

Appendix 1

Revenue 2013/14 Budget Proposal and Analysis

The Status of the Budget

- 1.1 This second and final draft of the budget presented to the Executive has been subject to further validation of revenue, capital bids and efficiency savings and now incorporates the recommendations from Resources and Performance Scrutiny Board.
- 1.2 This final draft of the budget for 2013-14 shows a balanced budget.
- 1.3 The provisional settlement figures of the Government Grant we will be receiving in 2013-14 were issued on the 19th December 2012 and these have been incorporated within this final draft of the budget.
- 1.4 The amount available for distribution from the Collection Fund has been finalised and were prepared by the statutory deadline of 15th January 2013. It has therefore been confirmed that our share of the cumulative surplus equates to circa £100,000.

General Fund Revenue Budget

- 1.5 The General Fund Revenue budget is shown below in Table 1.

Table 1: General Fund Revenue Budget	Budget	Draft Budget 2	Variance from 12/13 Budget
	2012/13	2013/14	
Net Expenditure	£16,641,325	£15,696,072	-£945,253
Capital Charges Reversed	-£3,323,392	-£3,323,392	£0
Net Expenditure Services	£13,317,933	£12,372,680	-£945,253
Centrally Controlled Items	£1,341,299	£1,496,436	£155,137
Net Budget Requirement	£14,659,232	£13,869,116	-£790,116
Funding			
Investment Income	£439,810	£145,581	-£294,229
Government Grant	£7,621,722	£7,210,000	-£411,722
Council Tax Compensation Grant 11/12	£155,415	£155,415	£0
Collection Fund	£139,332	£100,000	-£39,332
Council Tax	£6,302,953	£5,763,992	-£538,961
Council Tax Support Grant	£0	£494,128	£494,128
Proposed Budget	£14,659,232	£13,869,116	-£790,116
Shortfall / surplus	£0	£0	£0
% Reduction			-5.4%
Council Tax			
Number band D equivalents	50,615	46,672	
2013/14 Cost of Band D equivalent	£123.50	£123.50	
2012/13 Cost of Band D equivalent	£123.50	£123.50	
	£6,250,953	£5,763,992	

- 1.6 The finalisation of support allocations, capital charges and internal recharges may result in the service total of £12,372,680 being re-allocated across the 3 service areas but the bottom line totals and budget requirement will not change.
- 1.7 In order to balance the budget and secure the £230,000 deficit from Draft Budget 1, further reductions in costs and increases in income were taken into account. The main drivers for this

are summarised in table 2 below and as can be seen these adjustments have resulted in a balanced budget.

Table 2: BUDGET MOVEMENT DRAFT 1 TO FINAL (Main Drivers)	
Draft 1 Shortfall	£230,000
Budget adjustments – efficiencies less pressures	-£10,000
Risk provision	£10,000
Pay inflation reduction	-£58,000
Building blocks – categories 1 and 2	-£472,000
Reduction in investment income base budget	£300,000
Final Draft	£0

- 1.8 The table below gives a high level walk from the 2012/13 net budget to the proposed 2013/14 net budget highlighting cost pressures and reductions.

Table 3: High Level Budget Walk 2012/13 to 2013/14	
Opening Net Budget	£14.7m
2012/13 effects	-£0.1
Public Promise	-£1.0
Building Blocks	-£0.5
Efficiencies	-£0.5
New Joint Working	-£0.1
New effects – income from Bicester Town Centre	-£0.3
Inflation	£0.3
Unavoidable Growth	£0.4
Growth	£0.4
Investment Income Reduction	£0.3
Government Grant Reductions	£0.4
Other	-£0.1
Draft Base Budget 2013/14	£13.9m

- 1.9 These movements are further analysed in the tables below

Unavoidable Growth

Table 4: Unavoidable Growth	
Reduced green recycling credits (street cleaning)	£26,000
Reduction in sale of glass and textiles from recycling	£57,000
Mileage increase based on usage	£6,000
Pay – increments, NI, superannuation	£86,000
Increase in the capital cost of pension	£90,000
Fuel	£40,000
Castle quay income	£110,000
	£415,000

Growth

Table 5: Growth	
Project management	£125,000
Estates maintenance & repair	£65,000
Housing allocations – ARBITRAS	£21,000
Planning projects validation & registration	£64,000
Welfare reform changes	£80,000
	£385,000

Public Promise

Table 6: Public Promise	
Procurement Action Plan	£75,000
Planning Income – change in planning fees regime	£120,000
Museum – move to trust status (6 months only)	£35,500
Joint working – ICT delivered phase 1	£218,000
Building Control – joint working	£24,000
Other joint working initiatives: finance, performance, democratic and elections	£104,000
Re tender and negotiation of new recyclables contract	£432,000
	£1,008,500

Budget Reductions

- 1.10 We have made more than the required 2% efficiency savings as per budget guidelines. These amount to circa £0.5m and can be classified as budget adjustments and procurement efficiencies (with no service impact); contract reductions (reduced inflation and efficiencies) and fee income (demand increases).
- 1.11 A summary of the building blocks identified from each service is listed in the table below.

Table 7: Building blocks	
Community Services – NNDR relief & reduced management fee on the leisure contract; vacant vehicle parks warden post; reduced automated payment kiosks emptying	£99,000
Environmental Services – review of the service to reduce expenditure on bring banks and bulky waste	£20,000
Finance & Procurement – reductions in internal and external audit fees and a reduction in consultancy budget	£74,000
Law & Governance – increased land searches income; increased legal costs recovered from third parties, freeze in members allowances	£41,000
Transformation – ICT phase 2, renegotiate blackberry usage and Microsoft licensing	£64,000
Strategic Planning – introduce charging for pre-application enquiries and increase planning income	£75,000
Public Protection & Development Management – vacant posts in planning policy and budget review of economic development	£38,000
Regeneration & Housing – predicted income from Bicester redevelopment and vacant staff post	£61,000
	£472,000

Council Tax

- 1.12 The level of council tax being proposed is £123.50 pa at Band D and this is in line with Council commitment of a zero increase. 2013/14 is the 3rd year allocation of Council Tax Compensation Grant which the Council will receive from Central Government - £155,000.
- 1.13 Should the proposal of a zero % increase be adopted the Council will also receive £63,000 in an additional Compensation Freeze grant for 2013/14 and 2014/15 **only**. In 2013/14 £35,000 of this will be used to offset the parish council shortfall leaving £28,000 to be treated as windfall income.

Medium Term Financial Strategy 2014/15 – 2017/18

- 1.14 The coming years will present even further challenges which in the main will relate to the austerity measures, continued cuts to the level of government grants received and welfare reform.
- 1.15 The Council's has a strong track record and commitment to delivering efficiencies resulting in a 41% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £13.9m in 2013/14.
- 1.16 These reductions and forward planning together with the joint working with South Northamptonshire Council (and any others we chose to collaborate with) continues to strengthen our position to meet the forecast challenges of future years. The Council will update its MTFs forecast to be included in the 2013/14 budget book.
- 1.17 The result of the Local Government Resource Review means the Council needs to consider a number of additional elements of funding and risk associated with New Homes Bonus, Business Rate Localised Growth and the impact of the Council Tax Reduction Scheme. As a result of this the strategy is being refreshed and will be presented to the Executive in June 2013.

Summary

- 1.18 This budget will be presented to the Executive on February 4th 2013 with a recommendation to produce the 2013/14 budget book on the basis of Appendices 1-6 and a recommendation to Council on 25th February 2013 to adopt the 2013/14 budget (as a key decision) and set council tax accordingly.