Centres open later, like city centre ones	30	30	30	30
Area Committees Reinstated	25	50	50	50
Planning Consultation Improvements	40	40	40	40
Citizens Panel twice a year	5	10	10	10
Homelessness support grant	60	100	100	100
Car parking in parks: remove the 50p charge for one hour	6	6	6	6
Increase tree budget	10	40	40	40
Extend contract of Energy Efficiency Projects officer	20	40	40	
Half time post to bolster air quality and work with developers	8	16		
Planning Design Panel			25	25
Transfer to Flooding reserve	50	50	50	50
East West Rail - pru borrowing		16	32	48
Total additional costs	254	398	423	399
Net effect on budget in-year	38	117	142	118
Cumulative effect on budget	38	155	297	415
Budget transfer to/(from) reserves	(50)	(308)	74	268
Alternative Budget Net Budget Requirement	24,081	21,381	20,969	20,572
Financed By :				
Formula Grant and specific grants	(6,339)	(4,433)	(3,682)	(2,940)
Additional revenue support grant	(2)	0	0	0
Council Tax	(11,365)	(11,536)	(11,710)	(11,886)
Additional council tax 1.99% for 2014/15, then 1.49%	(56)	(113)	(172)	(233)
Retained Business Rates	(6,114)	(5,299)	(5,405)	(5,513)
Collection fund surplus	(205)			
Total	(24,081)	(21,381)	(20,969)	(20,572)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	3,621	3,571	3,263	3,337
Transfer to/(from) balance	(50)	(308)	74	268
Working Balance 31st March	3,571	3,263	3,337	3,605
(surplus)/deficit	0	0	0	0

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
 REVENUE
 £1000's

	2014/15 £000'S	2015/16 £000'S	2016/17 £000'S	2017/18 £000'S
Consultation Budget Net (operating income)/expenditure after appropriations	45,360	44,135	46,279	47,761
Changes since the consultation budget				
Revised contribution towards capital programme due to slippage and re-profiling	5,097	-159	506	699
HRA Contribution towards transformation budget	50	50	50	50
New build properties net contribution towards HRA		167	-540	-754
Additional Savings				
Total additional savings/growth	0	0	0	0
Cumulative additional savings	0	0	0	0
Additional costs				
Total additional costs	0	0	0	0
Net effect on budget in-year	0	0	0	0
Cumulative effect on budget	0	0	0	0
Budget transfer to/(from) reserves	(7,766)	31	5	17
Alternative Budget Net (surplus)/deficit	42,741	44,224	46,300	47,773
Financed By :				
Income	(42,741)	(44,224)	(46,300)	(47,773)
Total	(42,741)	(44,224)	(46,300)	(47,773)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	(11,271)	(3,504)	(3,535)	(3,540)
Transfer (to)/from balance	7,766	(31)	(5)	(17)
Working Balance 31st March	(3,505)	(3,535)	(3,540)	(3,557)

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
CAPITAL

	2014/15 £000'S	2015/16 £000'S	2016/17 £000'S	2017/18 £000'S
CAPITAL PROGRAM AS PER CEB 19TH DECEMBER - General Fund	31,189	14,036	8,163	2,302
HRA	21,387	18,070	19,140	20,113
Changes since the consultation budget				
Slippage of HRA	5,732	(2,938)	(386)	(405)
Slippage of General Fund	1,466	-956	800	4,200
Additional spend on garages following transfer of assets to general Fund	117	117		
Removal of additional refuse collection vehicle following	(175)			
Energy initiatives	263			
Digital inclusion	154			
Savings				
Removal of refurbishment of town hall toilets	-250			
ADDITIONAL SPENDING				
East / West rail project		200	200	200
Covered Market Improvements		50		
Provision of free recycling bins to blocks of private flats	5	5	10	10
Flood equipment	75			
REVISED CAPITAL PROGRAM	59,963	28,584	27,927	26,420

FINANCING				
FINANCING AS PER CEB REPORT 19TH DECEMBER	52,576	32,106	27,303	22,415
Changes since the consultation budget				
Reduced prudential borrowing	-175			
Changes in capital receipts	7732	-3777	414	3795
Additional Financing				
Prudential borrowing		200	200	200
Capital receipts	-170	55	10	10
REVISED CAPITAL FINANCING	59,963	28,584	27,927	26,420

Shortfall 0 0 0 0

GREEN GROUP - OXFORD CITY COUNCIL
 PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
 REVENUE
 £1000's

REVENUE

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Consultation Budget Net Budget Requirement	23,471	21,408	21,045	20,697
Changes since the consultation budget				
Reduced Contingency Required Following Actuarial Review of Pension Fund	(200)	(200)	(200)	0
Outcome of Contract Negotiations with Fusion	223	28	(71)	(221)
Additional New Homes Bonus	(20)	(473)	(581)	(645)
Reprofiling of purchases of homelessness properties	100	100	200	
Remove additional income from £7m		300	300	300
Training	100	100		
Wellbeing	75	75		
Transformation Funding	150	150		
Flood equipment	75			
Youth	50	25		
Job Club	42			
Town Hall charges		35	35	35
Community Grants	60	60	60	60
Efficiencies in supplies and services	(36)	(36)	(36)	(36)
Additional Savings				
Extending annual increase to Park and Ride Sites (in 2 * 5%)	(50)	(50)	(100)	(100)
Reverse proposed cuts in some off street parking tariffs	(50)	(50)	(50)	(50)
Reduce direct services contractual inflation from 2.8%/5% to 2.5%	(93)	(189)	(290)	(395)
Member grants to be delivered via area committees (linked to bid below)	(72)	(72)	(72)	(72)
Additional income form Gladiator Club (linked to capital bid)	(150)	(150)	(150)	(150)
Introduction of late night license fees	(25)	(50)	(50)	(50)
Off street car parking additional 2% in 2017/18				(150)
Limit SRA to 5 CEB Councillors	(35)	(35)	(35)	(35)
Interest on the unspent £7m		(70)	(70)	(70)
Total additional savings/growth	(475)	(666)	(817)	(1,072)
Cumulative additional savings	(475)	(1,141)	(1,958)	(3,030)
Additional costs				
Reverse planned increases in garden waste charges	16	32	48	64
New housing officer to speed up registrations & improve enforcement	40	40	40	40
Reinstate area committees budgets and staffing	125	250	250	250
Reinstate free pest control services	28	28	28	28
Support to establish 'no fees' letting agency	50			
Reverse cut of homeless officer	36	36	36	36
Additional support for Cowley Road Carnival	15	15	15	15
Support for Chinese Community Centre (language project)	20			
Additional support to advice centres (with focus on debt & benefit advice and legal advice for immigrants)	25	25	25	25
Local economic development officer (part time)	25	25	25	25
Low Emission Zone Enforcement officer (part time)	25	25	25	25
Addition to Groundwork flood management work (currently £6k)	20	20	20	20
Borrowing costs of borrowing for homeless properties + gladiators club		80	240	400
Additional flood spending (reserve as required)	50			
Food bank - grant funding	10	10	10	10
Aspire - grant funding	10			
Sustainability officer (focus on climate change adaptation & LC Hub)	40	40	40	40
Total additional costs	535	626	802	978
Net effect on budget in-year	60	(40)	(15)	(99)
Cumulative effect on budget	60	20	5	(89)
Budget transfer to/(from) reserves	(69)	(151)	232	481
Alternative Budget Net Budget Requirement	24,081	21,381	20,969	20,572
Financed By :				
Formula Grant and specific grants	(6,339)	(4,433)	(3,682)	(2,940)
Additional revenue support grant	(2)	0	0	0
Council Tax	(11,365)	(11,536)	(11,710)	(11,886)
Additional council tax 1.99% for 2014/15 then 1.49%	(54)	(113)	(172)	(233)
Retained Business Rates	(6,114)	(5,299)	(5,405)	(5,513)
Collection fund surplus	(205)			
Total	(24,081)	(21,381)	(20,969)	(20,572)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	3,621	3,552	3,401	3,633
Transfer to/(from) balance	(69)	(151)	232	481
Working Balance 31st March	3,552	3,401	3,633	4,114

(surplus)/deficit 0 0 0 0

GREEN GROUP - OXFORD CITY COUNCIL

HRA

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET

REVENUE

£1000's

	2014/15 £000'S	2015/16 £000'S	2016/17 £000'S	2017/18 £000'S
Consultation Budget Net (operating income)/expenditure after appropriations	45,360	44,135	46,279	47,761
Changes since the consultation budget				
Revised contribution towards capital programme due to slippage and re-profiling	5,097	(159)	506	699
HRA Contribution towards transformation budget	50	50	50	50
New build properties net contribution towards HRA		167	(540)	(754)
Additional Savings				
1 Reduced revenue contributions to fund capital			(700)	(1,300)
2				
3				
4				
Total additional savings/growth	0	0	(700)	(1,300)
Cumulative additional savings	0	0	(700)	(2,000)
Additional costs				
1 Prudential borrowing costs	0	0	56	112
2				
3				
Total additional costs	0	0	56	112
Net effect on budget in-year	0	0	(644)	(1,188)
Cumulative effect on budget	0	0	(644)	(1,832)
Budget transfer to/(from) reserves	(7,766)	31	49	5
Alternative Budget Net (surplus)/deficit	42,741	44,224	45,700	46,573
Financed By :				
Income	-42,741	(44,224)	(46,300)	(47,773)
Reduction of rent income by 2%			600	1,200
Total	(42,741)	(44,224)	(45,700)	(46,573)
(surplus)/deficit	0	0	0	0
General Fund Working Balance				
Working Balance 1st April	(11,271)	(3,504)	(3,535)	(3,540)
Transfer (to)/from balance	7,766	(31)	(49)	(5)
Working Balance 31st March	(3,505)	(3,535)	(3,584)	(3,545)
(surplus)/deficit	0	0	0	0

PROPOSED AMENDMENTS TO THE ADMINISTRATIONS CONSULTATION BUDGET
CAPITAL

	2014/15 £000'S	2015/16 £000'S	2016/17 £000'S	2017/18 £000'S
CAPITAL PROGRAM AS PER CEB 19TH DECEMBER - General Fund	31,189	14,036	8,163	2,302
HRA	21,387	18,070	19,140	20,113
Changes since the consultation budget				
Slippage of HRA	5,732	(2,938)	(386)	(405)
Slippage of General Fund	1,466	-956	800	4,200
Additional spend on garages following transfer of assets to general Fund	117	117		
Removal of additional refuse collection vehicle following	(175)			
Energy initiatives	263			
Digital inclusion	154			
ADDITIONAL SPENDING				
Purchase of Gladiator Club	1250			
Increase spending on energy efficiency (currently £200k for 3 years)		200	200	
Insulate BBL pool	250			
Contribution to flood mitigation scheme (in partnership with other agencies etc)		1500		
Make Barton housing zero carbon			1,770	
Alternative leisure provision on TCP site	250	250		
REVISED CAPITAL PROGRAM	61,883	30,279	29,687	26,210

FINANCING				
FINANCING AS PER CEB REPORT 19TH DECEMBER	52,576	32,106	27,303	22,415
Changes since the consultation budget				
Reduced prudential borrowing	-175			
Changes in capital receipts	7732	-3777	414	3795
ALTERNATIVE BUDGET PROPOSALS				
Less use of General Fund revenue contributions re homeless purchases		-1,000	-2,000	-2,000
Additional HRA prudential borrowing re homeless properties		1,000	2,000	2,000
Additional general fund revenue contributions for additional spending shown above	1750	1,950	1,970	
Less use of HRA Revenue to fund programme			-700	-1,300
Additional prudential borrowing on the HRA to replace revenue			700	1,300
REVISED CAPITAL FINANCING	61,883	30,279	29,687	26,210

(Shortfall)/Surplus of resources over expenditure

0 0 0 0

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EXTRACT FROM THE MINUTES

CITY EXECUTIVE BOARD

Wednesday 12 February 2014

134. CORPORATE PLAN 2014-18 - OUTCOME OF CONSULTATION - PLAN ADOPTION

The Head of Policy, Culture and Communications submitted a report (previously circulated, now appended). The Board also had before it a Scrutiny report (previously circulated, now appended).

Resolved to:-

- (1) Agree, in the light of consultation amended copy and targets for the Corporate Plan 2014-2018;
- (2) RECOMMEND Council to agree the Corporate Plan 2014-2018;
- (3) Delegate authority to the Head of Policy, Culture and Communications to make minor textual amendments where necessary, in preparation for formal publication of the Corporate Plan 2014-2018.

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EXTRACT FROM THE MINUTES

CITY EXECUTIVE BOARD

Wednesday 12 February 2014

135. TREASURY MANAGEMENT STRATEGY 2014/15

The Head of Finance submitted a report (previously circulated, now appended). With the agreement of the Chair, Councillor Simmons addressed the meeting and spoke to the Scrutiny report and generally.

Resolved to RECOMMEND Council to:-

- (1) Adopt the Treasury Management Strategy 2014/15, and to approve the treasury prudential indicators at paragraphs 13 – 28 of the report;
- (2) Approve the Investment Strategy for 2014/15 and the detailed investment criteria as set out in paragraphs 29 – 48 of and Appendix 1 to the report, including the changes highlighted in paragraph 9 of the report;
- (3) Approve the Prudential Indicators and limits for 2014/15 to 2017/18 as set out in paragraphs 50-51 of and Appendix 2 to the report;
- (4) Approve the Minimum Revenue Provision statement (which sets out the Council's policy on repayment of debt) at paragraphs 18 – 28 of the report
- (5) On the recommendation from Scrutiny, to respond to them in the terms set out in paragraphs 7-10 of the Scrutiny report.

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Report of: Head of Finance

To: Council

Date: 19February 2014

Item No:

Title of Report: Council Tax 2014/15

Summary and Recommendations

Purpose of report: To set out the necessary calculations to enable Council to set the 2014/15 Council Tax for Oxford City, in accordance with the Local Government Finance Acts, 1988 and 1992, as amended by The Localism Act 2011.

Key decision: No

Executive lead member: Councillor Ed Turner

Policy Framework: None

Recommendation(s): Council is asked to approve for 2014/15: -

1. The City Council's precept and Council Tax requirement of £11,582,179 (inclusive of Parish Precepts). Net of the Parish Precepts, the figure is £11,420,559.
2. The average Band D Council Tax figure (excluding Parishes) of £273.53 a **1.99%** increase on the 2013/14 figure of £268.19. Including Parish Precepts the figure is £277.40, a 2.01% increase on the 2013/14 figure of £271.93 (see paragraph 11).
3. The contribution of £10,000 to the Parish of Old Marston in recognition of the additional expenditure that the Parish incurs as a consequence of maintaining the cemetery (see paragraphs 19 and 20).
4. The amount of £495,020 to be treated as Special Expenses (see paragraph 23).
5. The Band D Council Taxes for the various areas of the City (excluding the Police and County Council's additions) as follows:-

Littlemore	£293.24
Old Marston	£302.24
Risinghurst and Sandhills	£290.03
Blackbird Leys	£270.91
Unparished Area	£275.78

These figures include the Parish Precepts and special expensing amounts as appropriate in addition to the City-wide Council Tax of £261.67.

The Council is also asked to note:

6. Oxfordshire County Council's precept and Band D Council Tax as set out in paragraph 26 below.
7. The Police and Crime Commissioner for the Thames Valley's precept and Band D Council Tax as set out in paragraph 27 below, and
8. The overall average Band D equivalent Council Tax of £1,646.32 including Parish Precepts (subject to confirmation of the County Council's Band D figure – see paragraph 26 below).

Appendix 1 Statutory Calculations Required for Setting of the Council Tax

Appendix 2 Council Tax Amounts per Band 2014/15

Appendix 3 Risk Implications

BACKGROUND

9. The Localism Act, 2011 requires local authorities to calculate the amount of income to be collected from Council Tax based on the Band D charge multiplied by the Council's tax base. The City Council's calculation of this figure, the Council Tax Requirement, including the Parish Precepts is £11,582,179. The council tax requirement for the Council's own purposes is £11,420,559. The detailed calculation is shown in Appendix 1.

CALCULATION OF BASIC AMOUNT OF COUNCIL TAX

10. The tax bases for the various parts of the City were approved by the Executive Director, Organisational Development and Corporate Services on 3rd January 2014 and totalled 41,752.5. This allows 3.0% for non-collection and represents a 1.1% increase on the 2013/14 figure of 41,290.8.

11. The Basic Amount of Tax is calculated in accordance with Section 31B of the Local Government Finance Act 1992. Details are shown in Appendix 1 and summarised in Table 1 below.

Table 1 Basic amount of Band D Council Tax 2014/15

Requirement from Council Tax	£11,420,559
<i>(including Parishes)</i>	£11,582,179
Tax Base	41,752.5
Basic Amount of Council Tax Band D	£273.53
<i>(including Parishes)</i>	£277.40

12. The Basic Amount of Council Tax (exclusive of Parish precepts) represents a 1.99% increase on the 2013/14 figure of £268.19 and an annual increase of £5.34 or 10p per week.
13. The Basic Amount of Council Tax is calculated by dividing the Council Tax Requirement by the Tax Base. This amount of tax is calculated purely to comply with statutory requirements.

CALCULATION OF ACTUAL AMOUNTS OF COUNCIL TAX

14. The calculation of the City Wide tax is set out below:-

Table 2 City Wide Band D Council Tax 2014/15

Council Tax Requirement	£11,582,179
Less Parish Precepts	£161,620
Less Unparished Area Special Expenses(see para 23)	<u>495,020</u>
City Wide Requirement	£10,925,539
Divided by Tax Base	41,752.5
City Wide Council Tax at Band D	£261.67

The City Wide Tax is payable by all dwellings throughout the Authority's area.

15. The Parishes have issued the City Council with their precepts. These, and the respective additions for the special expensing of cemeteries, are as shown below.

Table 3 Band D Special Expenses Addition 2014/15

	Parish Precept (net of funding) £	Unparished Area Special Expenses (net of Cemeteries)	Special Expense for Cemeteries £	Total £	Tax Base Numbers	Average Band D £
Littlemore	50,499.93		800.72	51,300.65	1,625.0	31.57
Old Marston	49,522.20			49,522.20	1,220.8	40.57
Risinghurst and Sandhills	38,524.54		681.13	39,205.67	1,382.3	28.36
Blackbird Leys	23,073.33		1,299.04	24,372.37	2,636.3	9.24
Unparished Area		475,048.00	17,191.11	492,239.11	34,888.1	14.11
TOTAL	161,620.00	475,048.00	19,972.00	656,640.00	41,752.5	

Council Tax Support Grant

16. In 2013/14 the system for the payment of council tax benefit was replaced with a system which allowed a discount to eligible claimants on the band D council tax for the property. Local authorities who were previously paid council tax benefit subsidy are now paid a council tax support grant and this was included as part of its Finance Settlement figures. Similarly an amount of Council Tax Support Grant was payable to parishes to compensate them for the loss of council tax income.
17. In 2014/15 the Council Tax Support System continues although there is no longer transparency as to the amount the Government includes in the Revenue Support Grant in respect of Council Tax Support Grant. As the Council's Revenue Support Grant continues to be reduced it is proposed that the Council Tax Support Grant paid to parishes is reduced by the same percentage. This principle was discussed with respective Parish Councillors at a meeting on December 9th 2013.
18. Consequently, the £24,053 granted to Parish Councils in 2013/14 has been reduced to £20,445 in 2014/15, a reduction of £3,608. Table 4 below shows the distribution of the £20,445 between Parishes. The distribution is based on the effect of the Council Tax Reduction Scheme on each parish's Tax Base, i.e. those that have been hit hardest by the changes receive the greatest proportion of funding.

Table 4 Amounts Paid to Parishes

	Precept £	Funding £	Total payable to Parish £
Littlemore Old	50,499.93	7,500.07	58,000.00
Marston * Risinghurst and	59,522.20	3,042.80	62,565.00
Sandhills Blackbird Leys	38,524.54	2,975.46	41,500.00
	<u>23,073.33</u>	<u>6,926.67</u>	<u>30,000.00</u>
	171,620.00	20,445.00	192,065.00

(* this includes the £10,000 contribution – see paragraph 19).

19. OLD MARSTON PARISH

The May 2002 Guidance Note issued by Central Government (Transport Local Government Regions) on Financial Arrangements with Parish and Town Councils outlined principles that should be followed in financial arrangements between District and Parish Councils. These include:

- Fairness in the provision of services (and access to them) by the principal authority between different parts of their area
- Democratic control and accountability – to let local councils support additional services with additional expenditure

20. Old Marston Parish Council has made a successful case to the Council for a contribution to the Parish in recognition of the additional expenditure that the Parish incurs in relation to maintaining the cemetery within the Parish; this has been ongoing since 2008/09. The Parish maintains the cemetery the use of which is not restricted to residents of that Parish, hence a contribution has been made to reduce the parish precept in recognition of this fact. For 2014/15 the Old Marston parish precept has been calculated as £59,522.20 (gross of funding) and a recommendation is made to Council to reduce this by £10,000 to £49,522.20.

21. UNPARISHED AREA OF THE CITY

Only part of the City area is covered by parishes. In the Unparished Area the City Council itself undertakes the parish functions. Section 35 (2) of the Local Government Finance Act 1992, states that ‘special expenses’ should be calculated when there are “any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area bya parish”.

22. Within the City area the services shown in the table below are currently provided by at least one Parish Council. To avoid double counting the cost of providing these services (equated to a Band D equivalent) in the parished areas providing them, a special expense - equivalent to the cost of providing these services elsewhere in the City - is levied on those areas not providing them.
23. The following table sets out the Special Expenses Account:

Table 5 Special Expenses Estimate 2014/15

	Special Expenses for Cemeteries	Special Expenses 2014/15	Total Special Expenses 2014/15	Total Special Expenses 2013-14
	£	£	£	£
Community Recreation Parks Management		237,710	237,710	217,909
Grounds		11,000	11,000	12,531
Allotments		37,188	37,188	43,665
Ditches and Streams		24,669	24,669	23,952
Cemeteries	19,972	70,481	70,481	68,209
Street Furniture		19,972	19,972	19,972
		94,000	94,000	94,000
Total Special Expenses	19,972	475,048	495,020	480,238

24. The calculation of Special Expenses is based on an assessment of the types of work undertaken in parishes as a whole. The services are provided in at least one if not all the parishes. However, in the case of cemeteries there is only one cemetery in the parished areas, which is based at Old Marston. As outlined above in (paragraph 20) Old Marston have put forward a successful case to the Council that the cemetery is available for use by people living outside of the parish - particularly in respect of interment of ashes. The Council has previously accepted this case and approved a contribution to the Old Marston precept. The total expenditure on the three remaining cemeteries has been charged across all areas except for the Old Marston Parish.

25. Further details of the calculations, as required by the Act are shown at Appendix 1. Taxes by area and by Band are shown at Appendix 2.
26. **Oxfordshire County Council**: The County Council's likely precept figure for 2014/15 is £50,454,139 giving a Band D Council Tax of £1,208.41. The latter represents a 1.99% increase on the 2013/14 figure of £1,184.83. The figures are due to be finalised on Feb 18th 2014.
27. **Police and Crime Commissioner for Thames Valley**: The precept figure for 2014/15 was confirmed on February 5th 2014 and will be £6,701,693.78 giving a Band D Council Tax of £160.51. The latter is a 1.99% increase on the 2013/14 figure of £157.38.
28. **Risk Implications**: A risk assessment has been undertaken and the risk register is attached at Appendix 3.
29. **Equalities Impact Assessment**: The equality risk is considered to be low/ medium and will be about proportionate rather than negative impacts. These risks were presented as part of the budget proposals to CEB in December 2012 and remain at a similar level.
30. **Financial Implications**: These are all included within the main body of the report.
31. **Legal Implications**: The Billing Authority is required under section 30 of the Local Government Finance Act 1992 to set the Council Tax before the 11th March in the preceding financial year.

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Background papers:

DTLR (Transport Local Government Regions) Guidance Note (May 2002) on Financial Arrangements with Parish and Town Councils

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Appendix 1

Statutory Calculations Required for Setting of the Council Tax

1. On January 3rd 2014 the Executive Director, Organisational Development and Corporate Services approved:
 - a. the Council Tax Base 2014/15 for the whole Council area as **41,752.5** (Item T in the formula in Section 31B(3) of the Local Government Finance Act 1992, as amended) and,
 - b. for dwellings in those parts of its area to which a Parish precept, or Special Expenses relates as:

Blackbird Leys	2,636.3
Littlemore	1,625.0
Old Marston	1,220.8
Risinghurst and Sandhills	1,382.3
Unparished Area	34,888.1

2. The Council Tax requirement for the Council's own purposes for 2014/15 (excluding Parish precepts) is £11,420,559
3. The following amounts have been calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
 - (a) £178,999,706 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £167,417,527 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £11,582,179 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax Requirement for the year (item R in the formula in Section 31A(4) of the Act). This figure includes the Parish Precepts.
 - (d) £277.40 being the amount at 3(c) above (Item R), all divided by item T (1(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

- (e) £656,640 being the aggregate amount of all special items (Parish precepts and Unparished area special expenses) referred to in Section 34(1) of the Act.
- (f) £261.67 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1a above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept/Special Expenses relates.

Appendix 2

Council Tax Amounts Per Band 2014/15

Page 1

<u>Littlemore</u>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	21.05	24.55	28.06	31.57	38.59	45.60	52.62	63.14
City Wide Tax	174.45	203.52	232.59	261.67	319.82	377.97	436.12	523.34
City Total	195.50	228.07	260.65	293.24	358.41	423.57	488.74	586.48
PCC for Thames Valley	107.01	124.84	142.68	160.51	196.18	231.85	267.52	321.02
Oxfordshire County	805.61	939.87	1,074.14	1,208.41	1,476.95	1,745.48	2,014.02	2,416.82
Total	1,108.12	1,292.78	1,477.47	1,662.16	2,031.54	2,400.90	2,770.28	3,324.32
Old Marston	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	27.05	31.55	36.06	40.57	49.59	58.60	67.62	81.14
City Wide Tax	174.45	203.52	232.59	261.67	319.82	377.97	436.12	523.34
City Total	201.50	235.07	268.65	302.24	369.41	436.57	503.74	604.48
PCC for Thames Valley	107.01	124.84	142.68	160.51	196.18	231.85	267.52	321.02
Oxfordshire County	805.61	939.87	1,074.14	1,208.41	1,476.95	1,745.48	2,014.02	2,416.82
Total	1,114.12	1,299.78	1,485.47	1,671.16	2,042.54	2,413.90	2,785.28	3,342.32
Risinghurst and Sandhills	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	18.91	22.06	25.21	28.36	34.66	40.96	47.27	56.72
City Wide Tax	174.45	203.52	232.59	261.67	319.82	377.97	436.12	523.34
City Total	193.36	225.58	257.80	290.03	354.48	418.93	483.39	580.06
PCC for Thames Valley	107.01	124.84	142.68	160.51	196.18	231.85	267.52	321.02
Oxfordshire County	805.61	939.87	1,074.14	1,208.41	1,476.95	1,745.48	2,014.02	2,416.82
Total	1,105.98	1,290.29	1,474.62	1,658.95	2,027.61	2,396.26	2,764.93	3,317.90

Council Tax Amounts Per Band 2014/15

<i>Blackbird Leys</i>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Parish Special Expenses	6.16	7.19	8.21	9.24	11.29	13.35	15.40	18.48
City Wide Tax	174.45	203.52	232.59	261.67	319.82	377.97	436.12	523.34
City Total	180.61	210.71	240.80	270.91	331.11	391.32	451.52	541.82
PCC for Thames Valley	107.01	124.84	142.68	160.51	196.18	231.85	267.52	321.02
Oxfordshire County	805.61	939.87	1,074.14	1,208.41	1,476.95	1,745.48	2,014.02	2,416.82
Total	1,093.23	1,275.42	1,457.62	1,639.83	2,004.24	2,368.65	2,733.06	3,279.66
<i>Unparished Area</i>	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Special Expenses	9.41	10.97	12.54	14.11	17.25	20.38	23.52	28.22
City Wide Tax	174.45	203.52	232.59	261.67	319.82	377.97	436.12	523.34
City Total	183.86	214.49	245.13	275.78	337.07	398.35	459.64	551.56
PCC for Thames Valley	107.01	124.84	142.68	160.51	196.18	231.85	267.52	321.02
Oxfordshire County	805.61	939.87	1,074.14	1,208.41	1,476.95	1,745.48	2,014.02	2,416.82
Total	1,096.48	1,279.20	1,461.95	1,644.70	2,010.20	2,375.68	2,741.18	3,289.40

Appendix 3

Risk Register

Council Report – Council Tax 2014-15

Date – February 19th 2014

Author – Adrian Wood (Finance)

No.	Risk Description Link to Corporate Obj	Gross Risk		Cause of Risk	Mitigation	Net Risk		Further Management of Risk: Transfer/Accept/Reduce/Avoid	Monitoring Effectiveness	Current Risk					
Risk Score Impact Score: 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic Almost Certain						Probability Score: 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 =									
		I	P		Mitigating Control: Level of Effectiveness: (HML)	I	P	Action: Action Owner: Mitigating Control: Control Owner:	Outcome required: Milestone Date:	Q 1 ☹ ☹ ☺	Q 2 ☹ ☹ ☺	Q 3 ☹ ☹ ☺	Q4 ☹ ☹ ☺	I	P
47	COUNCIL TAX BASE A reduced debit (and lower tax base) would mean the City Council having to borrow to meet the Precept demands of the County Council and the Police and Crime Commissioner. Also the City Council would have less Council Tax Income to fund services.	4	3	There could be less new builds than estimated in 2014/15. In addition there could be increased numbers of exemptions/discount cases.	Assumptions used in numbers of new builds are conservative. The base for the number of Exemptions was the peak of 2013/14. Customer Services review existing exemption and discount cases to ensure these should still be granted. Assumptions are based on prior years/historical trends and take account of external impacts.	3	2	Continuing monitoring of external trends (Adrian Wood). Monthly position on actual tax base is calculated and reported to the Head of Customer Services. Significant changes to be reported to CEB (Adrian Wood). Mitigating control owner: Nigel Kennedy	Assumptions remain as accurate as possible to minimise the possibility of shortfall. Monthly reviews.						

	<p>COUNCIL TAX PERCENTAGE INCREASE The Council has assumed a 1.99% increase on 2013/14 in the General Fund budget calculations for 2014/15.</p>	4	3	<p>Members may opt for a lower rate reduction, or indeed a freeze in the Band D Council Tax rate.</p>	<p>The financial implications would be that for each 0.5% reduction on the proposed 2014/15 Band D charge, the loss of income is approximately £56k.</p>	3	2	<p>Monthly position on the cost of service provision during 2014/15 will be monitored and reported on the CORVU system). Significant changes will be highlighted (Heads of Services). Mitigating control owner: Nigel Kennedy</p>	<p>That the cost of service provision remains in line with the agreed budget.</p>						
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