

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.

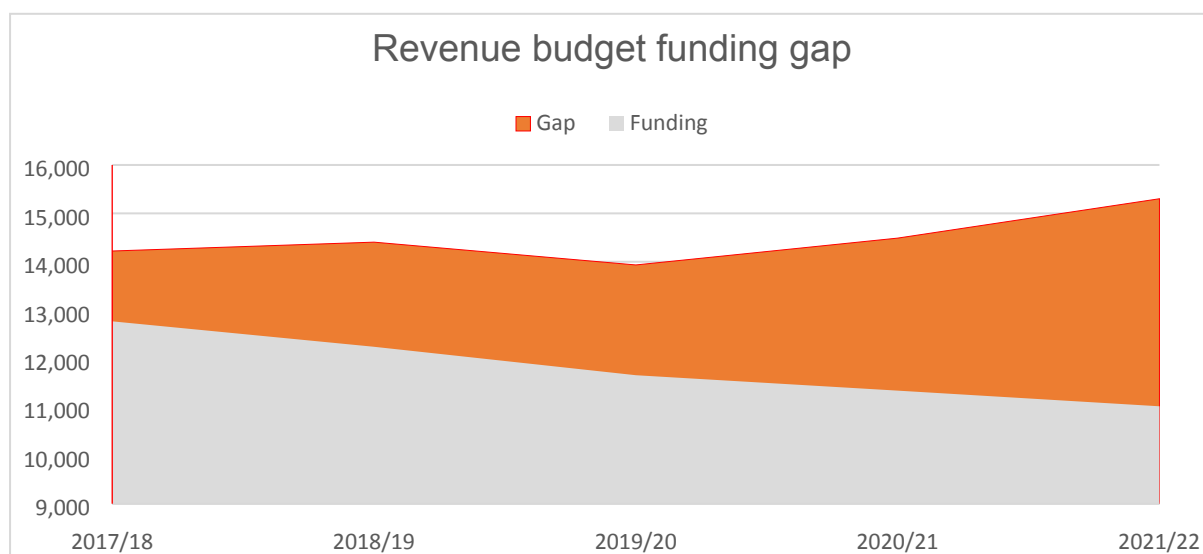


Table 4: revenue budget funding gap

| | 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 | 12,769 | 12,243 | 11,655 | 11,337 | 11,013 |
| Gap | (1,453) | (2,162) | (2,279) | (3,152) | (4,289) |
| Gap cumulative | (1,453) | (3,615) | (5,894) | (9,046) | (13,334) |

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.