

To: City Executive Board
Date: 12 February 2019
Report of: Scrutiny Committee
Title of Report: Budget Review Report and Recommendations

Summary and recommendations	
Purpose of report:	To present the recommendations of the Scrutiny Committee's Budget Review Group
Key decision:	Yes
Scrutiny Lead Members:	Councillor James Fry, Chair of the Budget Review Group Councillor Andrew Gant, Chair of the Scrutiny Committee
Executive Board Member:	Councillor Ed Turner, Board Member for Finance and Asset Management
Corporate Priority:	An Efficient and Effective Council
Policy Framework:	The 2019/20 Budget
Recommendation: That the City Executive Board states whether it agrees or disagrees with the 15 recommendations in the report of the Budget Review Group (Appendix 1)	

Appendices	
Appendix 1: Scrutiny Budget Review – Report of the Budget Review Group	
Appendix 2: Draft City Executive Board response to the recommendations of the Budget Review Group tabled by the Board Member for Finance and Asset Management	

1. The Scrutiny Committee established the Budget Review Group in July 2018 as a recurring annual review group, alongside the one off No Local Connection Review Group and the Tourism Management Review Group. The report of the Budget Review Group was presented to the Scrutiny Committee at a meeting on 5 February 2019 for their endorsement to submit to the City Executive Board.

2. Before discussing the report the Scrutiny Committee heard contributions from Councillor Fry, as Chair, and Councillor Simmons, as a member of the Budget Review Group. The Committee thanked the Review Group for their work and discussed the report at length. The full record of the discussion can be found in the draft minutes of that meeting.
3. Two of the principle matters discussed during the meeting were the possible negative impact of Central Government’s Fair Funding Review and the need for long term contingency plans to be developed for the Homelessness Reserves. Recommendations in this regard are set out in recommendations 6 and 14 within the Review Group’s report.
4. The Government is still committed to its Fair Funding Review of local authority funding which will be introduced with effect from 1 April 2020. The Review will affect the Council’s budget position, and there are difficulties in long term planning when the outcome of the review will not be known for some time. An initial assessment by the Budget Review Group suggests potential adverse financial implications for the Council.
5. The Government’s Consultation document states that “The treatment of discounts, exemptions and premiums in the measure of council tax resources needs to be determined.” There is a risk that if Central Government uses an assumptions-based approach in calculating Oxford’s resources (i.e. they assume a maximum council tax base rate, rather than the actual council tax income) the Council could be penalised. This would in effect act as a “double taxation” on the Council, given that that Council also takes on the full cost of providing the Council Tax Reduction Scheme. There is similarly a risk that the Council could be penalised in this review for its income from off-street car parking.
6. This year, 11-12% of the Council’s total net expenditure will be on Homelessness Services. Within the Medium Term Financial Plan, the Council is forecasting a drawdown on the Homelessness Reserves of £1m in 2022/23. The table below shows how the reserves are forecast to decline from £3,234,369 in 2019/20 to £796,843 in 2022/23.

Homelessness Reserves Balance Forecast				
	2019/20	2020/21	2021/22	2022/23
Total net spend	£-197,531	£777,526	£660,000	£1,000,000
Remaining reserves	£3,234,369	£2,456,843	£1,796,843	£796,843

7. In reviewing the draft recommendations of the Budget Review Group, the Committee wished to add a further emphasis on the need for the Council to prepare contingency plans concerning the Homelessness Reserves, in light of the uncertainty surround the Fair Funding Review, and the short termism of one off Government grants for services. Accordingly, recommendation 14 now adds a request for contingency plans to be made, and these will want to be considered by the Scrutiny Committee or the Finance Panel in 2019/20.
8. Subject to these and other minor amendments, the Committee agreed to endorse the report and submit it to the City Executive Board on 12 February 2019.

9. The City Executive Board is asked to agree its response to the 15 recommendations in the Review Group's report. A draft response submitted by the Board Member for Finance and Asset Management is set out in Appendix 2 for the Boards consideration. The implementation of any agreed recommendations will be monitored by the Scrutiny Committee in the normal way.

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