

Supplementary Papers

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Listening Learning Leading

FOR THE MEETING OF

Scrutiny Committee

held in the Meeting Room 1, 135 Milton Park

on Thursday 9 FEBRUARY 2017 at 6.30 PM

Open to the public including the press

1 **Budget 2017/18** (Pages 2 - 7)

An addendum report and some revised appendices are attached.

South Oxfordshire District Council

Revenue Budget 2017/18 and Capital Programme to 2021/22

Addendum to the report of the Head of Finance to Cabinet on Wednesday 1 February 2017

The budget report presented to Cabinet on Wednesday 1 February recommended a revenue budget for 2017/18 that included a proposed £5 increase to the current band “D” council tax of £111.24, resulting in a band “D” council tax for 2017/18 of £116.24. However, at the Cabinet meeting, Cabinet decided to change the recommended budget to include no increase in council tax.

This decision changes some of the numbers quoted in the report, and also Appendix A.1, Appendix C and Appendix F. Revised copies of these appendices are attached to this addendum which should be read in conjunction with the original report.

Where numbers have changed in the report then revised paragraphs and tables are shown below – numbers that have changes are underlined.

19. The provisional government allocation for NHB payment for 2017/18 is **£3,527,673**. Of this amount **£262,200** will be ring fenced for affordable housing. The remaining amount, plus **£369,656** from the NHB reserve, will be used to support the revenue budget in year. Projections of future NHB earnings and how they will be used are detailed later in this report.
21. Based on the above use of reserves and other funding, the amount of revenue expenditure to be financed from government and from council tax 2017/18 is **£9,241,044**.
29. Based on the amendments detailed above, and as shown in **appendix A.1** of this report, the cabinet member’s budget proposal, including growth, is for a net revenue budget of **£9,241,044**. This revenue budget as proposed would result in no change to the current band “D” council tax of **£111.24**. **Appendix C** shows the breakdown of the revenue budget.
30. The cabinet member for finance’s revenue budget proposal of **£9,241,044** is lower than the previous year’s budget requirement of **£9,812,913** and is therefore within the revenue budget target, meeting the requirement laid down in the medium term financial strategy.

Table 2: current and proposed capital programme with financing

	2016/17 latest estimate	2017/18 estimate	2018/19 estimate	2019/20 estimate	2020/21 estimate	2021/22 estimate	GRAND TOTAL
	£000	£000	£000	£000	£000	£000	£000
Capital programme before growth							
- approved	4,638	5,342	920	920	920	920	13,660
- provisional	8,058	1,696	8,903	11,466	2,392	1,083	33,598
	12,696	7,038	9,823	12,386	3,312	2,003	47,258
Cabinet capital growth proposals	0	1,063	202	(14)	(29)	71	1,293
Total expenditure	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Financing							
Grant funding	654	893	493	493	493	493	3,519
Developers' contributions	181	0	0	0	0	0	181
Usable capital receipts/revenue reserves	11,861	7,208	9,532	11,879	2,790	1,581	44,851
Total financing	12,696	8,101	10,025	12,372	3,283	2,074	48,551
Estimated balances as at 31 March 2022							
Usable capital receipts							2,603
Enabling fund							4,327
New homes bonus:							
Unringfenced							0
Affordable homes							1,629

49. The graph and table 4 below illustrates the gap between funding and expenditure over the period of the MTFP.

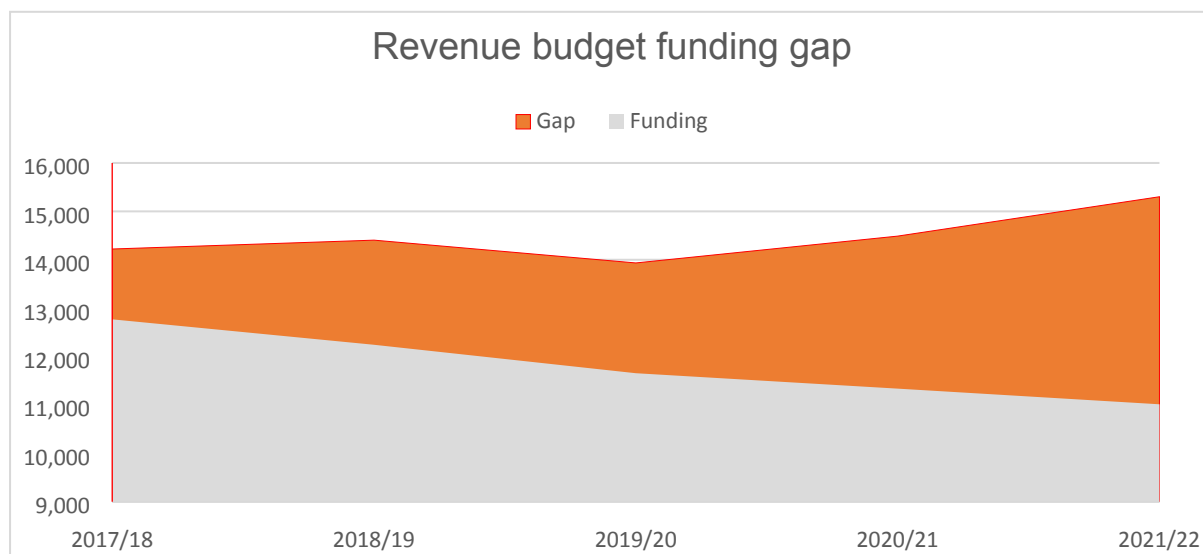


Table 4: revenue budget funding gap

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Net expenditure	14,222	14,405	13,934	14,489	15,302
Funding	<u>12,769</u>	<u>12,243</u>	<u>11,655</u>	<u>11,337</u>	<u>11,013</u>
Gap	<u>(1,453)</u>	<u>(2,162)</u>	<u>(2,279)</u>	<u>(3,152)</u>	<u>(4,289)</u>
Gap cumulative	<u>(1,453)</u>	<u>(3,615)</u>	<u>(5,894)</u>	<u>(9,046)</u>	<u>(13,334)</u>

59. Should further changes occur a fundamental review of the council's budget will be necessary. Table 5 below shows that £7.029 million of expenditure budgeted for within the budget proposals from 2018/19 onwards is dependent on the receipt of NHB not yet received or confirmed as payable by the government. The table also shows that from 2017/18 onwards more NHB monies are being used to support revenue expenditure than are being received.

Table 5.1: New Homes Bonus account

Year	Opening balance £000	Receipt £000	Revenue expenditure £000	Closing balance £000
2017/18	10,179	3,528	(3,635)	10,072
2018/19	<u>10,072</u>	3,006	(5,350)	<u>7,728</u>
2019/20	<u>7,728</u>	2,435	(5,174)	<u>4,989</u>
2020/21	<u>4,989</u>	1,888	(5,390)	<u>1,487</u>
2021/22	<u>1,487</u>	1,330	(1,187)	1,630
Total		12,187	(20,736)	

Note that the figures in **bold** represent monies confirmed or received. The closing balance of £1.6 million has been ring fenced by the council for affordable housing.

South Oxfordshire DC - revenue budget summary 2017/18

	2016/17 Budget	2017/18 Budget	Appendix Ref:
Opening base budget 2017/18		14,369,062	
Revisions to base budget			
Opening budget adjustments		(712,380)	Appendix A.2
Inflation, salary increments and other salary adjustments		129,016	Appendix A.3
Essential growth - one-off		1,382,022	Appendix A.4
Essential growth - ongoing		1,515,858	Appendix A.5
Base budget savings		(749,415)	Appendix A.6
Movement in revenue contingency		(79,983)	
Movement in managed vacancy factor		60,000	
Total base budget after revisions	14,369,062	15,914,180	
Growth proposals			
Revenue - one-off		259,000	Appendix B.1
Revenue - ongoing		420,035	Appendix D.2
Capital (revenue consequences of)		27,080	Appendix B.2
Savings proposals		(197,072)	
Gross treasury income	(2,196,350)	(2,201,300)	
Net expenditure	12,172,712	14,221,923	
Funding			
Funding from reserves and New Homes Bonus	(2,359,799)	(4,980,879)	Appendix C
Funding from government grants and council tax	(9,812,913)	(9,241,044)	
Total Funding	(12,172,712)	(14,221,923)	
Council tax yield required	6,114,307	6,180,183	

South Oxfordshire DC Service budget analysis 2017/18		
Budget head	Final Budget £	Final Budget £
Corporate strategy		6,202,037
5 Councils partnership		1,589,069
Development & Housing		2,299,626
Finance		844,043
HR IT & Technical		1,058,357
Legal and democratic		1,368,553
Planning		1,995,048
Strategic management board		663,702
Managed vacancy factor		(135,618)
All services		100,000
Contingency		438,405
Net cost of delivering services		16,423,223
Gross treasury income		(2,201,300)
Net expenditure		14,221,923
Government grant funding:		
New Homes Bonus	(3,527,673)	
Transfer to reserves		
New Homes Bonus	3,527,673	
Didcot reserve	270,000	
Interest and dividends	2,201,300	
Funding from existing resources:		
Transfer from reserves		
Previous years interest	(1,857,000)	
Revenue grants reserve	(363,084)	
Revenue budget smoothing reserve	(1,597,366)	
New Homes Bonus	(3,634,729)	
		(4,980,879)
Total net revenue budget		9,241,044

	A	B	C	D	E	F
1	South Oxfordshire District Council	Budget	Indicative	Indicative	Indicative	Indicative
2		2017/18	2018/19	2019/20	2020/21	2021/22
3		£	£	£	£	£
4	Base budget					
5	Corporate strategy	5,906,677	5,906,677	5,906,677	5,906,677	5,906,677
6	5 Councils partnership	1,190,418	1,190,418	1,190,418	1,190,418	1,190,418
7	Development & Housing	1,599,023	1,599,023	1,599,023	1,599,023	1,599,023
8	Finance	668,924	668,924	668,924	668,924	668,924
9	HR IT & Technical	946,733	946,733	946,733	946,733	946,733
10	Legal and democratic	1,417,512	1,417,512	1,417,512	1,417,512	1,417,512
11	Planning	1,848,885	1,848,885	1,848,885	1,848,885	1,848,885
12	Strategic management board	361,938	361,938	361,938	361,938	361,938
13	Managed vacancy factor	(195,618)	(195,618)	(195,618)	(195,618)	(195,618)
14	Contingency	624,570	624,570	624,570	624,570	624,570
15	Total base budget	14,369,062	14,369,062	14,369,062	14,369,062	14,369,062
16	Revisions to base budget					
17	Opening budget adjustments	(712,380)	(1,475,620)	(1,510,967)	(1,534,967)	(1,510,967)
18	Inflation, salary increments and adjustments	129,016	384,437	619,449	849,964	1,084,139
19	Essential growth - one-off	1,382,022	271,038	21,480	0	0
20	Essential growth - ongoing	1,515,858	2,450,414	1,701,436	1,543,168	1,512,737
21	Base budget savings	(749,415)	(479,415)	(479,415)	(479,415)	(479,415)
22	Other movement in revenue contingency	(79,983)	(79,983)	(79,983)	(79,983)	(79,983)
23	Movement in managed vacancy factor	60,000	60,000	60,000	60,000	60,000
26	Total revised base budget	15,914,180	15,499,934	14,701,063	14,727,830	14,955,573
27	Growth, savings and other budget adjustments					
29	Growth proposals					
30	Revenue - one-off	259,000	174,000	38,000	38,000	0
31	Revenue - ongoing	420,035	420,035	410,035	410,035	410,035
32	Capital (revenue consequences of)	27,080	12,080	(10,420)	(10,420)	(10,420)
33	Savings proposals	(197,072)	(197,072)	(197,072)	(197,072)	(197,072)
34	Assumed future essential growth	0	500,000	1,000,000	1,500,000	2,000,000
36	Net cost of services	16,423,223	16,408,977	15,941,606	16,468,373	17,158,116
38	Gross treasury income	(2,201,300)	(2,003,870)	(2,007,590)	(1,979,840)	(1,856,090)
39	Net expenditure	14,221,923	14,405,107	13,934,016	14,488,533	15,302,026
40	New Homes Bonus	(3,527,673)	(3,005,779)	(2,435,147)	(1,888,175)	(1,330,155)
41	Transfers to/from earmarked reserves	2,181,523	3,187,779	2,895,147	2,316,175	1,662,155
42	Amount to be financed	12,875,773	14,587,107	14,394,016	14,916,533	15,634,026
43	Financing					
44	Revenue support grant	(572,386)	(191,980)	0	0	0
45	Business rates retention scheme	(2,430,842)	(2,502,554)	(2,582,540)	(2,634,191)	(2,686,875)
46	Total start-up funding allocation	(3,003,228)	(2,694,534)	(2,582,540)	(2,634,191)	(2,686,875)
47	Less - Parish share of council tax support grant	127,938	114,787	110,016	112,217	114,461
48	Less - tariff adjustment	0	0	232,955	237,614	242,366
49	Add - renewable energy	(90,098)	(90,098)	(90,098)	(90,098)	(90,098)
50	+/- estimated NNDR over/under collection	182,313	187,692	193,691	197,564	201,516
51	Collection fund surplus/deficit	(277,786)	(250,000)	(250,000)	(250,000)	(250,000)
52	Council tax req'ment before reserves funding	9,814,912	11,854,953	12,008,039	12,489,639	13,165,397
53	Use of New Homes Bonus to balance budget	(3,634,729)	(5,349,906)	(5,173,719)	(5,390,413)	(1,187,976)
54	Use of general fund balance to balance budget	0	0	0	(77,401)	(4,762,946)
55	Council tax req'ment after reserves funding	6,180,183	6,505,048	6,834,320	7,021,825	7,214,475
56	Tax base	55,557.2	55,962.2	56,370.2	56,781.1	57,195.0
57	Band D Council tax	111.24	116.24	121.24	123.66	126.14
58	Council tax increase from previous year	4.5%	4.5%	4.3%	2.0%	2.0%
59	Usable balances at year end:*	£000	£000	£000	£000	£000
60	General fund balance	(16,075)	(14,283)	(12,778)	(11,181)	(5,077)
61	Earmarked revenue reserves	(14,810)	(12,648)	(10,369)	(7,295)	(7,769)
62	Capital receipts	0	0	0	0	0
63	Total	(30,885)	(26,931)	(23,147)	(18,476)	(12,846)
64						
65	* Excludes balances held for the long term as per the Medium Term Financial Strategy					