Council Tax and budget information for Oldham Council for 2013/14

Oldham
Council

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The following information aims to enable you to understand the key financial issues affecting the preparation of the Council's budget and hence the setting of the Council Tax for 2013-14. The tables and graphs set out the spending, income and pressures impacting on the 2013-14 budget, together with information about changes to Government funding.

Table 2 shows how the Council Tax has changed between 2012-13 and 2013-14. It compares the net revenue budget for 2013-14 for Council Services of £215.1m to £225.7m for 2012-13 (this was initially £225.3m but subsequently increased due the receipt of Government grant in year). Funding for the budget for 2013-14 is by means of Government grant and Council Tax (see below for information about Government funding). The Council Tax requirement for Council Services has been calculated at £70m which results in a Band D Council Tax of £1,395.92, an increase of 3.5%

When the precepts payable to the Police and Crime Commissioner for Greater Manchester (£7.5m) and the Greater Manchester Fire and Rescue Authority (£2.9m) are included, the budget increases to £225.5m and the Council Tax requirement increases to £80.4m. The precepts bring the Band D Council Tax to £1,599.92.

Residents in Saddleworth and Shaw and Crompton also pay parish precepts which have not changed since 2012-13 and at Band D are £19.35 and £14.54 respectively.

The Council Tax payable for 2013-14 is presented in Table 1 below, split by the various elements and is compared to the 2012-13 to show the percentage changes.

Table 1 - Council Tax 2013-14	Council Tax 2012-13 £	Council Tax 2013-14 £	Change Between Years %
Oldham Council	1,345.85	1,392.95	3.50
Police and Crime Commissioner for Greater Manchester	144.33	149.33	3.46
Greater Manchester Fire and Rescue Authority	52.65	57.64	9.48
TOTAL BAND D COUNCIL TAX	**1,542.83**	**1,599.92**	**3.70**
Additional Council Tax payable in Parish Council areas:			
Saddleworth	19.35	19.35	0.00
Shaw & Crompton	14.54	14.54	0.00

Table 2 - How the Council Tax has changed			
			£m
2012-2013 'Band D' Council Tax		**£1,542.83**	
Equivalent number of 'Band D' properties		63,180	
'Band D' Council Tax multiplied by number of properties equals:			
Total Council Tax Income 2012-13			**97.5**
2013-2014 net budget requirement	**Net budget 2013-2014 £m**	**Change from 2012-2013 £m**	
Deputy Chief Executive	1.6		
Neighbourhoods	77.7		
Commissioning	102.3		
Commercial Services	13.9		
Development & Infrastructure	1.1		
Total Portfolio / Directorate Costs	**196.6**	(10.4)	
Corporate and Democratic Core	6.3	(0.3)	
Other Costs	13.2	-	
Use of Reserves	(1.0)	0.1	
** net of Dedicated Schools Grant*	**215.1**		
Total Decrease in Net Budget Requirement			**(10.6)**
2013-2014 External Finance			
Direct Government Funding	(114.0)	1.1	
Retained Business Rates	(27.7)	(27.7)	
Other Government Funding	(3.4)	22.1	
Total Decrease in External Finance			**(4.5)**
Council Tax Requirement for Council Services	70.0		
Other precepts			
Police and Crime Commissioner for Greater Manchester	7.5	(1.6)	
Greater Manchester Fire and Rescue Authority	2.9	(0.4)	
Total Decrease in Precepts			**(2.0)**
Total Council Tax Income 2013-2014	**80.4**		**80.4**
Equivalent number of 'Band D' properties	50,280.0		
Total Council Tax Income divided by number of properties equals:			
2013-2014 'Band D' Council Tax	**£1,599.92**		
Parish Precepts - An additional charge is made to residents of:			
Saddleworth	19.35		
Shaw and Crompton	14.54		

Due to the restructuring of the organisation in line with the Repositioning Oldham agenda, the designation of the management Portfolios of the Council has changed and it is not therefore possible to make a detailed comparison between years.
In overall terms, the net revenue budget has reduced by £10.6m since 2012-13 and the reasons for this are shown in Table 3 and are primarily:

Table 3 – Change in Net Revenue Budget	£m	£m
Reduction in Central Government funding	12.9	
Increase in Council Tax income	(2.3)	
Total change in budget		10.6

The Council had to make budget savings of £17.7m in order to balance its 2013-14 budget. The savings requirement was as a result of having to address a combination of demand pressures and the reduction in general Government funding offset by new funding streams and additional Council Tax income as illustrated in Table 4.

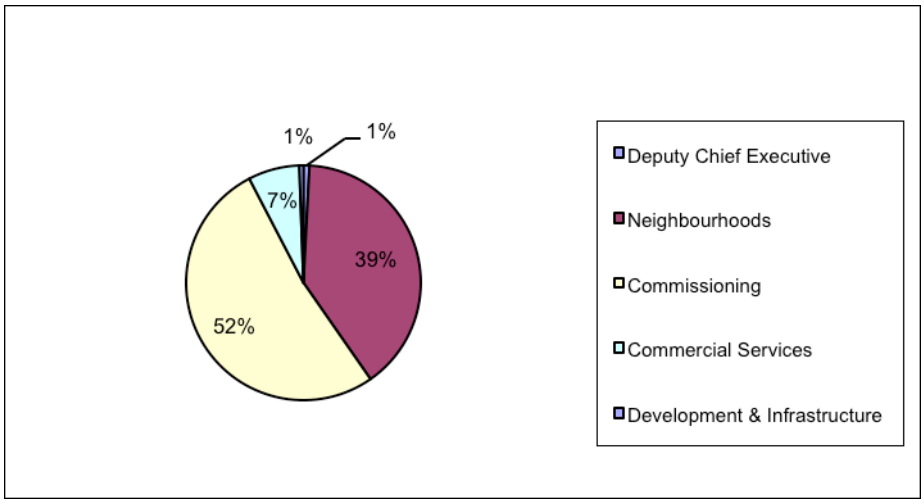
Table 4 - Reasons for decrease in Oldham's net budget requirement

Demand Pressures	**£m**	**£m**
New Burdens (incl. Early Intervention Grant)	4.0	
Levies	2.6	
Inflation	2.2	
Investment Fund	2.1	
Other pressures	1.7	
Pressures due to economic climate	1.3	
Pensions auto enrolment	1.1	
Pay Award	0.9	
Funding pressures	0.9	
Pensions	0.4	
Total Demand Pressures		**17.2**
Loss of Government Funding		**12.9**
Change in Use of Reserves		**0.1**
Other Funding Changes		
Other grants / funding	(5.4)	
Education Services Grant assumed	(4.8)	
Total Other Funding Changes		**(10.2)**
Council Tax Increase		**(2.3)**
Savings		
Chief Executive / Corporate Management	(0.5)	
Commercial Services	(4.6)	
Commissioning	(7.2)	
Deputy Chief Executive	(2.1)	
Neighbourhoods	(3.3)	
Total Savings		**(17.7)**
Net balanced position		**0.0**

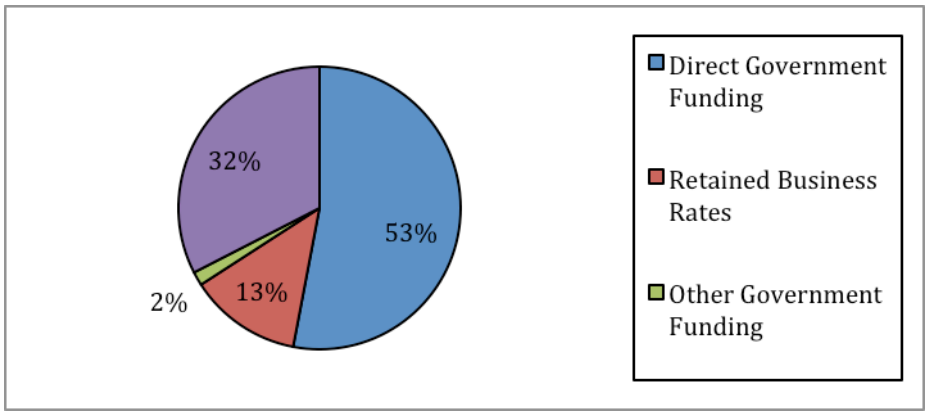
The charts below show in relation to the 2013-14 budget that:

- the biggest spending area is Commissioning Services which includes children's services and adult social care
- Direct and Other Government funding accounts for 55% of funding, Council Tax is 32% and retained business rates 13%

How Your Money is Spent (net revenue budgets)



Where the Money Comes From



A factor which had an impact on the Councils ability to finalise its budget plans was the announcement of the Provisional Local Government Finance Settlement, which was much later than usual, on 19th December 2012. Not only did it contain some errors and inconsistencies (subsequently corrected with Final Settlement information in February 2013), it was also incomplete and the Council had to set its budget having made an assumption about the level of some grant funding for education.

Changes in Government Funding from April 2013

With effect from April 1st 2013, there was a change in the way that Government provides funding for Local Authorities. This introduces some new terminology and affects the comparison that can be made between funding for 2012-13 and 2013-14. The key funding issues to note are that:

1) The new funding regime introduces the business rates retention scheme which will enable Oldham Council to retain 49% of the business rates collected in Oldham and therefore share in any local growth (or losses) in business rates (1% will be paid to the Greater Manchester Fire and Rescue Authority and 50% to Central Government). Total Formula Grant (the main grant previously received from the Government for general purposes) together with several other grants has been discontinued and replaced with Start Up Funding, which is a combination Central Government and local funding as shown below in Table 5.

Table 5 – Start Up Funding 2013-14	£m	£m
Funding From Central Government • Top Up Business Rate Funding • Revenue Support Grant	 28.9 85.1	
		114.0
• Locally retained Business Rates		27.7
Total Start Up Funding		141.7

All future years general Central Government funding will be based on this Start Up funding position.

2) Some new grant funding streams have been introduced and others retained (e.g. New Homes Bonus) and these are included in calculating the budget included in Other Government Funding in Table 2.

3) The Government has introduced the Localisation of Council Tax initiative that has transferred the responsibility for the payment of Council Tax Benefit to Local Authorities. As a consequence the Council consulted upon a Council Tax Benefit scheme and from April 2013 this will begin operating. As part of this initiative, the Government has reduced the level of funding it makes available to Councils and changed the nature of the funding. Rather than reimbursing the Council the actual amount of Council Tax Benefit paid, it will now pay a grant that can be used for any purpose at around 90% of previous funding levels (it is included in the Start Up Funding)

4) Another impact of Council Tax localisation and the payment of the any purpose grant is that it has had the effect of reducing the Tax Base of the Council (the number of Band D equivalent properties) in a similar way to the current single persons discount. The Tax Base is a key factor in determining how much Council Tax income the Council receives. As a consequence, the Tax Base has reduced substantially from 63,180 in 2012-13 to 50,280 in 2013-14 and this has therefore reduced the actual amount of income received in Council Tax from £85m in 2012-13 to £70m (including the £2.3m inflationary increase) in 2013-14. As highlighted above, the Council Tax income lost as a result of the change in Tax Base is paid directly to the Council as an any purpose grant.

Relevant Basic Amount of Council Tax

The Localism Act 2011 introduced legislation requiring Councils to calculate a Council Tax Requirement and a Relevant Basic Amount of Council Tax. This legislation requires the Council to hold a referendum if the Council increases the Relevant Basic Amount of Council Tax above a level specified by the Secretary of State for Communities and Local Government. The level specified for 2013-14 was 2%.

As there were substantial changes to the Government funding between 2012-13 and 2013-14 as described above, the Government had to provide figures for 2012-13 in order that the a comparative calculation could be made. Table 6 below shows the key figures and illustrates that the Relevant Basic Amount of Council Tax for Oldham Council has actually reduced by £2.19 (0.30%). The Council was not therefore required to hold a Council Tax referendum.

Table 6 – Relevant Basic Amount for 2013-14	2012-13 £m	2013-14 £m
Total Council Tax (including Parish Precepts of £0.3m)	77.9	80.6
Less Major Precepts	(10.3)	(10.4)
Council Tax Requirement	**67.6**	**70.2**
Less Parish Precepts	(0.3)	(0.2)
Council Tax Requirement for Council Services	**67.3**	**70.0**
Less Levies	(30.5)	(33.2)
Relevant Basic Amount of Council Tax	**36.8**	**36.8**
Band D Relevant Basic Amount of Council Tax	£735.83	£733.64
Reduction in Band D Relevant Basic Amount of Council Tax between 2012-13 and 2013-14		**-£2.19**
Percentage Reduction in Band D Relevant Basic Amount of Council Tax between 2012-13 and 2013-14		**-0.30%**

If you would like to have more information on the Council's budget, it will be published on the Council's website. Alternatively, copies can be inspected at the Civic Centre and can be purchased for a £4 charge.