

SUPPLEMENTARY_ BUDGET REPORT

CITY EXECUTIVE BOARD - WEDNESDAY 12 FEBRUARY 2014

Agenda No Item

6 **Budget and Medium Term Financial Strategy 2014/15 to 2017/18 and 2014/15 Budget**

Report of the Head of Finance.

The report presents the Council's Budget 2014/15 and Medium Term Financial Strategy 2014/15 to 2017/18

The Board is recommended to:-

- (1.) The City Executive Board is asked to consider the outcome of the public consultation, agree the amendments to the Consultation Budget and recommend that Council:-
 - a) approves the Council's General Fund Budget Requirement of £24.023 million for 2014/15 and an increase in the Band D Council Tax of 1.49% or £4.00 per annum as set out in Table 8 and Appendices 1-3, representing a Band D Council Tax of £272.19 per annum, subject to any alternative recommendation necessitated by the Secretary of State's determination as explained in paragraphs 6-10 below;
 - b) approves the continuance of the Council's Council Tax Support Scheme (formerly Council Tax Benefit) as referred to in paragraph 44;
 - c) approves the Housing Revenue Account budget for 2014/15 as set out in Appendix 4 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;



INVESTORS
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- d) approves the Capital Programme for 2014/15 -2017-18 as set out in Appendix 6;
 - e) approves the Fees & Charges schedule as set out in Appendix 7 and;
 - f) approves the changes to the level of exemptions and discounts on empty homes and unoccupied properties as outlined in paragraph 44
- (2). The City Executive Board is also asked to adopt a retail relief scheme for business rates on the terms set out in Paragraph 19 and to delegate the authority to administer the Retail Relief Scheme to the Head of Customer Services in conjunction with the Section 151 Officer.

To: City Executive Board

Date: 12th February 2014

Report of: Head of Finance

Title of Report: Supplementary Report - Medium Term Financial Strategy 2014-15 to 2017-18 and 2014-15 Budget: A Fair Future for Oxford

Summary and Recommendations

Purpose of report: To present a supplementary report on the Council's Medium Term Financial Strategy for 2014/15 to 2017-18 and the 2014-15 Budget for recommendation to Council following the Government's late announcement of the 'excessive council tax' level.

Key decision Yes

Executive lead member: Councillor Ed Turner

Policy Framework: The Council's Corporate Plan

Recommendation(s): The City Executive Board is asked to recommend that Council:

- a) approves 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, representing a Band D Council Tax of £273.53 per annum.

INTRODUCTION

- 1 On 5th February 2014 the Government laid before the House of Commons a statutory report relating to Local Government Finance in England 2014-15. The report included :
 - The Council Tax referendum principles and the level of 'excessive council tax'
 - Confirmation of the Finance Settlement for 2014/15 and the illustrative figures for 2015/16

- 2 This report details changes to the recommendation to Council which appears elsewhere on the agenda, on the level of Council Tax increase as a result of latest information received from the Government

Referendum Principles – Excessive Council Tax

- 3 Successive governments have reserved the right to limit increases in council tax. In recent years the coalition Government has required any billing or precepting authority which set an 'excessive' Council Tax to hold a referendum. A Council Tax increase is deemed excessive if an authority's basic amount of council tax for the year in question is equal to or more than an amount set by the Government compared to the basic amount of council tax for the previous year. In 2013/14 this level was 2%. Authorities wishing to set a council tax at or in excess of this amount could only do so following a referendum. Since re-billing costs are estimated at around £40k and referendum cost estimated at £100k this is a decision which is not taken lightly.
- 4 There has been much speculation over the last two months on what level of council tax increase would be deemed excessive in 2014/15, ranging from 1.5% to 1%. Erring on the side of caution the CEB recommendation to Council was originally 1.49%.
- 5 However in light of the Government's announcement on 5th February that an excessive council tax increase for 2014/15 is one which is at or above 2%. The City Executive Board are asked to recommend to Council that the increase in council tax will be revised to 1.99%. At this level council tax income will be maximized producing additional revenue of approximately £56k per annum.

Finance Settlement 2014/15 and Illustrative Finance Settlement Figures 2015/16

- 6 The Government has also released the final figures for the Finance Settlement for 2014/15 together with illustrative Finance Settlement figures for 2015/16. The figures for 2014/15 show an increase in Revenue Support Grant of £1,633 with no change in the illustrative figures for 2015/16.

Use of the additional income

- 7 Whilst the Council has made a prudent provision to cover such costs of £150k to protect the General Fund Revenue Account, and has budgeted for a capital contribution to flood alleviation in Marston and Northway, this will need topping up. There is now a call for bids for flood prevention works to the Environment Agency, with an imminent deadline, but it is likely that some partnership funding from local authorities will be required. In the light of these potential pressures CEB will recommend to Council that the additional revenue referred to above be transferred to the flooding provision.

Summary of Changes to Medium Term Financial Strategy

- 8 The Council's General Fund Medium Term Financial Strategy is shown in Appendices 1-3 with a summary of the financial impact of the changes referred to above to the Medium Term Financial Plan, shown below:

Table 1 : Summary General Fund Medium Term Financial Strategy 2014/15 to 2017/18

	2014/15	2015/16	2016/17	2017/18
	£000's	£000's	£000's	£000's
Net Expenditure per Consultation Budget	24,023	21,268	20,797	20,339
Transfer to flood reserve	58	57	58	59
Net Budget Requirement	24,081	21,325	20,855	20,398
FUNDING				
Council Tax	11,365	11,536	11,710	11,886
Additional council tax	56	57	58	59
Revised council tax	11,421	11,593	11,768	11,945
Revenue Support Grant	6,339	4,433	3,682	2,940
Additional RSG	2	0	0	0
Revised RSG	6,341	4,433	3,682	2,940
Retained Business Rates	6,114	5,299	5,405	5,513
Collection Fund surplus	205	0	0	0
Total	24,081	21,325	20,855	20,398
Surplus/ (Deficit)	0	0	0	0

GENERAL FUND WORKING BALANCE				
Opening	3,621	3,621	3,621	3,621
Transferred to/(from)	0	0	0	0
Closing	3,621	3,621	3,621	3,621

The Net Budget Requirement has been increased by between £57k and £59k per annum over the four year period and these changes have been updated in the original appendices 1 and 2 which for expediency have not been reprinted.

Financial Implications

- 9 These are covered within the main body of the report

Legal Implications

- 10 The Council is required to set a balanced budget and agree the Council Tax before the beginning of the financial year.

Risk Implications

- 11 There are no risks in connection with the recommendation contained in this report

Equalities Impact Assessment

- 12 There are no additional implications on equalities impact in connection with the recommendation contained within this report.

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List of background papers: None
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