

Revenue Budget 2014/15 and Capital Programme 2014/15

Report by Councillor D Finch, Leader of the Council

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1 Purpose of the Report

- 1.1 The report presents information to enable Full Council to consider and approve the revenue and capital budget for 2014/15 – noting the report presents a balanced budget for 2014/15.
- 1.2 The recommendations in section 2 will be moved by the Leader of the Council.
- 1.3 Section 3 contains the details of the movements from those presented to Cabinet in January.
- 1.4 Section 4 contains recommendations agreed by Cabinet now superseded by those in Section 2.

2 Recommendations to the Council

Revenue and Capital Budget: the following are recommended to Full Council for approval:

- 2.1 The net revenue budget requirement to be set at **£892.9 million** (m) for 2014/15
- 2.2 The net cost of services to be set at **£931.8m** for 2014/15
- 2.3 The total council tax requirement be set at **£528.5m** for 2014/15
- 2.4 Council tax will remain the same as the amounts for 2013/14, the council tax freeze grant be accepted for 2014/15 and therefore the charge for a band D property will remain at **£1,086.75** (for the fourth year running), council tax for other bands are as follows:

Council tax Band	2013/14 £	2014/15 £
Band A	724.50	724.50
Band B	845.25	845.25
Band C	966.00	966.00
Band D	1,086.75	1,086.75
Band E	1,328.25	1,328.25
Band F	1,569.75	1,569.75
Band G	1,811.25	1,811.25
Band H	2,173.50	2,173.50

2.5 Full Council approve the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2014/15, together with the final tax base, as set out in the table below.

2014/15 Final Tax Base Band D Equivalent	2014/15 Gross precept £000's	to the
Basildon	60,934	
Braintree	53,219	
Brentwood	33,573	
Castle Point	31,227	
Chelmsford	65,657	
Colchester	62,312	
Epping Forest	55,076	
Harlow	26,918	
Maldon	24,775	
Rochford	31,856	
Tending	47,246	
Uttlesford	35,673	
Total for ECC	528,466	

proposed total schools budget of **£576.9m** for 2014/15 as set out in Appendix C, which will be funded by the Dedicated Schools Grant.

2.7 That the General Balance be set at **£57.2m** at as at 1 April 2014 and the Executive Director for Corporate Services (section 151 officer) statement on the robustness of the estimates and reserves be noted

2.8 That the capital payments guideline be set at **£211.4m** for 2014/15.

Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision for Debt Repayment Policy - the following are recommended for to be submitted to Full Council for approval:

- 2.9 The 2014/15 - 2016/17 Prudential Indicators and limits, together with updated limits for 2014/15 (see Appendix F).
- 2.10 The Treasury Management Strategy for 2014/15 (Appendix H).
- 2.11 The policy for making a prudent level of revenue provision for the repayment of debt (the Minimum Revenue Provision policy as set out in Appendix F).

Pay policy – is submitted to Full Council for approval:

- 2.12 The Pay Policy Statement for 2014/15 (Appendix K).

3 Background to the changes to the Cabinet recommendations to Council proposed by the Leader of Council.

- 3.1 The billing authorities are required to provide a final estimate of the council tax base, the deficit/surplus from the prior year, the performance of the local discount scheme and the NDR income on the 31st January. The recommendations within the Cabinet report were based upon the estimates of these figures, before receipt of the final submissions from the billing authorities. Further noting **“It is possible that these returns will result in variation to the Council’s assumptions on council tax. If this is the case, the financial report to Council will be amended to reflect the latest position.”**
- 3.2 The final submissions from the billing authorities have shown an increase in the amount of income the Council will receive through higher council tax and NDR income, as shown in the table below. The movements in grants are primarily as a result of the recommendation to accept council tax freeze grant.
- 3.3 The table below shows the Cabinet provisional position alongside the position based on final returns from billing authorities:

	Cabinet Jan-14 £m's	Council Feb-14 £m's	Movement £m's
Council Tax Requirement	(528.4)	(528.5)	(0.1)
Revenue Support Grant	(202.1)	(202.1)	-
Non-Domestic Rates	(156.6)	(156.7)	(0.1)
General Government Grants	(29.4)	(36.3)	(6.9)
Withdrawal from General Balance	(2.5)	(2.5)	-
Collection Fund Surplus	(2.8)	(5.6)	(2.8)
Total Funding	(921.8)	(931.8)	(9.9)
Base Net cost of services	921.8	924.0	2.2
New investment	-	7.8	7.8
Total Expenditure	921.8	931.8	9.9
Surplus / Deficit	-	-	-

3.4 This increase in income means that the Council has more money than forecast at January Cabinet and is recommending a council tax freeze for the fourth year in a row.

3.5 This also means the Council has the opportunity to invest more in front line services than proposed at Cabinet, namely:

- £1.0m investment for education improvement projects;
- £4.8m investment in our roads to help us deal with the impact of the recent bad weather; and
- £2.0m investment in flood management across the County to help us put in place protective measures at a time of unprecedented and prolonged bad weather.

4 Original recommendations approved by Cabinet (for reference only), now replaced by recommendations included at Section 2:

4.1 *The net revenue budget requirement to be set at **£889.9 million** (m) for 2014/15.*

4.2 *The net cost of services to be set at **£921.8m** for 2014/15.*

4.3 *The total council tax requirement be set at **£528.4m** for 2014/15 Council tax will increase by 1.49% and therefore the charge for a band D property will increase to **£1,102.94**. Council tax for other bands are as follows:*

Council tax Band	2013/14	2014/15
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	£	£
Band A	724.50	735.29
Band B	845.25	857.84
Band C	966.00	980.39
Band D	1,086.75	1,102.94
Band E	1,328.25	1,348.04
Band F	1,569.75	1,593.14
Band G	1,811.25	1,838.23
Band H	2,173.50	2,205.88

- 4.4 That a schedule be presented to the Full Council setting out the council tax for each category of dwelling and the precepts on each of the council tax billing authorities for 2014/15, together with the final tax base.
- 4.5 Agree to the proposed total schools budget of **£576.9m** for 2014/15 which will be funded by the Dedicated Schools Grant.
- 4.6 That the General Balance be set at **£57.2m** at as at 1 April 2014 and the Executive Director for Corporate Services' (section 151 officer) statement on the robustness of the estimates and reserves be noted.
- 4.7 That the capital payments guideline be set at **£212.4m** for 2014/15 and that the Executive Director for Corporate Services, in consultation with the Cabinet Member for Finance, be authorised to make adjustments to the phasing of payments between years (should that be necessary) as the capital programme is finalised, and to report any impact on the Prudential Indicators at the next quarterly review to Cabinet.
- 4.8 The delegation of authority to the Leader of the Council and Cabinet Member for Finance, in consultation with the Executive Director for Corporate Services, to make any necessary adjustments to the figures to be submitted to Full Council upon receipt of the final tax base and forecast business rates receipts for 2014/15 to be notified to Essex County Council (the Council) by the respective billing authorities (due by 31 January) and the final capital grant in respect of education from the Department for Education (DfE) due in mid-January.

Prudential Indicators, Treasury Management Strategy and Minimum Revenue Provision for Debt Repayment Policy - the following are recommended for to be submitted to Full Council for approval:

- 4.9 The 2014/15 - 2016/17 Prudential Indicators and limits, together with updated limits for 2014/15.
- 4.10 The Treasury Management Strategy for 2014/15.

4.11 *The policy for making a prudent level of revenue provision for the repayment of debt.*

Pay policy - the following is recommended for to be submitted to Full Council for approval:

4.12 *The Pay Policy Statement for 2014/15.*