

URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Council

23 February 2009

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
16.	(Pages 1 - 74)	Estimates 2009/2010, Collection Fund Estimates 2008/2009 and Service Plans 2009/2010		

To consider the Estimates 2009/2010, Collection Fund Estimates 2008/2009 and Service Plans 2009/2010 (budget book circulated separately), together with any recommendations contained in the Executive minutes of 9 February 2009.

Service Plans are on deposit on the Councils website

Council is requested to:

The Council is recommended:

A BUDGET 2009/10

1) to consider the contents of this report in approving the General Fund and Capital Programme 2009/10 budgets and that the s 25 report on the robustness of the budget be noted.

2) that the updated draft budget recommended by the Executive at its meetings on 9 February 2009 and detailed in the 09/10 budget book, (Minute 162 (which is to be tabled)) be approved;

B COLLECTION FUND 2008/2009

3) that the Collection Fund estimates as now submitted be approved (see Annex 6 of the budget booklet).

C SERVICE PLANS 2009/10

4) that the draft Service Plans 2009/10 be endorsed as recommended by the Executive at its meeting on 9 February 2009 (Minute 162).

If you need any further information about the meeting please contact James Doble, Legal and Democratic Services james.doble@cherwell-dc.gov.uk, (01295) 221587



Budget Book

2009/2010

Budget 2009/10

23 February 2009

CHERWELL DISTRICT COUNCIL
2009/10 BUDGET AND SERVICE PLAN PROCESS

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CHERWELL DISTRICT COUNCIL

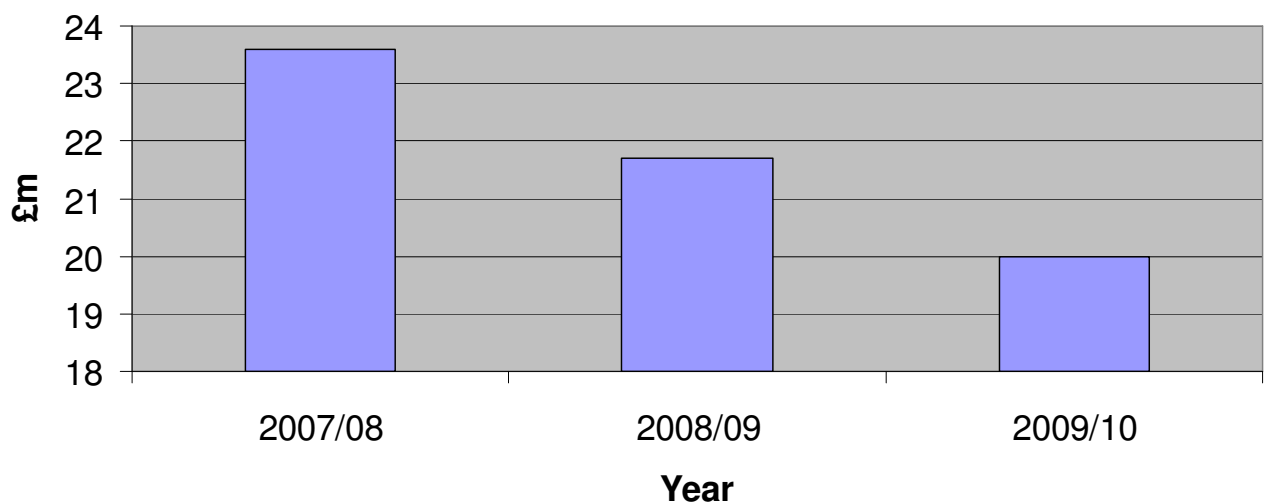
2009/10 BUDGET AND SERVICE PLANNING

EXECUTIVE SUMMARY

Cherwell District Council has kept its promise to keep council tax increases below inflation and to maintain its front line services, within a balanced budget without drawing on reserves.

The Council has been able to contain its net General Fund spending at £20.0m; a reduction of £1.2m on the previous year. The table below illustrates the reduction in overall costs over recent years. This has been achieved during a period of corresponding service improvement and we are in a strong position to continue to deliver excellent services in the future.

Net Cost of Services 2007/08 - 2009/10



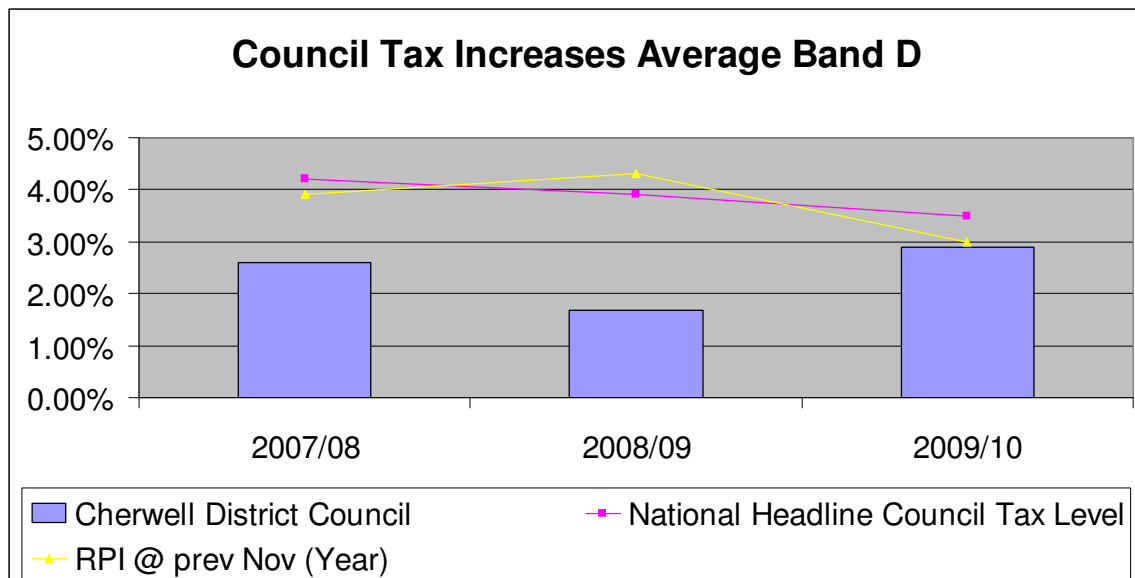
Service expenditure of £20m included in this revenue budget for 2009-10, is focused directly on the Council's strategic priorities. Resources have been realigned; savings targeted in the main on the lower priority areas such as support services and corporate overheads. All services were required to improve efficiency and this budget includes £2.2m of efficiency savings as a result the Council is well placed to meet the challenges of the economic downturn.

This budget position has been achieved following rigorous challenge of preliminary spending plans; the early and constructive involvement of elected Members; extensive consultation with the whole range of stakeholders; prudent application of contingency provisions; a more balanced approach to risk assessment; and the commitment of all those involved in the detailed task of budget preparation.

The council anticipates Cherwell's proportion of council tax to be £123.50 a year, for a band D property. This represents an increase of only £3.50 per year - equivalent to 7p per week. The 2.9% increase is below the current CPI inflation rate of 3.1% and below the forecast average across UK

councils of around 3.5%.

The following table shows year on year increases in Council Tax for the District compared with national Council Tax levels and the Retail Price Index (RPI) over recent years :



The council has worked hard to keep its council tax promise and keep the increase below inflation at a time of falling income and increased economic pressure. Whilst we don't under estimate the challenges presented as a result of the economic downturn, the council's financial position remains strong ensuring we are able to continue to meet our priorities in the future.

Maintaining services and facilities that are important to our residents is at the heart of our approach in this volatile environment.

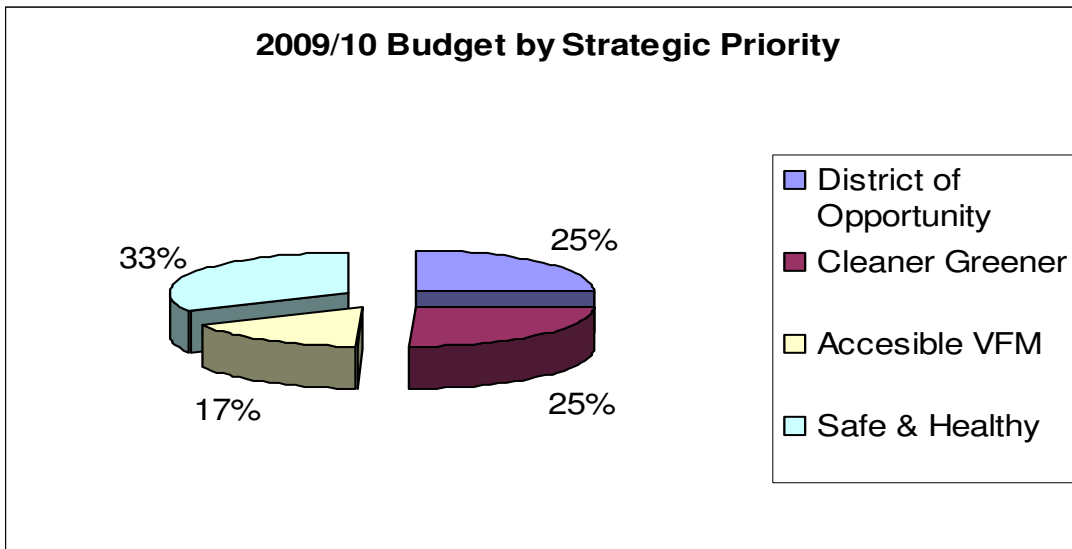
The total capital programme amounts to £44.7m of which £22.9m will be delivered in 2009/10. The capital programme has been reviewed and new schemes have been matched to the Council's priorities. We've maintained our commitments, including sports centre regeneration £10m, flood prevention £2m and town centre improvements in Banbury and Bicester of £2.5m.

Reserves have been robustly reviewed by the Resources Portfolio-holder and the Executive. They have been applied, re-designated or released, as appropriate. It is believed that the level of reserves going forward now reflects more accurately the potential liabilities of the Council.

Whilst the current financial position is strong, our dependence upon investment income must be further reduced. We are about to complete a period of major capital expenditure, which has depleted our investment portfolio against a background of falling interest rates and innovative measures must be found to counter future budget shortfall.

GENERAL FUND SUMMARY 2009/10

SERVICE EXPENDITURE	Budget 2009-10
Service Expenditure	22,404,002
Capital Charges Reversed	(2,446,965)
Net Expenditure Services	19,957,037
Decrease on 07/08	-16%
Decrease on 08/09	-6%
Executive Matters	
Reserves and Provisions	(220,473)
	19,736,564
Investment Income	(2,825,631)
Government Grant	(10,637,130)
Collection Fund	(108,313)
Council Tax	(6,165,491)
	(19,736,565)
Potential (Surplus)/Shortfall	0
COUNCIL TAX	
Relevant Tax Base	49,923
Council Tax Rate for Band "D"	£123.50
Council Tax Collection	6,165,491



2009/10 CAPITAL PROGRAMME AND FINANCING SUMMARY		
	Scheme Cost	2009/10 Budget
	£	£
Approved Programme-Schemes approved prior to 2009/2010**	£16,774,499	£16,427,399
Proposed Programme for 2009/2010 delivery	£17,898,000	£6,445,000
Total Capital Programme	£32,672,499	£22,872,399
Main Projects - approved prior to 2009/2010**		
Bicester Town Centre	£10,000,000	
Total Capital Programme for 2009/10 Budget Approval	£44,672,499	£22,872,399
Financed by:		
Capital Receipts	£38,581,166	£18,989,399
Capital Grants and Contributions	£1,108,000	£1,108,000
Government Grants	£2,250,000	£375,000
Direct Revenue Financing/Use of Reserves	£2,733,333	£233,333
	£44,672,499	£22,872,399

1 CONTEXT

1.1 Purpose

This document provides an overview of the 2009/10 service and financial planning process and details the 2009/10 revenue and capital expenditure requirements.

This document has been divided into a number of parts, for ease of reference.

The draft budget has been prepared with the following objectives:

- To invest in the Council's priority areas
- To capture savings secured as a result of the phased roll out of the corporate restructure programme.
- To reduce the cost of support services
- To mitigate the impact of significantly reduced revenue contributions.
- To reduce the anticipated 2010/11 shortfall in income and forecast level of dependence upon investment income.
- To continue to improve levels of customer satisfaction with all services delivered.

The draft budget has been subject to review and challenge as follows :

- May 2008 – Nov 2008 – Service Plan Process
- December 1st 2008 Executive
- December 9th 2008 – Resource and Performance Scrutiny Board
- January 12th 2009 Executive
- February 9th 2009 Executive where the draft budgets and council tax rates were recommended to Council for approval on 23 February 2009

1.2 Scope

The budget book is designed to provide an integrated view of the whole of the Council's finances and outlook. It covers both revenue and capital spending, highlighting the inter-relationships between the two, and the resultant implications. It also considers all of the financial accounts, or Funds, operated by the Council.

2 BACKGROUND

2.1 Service and Financial Planning Process

Setting the budget is one of the key outcomes from the Council's service and financial planning programme. This involves the preparation of service plans, which are developed not only to deliver the Council's corporate objectives and priorities, but also to demonstrate how the published service targets, representing the Council's commitment for delivery in priority areas, are to be achieved. The budget is the financial expression of these plans, within the context of the Council's Medium Term Financial Strategy.

The programme involves elected Members, the Council's senior managers and, in many service teams, operational staff. The views of the public, our community partners, the voluntary sector and the local business community are all actively sought through structured channels during the programme.

The service and financial planning programme is explained in some detail in Annex 1.

2.2 Public Consultation

For a number of years the Council's budget process has included consultation with the stakeholders of Cherwell to find out which services were most important to residents and what they thought spending and savings priorities should be for the coming budget year.

Extensive consultation involving the general public, the business community, the voluntary sector and key partners was carried out and the results provide a clear indication of views on key areas such as :

- The most important areas for spending
- Where to decrease spending, if necessary.
- Level of Council Tax

2.3 Service Planning Priorities

This year service planning and budget preparation has been more closely integrated than ever before, to ensure that the allocation of resources closely matches the delivery of the Council's objectives.

The process has been driven by our improved understanding of customer needs, by customer feedback, comparative financial and service performance, and the need to demonstrate value for money; and it has been informed by extensive consultation involving the general public, the business community, the voluntary sector and key partners.

Elected Members were then able to draw upon this information and use it in determining the Council's service priorities for the forthcoming year, with services ranked from 1 (high priority) to 7 (low priority). This ranking provided an essential framework for the consideration of service resources and capital schemes. The full prioritisation matrix can be seen in Annex 1 and is summarised in the table below:

Rank	Services
1	Anti-social Behaviour, Refuse Collection, Strategic Housing,
2	Leisure Development, Access to Services, Recycling, Safer Communities,

3	Local Development, Customer Service Centre,
4	Rural Areas, Sports Facilities, Sports and Arts, Cleansing, Environmental Protection, Public Protection, Community, Local Transport and Concessionary Fares, Health Promotion, Conservation and Urban Design, Planning Enforcement, Building Control and Engineering, Economic Development and Regeneration, Housing Needs, Private Sector Housing,
5	Urban Centres, Licensing
6	Planning Control, Diversity and Equality
7	Tourism, Banbury Museum

2.4 Budget Guidelines

At its meeting on 6 October 2008 the Executive agreed the budget guidelines contained in Annex 2 and instructed officers to :-

- Prepare and submit a draft three-year capital programme, reflecting the outcome of the current 6 month review of the 2008/09 capital programme. All schemes to carry a full project appraisal including strategic objective, priority, value for money assessment, and details of any revenue impacts
- Prepare and submit draft revenue estimates for 2009-10 and the next 2 years which fully reflect the service priority and consultation events.
- The 2008/09 projected outturn at September 2008, adjusted to take account of the full year effect of savings identified in setting the 2008/09 budget, the restructure and one off items will be assumed to be the Base budget 2009/10.

The key assumptions taken in preparing this draft budget were :-

- a) Payroll inflation at 3%; other inflation 1% below Sept 2008 RPI rate. During the process this was reviewed and the November 2008 rate of 3% was used.
- b) Each Directorate was required to identify 5% efficiencies savings amounting in total to £1m. As a result of the decline in interest rates this amount was increased to £2.2m during the process.
- c) Interest rates – a re-investment rate of 5.0% has been assumed for 2008/09 and 4.75% for future years; during the process this was reviewed to reflect decline in interest rates.
- d) Band D Council Tax – was initially based on a target of 1% below inflation, in accordance with the budget guidelines. This equated to a 4% increase whilst RPI had risen to 5% in September 2008. Inflation has decreased and it has now proved possible to reduce the level of increase to only 2.9%.
- e) The net impact of all growth items should be **ZERO**. Growth arising from changes in legislation/ regulation or service planning will **ONLY** be allowed if it is fully funded by transferring resources within the same service or from within the same Directorate. Any such transfer either within the same service or the same Directorate can only come from demonstrably lower priority services.

2.5 The Economy

Since mid-September, the global banking system has experienced its most serious disruption for almost a century. Since the beginning of the year, the Bank of England's Monetary Policy Committee (MPC) has set Base Rates to balance two perceived risks to the inflation outlook.

The downside risk was that a sharp slowdown in the economy, associated with weak real income growth and the tightening in the supply of credit, would pull inflation materially below the target level.

The upside risk was that above-target inflation persisted for a sustained period because of elevated inflation expectations.

The outcome is that the economy is in the midst of a recession. The recent crisis in the financial markets has delivered a sharp and involuntary tightening of monetary policy. This, along with the continued effects of high inflation and decelerating house price inflation is expected to undermine consumer confidence and deliver lower or nil growth. The Bank of England's ability to cut rates (current base rate 1%) will be tempered by continued concerns over future inflation performance, with CPI now running at 3.1%. These rates are lower than those in our budget guidelines and we have had to update through the process.

Butlers, the Council's Treasury Management Advisors, are currently of the view that the Bank Rate may decrease by a further to 0.5% to 0.5% during 2009/10. The planned reduction in interest rates continues to result in reductions to our investment income for 2009/10 and beyond.

2.6 Service Challenges

The downturn in the economy has given rise to a number of unanticipated budget pressures. This has seen a reduction in the current year of planning and land charge income. In addition we face significantly increased fuel costs on expiry of the current contracted rates. There is also rising pressure on a number of Council services, notably benefits and a rise in homelessness will be expected. These assumptions have been continued into the draft budget and a risk provision has been created to mitigate the impact of these unknown factors.

2.6.1 Local Government Finance Settlement -The 2009/10 Provisional Settlement announcement for 2009/10, made on 26 November 2008, proposed no changes in the Council's Formula Grant entitlement, for either 2009/10 or 2010/11, from those previously indicated in January 2008.

The announcement also confirmed :

- The proposed increase in total Aggregate External Finance (AEF) [i.e. all grants plus redistributed business rates] of 4.2%. This represents a 4.0% increase on 2008/09 due to increases in specific grants, rather than a change to Formula Grant.
- The increase in net AEF (i.e. redistributed business rates and RSG) is down from the 2008/09 figure at 2.8% (compared with 3.7%).
- That the NNDR distributable amount for 2009/10 will be £19.5b, a decrease of 4.9%. This reflects the worse economic situation and the increase in empty property relief included in the Pre-Budget Report.
- New efficiency savings expectations, requiring councils to find more than £1.5b new savings each year.
- That Councils will be required to include statements on efficiency savings on the face of Council Tax bills.

The Final Settlement confirmation was made on 21 January 2009, following a consultation period on the Provisional Settlement which ended on 7 January 2009. The final position was unchanged from the provisional settlement details.

- 2.6.2 **Capping** - The Provisional Settlement announcement included an explicit statement of the expectation of average Council Tax increases in England in 2009 being substantially below 5%, and indicated that there would be no hesitation in the use of capping powers to protect council tax payers from excessive increases.

Despite the assurances of clarity, the criteria are still unknown. Based on the information made available to date, it is assumed that the spending plans reflected in this budget proposal would not breach capping criteria for 2009/10.

2.7 MEDIUM TERM FINANCIAL STRATEGY

- 2.7.1 The Medium Term Strategy (MTS) approved at Council in September 2007 presented the projected budget and Council Tax position for the authority through to 2012/13, and outlined the key implications of longer-term projections over the 5 year period. Based on the key principles of prudence and sustainability, the strategy aimed to contain spending levels within projections of available funding and maintain an adequate level of reserves, whilst still allowing continued progress to be made against the achievement of the Council's strategic priorities.

- 2.7.2 As part of the development of the MTFs and budget, analysis is undertaken of the key financial assumptions on which the budget will be based. The key areas covered included:

- ◆ Economic factors, such as inflation
- ◆ Treasury Management, including interest rates
- ◆ Demographic pressures on spending
- ◆ Asset Management, including a review of the Council's portfolio
- ◆ Other spending pressures opportunities (revenue and capital)
- ◆ External funding (including Formula Grant from central government)

- 2.7.3 Service expenditure is prioritised based on their contribution to the delivery of the Council's strategic priorities, which in turn are informed by the consultation process. All funding streams are judged against the level of funding which is deemed to be affordable over the medium to long-term.

- 2.7.4 The timing of the 3 year settlement was such that it took no account of the impact of the current economic downturn. This 2009/10 Budget process takes into account an assessment of the economic climate for Council Tax setting, as some services expand and decline influenced by the extremely volatile market forces.

- 2.7.5 The Medium Term Financial Forecast presented to the Executive on 12th January 2009 has been updated in light of the latest 2009/10 revenue budget. All significant expenditure and efficiency savings to date have been included as well as the impact of the capital programme. The draft forecast at present shows an improvement in the shortfall from £1.8m to £1.4m of which £1.7m can be wholly attributed to the reduction of investment income from 2009/10 to 2010/11. The forecast can be seen along with assumptions in Annex 3.

- 2.7.6 Such is the significance of the current economic climate (forecast £1.4m shortfall in 2010/11), the financial context in which we operate shifts. The next Medium Term Strategy document,

due to be published by the Council in March 2009, will focus on two elements.

- Securing reduced costs for the period of the economic downturn
- Securing sustainable longer term changes to our funding profile to remove our dependency on investment income.

The revised MTFS strategy will inform and drive revisions to our treasury management, capital financing, and asset management strategies.

2.8 Current Financial Position – 2008/09

2.8.1 General Fund Revenue

The General Fund budget monitoring return, at 30 September 2008, was reported to the Executive in full detail in November 2008. Projections until the end of the financial year, building on the September position and making reasonable and robust assumptions up to 31st March 2009 indicate an overspend against budget of £173k. This can be split between an overspend in services of £82k and an investment income deficit of £91k with the latter assuming full loss of the Icelandic bank interest for the current and previous financial year.

The variances on the revenue and capital projections are within the Council's stated tolerances of +2% / -5%. Revenue projection of £173k overspent is within 1% of budget provision and capital with proposed amendments agreed is also on track.

The General Fund reserve of £1.95m is adequately funded to meet this deficit. A number of compensatory actions have been taken to partly offset the impact of the downturn in the economy and the potential interest impact of the investment in the failed Icelandic bank.

A number of issues have been identified that will need to be considered within the 2009/10 budget setting process and the impact of these on the funding of Council services.

2.8.2 Capital Programme

The projected spend for capital schemes in 2008/2009 is £27m of which £19.3m relates to the modernisation of our sport centres. The total expenditure to 31 December 2008, including commitments, amounted to £17.5m, representing 66% of total budget.

2.8.3 Reserves

The Council has adequate earmarked reserves and working balances to meet known liabilities in the medium term. A robust review of reserves was conducted with the Portfolio Holder for Resources during the current financial year and this exercise has been repeated in January 2009.

3 BUDGET 2009/10

3.1 General Fund Revenue Budget

The 2009/10 General Fund Revenue budget is shown in the table on Page 13. This has been prepared in accordance with the guidelines agreed by the Executive.

SERVICE EXPENDITURE	Outturn 2007/08	Budget 2008-09	Projection 2008-09	Budget 2009-10
Customer Services & Resources	5,045,774			3,498,251
Environment & Community Improvement	12,859,179			12,066,172
Planning, Housing & Economy	402,114			429,115
Chief Executive	5,865,007			5,060,279
	1,970,958			1,350,185

Annex 5 provides an analysis of the budget movements by service areas across all Directorates and gives brief explanations of service variations.

Services Sub-Total	26,143,032	22,325,765	22,893,373	22,404,002
Capital Charges Reversed	-2,504,576	-1,228,310	-1,228,310	-2,446,965
Net Expenditure Services	23,638,456	21,097,455	21,665,063	19,957,037
Decrease on 2007/08				-16%
Decrease on 2008/09				-6%
Executive Matters				
Investment Income	-6,892,106	-5,030,455	-4,939,455	-2,825,631
Government Grant	-9,947,783	-10,310,045	-10,310,045	-10,637,130
Collection Fund	-195,652	-101,591	-101,591	-108,313
Council Tax	-5,807,252	-5,961,360	-5,961,360	-6,165,491
Other	111,543	82,428	-179,572	-220,472
	-22,731,250	-21,321,023	-21,492,023	-19,957,037
Potential (Surplus)/Shortfall	907,206	-223,568	173,040	0
COUNCIL TAX				
Relevant Tax Base	49,214	49,678	49,678	49,923
Council Tax Rate for Band "D"	£118.00	£120.00	£120.00	£123.50
Council Tax Collection	5,807,252	5,961,360	5,961,360	6,165,491
Increase/(decrease) on 2008/09				2.9%

3.1.1 The most significant changes from the 2008/09 projection are outlined below :-

Cost reduction from 2008/09 Projection		
	£,000	
Additional Government Grants	-£327,085	Increase in Formula Grant
Additional Risk Provision	£100,000	Additional Provision - see Annex 6
Collection Fund Surplus	-£6,718	As per Annex 6
Consolidation of Training and Training resources	-£110,000	Change in policy
Council Tax	-£204,131	Based on 2.9% rise and tax base
Full Year Impact of 07/08 Restructure and 08/09 Full Year effects	-£168,500	Increase in charges
Inflation	£375,277	As per budget guidelines
New Fees & Charges	-£533,500	Increase in charges
Other	-£96,217	Other minor variances
Reduction in Interest Income	£2,113,824	Interest Rates reduction - reducing balances – Iceland impact
Savings	-£2,203,944	Directorate Savings - see 3.1.2
Sports Centre Modernisation Cost Reduction	-£745,000	Reduced cost to offset capital opportunity cost of investment
Unavoidable Growth	£24,999	Utilities
Full Year Effects	122,969	2008/09 full year effects
VAT Share	-£50,000	Additional amount expected
Total Reduction	-£1,708,026	

3.1.2 The savings can be analysed as :

Category	£,000
VFM Reviews	-457,352
Efficiencies	-1,026,978
Service Impact – low priority services	-353,967
Staffing / Restructure	-365,647
Directorate Savings	-2,203,944

3.2 Efficiency Savings / Value for Money

The requirement to achieve efficiency savings arises as a result of two pressures.

- 1) The Government requirements (revised in the CSR-07).
- 2) Our Medium Term Financial Strategy requires efficiency savings and we have a National Indicator target of 3.1% in 2009/2010. The budget, as presented, includes a number of items in 3.1.2 above that will make a considerable contribution to that target.

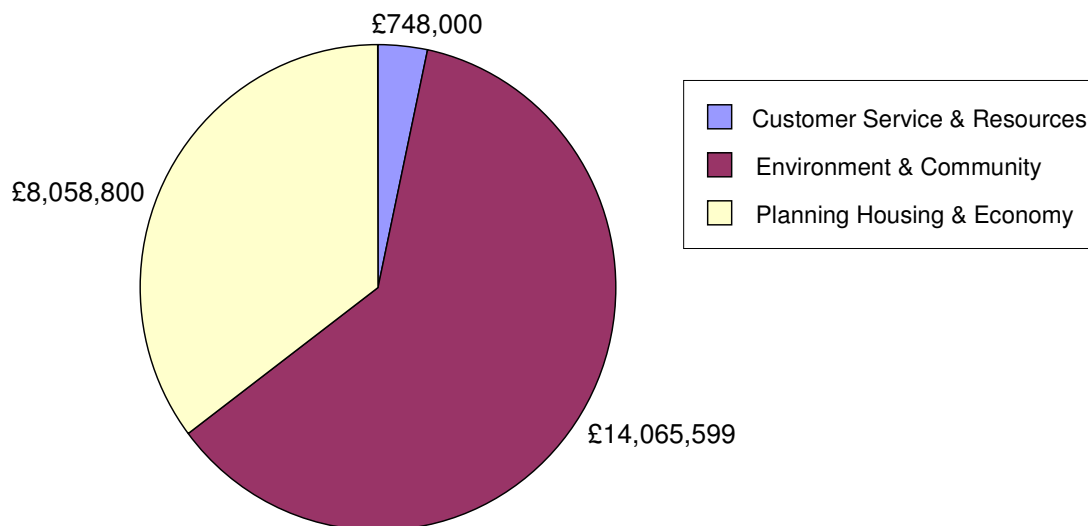
The identification of efficiency savings must continue to be treated as a high priority in keeping with the commitment to improve Value for Money and meet the requirements of our medium term financial strategy.

3.3 Capital Programme 2009/10

The total capital programme amounts to £44.7m of which £22.9m will be delivered in

2009/10. This can be seen in further detail in Annex 4. A financing statement has been included to demonstrate the Councils ability to finance its investment plans.

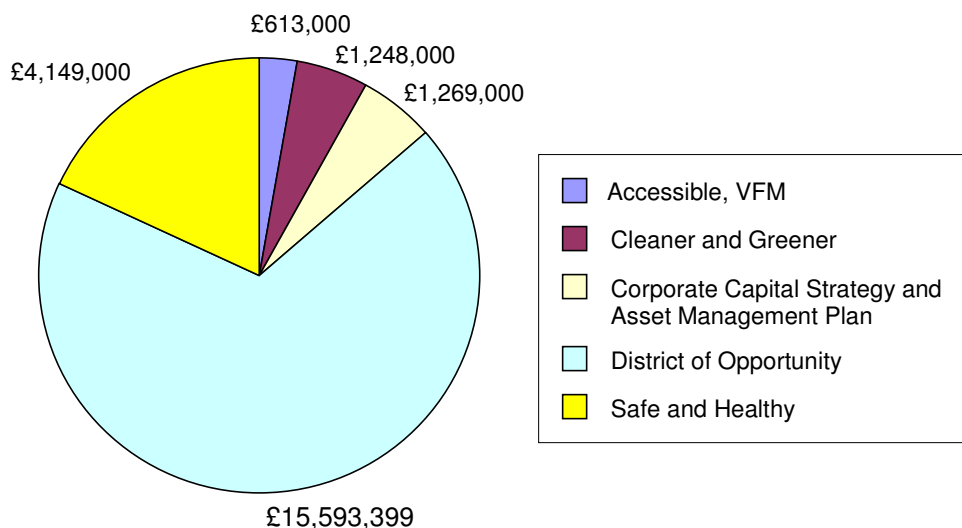
Sum of 2009/10 Scheme cost (£) by Directorate



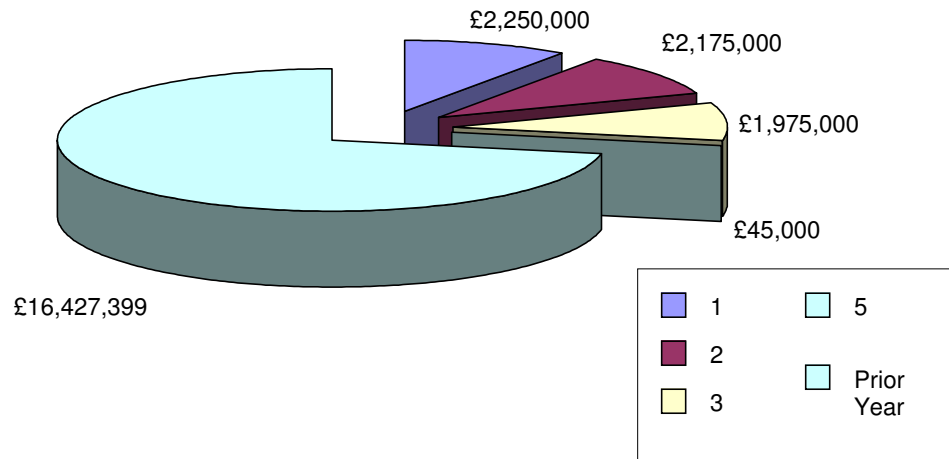
The new capital proposals to date for 2009/10 are shown in Annex 4a - these bids total £17,898,000 of which £6,445,000 will be delivered in 2009/10.

Each scheme is supported by an appraisal and these have been scored according to priority.

Sum of 2009/10 Scheme Cost (£) by Strategic Priority

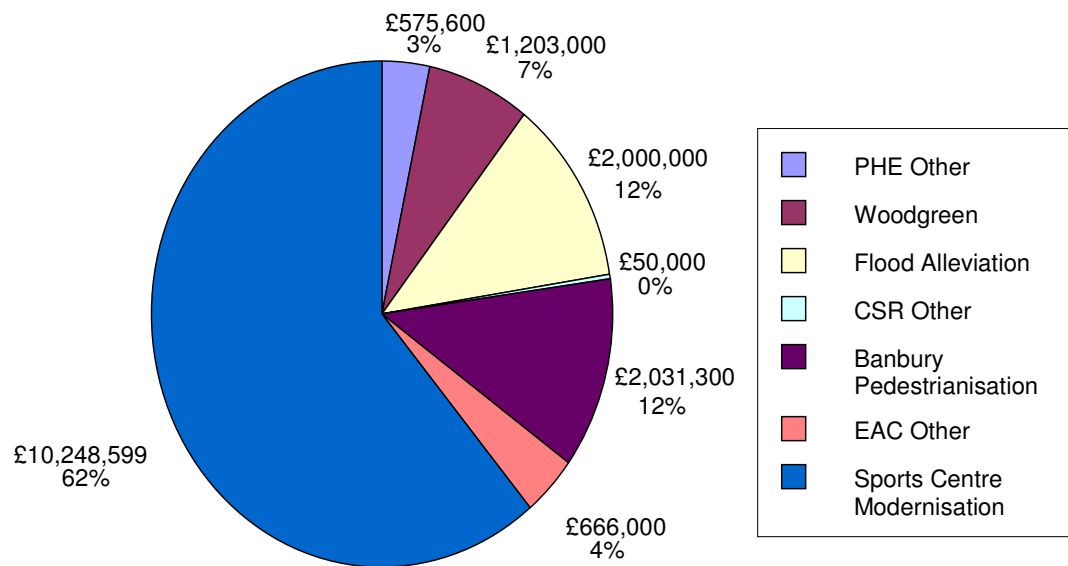


**Sum of 2009/10 Capital
Scheme Cost (£) by Scored Ranking**



The bids approved in prior years and recommended for inclusion in the programme are shown in Annex 4b.

Prior Year Approved Capital Schemes



A total of £417,000 schemes approved prior to 2009/10 budget process have now been deleted from the programme and these are listed in Annex 4c together with £1,200,000 of new bids that have been deferred or deleted from the programme as a result of scoring and priority assessment and will not require any further consideration in this budget cycle.

Each £1million spent on capital has a capital opportunity cost of lost investment income – so at current base rates this equates to £20,000 pa.

The impact of the capital programme and associated revenue impacts have been built into the 2009/10 revenue budget and cashflow forecasts.

3.4 Earmarked Capital Resources

In addition, to those schemes within the Council's capital programme, capital resources have been specifically earmarked for the following issues which have yet to have specific schemes approved.

	£'000
Social Housing Grant	7,000
Bicester Community Improvements	1,050
Bicester Sports Village	1,500
Bicester Academy	2,000
Ring Fenced for Social Housing	1,791
Bicester Hospital	2,000
	15,341

3.5 Capital Receipts and Revenue Impact

Following the transfer of the housing stock, the Council now has a significant amount of capital receipts which can be used to finance future capital schemes. At the start of 2008/2009 there was a total of £85.2m of which £54m of this is matched against the capital programme or has been earmarked as shown above.

These capital receipts form the bulk of what the Council has invested on the Money Market and the General Fund revenue account is still very much dependent on the interest earned from these investments. At current rates every £1.0m invested generates interest of approximately £20,000 and conversely every £1.0m spent on capital projects results in a loss of £20,000.

The Council continues to obtain capital receipts from the right-to-buy claw back arrangements with both Charter Community Housing and Banbury Homes. However the number of eligible sales is gradually falling away because claw back only applies where the sale is to someone who was a Council tenant at the time of the transfer. It is anticipated that only £0.3m will be received in 2008/2009 and that this will reduce by 20% each year in the future.

3.6 Collection Fund

The Collection Fund Estimates are prepared as at the statutory date of 15 January 2009 and are shown in Annex 6.

For 2009/10 a collection rate of 98% has been included in the calculations of actual yield. Any sums which are received above this level will effectively be paid back to Council Tax payers in the following year, through the Collection Fund. If this level of collection is not achieved, the shortfall would have to be recovered from Council Tax payers in the following year, through the Collection Fund.

The Collection Fund for Council Tax is projected to have a deficit at the end of the current year, of which the City Council's share is £108k. This has been built into the calculations in this report.

3.7 Council Tax

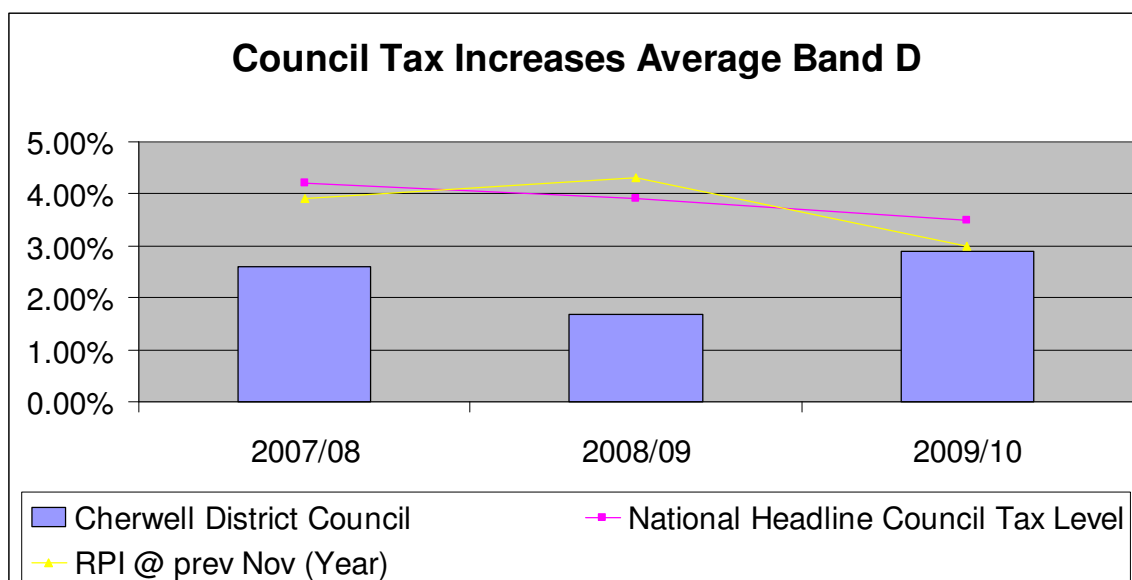
The Council Tax base is one element in determining the actual level of Council Tax to be set for 2009/10 and is formally agreed by the Council, though the responsibility is delegated to the Director of Finance in practice.

The tax base reflects the number of domestic properties in the City expressed as an equivalent number of Band D properties using the relative weightings for each band. This also needs to take account of single occupiers, exempt and discounted properties and projected growth in dwellings, as well as including a deduction for assumed non collection.

The figures for the Tax base are given in a report to the Executive on January 12th 2009, and these will form the basis of the final approved level for precepting purposes.

The council anticipates Cherwell's proportion of council tax to be £123.50 a year, for a band D property. This represents an increase of only £3.50 per year - equivalent to 7p per week. The 2.9% increase is below the December 2009 CPI inflation rate of 3.1% and below the forecast average across UK councils of around 3.5%.

The level of Council Tax changes implemented by the Council, in recent years, is shown in the graph below :



The other precepting authorities, who are included on the Council Tax bills for Cherwell District Council residents, will be considering their requirements at the following meetings :

Oxfordshire County Council	10/02/2009
Thames Valley Police	13/01/2009

4. RESERVES

4.1 In considering the sustainability of the Council's expenditure plans a key factor is the level of reserves which are likely to be available to the Council and their ability to support the underlying level of expenditure in the long term.

One of the key aspects of the Council's financial planning is to ensure that an appropriate level of reserves is maintained to facilitate temporary use of reserves to be employed to create the time in which to effect the necessary changes in spending plans in a managed way in instances where unforeseen eventualities occur.

The Council holds adequate reserves to meet all its known liabilities. A full list of these reserves is shown in Annex 7. These reserves have been subject to a full review in January 2009.

4.2 Each reserve has been created to cover a specific purpose and has been set at a prudent level to meet any liability that might arise.

5 RISK

5.1 The preparation of a budget of this scale inevitably contains a degree of risk, related to the range and scale of the assumptions made, and these risks can arise both from factors of uncertainty and from the possible scale of impact.

In meeting the adopted principles of prudence and sustainability, a key consideration is the level of risk and uncertainty faced by the Council. This is particularly an issue in light of the current economic environment.

Risk analysis and a determination of the adequacy of the level of reserves are key elements within the statement which Directors of Finance are now required to provide, under section 25 of the Act, in conjunction with the final budget and Council Tax recommendations.

As with any major Council project, a risk assessment is prepared and reviewed during the course of the development of the budget. This provides a basis to consider the impact and potential mitigation for key factors, and identifies potential areas for sensitivity analysis to determine the degree of exposure to risk.

This also draws on a review of the wider risks, which are highlighted in the Council's Risk and Assurance framework. The highest rated risks have been reviewed to assess whether there is a direct financial implication, and whether proposals within the budget would serve to increase or decrease the currently assessed risk rating.

5.2 A number of steps have been taken to identify specific risks and, where possible, to take actions to minimise their effects. A review of these risks is provided in Annex 8.

5.3 Significant Risks

The key risks which were identified as part of the review of risks in the preparation of this budget relate to :

The Economic Downturn – and its impact on Council services, activities and finances.

5.4 Future Risks

Icelandic Investments

Cherwell District Council is one of at least 123 local authorities that have been affected by the collapse of Icelandic banking institutions. The Council currently has a total of £6.5 million in short term investments (i.e. those with maturity periods of up to one year) with one of the affected banks Glitner.

The Council has not seen any immediate impact on its ability to finance and deliver its services, but is continuing to work actively through the LGA for recovery of the frozen funds, and the interest on them.

In a letter from the Chairman of the LGA to the Chancellor on 5 December 2008, the point was made that :

"In light of what we now know, a number of points are very clear. First, there is no evidence of recklessness by local authorities. Councils have adhered to the financial framework and struck an appropriate balance between security of investments and

returns. Investment has been properly diversified.”

The position relating to the recovery of Council investments in Icelandic banks and the associated interest is uncertain with no reliable forecast available of what might be repaid, or at what time. At this stage the extent of financial loss, if any, is unknown and in accordance with guidance from CIPFA we have not made any provision for loss. The Council is co-operating with and supporting the work of the Local Government Association (LGA) in its discussions with Treasury on these matters and any Government support to be made available to the affected authorities.

The resulting period of uncertainty poses a real issue for effective financial planning. The position will be closely monitored and members updated regularly as further information becomes known.

County Pension Fund

The next actuarial review of the fund will be based on the position as at 31 March 2010. The results of the review should be known in late 2010 with any changes to contribution rates expected to be implemented with effect from 2011/12. The anticipated impact for the Authority will be reviewed as information becomes available.

6 PRUDENTIAL INDICATORS

- 6.1 The Local Government Act 2003 requires the preparation and monitoring a range of Prudential Indicators for capital expenditure, external debt and treasury management. These are intended to provide a measurable demonstration that the authority is managing its finances in accordance with the requirements of the Prudential Code.
- 6.2 The objective of the Prudential Code is to provide a framework to ensure that the capital investment plans of the authority are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with professional good practice; and that the authority is accountable in making its capital finance and investment decisions.
- 6.3 The Prudential Code sets out 11 indicators covering five different aspects of capital finance and investment:-
 - 1. affordability
 - 2. capital expenditure
 - 3. prudence
 - 4. external debt
 - 5. Treasury management.

These indicators are the minimum required for the framework, although authorities are encouraged to include local indicators where these will enhance the framework. At this stage, no local indicators have been developed.

- 6.4 The indicators must be approved by the Council each year, as part of the budget process, although they may be amended during the year. The Head of Finance will be responsible for establishing procedures to monitor all forward-looking indicators and to act upon any significant variations. In particular there needs to be a system in place to flag any potential breach of the authorised limit for external debt.

The detailed Prudential Indicators are included in Annex 9.

7 SECTION 25 REPORT

Section 25 (s. 25) of the Local Government Act 2003 requires that the Chief Financial Officer (CFO) must report to the authority, when it is making the statutory calculations

required to determine its Council Tax or precept, on the following :

- a) the robustness of the estimates made for the purposes of the calculations, and
- b) the adequacy of the proposed levels of financial reserves.

The majority of the material required to meet the requirements of the Act has been built into the key reports prepared throughout the corporate budget cycle, in particular :

- a) The Medium Term Strategy
- b) The Service Plans and budget reports

This reflects the fact that the requirements of the Act incorporate issues which the Council has, for many years, adopted as key principles in its financial strategy and planning; and which have therefore been incorporated in the key elements of the corporate decision-making cycle.

This also reflects the work in terms of risk assessment and management which is built into all of the key aspects of the Council's work.

The s.25 report is presented to Council on February 23rd 2009.

8 SUMMARY

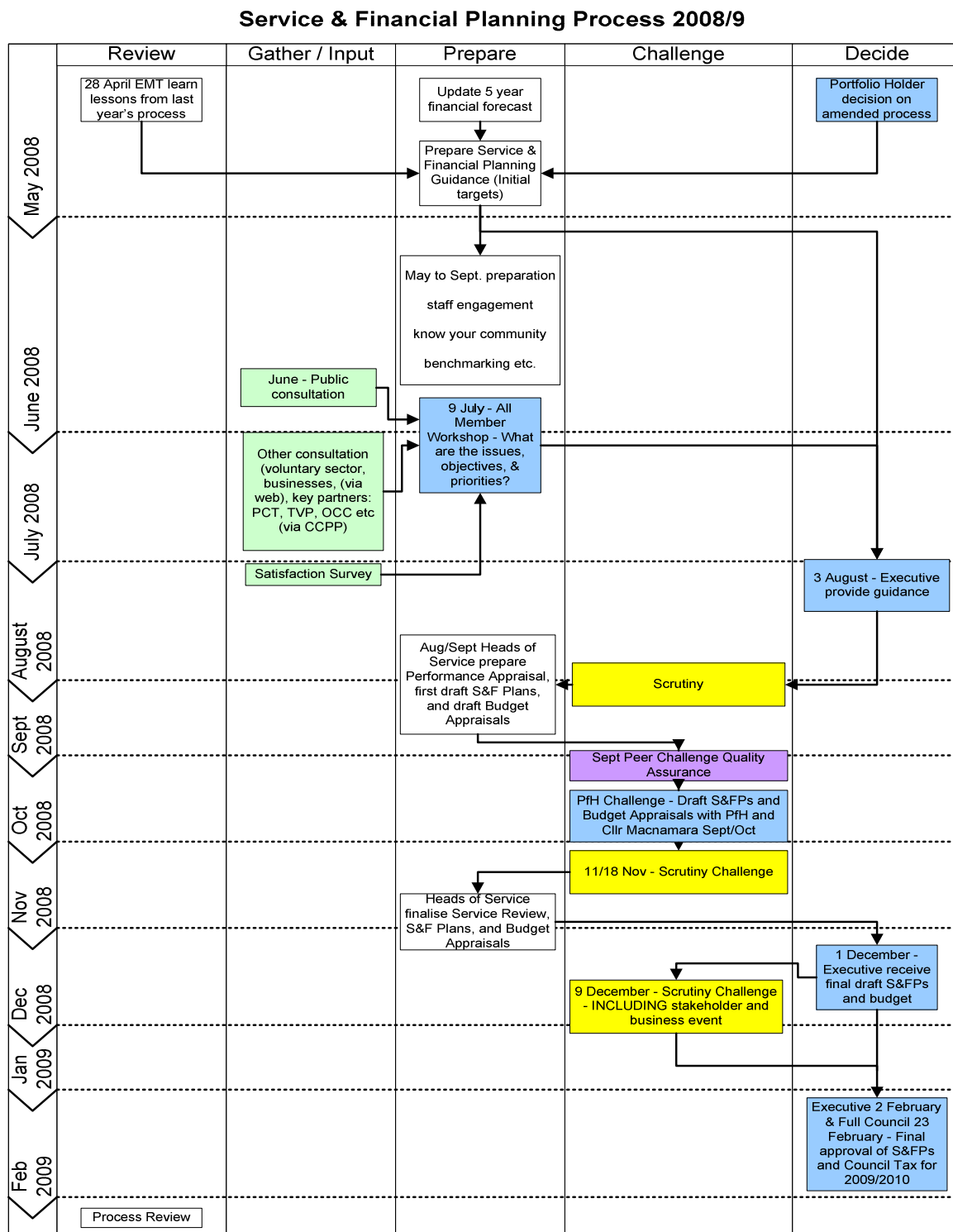
Cherwell District Council has kept its promise to keep council tax increases below inflation and to maintain its front line services, within a balanced budget without drawing on reserves and building on cost reduction and efficiencies.

The strength of the service and financial planning process, with the involvement of Heads of Service, Strategic Directors, Service Accountants, Corporate Management Team and elected Members; the extensive consultation; the assessment of risk; the rigorous challenge; the inclusion of a central contingency; and the way in which it is underpinned by adequate reserves; means that the draft budget is robust, comprehensive and geared to the delivery of the Council's key objectives and service priorities.

SERVICE & FINANCIAL PLANNING PROCESS

1. Service and Financial Planning Process

The Council has developed an integrated approach to service and budget planning. The process and timetable for agreeing the service plans and budget is presented in the flow chart below.



	<p>Each year we make changes to the Service and Financial Planning process in the light of lessons learnt from the previous year and changes in the external environment. In overall terms we wanted to retain the most successful features of the process for 2008/09 in that it was a member led process that was challenging and clearly focussed on improving service delivery and organisational performance. Building on those strengths we made a number of improvements:</p>
	<ul style="list-style-type: none"> • There is better integration of the service plan with the Community Plan and targets coming from the Local Area Agreement. • Staffs at all levels were engaged in the development of the plan. • There was an improved assessment of current performance. • We had better quality demographic information and were able to use this to better understand and respond to the diversity of needs in the district. • We also changed the timing and the content of the annual Customer Satisfaction Survey so that it would better inform the process. <p>As in previous years we used the process to identify areas where efficiency can be improved and savings achieved without affecting service delivery. This was given added urgency this year by the global economic crisis. So as well as considering how the corporate target of 5% efficiency savings will be achieved for 2009/10 services were asked to identify what additional efficiency savings could be identified through improved working, shared services and outsourcing.</p>
2	Consultation and Prioritisation
	<p>Central to the Service and Financial Planning process is the engagement with the local community about their priorities for the coming year. In recognition of the diversity of the district our consultation targeted a number of different groups. There were two half day sessions with members of the general public (representing people living in urban and rural areas). There were a number of shorter focus groups with people from various communities or groups; younger people, older people, people with disabilities and people from black and minority ethnic groups. Telephone interviews were held with local business to listen to their views on budget priorities. In addition to the public consultation events a number of sessions were held with key stakeholders. These were; the parish councils, the voluntary sector, the Cherwell Community Planning Partnership (the Local Strategic Partnership for Cherwell) and a session for Cherwell District Council elected Members. A summary of the key findings is below.</p>

Group Consulted	General Findings
Public Consultation	<p>Key concerns: anti-social behaviour, sports/leisure, recycling, housing and 'urban' matters</p> <p>Spending Priorities:</p> <p>More: anti-social behaviour, sports facilities, sports and arts</p> <p>Less: tourism</p> <p>Top Strategic Priority:</p> <p>District of Opportunity and Cleaner/Greener</p>
Urban Dwellers	
Rural Dwellers	<p>Key concerns: anti-social behaviour, sports facilities, refuse collection and 'rural' issues</p> <p>Spending Priorities:</p> <p>More: anti-social behaviour, sports facilities, leisure development</p>

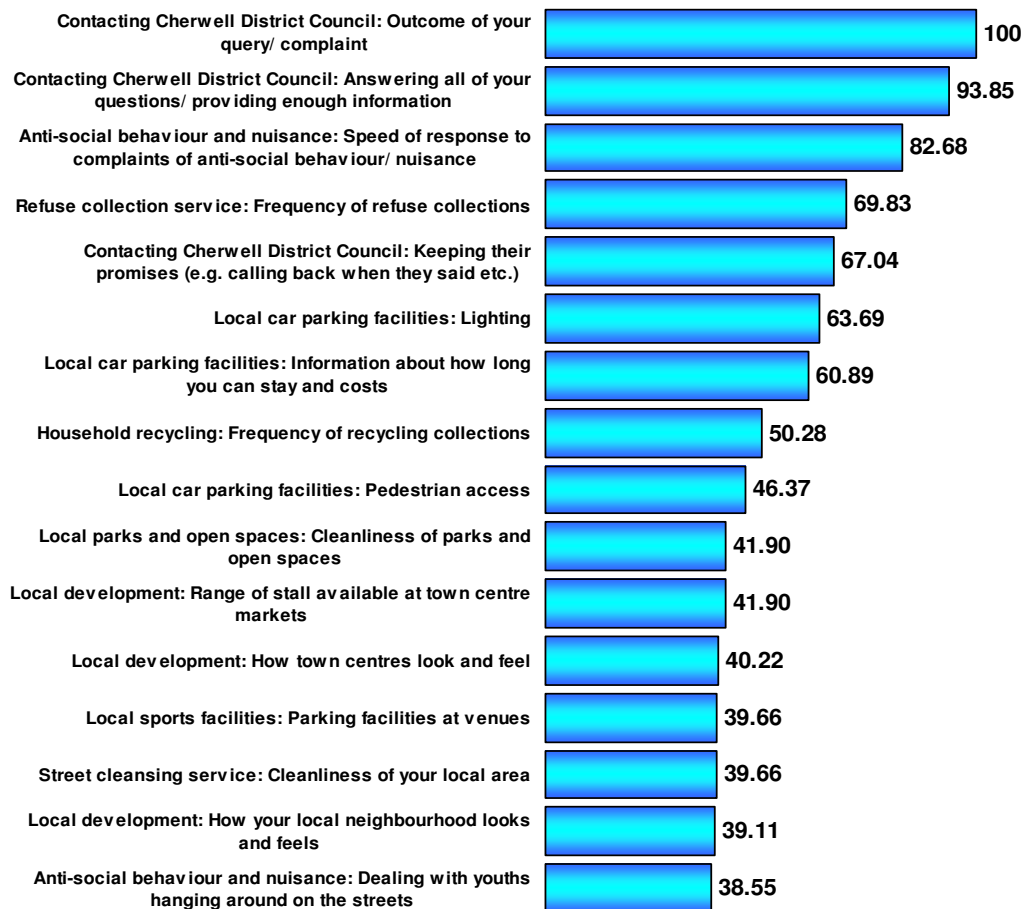
Group Consulted	General Findings
	<p>Less: Banbury museum, tourism, health promotion Top Strategic Priority: A Safer Cherwell, A Healthy Cherwell</p>
Business	<p>Key concerns: safer communities, recycling, leisure/economic development and rural areas. Spending Priorities: More: rural areas, recycling, safer communities, sports facilities, leisure development, economic development and regeneration Less: landscape, diversity and equality, Banbury museum. Top Strategic Priority: District of Opportunity and A Safer Cherwell.</p>
<p>Harder to reach groups</p> <p style="padding-left: 100px;">Younger People</p> <p style="padding-left: 100px;">Older People</p> <p style="padding-left: 100px;">Disabled People</p> <p style="padding-left: 100px;">Minority Ethnic Groups</p>	<p>Key concerns: aspects of safety along with their short-term future (housing, jobs, marriage plans) Spending Priorities: More: rural areas, recycling, safer communities, community development, local transport, leisure development, conservation & urban design, strategic housing Less: landscape, licensing, diversity & equality, tourism, private sector housing Top Strategic Priority: A Safer Cherwell and Cleaner, Greener</p> <p>Key concerns: The cleaner, greener agenda. Spending Priorities: More: anti-social behaviour, refuse collection Less: public protection, health promotion Top Strategic Priority: Cleaner, Greener</p> <p>Key concerns: Aspects of the cleaner, greener agenda and (personal) safety Spending Priorities: More: refuse collection, anti-social behaviour, leisure development, strategic housing, housing needs Less: landscape, licensing, Banbury museum, conservation and urban design Top Strategic Priority: Cleaner, Greener and A Safer Cherwell</p> <p>Key concerns: Housing, refuse collection, public protection, diversity and equality. Spending Priorities: More: refuse collection, public protection, diversity and equality, health promotion., local development, strategic housing, housing needs, private sector housing Less: environmental protection, community development, planning enforcement Top Strategic Priority: Evenly spread across the four strategic priorities</p>
Elected Members	<p>Key concerns: Cleansing, anti-social behaviour, safer communities, leisure and economic development Spending Priorities: More: Cleansing, Safer Communities, Antisocial Behaviour, Leisure Development, Tourism Less: rural areas, landscape, diversity and equality, Banbury</p>

Group Consulted	General Findings
	museum Top Strategic Priority: An even spread between all four priorities
Parish Councillors	Key concerns: rural areas, local transport services, planning enforcement, antisocial behaviour, community development. Spending Priorities: More: local transport services, planning enforcement, rural areas Less: landscape, licensing, diversity and equality Top Strategic Priority: District of Opportunity and Cleaner, Greener
Community Planning Partnership	Key concerns: Local transport, local development, rural areas and Banbury museum (support for) Spending Priorities: More: local transport, local development Less: licensing, planning control, Top Strategic Priority: District of Opportunity
Voluntary Organisations	Key concerns: antisocial behaviour, community development, health promotion and housing Spending Priorities: More: community development, health promotion, strategic housing Less: landscape, licensing, public protection, tourism, planning control Top Strategic Priority: A Healthy Cherwell and A Safer Cherwell

These results show the diversity of needs and priorities across all the different groups consulted. However within this overall picture there are clearly some priorities that are the same for many groups. Most notable are community safety and anti-social behaviour, dealing with refuse, and protecting the environment. These findings coincide with the findings of the 2008 Customer Satisfaction Survey in which the respondents identified the priority factors influencing overall satisfaction. The results which are shown below also give high priority to these issues (with the addition of customer care and car parking issues). This complex picture has meant that when we agreed the service plans and the resources to deliver them we had to balance the delivery of our corporate priorities with allowing services the leeway to respond to this complexity of needs.

CHERWELL DISTRICT COUNCIL DRIVERS OF SATISFACTION – RELATIVE IMPORTANCE OF FACTORS IN DRIVING OVERALL SATISFACTION

- Driver Analysis -



BASE: (Those answering)

0 - 100 Index

3	<p>Service Plans 2009/10</p> <p>Copies of the Service Plans for 2009/10 are available on the Council's intranet site http://intranet/improvement/draftserviceplans.cfm.</p>
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Service Area	Strategic Priority	Budget Consultation	Customer Survey		Previous Investment	Overall Priority Ranking Recommendation	
		Rank (1-7)	Rank High/Medium/Low Priority	Satisfaction and trend	High/Medium/Low	1-7	
Anti-social behaviour	Safe & Healthy (safety element)	1	High	Low but improving satisfaction.	MEDIUM	1	
Refuse collection	Cleaner, Greener	2	High	Medium but stable satisfaction.	HIGH	1	
Strategic Housing	District of Opportunity	1	N/C	-	MEDIUM	1	
Leisure development	Safe & Healthy (health element)	2	Medium	(in relation to parks and open spaces)	MEDIUM	2	
Access to Services	Accessible, Value for Money	This strategic priority was not considered as part of consultation		Low	Low priority when ranked by respondents but in key driver analysis of top significance. Medium and stable satisfaction.	MEDIUM	2
Recycling	Cleaner, Greener	3	High	High but declining satisfaction.	HIGH	2	
Safe communities	Safe & Healthy (safety element)	3	Medium	(in relation to CCTV) Low and declining satisfaction.	HIGH	2	
Local Development	District of Opportunity	4	Medium	(in relation to 'control of local development') Low but improving satisfaction.	MEDIUM	3	
Customer service centre	Accessible, Value for Money	This strategic priority was not considered as part of consultation		Low	Low priority when ranked by respondents but in key driver analysis of top significance. Medium and stable satisfaction.	MEDIUM	3
Rural Areas	Cleaner, Greener	4	N/C	-	MEDIUM	4	
Sports facilities	Safe & Healthy (health element)	3	Medium	Medium but improving satisfaction.	HIGH	4	
Sports and arts	Safe & Healthy (health element)	3	N/C	-	HIGH	4	
Cleansing	Cleaner, Greener	4	Medium	Medium but improving satisfaction.	MEDIUM	4	
Environmental Protection	Cleaner, Greener	4	N/C	-	MEDIUM	4	
Public Protection	Safe & Healthy (safety element)	4	N/C	-	MEDIUM	4	
Community	Safe & Healthy (safety	4	Medium	(in relation to community recreation	MEDIUM	4	

Development Landscape	element) Cleaner, Greener	7	N/C	facilities) High and improving satisfaction.	MEDIUM	7
Local Transport and Concessionary Fares	Safe & Healthy (safety element)	4	N/C	-	MEDIUM	4
Health Promotion	Safe & Healthy (health element)	4	N/C	-	MEDIUM	4
Conservation & Urban Design	District of Opportunity	4	N/C	-	MEDIUM	4
Planning Enforcement:	District of Opportunity	4	Medium	(in relation to 'control of local development') Low but improving satisfaction.	MEDIUM	4
Building Control and Engineering	District of Opportunity	4	N/C	-	LOW	4
Economic Development and Regeneration	District of Opportunity	4	Medium	(in relation to 'control of local development') Low but improving satisfaction.	HIGH	4
Housing Needs	District of Opportunity	4	Medium	(in relation to 'control of local development') Low but improving satisfaction.	MEDIUM	4
Private Sector Housing	District of Opportunity	4	Medium	(in relation to 'control of local development') Low but improving satisfaction.	MEDIUM	4
Urban centres	Cleaner, Greener	5	Medium / Low	Elements that relate to local development medium priority, low but improving satisfaction. Elements that relate to car parking, low priority, medium but improving satisfaction.	MEDIUM	5
Licensing	Safe & Healthy (safety element)	7	N/C	-	MEDIUM	5
Planning control	District of Opportunity	6	N/C	-	MEDIUM	6
Diversity and equality	Safe & Healthy (safety element)	6	N/C	-	MEDIUM	6
Tourism	Safe & Healthy (health element)	6	N/C	-	MEDIUM	7
Banbury Museum	Safe & Healthy (health element)	6	N/C	-	MEDIUM	7

GUIDELINES FOR THE PREPARATION OF THE 2009-10 BUDGET

Guiding Principles

These budget guidelines have been developed within a consistent corporate framework to:

- allocate resources to Council priorities
- minimise competition between services for resource allocations
- avoid one Directorate making a budget saving at the expense of another
- ensure that where significant services are provided between Directorates there is a transparent method for charging a fair cost.

The guidelines are designed to positively encourage managers to do the following:

- bring forward innovative ideas and options to make more effective use of existing resources, clearly identifying how the ideas may develop over a 3-year period, including any requirements for pump priming money.
- link the budget setting process to Service Plans, Value for Money Reviews and the requirement for the identification of options, which will produce efficiency savings.
- focus attention on corporate and service priorities and improving performance.

Timetable

The revenue and capital budget is agreed by full Council before 11th March each year. The 2009/10 budget will be considered at Council on Mon 23rd February 2009. A summary of the timetable and milestones is as follows;

Date	Milestone / Report
Sept 19th 2008	Draft Service Plan & Budget Appraisal submitted
Oct 13th 2008	Sept Projections Finalised
Oct 13th 2008	Budget Guidelines to Executive
Oct 13th - Nov 7th	Heads of Service and Finance produce Draft Budget 1
Oct 14th & 15th	Budget Workshops - lunch event
Oct 22nd 2008	September Projections to CMT
Nov 3rd 2008	Qtr 2 Projections to Executive
Nov 7th 2008	Support Allocations Agreed
Nov 19th 2008	Draft Budget to CMT
Nov 28th 2008	Draft Budget to Exec & Scrutiny
Dec 9th 2008	Budget Challenge
Dec 17th 2008	Draft Budget 2 to CMT
Jan 5th or 12th 2009	Executive - Draft Budget 2
Jan 14th 2009	Budget Proposal to CMT
Feb 2nd 2009	Executive - Budget Proposal
Feb 23rd 2009	Full Council - Budget Approval

Budget Guidelines

1	Prepare and submit a draft three-year capital programme, reflecting the outcome of the current 6 month review of the 2008/09 capital programme. All schemes to carry a full project appraisal including strategic objective, priority, value for money assessment, and details of any revenue impacts.
2	Prepare and submit draft revenue estimates for 2009-10 and the next 2 years which fully reflect the service priority and consultation events.
3	The 2008/09 projected outturn at September 2008, adjusted to take account of the full year effect of savings identified in setting the 2008/09 budget, the restructure and one off items will be assumed to be the Base budget. This will be prepared by the Service Accountant and signed off by Head of Service.
4	<p>The following financial guidelines should be used in estimating changes in expenditure and income over the medium term.</p> <ul style="list-style-type: none"> • Provide for payroll inflation in line with CMT recommendations (3%) • Provide for general inflation on all other expenditure and fees and charges at 1% below the retail price index; as at September 2008 Inflation rates at August 2008 : RPI – 4.8%, CPI 4.7% - expected to fall in late 2008/09 These rates are subject to further review in the budget process • Provide for 5% saving in line with savings target in section 9 below.
5	Maximise income from all sources, subject to legal advice in relation to any newly identified or interpreted sources of income and subject to scrutiny review.
6	Consider the potential for alternative models of service delivery that may contribute to the Council's value for money agenda and, in particular, seek to identify genuine "spend to save" investment opportunities.
7	<p>The net impact of all growth items should be ZERO.</p> <p>Growth arising from changes in legislation/ regulation or service planning will ONLY be allowed if it is fully funded by transferring resources within the same service or from within the same Directorate. Any such transfer either within the same service or the same Directorate can only come from demonstrably lower priority services. A growth proforma should be completed detailing full requirements.</p>
8	All draft estimates should reflect the outcomes from the challenge sessions on individual service and budget appraisals and draft service plans.
9	<p>In a high inflation environment which pushes up the Council's costs, draft revenue estimates will need to show 5% savings based on net expenditure adjusted for support at 08/09 levels.</p> <p>Each Directorate is required to work up a full range of budget savings options for consideration.</p> <p>Directorates are encouraged to be "free thinking" in drawing up options which:</p> <ul style="list-style-type: none"> • identify opportunities for efficiency savings, consistent with the requirements of the Gershon Efficiency Savings Review process. • identify areas with reducing levels of income and identify opportunities for reducing corresponding expenditure. • challenge current methods of service delivery and identify alternative ways of providing

services.

- challenge existing policies and service levels so a complete range of service reductions are identified.

DMT's will need to have considered every issue relating to the potential saving. (including lead-in times, one-off costs and impact on services and policies).

All options need to be considered in the light of the statutory requirement to provide the service and at what minimum level, or whether the service is discretionary.

Guidelines per Directorate

	08/09 Net Budget	Adjusted for Support	5% Savings Target
CSR	4,399,220	6,391,785	319,589
EAC	11,560,969	9,447,046	472,352
PHE	4,241,372	2,569,222	128,461
IMP	472,724	353,120	17,656
CEX	1,747,866	2,030,545	101,527
	22,422,151	20,791,718	1,039,586

- 10 Funding of Council expenditure will
- Assume an increase in council tax of 1% below inflation
 - Assume 2009/10 and 2010/11 government funding as per settlement figures and apply inflation in 2011/12
 - Assume average interest rates of 4.2% in 2009/10 and 4.5% in 2010/11 and 2011/12
These rates are subject to further review in the budget process.

- 11 In drawing up revenue budget proposals, risk assessments should be undertaken to test the robustness of proposals and to identify key factors which may impact on the proposals put forward. Where appropriate action plans should be put in place to manage/mitigate the risks identified.

MEDIUM TERM FINANCIAL FORECAST

	Outturn 2007/08	Budget 2008-09	Projection 2008-09	Budget 2009-10	FC 2010- 11	FC 2011- 12	FC 2012- 13	FC 2013- 14
SERVICE EXPENDITURE								
Services	26,143,031	22,325,765	22,893,373	22,770,096	22,808,388	23,264,555	23,753,111	24,251,926
Capital Charges Reversed	(2,504,576)	(1,228,310)	(1,228,310)	(2,446,965)	(2,491,010)	(2,540,831)	(2,594,188)	(2,648,666)
Net Expenditure Services	23,638,455	21,097,455	21,665,063	20,323,131	20,317,377	20,723,725	21,158,923	21,603,261
Other Issues								
Full Year Effects 2009/10					(35,000)	(35,700)	(36,414)	(37,142)
Admin Review					(85,000)	(86,700)	(88,434)	(90,203)
VFM Reviews already actioned in 09/10					(550,000)	(561,000)	(572,220)	(583,664)
Improvement - end of 3 yr fixed post					(100,000)	(102,000)	(104,142)	(106,329)
Job Evaluation Set Up – 08/09 & 09/10 only					(150,000)	(153,000)	(156,060)	(159,181)
1% target reduction in Voluntary Sector Grants				(104,000)				
Planned 7% reduction in net costs of Health & Recreation				(136,000)				
Accommodation / Asset Management				(100,000)				
Design & Print Expenditure Efficiencies				(25,000)				
Recession end - Impact on Planning / Land Charge Fees							(200,000)	(204,000)
Pension Revaluation	0	200,000	138,000	138,000	140,484	143,294	146,303	149,375
Pension Compensation Payments	0	253,928	253,928	253,928	200,000	204,000	208,284	212,658
Capital Cost of Pensions	0	342,516	0	0	0	0	0	0
Job Evaluation					500,000	510,000	520,710	531,645
VAT Shelter	0	(400,000)	(400,000)	(450,000)	(300,000)	(150,000)	(100,000)	(100,000)
Planned Transfer to Balance Sheet	4,908,605	1,079,236	1,060,236	647,700	659,359	672,546	686,669	701,089
Other Adjustments	2,974,019	(451,689)	(451,689)	90,434	92,062	93,903	95,875	97,888
	7,882,624	1,023,991	600,475	315,062	371,904	535,343	400,571	412,136

Funding Requirement	31,521,079	22,121,446	22,265,538	20,638,193	20,689,282	21,259,067	21,559,494	22,015,397
Planned Transfer From Balance Sheet	(7,771,081)	(941,563)	(780,047)	(901,628)	(700,000)	(714,000)	(728,994)	(744,303)
Investment Income	(6,892,106)	(5,030,455)	(4,939,455)	(2,825,631)	(1,172,611)	(1,393,439)	(1,846,820)	(1,666,820)
Government Grant	(9,947,783)	(10,310,045)	(10,310,045)	(10,637,130)	(10,966,881)	(11,186,219)	(11,421,129)	(11,660,973)
Collection Fund	(195,652)	(101,591)	(101,591)	(108,313)	(101,591)	(101,591)	(101,591)	(101,591)
Council Tax	(5,807,252)	(5,961,360)	(5,961,360)	(6,165,491)	(6,307,852)	(6,466,179)	(6,634,978)	(6,808,184)
	(30,613,874)	(22,345,014)	(22,092,498)	(20,638,193)	(19,248,935)	(19,861,427)	(20,733,513)	(20,981,871)
Potential (Surplus)/Shortfall	907,205	(223,568)	173,040	0	1,440,347	1,397,640	825,982	1,033,525

Govt Efficiency Target (3.1%) : included above (629,839) (642,435) (655,927) (669,701)
to be identified

Reserves

Projected Overspend/(Underspend)	907,205	(223,568)	173,040	0	810,508	755,205	170,055	363,824
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Council Tax

Relevant Tax Base	49,214	49,678	49,678	49,923	50,173	50,423	50,676	50,929
Council Tax Rate for Band "D"	£118.00	£120.00	£120.00	£123.50	£125.72	£128.24	£130.93	£133.68
Council Tax Collection	5,807,252	5,961,360	5,961,360	6,165,491	6,307,852	6,466,179	6,634,978	6,808,184

Cash Balance Forecast								
Opening Cash Balance			110,000,000	83,000,000	64,340,601	52,920,501	48,420,501	43,920,501
Capital Expenditure - as per programme			(27,000,000)	(22,912,399)	(13,920,100)	(5,000,000)	(5,000,000)	(5,000,000)
External Capital Financing				3,253,000	2,500,000	500,000	500,000	500,000
Reserves - to be calculated			(1,000,000)					
Cashflow - to be calculated			1,000,000	1,000,000				
Closing Cash Balance			83,000,000	64,340,601	52,920,501	48,420,501	43,920,501	39,420,501
Average Balance				73,670,301	58,630,551	50,670,501	46,170,501	41,670,501

Interest Rate Assumptions				as per investment deals	2.0%	2.8%	4.0%	4.0%
Inflation Rate Assumptions CPI - Butlers					1.8%	2.0%	2.1%	2.1%
Inflation Rate Assumptions Salaries				3.00%	1.25%	1.50%	1.75%	2.00%

2009/10 CAPITAL PROGRAMME AND FINANCING SUMMARY

	Scheme Cost £	2009/2010 £	2010/2011 £	2011/2012 £	2012/2013 £	2013/14 £	2014/15 £
Approved Programme-Schemes approved prior to 2009/2010*	£16,774,499	£16,427,399	£347,100	£0	£0	£0	£0
Proposed Programme for 2009/2010	£17,898,000	£6,445,000	£3,573,000	£2,008,000	£2,193,000	£2,289,000	£1,390,000
Total Capital Programme Excluding Bicester Town Centre Project	£34,672,499	£22,872,399	£3,920,100	£2,008,000	£2,193,000	£2,289,000	£1,390,000
Main Projects - approved prior to 2009/2010							
Sports Centre Modernisation (*Part of Approved Programme above)	£0	£0	£0	£0	£0	£0	£0
Bicester Town Centre Project	£10,000,000	£0	£10,000,000	£0	£0	£0	£0
	£10,000,000	£0	£10,000,000	£0	£0	£0	£0
Total Capital Programme	£44,672,499	£22,872,399	£13,920,100	£2,008,000	£2,193,000	£2,289,000	£1,390,000
Financed by:							
Capital Receipts	£38,581,166	£18,989,399	£13,311,767	£1,533,000	£1,818,000	£1,914,000	£1,015,000
<i>Sports Centre Modernisation</i>	£1,108,000	£1,108,000	£0	£0	£0	£0	£0
Capital Grants and Contributions	£1,108,000	£1,108,000	£0	£0	£0	£0	£0
£375k per annum Governmental Grant							
Funding towards Mandatory Disabled Facilities Grants	£2,250,000	£375,000	£375,000	£375,000	£375,000	£375,000	£375,000
Government Grants	£2,250,000	£375,000	£375,000	£375,000	£375,000	£375,000	£375,000
<i>Wheeled Bins</i>	£300,000	£100,000	£100,000	£100,000	£0	£0	£0
<i>Vehicle Replacement Programme</i>	£433,333	£300,000	£133,333	£0	£0	£0	£0
<i>Banbury Flood Alleviation</i>	£2,000,000	£2,000,000	£0	£0	£0	£0	£0
Direct Revenue Financing/Use of Reserves	£2,733,333	£2,400,000	£233,333	£100,000	£0	£0	£0
	£44,672,499	£22,872,399	£13,920,100	£2,008,000	£2,193,000	£2,289,000	£1,390,000

Capital Programme 2009/10 - New Schemes

Scheme	Strategic Priority	Score	Sum of Scheme Cost	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Acquisition of High Volume Shredding Machine - Confidential Waste	C	2	£15,000	15,000	0	0	0	0	0
Replacement of Vehicle Fuel Installation - Highfield Depot	C	2	£70,000	70,000	0	0	0	0	0
PC replacement phase 2 For Sunray Programme	D	2	£150,000	50,000	50,000	50,000	0	0	0
Data Security (Govt Connect)	D	1	£10,000	10,000	0	0	0	0	0
Remote and mobile working (including Netilla Replacement)	D	2	£10,000	10,000	0	0	0	0	0
Integrate Register of electors Software with the Land and Property Gazetteer	D	2	£10,000	10,000	0	0	0	0	0
Telephony support for customer service (improvements to Contact Centre)	D	3	£10,000	10,000	0	0	0	0	0
Sunray and Mitel Integration (supporting hot desk & homeworking)	D	2	£15,000	15,000	0	0	0	0	0
Scanning at the point of entry	D	1	£20,000	20,000	0	0	0	0	0
Telephony Decommissioning and Upgrades to Switches	D	2	£20,000	20,000	0	0	0	0	0
Sharepoint extension	D	3	£30,000	30,000	0	0	0	0	0
System Integration for Customer Relationship Management (inc upgrade to V7)	D	3	£30,000	30,000	0	0	0	0	0
GIS Tools	D	3	£30,000	30,000	0	0	0	0	0
Audio Visual Equipment in Council Chamber	D	3	£45,000	45,000	0	0	0	0	0
Telephone Voice Recording	D	3	£35,000	35,000	0	0	0	0	0
Netbackup Upgrade to Backup Drives and Robot Replacement	D	1	£38,000	38,000	0	0	0	0	0
Storage replacement for Filestore/Filestore2 (network SAN) Phase 1	D	1	£40,000	40,000	0	0	0	0	0
Uniform Developments	D	2	£45,000	45,000	0	0	0	0	0
Online Service Provision via Forms	D	1	£50,000	50,000	0	0	0	0	0
Upgrades to Microsoft Office 2003	D	2	£55,000	55,000	0	0	0	0	0
Self Service Terminals	D	2	£70,000	70,000	0	0	0	0	0
Climate Change Initiatives Fund	C	3	£50,000	50,000	0	0	0	0	0
Environmental Services Waste Management IT System 2009/10	C	1	£56,000	56,000	0	0	0	0	0

Scheme	Strategic Priority	Score	Sum of Scheme Cost	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Recycling Container Scheme	C	1	£100,000	65,000	35,000	0	0	0	0
Food Waste recycling Service	C	1	£200,000	200,000	0	0	0	0	0
Vehicle Replacement Programme	C	1	£3,304,000	637,000	622,000	473,000	728,000	844,000	0
Banbury Museum Roof and Building Fabric	A	3	£45,000	45,000	0	0	0	0	0
Repairs to existing Car Park and Footways at Woodgreen - DDA	A	2	£50,000	50,000	0	0	0	0	0
North Oxfordshire Academy Site Safety & Security	B	2	£60,000	60,000	0	0	0	0	0
North Oxfordshire Academy Astroturf	B	2	£150,000	150,000	0	0	0	0	0
Relaying the Astroturf at Cooper School - Bicester	B	2	£150,000	150,000	0	0	0	0	0
South West Bicester Sports Village	A	2	£1,500,000	170,000	1,330,000	0	0	0	0
Replacement Cabling Infrastructure for CCTV and Office Links and Fibre City	B	2	£190,000	190,000	0	0	0	0	0
Implementation of Banbury Residents Parking - Signage & Lining	A	3	£30,000	30,000	0	0	0	0	0
Bicester Cattle Market Car Park (additional 50m)	A	2	£35,000	35,000	0	0	0	0	0
Future Regeneration Schemes - Preliminary Professional Fees	A	3	£50,000	50,000	0	0	0	0	0
Bicester Town Centre Redevelopment Scheme	A	2	£120,000	60,000	40,000	20,000	0	0	0
Thorpe Lane Depot Refurbishment Scheme	E	1	£1,160,000	1,134,000	26,000	0	0	0	0
Housing Overcrowding Pilot scheme	A	3	£30,000	30,000	0	0	0	0	0
Discretionary Grants for Domestic Properties - Essential Repairs/Energy/Home Improvements and Discretionary DFG's	A	3	£2,640,000	440,000	440,000	440,000	440,000	440,000	440,000
Mandatory Disabled Facilities Grants (Attracts £375k per annum Governmental Grant Funding)	A	2	£5,700,000	950,000	950,000	950,000	950,000	950,000	950,000
Acquisitions Scheme - to extend RSL Housing	A	3	£1,000,000	1,000,000	0	0	0	0	0
Off Road Parking Facilities	B	3	£150,000	150,000	0	0	0	0	0
Urban Centres Improvements	A	5	£300,000	45,000	50,000	75,000	75,000	55,000	0
Kidlington Exeter Close Project	D	3	£30,000	0	30,000	0	0	0	0
			£17,898,000	6,445,000	3,573,000	2,008,000	2,193,000	2,289,000	1,390,000

Capital Programme 2009/10 - Prior Year Approvals

Department	Scheme	Strategic Priority	Sum of Scheme Cost	2009/2010	2010/2011
Economic Development & Estates	Access to Highfield Depot - approved spend for 2008/9 but spend reprofiled for 2010/11 (some may happen in 2009/10)	D	£22,100	0	22,100
Health & Recreation	Tooleys/Museum (Retention monies due on scheme)	C	£30,000	30,000	0
Urban & Rural	Christmas Illuminations	E	£45,000	45,000	0
Finance	Financial Ledger - Agresso 5.5	E	£50,000	50,000	0
Environmental Services	Food Waste Recycling Service	C	£50,000	50,000	0
Urban & Rural	Street Scene Replacement Programme to be spent in 2008/9	E	£70,000	40,000	30,000
Environmental Services	Climate Change Initiatives Fund	C	£75,000	75,000	0
Health & Recreation	Village Hall & Recreation Committee Play Well in Cherwell	A	£80,000	80,000	0
Health & Recreation	Football Development Plan in Banbury	B	£90,000	20,000	70,000
Economic Development & Estates	Bicester - Pedestrianisation	A	£225,000	0	225,000
Safer Community & Community Development	CCTV	B	£226,000	226,000	0
Economic Development & Estates	Bicester Cattle Market Car Park Phase 2	A	£328,500	328,500	0
Health & Recreation	Woodgreen Leisure Centre Open Air Pool	B	£1,203,000	1,203,000	0
Planning	Banbury Flood Alleviation	B	£2,000,000	2,000,000	0
Economic Development & Estates	Banbury Pedestrianisation	A	£2,031,300	2,031,300	0
Health & Recreation	Sports Centre Modernisation	A	£10,248,599	10,248,599	0
			£16,774,499	£16,427,399	£347,100

Capital Programme - Deleted Schemes

Scheme	Strategic Priority	Score	Scheme Cost	2009/2010	2010/2011	2011/2012	2012/2013	2013/14
Automated Number Plate Recognition (assist Crime Reduction)	B	1	40,000	40,000	0	0	0	0
Kitchen Waste Collection Service Pilot	C	1	50,000	50,000	0	0	0	0
Establishment of a customer panel for improving customer service	D	2	10,000	10,000	0	0	0	0
Disaster Recovery ICT	D	2	15,000	15,000	0	0	0	0
Channel Migration Advertising campaign	D	2	15,000	15,000	0	0	0	0
Countryside Access	D	2	45,000	15,000	15,000	15,000	0	0
Community Woodland Project	C	2	50,000	35,000	10,000	5,000	0	0
Sharepoint extension	D	2	50,000	50,000	0	0	0	0
Pocket Parks Improvements	B	2	60,000	20,000	0	20,000	0	20,000
Electronic Document Records Management System (HR only in 2009/10)	D	2	60,000	60,000	0	0	0	0
Laptop upgrades/replacement and other mobile devices	D	3	10,000	10,000	0	0	0	0
Kidlington Village Centre Pedestrianisation	A	4	20,000	20,000	0	0	0	0
Town Centre Visitor Signage - Banbury and Bicester	A	4	20,000	20,000	0	0	0	0
Markets Enhancements	A	4	30,000	30,000	0	0	0	0
Toilet Refurbishments Phase 4 - Bodicote House	C	4	30,000	30,000	0	0	0	0

Scheme	Strategic Priority	Score	Scheme Cost	2009/2010	2010/2011	2011/2012	2012/2013	2013/14
Replacement of Heating Boilers - Old Bodicote House	C	4	40,000	40,000	0	0	0	0
Covered Vehicle Inspection Facility (Licensing)	B	5	25,000	25,000	0	0	0	0
Kirtlington Quarry Road Repairs	B	5	30,000	30,000				
Off Road Parking Facilities/Environmental Improvements	B	5	600,000		150,000	150,000	150,000	150,000
Commercial Bailiff Service Approved for 2008/9 but now deferred to 2010/11	D	Prior Year	35,000	0	35,000	0	0	0
Traffic Calming in Villages	B	Prior Year	42,000	0	15,000	15,000	12,000	
Renewal of Corporate Servers & Virtualisation Programme	D	Prior Year	50,000	50,000	0	0	0	0
Animation Centre -IT Upgrade	E	Prior Year	50,000	50,000	0	0	0	0
Refurbishment of Claremont Toilets	C	Prior Year	75,000	75,000	0	0	0	0
Relocation of Animation Station	B	Prior Year	75,000	75,000	0	0	0	0
Improvements to Retained Housing Open Spaces	B	Prior Year	90,000	30,000	30,000	30,000	0	
			£1,617,000	£795,000	£255,000	£235,000	£162,000	£170,000

REVENUE ANALYSIS

CUSTOMER SERVICES & RESOURCES DIRECTORATE

	Outturn 2007/08 £	Projection 2008/09 £	Draft Budget 2009/10 £
Customer Services & Resources	(25,314)	310,131	(2)
Exchequer Services	1,600,736	891,842	1,706,801
Finance			
Services	1,417,441	463,331	345,979
Customer Services & ICT	558,065	1,459,935	358
Business Services	5,079	15,932	34,079
Legal & Democratic Services	1,489,767	1,536,399	1,598,713
Customer Services & Resources Directorate	5,045,774	4,677,570	3,685,928

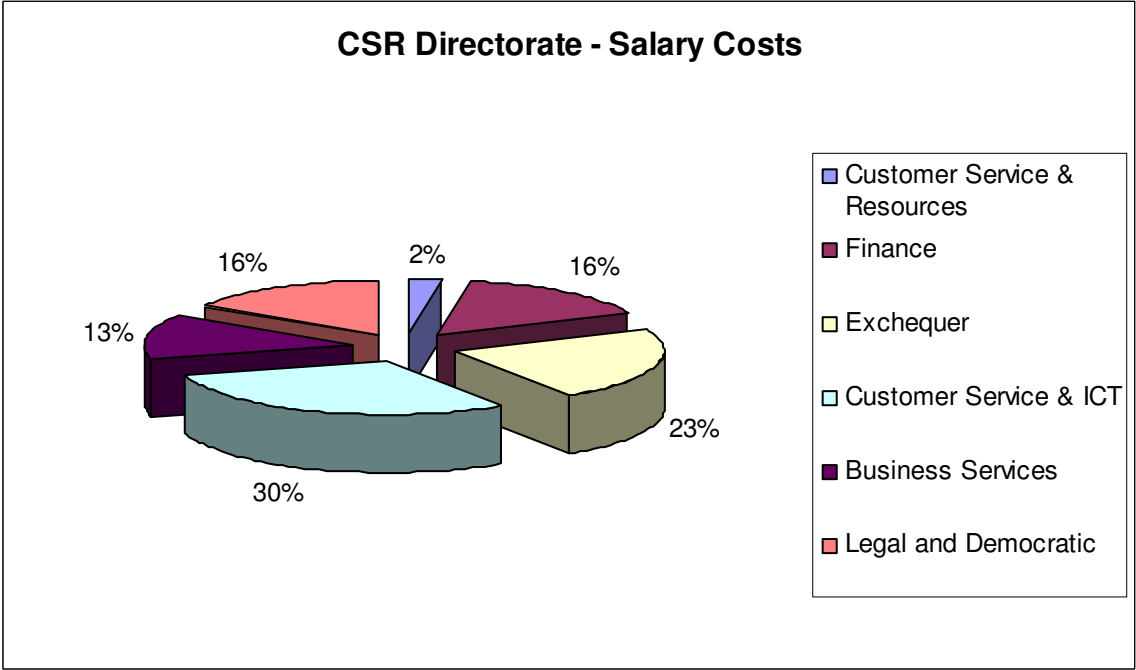
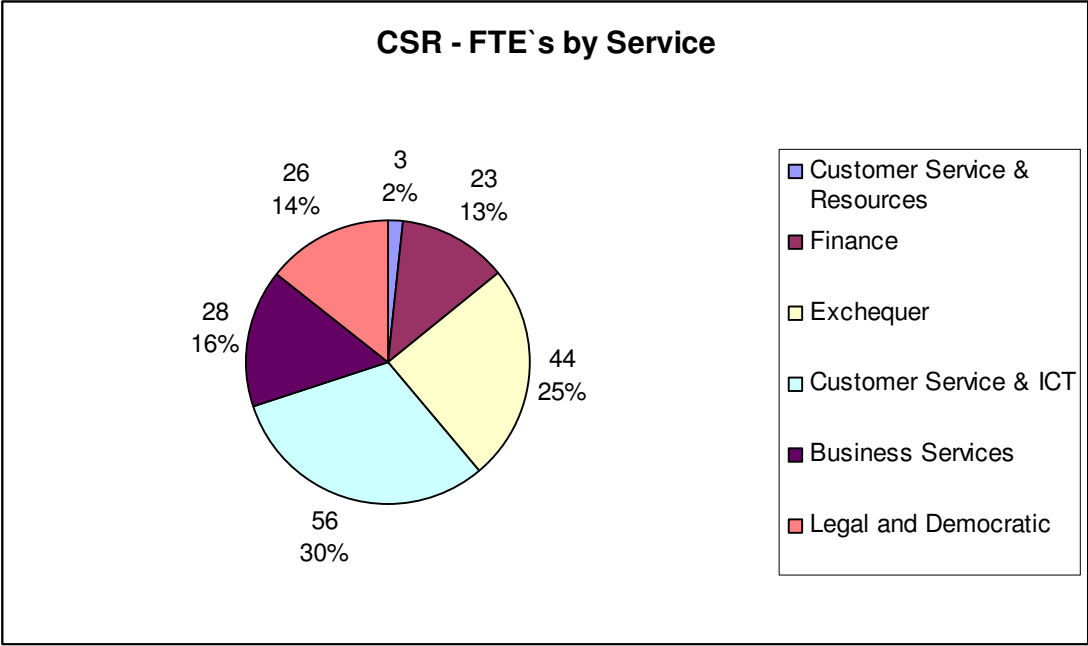
Overview of Service

The Directorate leads on the delivery of our strategic priority “**An Accessible Value for Money Council**”. Our portfolio of services includes a mix of services directly accessed by the public alongside a suite of professional corporate services such as legal, finance and ICT.

Our Customer facing Services include:

- customer and information services
- Council Tax & Business Rates billing and collection
- housing benefits
- local land charges
- legal services
- our website
- finance
- the procurement, of goods and services which the council needs
- elections

This Directorate accounts for 33% of the workforce and has an annual salary cost of £5.8m. The distribution of the 179 employees and there cost is shown in the tables below



We focus on securing value for money across the board by applying technology to our processes, finding new ways to deliver our services either wholly internally or, more recently in partnership with others. We have significantly reduced our costs particularly in support services and overheads.

In the coming year we will deliver our services for £1m less than last year.

A significant budgetary challenge for the Directorate is driven by the economic downturn affecting both income, such as Land charges and increasing costs of goods and services such as energy insurances and utilities.

In the coming year we will continue to secure further cost reductions in our overheads and accommodation costs seeking where possible to co-locate services and provide accommodation and corporate support to other organisations

The attached budget reflects an annual savings value secured to date of £489k this represents a 10.4% saving

Projection	
08/09	4,677,570
Inflation	199,375
New Effects	487,656
Growth	34,999
Training	(103,912)
Support & Recharges	(1,328,381)
Projected one-off items	
08/09	207,472
Total	4,174,779
Draft 09/10	3,685,928
Other	
Adjustment	(488,852)

Key Activities 09/10

Over the last two years we have created a single customer service team at the Council and the staff in this team serve our residents and customers on the telephone, by email and face-to-face in our One Stop Shops. We remain committed to excellent customer service and will be training this team to handle an even broader range of your enquiries over the coming year. We will also be making sure that it is possible to access increasing numbers of our services remotely via our website. We also remain committed to continuing to focus on meeting the specific needs of our most vulnerable residents.

Our key objectives for the year are :

- Making it easier for local business to trade with us, by always seeking at least one quote from a local supplier for all contracts below formal tender value,
- Placing 10 new “Link-Points” in our rural areas to provide residents and businesses with a greater choice of access to our services
- Taking the steps required to reduce our costs by a further £1million by the beginning of 2010/11

We will be improving the way we deliver our housing benefits service and our property services. We will be improving our web site to enable more services to be delivered electronically.

We will provide greater choice and flexibility in payments of council tax and business rates making it as easy as possible for people to pay.

We will review the delivery of our Legal services to ensure value for Money.

We continue to improve our Financial Management further improving our financial reporting and providing easily understood accessible financial information.
We will focus on the management of our assets – maintaining the security of our investment whilst securing the best return.

Service Plan Headlines

Delivering improved Services in a reduced cost base.

Improving Customer Satisfaction

Improving our current rating under the new CAA for Use of Resources

Considering new service models for Benefits and property services.

Managing loss of income. By securing alternative income streams and reducing costs.

Customer Services & Resources

Projection		Efficiency Savings
08/09	310,131	Staff redundancy and end of fixed term contract (£97k)
Inflation	4,479	
New Effects	22,526	
Growth	0	
Training	(925)	
Support & Recharges	(233,118)	
Projected one-off items 08/09	(6,072)	
Total	97,021	
Draft 09/10	(2)	
Other		
Adjustment	(97,023)	

Exchequer Services

Projection		Efficiency Savings
08/09	891,842	Outsourcing of Audit Services (£66k), reduction in professional fees (£2k) and external tutors (£2k)
Inflation	18,972	
New Effects	(1,137)	
Growth	0	
Training	(18,132)	Budget Refinement
Support & Recharges	692,730	Reduced Grants for Admin Subsidy £37k and Cost of Collection £11k.
Projected one-off items 08/09	160,918	Partly offset by an increase in Council Tax & Housing Benefits (£17k)
Total	1,745,193	
Draft 09/10	1,706,801	
Other		
Adjustment	(38,392)	

Finance Services

Projection		Efficiency Savings
08/09	463,331	Redundancy and reduced consultancy (£96k)
Inflation	31,345	
New Effects	188,249	Budget Refinement
Growth	0	Salaries (£73k) Consultancy £40k
Training	(21,215)	Increased fund management costs £67k
Support & Recharges	(226,450)	
Projected one-off items 08/09	(28,852)	
Total	406,408	
Draft 09/10	345,979	
Other		
Adjustment	(60,429)	

Customer Services & ICT

Projection		Efficiency Savings
08/09	1,459,935	Reduced PRP payment (£3k), printing costs (£7k), Telephone GSM Gateway (£21k) and infrastructure software (£10k)
Inflation	65,347	
New Effects	208,083	Budget Refinement
Growth	0	Language line £2k
Training	(41,064)	
Support & Recharges	(1,611,856)	
Projected one-off items 08/09	(41,971)	
Total	38,474	
Draft 09/10	358	
Other		
Adjustment	(38,116)	

Business Services

Projection		Efficiency Savings
08/09	15,932	Reduced Postage & Carriage (£7k), Cleaning Bodicote House £10k) and TCO (£17k), ICT Infrastructures £0.5k), Building Maintenance & Repairs (£32k), Gas and Electric units usage (£18 k), Rent (£1k), Water (£1k), NNDR (£25k), Plant & Equipment (£12k) and security (£12k)
Inflation	41,019	
New Effects	88	
Growth	34,999	
Training	(14,425)	
Support & Recharges	138,235	
Projected one-off items 08/09	(37,690)	
Total	178,158	
Draft 09/10	34,079	
Other		
Adjustment	(144,079)	

Legal & Democratic Services

Projection		Efficiency Savings
08/09	1,536,399	Remuneration panel savings (£6k), Scrutiny professional fees (£2k), Democratic PRP payments (£3k) and general advertising (£4k), Legal Computer software (£5k) and Legal fees (£29k), Land charges salaries (£21k) and By Elections only (£42k)
Inflation	38,214	
New Effects	69,847	
Growth	0	
Training	(8,151)	
Support & Recharges	(87,922)	
Projected one-off items 08/09	161,139	
Total	1,709,526	
Draft 09/10	1,598,713	
Other		
Adjustment:	(110,813)	

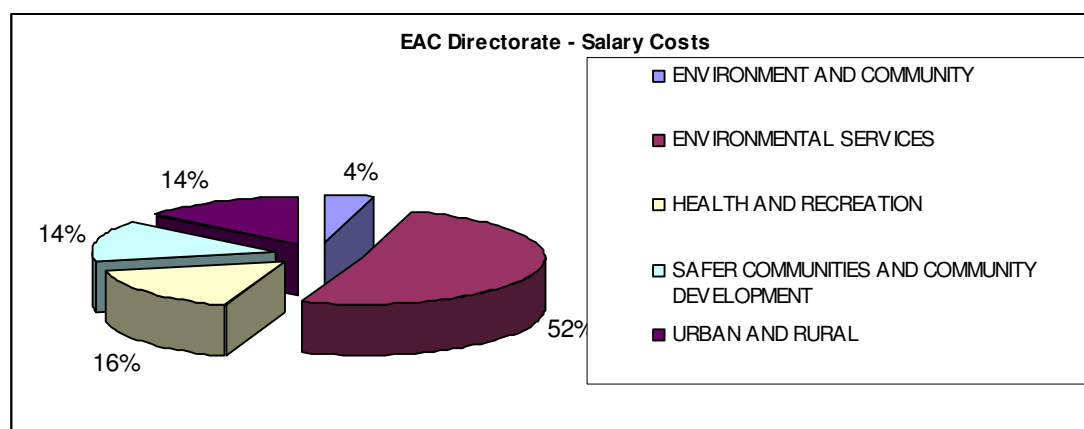
ENVIRONMENT & COMMUNITY DIRECTORATE

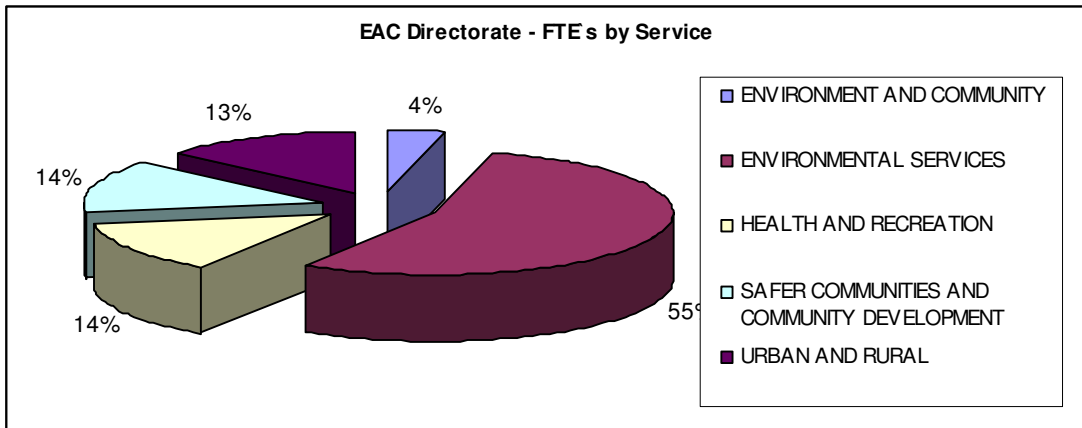
	Outturn 2007/08	Projection 2008/09	Draft Budget 2009/10
	£	£	£
Environment & Community	2,460	(88,047)	4,906
Environmental Services	5,403,650	5,425,992	6,085,837
Safer Communities & Community Development	2,863,599	2,783,704	2,889,312
Urban & Rural Services	382,146	29,825	62,039
Health & Recreation	4,207,324	3,632,435	3,024,880
Environment & Community Directorate	12,859,179	11,783,909	12,066,974

Overview of Service

The Directorate assumes the delivery lead for the Council's strategic priorities for Clean & Green and Safe & Healthy but also makes significant contributions to the priorities for Opportunity and Accessibility & VFM. Its service base is wide, has some 200 staff, is fully customer and resident facing and structured into four service groups of Environment, Recreation & Health, Urban & Rural and Safer Communities & Community Development. Its wide service base means that it plays the most significant Council role in leading and contributing to most of the Cherwell Community Plan themes and the contribution to the Oxfordshire Sustainable Community Strategy with the linked Local Area Agreement 2 process and funding. Because of the nature of the services, it is also heavily reliant on partnership working.

This Directorate accounts for 40% of the workforce and has an annual salary cost of £6.8m. The distribution of the 179 employees and there cost is shown in the tables below:





Projection	
08/09	11,783,909
Inflation	234,541
New Effects	439,932
Growth	0
Training	(66,430)
Support & Recharges	982,448
Projected One-offs Items	
08/09	(182,938)
Total	13,191,462
Draft 09/10	12,066,974
Other	
Adjustment	(1,124,488)

Key Activities 09/10

2019/10 will offer many challenges particularly in light of the economic position. The level of income from fees for car parking and recreation activities need to be maintained through a combination of ensuring services are provided to the right quality, at an affordable price and meet the needs of local residents. The economic position is also likely to result in a lower tonnage of recyclable materials and residual waste collected, potentially increased fly tipping and abandoned vehicles and increased demand for some services.

Key priority areas of service development and change include: the preparation for the introduction of an integrated on and off street parking service called Civil Parking Enforcement, the finalisation of the permanent arrangements for the Bicester Residents Parking Scheme, consultation on a Banbury Residents Parking Scheme, the first year implementation of the new Cherwell Rural Strategy, the completion of construction works and opening of the Council's four main leisure centres, the continued focus on reducing the Council's carbon footprint and in particular, supporting other businesses and local organisations to do the same, the introduction of a food waste recycling service once a local treatment facility has been provided, to continue the previous year's improvement in environmental quality and cleanliness through targeting reduced dog mess and fly tipping, the development and introduction of a community intelligence system which will provide shorter reaction time to service need and improved pro activity in service planning plus the continued push to reduce crime and anti social behaviour thereby improving local residents feeling of being safe in their home and community.

The services budget has included significant savings generated through efficiencies, increased

effectiveness, and restructuring. However, these measures have been insufficient to provide a balanced and lawful budget and further savings have had to be sought. This has meant that voluntary sector grants have reduced by 17% and that the net cost of recreation and health services has reduced by 7%. The effect of this is that there will be reduced levels of service offered in some of the Council's lower priority services and support for the voluntary sector will be lower than last year.

Service Plan Headlines

Environmental Services includes waste collection and recycling, cleansing services, environmental protection and cleaner greener developments. 2009/10 will see the introduction of measures to achieve further household waste reduction, additional reuse and recycling of household waste particularly through the introduction of a food waste recycling service, improved removal of dog mess, fly tipping and abandoned vehicles and leading the climate change agenda for the Council and the Cherwell Community Planning Partnership.

Recreation & Health includes sports facilities, recreation and health improvement activities and projects plus arts and visitor services. 2009/10 will see the re opening of Bicester and Kidlington Leisure Centres and the new Spiceball Leisure Centre following a £29m investment programme, the transformation and reopening of Woodgreen Open Air Pool, promoting better health in tackling increasing obesity and adopting healthy lifestyles, providing through partnership working more positive activities for young people and supporting the improvement to local health care provision in Banbury and Bicester.

Urban & Rural Services includes vehicle parks, licensing, landscape management, street scene management, rural development and countryside services. In 2009/10, an integrated parking strategy will be developed to embrace resident parking schemes in Banbury and Bicester and additional responsibilities associated with civil parking enforcement. There will be improvements to operational street scene management plus more coordinated support to rural communities and the countryside and improved licensing inspection and enforcement activity to address antisocial behaviour.

Safer Communities and Community Development includes public protection, safer communities, dealing with antisocial behaviour, supporting the voluntary sector, local transport schemes and community development. Despite the low crime levels in the District, 2009/10 will see a further reduction in crime and antisocial behaviour. Addressing the fear of crime, making improvements to the CCTV coverage in urban centres, more effective support for the voluntary sector and supporting the increasing number of older people groups will be key areas of development.

Environment & Community

Projection	
08/09	(88,047)
Inflation	9,648
New Effects	19,563
Growth	0
Training	(5,372)
Support & Recharges	17,101
Projected One-offs Items 08/09	33,000
Total	(14,107)
Draft 09/10	4,906
Other	
Adjustment	19,013

Projected one off items 08/09
An adjustment to support costs of £33K was required in 08/09.
Other budget adjustments for 09/10 have resulted in an overall budget increase of £19K
New Effects
There are additional Capital Charges of £24K and budget reductions of (£5K.)

Environmental Services

Projection	
08/09	5,425,992
Inflation	114,982
New Effects	175,810
Growth	0
Training	(25,671)
Support & Recharges	741,576
Projected One-offs Items 08/09	(117,277)
Total	6,315,412
Draft 09/10	6,085,837
Other	
Adjustment	(229,575)

Projected one off items 08/09 -

Increased Agency, Fuel and leased vehicle costs of £132K have in part been offset by increased Recycling credits and other efficiency savings.

Increased Fees & Charges -

will generate an estimated - (£35K) worth of additional income in areas of Bulky Waste / Trade Refuse and abandoned Vehicles.

Numerous Efficiency savings and Budget Refinements-

have reduced the overall budget across all service areas by (£14K.) The removal of leased costs of (£166K) generated through Capital Investment in Council owned vehicles has assisted in offsetting projected increased gate fees of £171K.

Value for Money Reviews -

have generated both reduced expenditure and increased income to the net value of (£82K.) Other areas of **projected increased Income** include (£94K) for over achievement of Landfill targets and additional income from the MOT bay of (£9.5K.)

New Effects - There are additional Capital Charges of £179K and budget refinements of (£3K.)

Safer Communities & Community Development

Projection	
08/09	2,783,704
Inflation	34,203
New Effects	178,442
Growth	0
Training	(11,747)
Support & Recharges	56,074
Projected One-offs Items 08/09	(28,000)
Total	3,012,676
Draft 09/10	2,889,312
Other	
Adjustment	(123,364)

Projected one off items 08/09 -

Consultancy costs for cover for long term sickness £35K.

Efficiency Savings

Various operational costs have been reduced by (£29K) in addition to the buyout from the CCTV monitoring contract releasing (£33K) of expenditure and additional grant funding from OCC of (£36K.) The restructure of the Public Protection Team will provide (£9.5K) worth of savings

Additional Income has been received from Third party contributions for the Street Warden Service - (£15K.)

New Effects -

An additional £138K has been incorporated for 09/10 for Concessionary Fares. Other new effects include salary budget adjustments from previous years of £24K and reduced income from Parish councils for CCTV - £4K.

Urban & Rural Services

Projection	
08/09	29,825
Inflation	43,238
New Effects	347,092
Growth	0
Training	(8,171)
Support & Recharges	95,254
Projected One-offs Items 08/09	20,000
Total	527,238
Draft 09/10	62,039
Other	
Adjustment	(465,199)

Projected one off items 08/09

A reduction in consultancy costs - (£31K) and additional operational costs of £11K.

Increased Fees & Charges -

will generate an estimated - (£409K) worth of additional income in car parking and licensing.

Efficiency savings -

to the value of £40K have been generated across service areas. [£30K of this being the release of a maintenance budget for Car Parks] The budget for Green Waste Management has been reduced to the value of (£16K.)

New Effects -

There are additional Capital Charges of £304K and budget refinements in the "Transport" service area of £43K

Health & Recreation

Projection	
08/09	3,632,435
Inflation	32,470
New Effects	(280,975)
Growth	0
Training	(15,469)
Support & Recharges	72,443
Projected One-offs Items 08/09	(90,661)
Total	3,350,243
Draft 09/10	3,024,880
Other	
Adjustment	(325,363)

Projected one off items 08/09 -

Expenditure incurred in relation to the delayed transfer of the Sports Centres to Parkwood Leisure - £60K and additional operational costs of £30K across other budget areas.

Through the proposed reduction in service provision **Efficiency Savings** and budget refinements to the value of (£325K) have been released across Health & Recreation service areas.

New Effects -

There are additional Capital Charges of £457K, however these have been offset by the (£745K) reduction in Management Fees payable in respect of Kidlington, Bicester and Spiceball Sports centre.

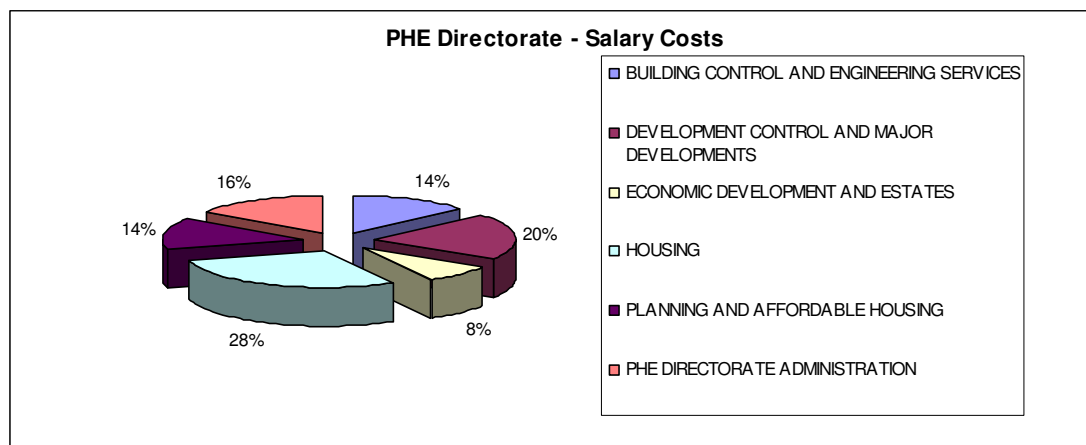
PLANNING HOUSING & ECONOMY DIRECTORATE

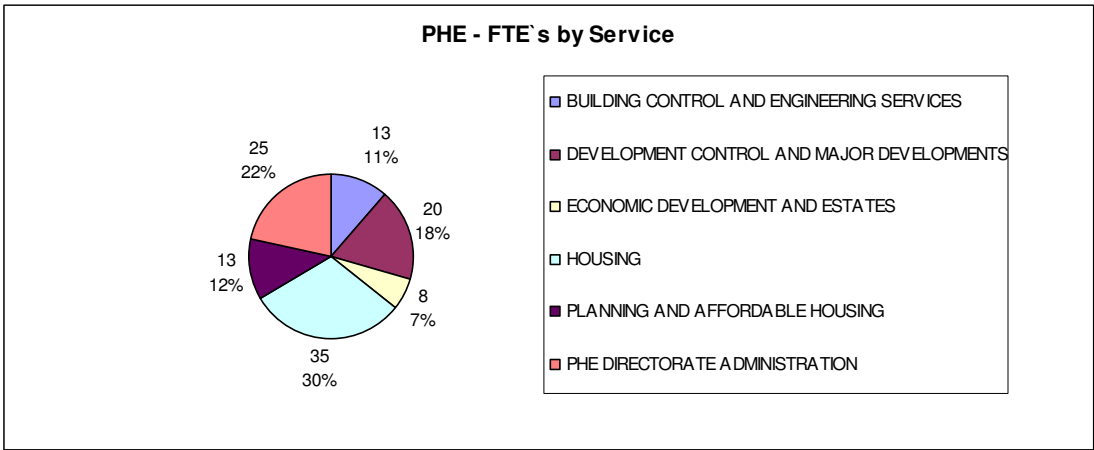
	Outturn 2007/08 £	Projection 2008/09 £	Draft Budget 2009/10 £
Planning Housing & Economy Planning & Affordable Housing Policy	(125,253)	15,721	27,933
Development Control & Major Developments	1,397,399	1,391,994	1,344,846
Building Control & Engineering Services	1,627,680	1,249,368	1,542,172
Economic Development & Estates Housing Services	82,341	240,706	358,602
	487,523	(830,634)	(1,036,146)
	2,395,317	2,395,487	2,465,078
Planning Housing & Economy Directorate	5,865,007	4,462,642	4,702,484

Overview of Service

The Directorate contributes to the full range of Council priorities, but in particular aims to ensure that Cherwell is a "District of Opportunity". The main services provided are the strategic housing function, planning, building control, engineering (street environment related capital projects and local drainage responsibilities), estates asset management and economic development.

This Directorate accounts for 21% of the workforce and has an annual salary cost of £4.2m. The distribution of the 121 employees and their cost is shown in the tables below:





Projection	
08/09	4,462,642
Inflation	115,364
New Effects	19,770
Growth	(10,000)
Training	(86,708)
Support & Recharges	445,344
Projected one-off item 08/09	42,860
Total	4,989,272
Draft 09/10	4,702,484
Other	
Adjustment	(286,788)

Key Activities 09/10

Priorities for the next year are: to update the Council's Economic Development Strategy in light of the recession and to work with partners to support local people and businesses through difficult times; to maintain the existing high quality service on homelessness prevention / response in recession; to develop the housing options and advice service to help local people face growing housing problems (e.g. signposting new shared ownership and mortgage rescue schemes); to continue to facilitate the delivery of new affordable housing in circumstances where housing development opportunities are much reduced (e.g. by use of new Government funding support and Council capital funds); to progress the Local Development Framework to publication of a strategy that effectively balances the need to identify new housing land with environmental protection; to use local planning powers to resist damaging Government eco town proposals; to deliver development opportunities for an increased rate of affordable housing provision and new employment land and premises; to support high quality regeneration in town centres and urban centres (in particular to progress Bicester Town Centre Redevelopment and complete Banbury Parsons Street pedestrianisation); to improve the quality and speed of service in handling of planning applications - whilst achieving greater accessibility and better outcomes on the ground in terms of infrastructure, community facilities and design quality.

The 2009 - 10 estimates have been prepared from a 2008-09 budget base that incorporated significant savings from service rationalisation, general efficiencies and management restructuring. This has ensured a continuing rigorous financial discipline. In addition external economic conditions have worsened and affected the PHE budget position significantly, (particularly through a loss in planning and building control application fee income and revised expectations on property rental income due to credit crunch impacts on the property sector). The planning services have also incurred high exceptional costs due to a major planning appeal inquiry for the RAF Upper Heyford redevelopment and in responding to the government's eco town's programme. This has depleted reserve funds held to deal with such pressures. The overall impact of the recession also creates a general imperative for the Council to find further savings and to carefully control its expenditure.

For PHE savings have been achieved in the following main areas:

- Reduced staffing in Development Control and Major Developments and Building Control and Engineering Services to respond to reduced application workload
- Reduced use of consultancy support in Planning & Affordable Housing Policy
- Reduced advertising & promotion work in Economic Development and Estates
- Efficiencies in admin support & slowing of electronic document storage project
- Continued Housing Services value for money savings arising from the Temporary Accommodation Strategy (reduced reliance on expensive private sector rooms)

There are no specific service growth proposals for PHE services, though changed economic circumstances will necessitate internal readjustment in the way resources are used.

In particular there will be a redirection of resources in Development Control as overall staffing is reduced and workload rebalanced. The aim will be to sustain performance and recent improvement initiatives on enforcement and access to the service despite the staff reductions. There has been further success for planning services in achieving a significant performance reward from the Housing and Planning and Delivery Grant (HPDG) (£500 000). This will be managed through a roll forward of the three year HPDG Investment Plan. Priority use for the new funding is to replenish the essential reserve fund used for major planning cases and to ensure some work continues on modernising essential document storage systems.

In housing and economic development greater effort will be required on new areas of work responding to the recession. Engineering will now include more work on small scale flood defence schemes. In these areas effective use is being made of special purpose Government grants (Local Authority Business Growth Incentive – LABGI Scheme and flood relief payments) which can compensate to an extent for the general financial pressures noted above.

Service Plan Headlines

Due to the significant deterioration in economic conditions there are some important changes of emphasis in service planning. Long term planning for housing and economic growth in the District remains a top priority, but progress in delivering outcomes on the ground will inevitably slow. All services will need to work with a tighter resource base, and there will be a greater emphasis on work on policy and actions that respond effectively to recession.

Housing Services

The Council is the Housing Authority, but is no longer a housing landlord. Housing stock was transferred to Charter Housing - a Housing Association - Registered Social Landlord (RSL) in 2004 and Housing Services role is to deliver the strategic housing function. This involves facilitating new social and affordable housing provision with RSLs and other partners and work to

maximise the use of existing affordable housing. The Service handles social housing allocations and deals with housing options advice and homelessness prevention / provision, including temporary accommodation. Current priorities are sustaining delivery of new affordable housing, delivering a temporary accommodation strategy that reduces Council costs and developing new ways of assisting with recession related housing problems. The Service also undertakes private sector housing regulation and grant assistance work. A current priority is improving the level of service on Disabled Facility Grants and Home Improvement Agency support for vulnerable clients.

Planning & Affordable Housing Policy

As Local Planning Authority the Council is responsible for preparation of the Local Development Framework (LDF) – which implements the Regional Spatial Strategy. The LDF establishes land use policy and land allocations for new development. It also protects the key environmental assets of the district. Because Cherwell is a growth location and a top Council priority is to provide more affordable housing, there is a special policy emphasis on affordable housing. This Service also works on built environment heritage protection and implementation schemes for regeneration and infrastructure (e.g. town centres economy and environment and the Banbury Flood Alleviation Scheme). Current priorities are to publish a Core Strategy and respond to the uncertainties caused by the Government's Eco Towns Programme. For conservation work an ambitious programme to complete appraisals of all the District's conservation areas is underway.

Development Control & Major Developments

The Service is responsible for handling all planning applications made for development in the District. Though workload has declined due to the recession and staffing has been reduced, the Service has the challenge of implementing an ambitious improvement plan. This includes increasing and sustaining the speed of handling routine applications, at the same time as providing greater focus on the major schemes that shape the growth of the District. Improved pre application work and greater Member and public involvement in the application process are also on the agenda. There are particular major development challenges arising from housing growth and town centre regeneration (SW Bicester and Banbury Bankside urban extensions, RAF Upper Heyford and Bicester town centre redevelopment). The recession means that delivery of schemes in a tougher financial environment will require further development control work and negotiation.

Building Control & Engineering Services

Building control involves approval of detailed plans to safeguard the structure and fabric of buildings and to ensure energy / services performance and quality. There is a regular inspection and enforcement workload to back this up. This Council acts as the public authority on Building Act matters, but is also in competition with private service providers on plan checking and inspection. A business approach is therefore necessary in this work. Current poor property market conditions create very challenging conditions for business success. The priority over the next year will be to minimise costs and sustain service capacity for the future. The Service provides an engineering consultancy that delivers design, contracting and supervision for highway adoption and council capital projects (current priorities are Banbury Parsons Street pedestrianisation, small flood alleviation works and off road parking projects). The current high level of council capital spend creates a pressured work programme. The expertise in this service also supports many aspects of general maintenance and project work on the built /street environment and Council properties.

Economic Development & Estates

The Service is responsible for a strategic overview of property asset management and its relationship with capital spending. This includes the formal Asset Management Plan and direct management of investment properties. The service is leading a project to modernise the Council's depot accommodation, in order to reduce annual costs and improve environmental performance. There will be many challenges for the service in sustaining property related income

and progressing development projects in recession conditions. Council land assets and property expertise can be a catalyst for regeneration work and this creates a link to the Service's responsibility for economic development. Land / property based project priorities are Banbury Canalside, and its relationship to the flood alleviation scheme and the Bicester Town Centre shopping and cinema redevelopment. The recession has led to a need to reappraise economic development work, and the Service will be working with partners to introduce a new strategy and related initiatives (e.g. greater emphasis on redundancy support and enterprise advice).

Planning Housing & Economy

Projection	
08/09	15,721
Inflation	22,669
New Effects	(2,396)
Growth	0
Training	(6,816)
Support & Recharges	41,180
Projected one-off items 08/09	0
Total	70,358
Draft 09/10	27,933
Other	
Adjustment	(42,425)

Efficiency Savings
Reduced salary costs of (£19k).
Service Impact
(£30k) reduction in the budget set-aside for electronic data capture of planning and building control register information

Planning & Affordable Housing Policy

Projection	
08/09	1,391,994
Inflation	22,189
New Effects	0
Growth	0
Training	(22,132)
Support & Recharges	(7,941)
Projected one-off items 08/09	39,000
Total	1,423,110
Draft 09/10	1,344,846
Other	
Adjustment	(78,264)

Efficiency Savings
Reduced Car Allowance & Consultancy costs generated (£11k) of savings.
Service Impact
The consultancy budget used for specialist projects and acceleration of work programme was reduced by (£43k)
Budget Refinement
Salary costs were reduced by (£15k), and Capital Charges increased by £7k

Development Control & Major Developments

Projection	
08/09	1,249,368
Inflation	30,616
New Effects	0
Growth	0
Training	(16,228)
Support & Recharges	261,220
Projected one-off items 08/09	(8,000)
Total	1,516,976
Draft 09/10	1,542,172
Other	
Adjustment	25,196

Income Generation
Due to the downturn in the Economy, Planning Fees are anticipated to be £121k lower than the 08/09 projected income.
Efficiency Savings
Reduced Agency Staff costs & saving on Professional Fees will generate (£23k).
Staff Reduction
A Planning Officer's post and a Development Control Team Leader post have been deleted saving (£100k).
Budget Refinement
Increased salary costs of £29k as a result of Career Progression scheme.

Building Control & Engineering Services

Projection	
08/09	240,706
Inflation	19,047
New Effects	0
Growth	0
Training	(10,249)
Support & Recharges	3,969
Projected one-off items 08/09	65,000
Total	318,473
Draft 09/10	358,602
<hr/>	
Other Adjustment	40,129

Income Generation

Due to the downturn in the Economy, Building Control Fees are anticipated to be £73k lower than the 08/09 projected income.

Efficiency Savings

Reductions in Consultancy Costs (£36k), Professional Fees (£23k) and an additional (£9k) from charges to CDC capital schemes.

Budget Refinement

Increased Salary costs of £11k, increased Car Allowance costs of £9k. Capital Charges have also increased by £12k.

Economic Development & Estates

Projection	
08/09	(830,634)
Inflation	(24,250)
New Effects	24,780
Growth	(10,000)
Training	(2,293)
Support & Recharges	104,073
Projected one-off items 08/09	(125,000)
Total	(863,324)
Draft 09/10	(1,036,146)
<hr/>	
Other Adjustment	(172,822)

Income Generation

Increased & new rental income sources will generate an additional (£187k).

Service Impact

Reduction in the Economic Development Special Initiatives budget of (£10k).

Budget Refinement

Increased Salary costs of £46k, partially due to an error in the 2008/09 Budget.

Housing Services

Projection	
08/09	2,395,487
Inflation	45,094
New Effects	(2,614)
Growth	0
Training	(28,990)
Support & Recharges	42,843
Projected one-off items 08/09	71,860
Total	2,523,680
Draft 09/10	2,465,078
<hr/>	
Other Adjustment	(58,602)

VFM Reviews

Housing have recently been through a Best Value exercise and have identified overall service savings of £166k.

Budget Refinement

Capital Charges have increased by £40k, and £65k of Recharge anomalies relating to the 2008/09 Budget have been corrected.

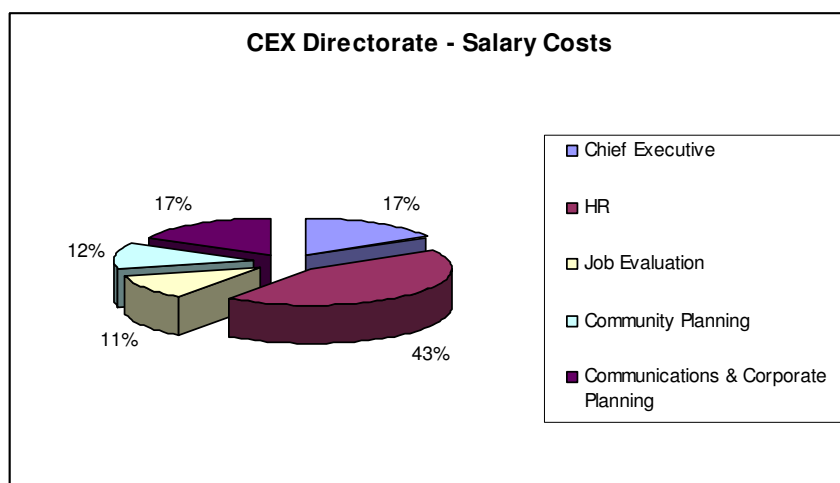
CHIEF EXECUTIVES DIRECTORATE

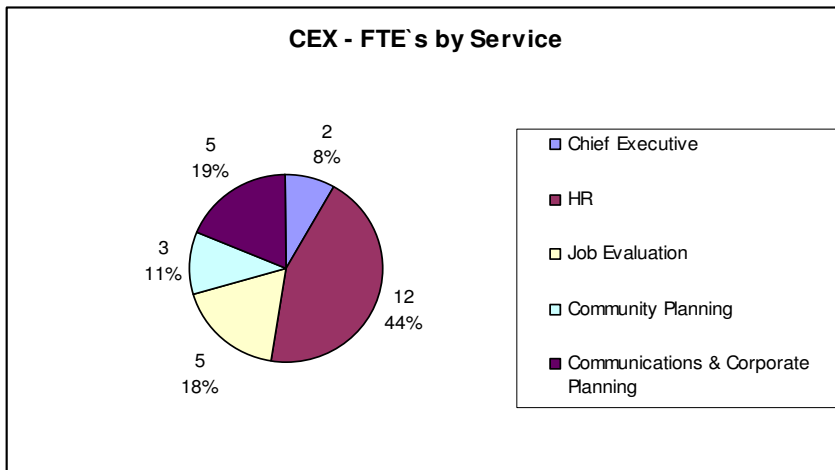
	Outturn 2007/08 £	Projection 2008/09 £	Draft Budget 2009/10 £
Chief Executive	1,120,025	718,564	864,408
Human Resources	14,442	113,690	1,967
Community Planning & Communications	819,808	351,652	300,319
Communications & Corporate Publications	16,683	506,220	359,023
Chief Executives Directorate	1,970,958	1,690,126	1,525,717

Overview of Service

We have continued to assess the objectives and structure of the teams which are part of the Chief Executive's office. The Communications team is dealing much more effectively now with external and internal communications. The Community and Corporate Planning team has launched the review of the Cherwell Community Plan and is leading on work to ensure we continue to consult effectively with our residents and businesses across Cherwell. The Human Resources team, having spent the last 18 months, leading the restructure of the organisation, is focussing now on ensuring we deliver on our wide-ranging Human Resources Strategy, adopted by the Council this year.

This Directorate accounts for 5% of the workforce and has an annual salary cost of £1.1m. The distribution of the 27 FTEs and their cost across the services is shown in the tables below:





Projection	
08/09	1,690,126
Inflation	51,305
New Effects	(112,167)
Growth	0
Training	356,365
Support & Recharges	(406,363)
Projected one-off items	
8/9	35,520
Total	1,614,786
Draft 09/10	1,525,717
Other	
Adjustment	(89,069)

Key Activities 09/10

Communications - media plans for all services; improving branding and brand management; developing quality internal and external communication/publications; rationalising external publications and publicity in order to improve value for money in terms of cost as well as customer satisfaction.

Community and Corporate Planning - updating the Cherwell Community Plan, strengthening links with the LDF; internal and external promotion of Cherwell Community Planning Partnership; developing new partnership governance arrangements, ensuring effective performance monitoring and management of partnerships, including CCPP; engagement with Oxfordshire Partnership and monitoring of LAA2. Corporate Planning, including coordination of service and financial planning process & supporting the drafting of new medium term strategies. Consultation, including commissioning of external market research companies for all Council consultation including surveys for new National Indicators and Community Planning update; consultation and research will be coordinated with other Oxfordshire authorities and agencies where appropriate.

Human Resources - implementing job evaluation; developing a revised pay and reward policy; implementing our new medium term HR Strategy; improving learning and development across the organisation; maintaining our Investors in People accreditation.

Service Plan Headlines

Communications

- Produce clearer, simpler, quicker communications for Cherwell residents.
- Respond more quickly to media stories.
- Improve our current website further
- Target our communications more effectively to our different audiences.
- Work with colleagues to ensure that the key messages around the Local Development Framework and Sustainable Community Strategy are clear to residents.
- Further improve the effectiveness of our internal communications.

Community and Corporate Planning

- Develop a Sustainable Community Strategy (SCS) for Cherwell
- Review the governance and delivery arrangements for the Cherwell Community Planning Partnership
- Develop and embed a consultation and engagement strategy for Cherwell District Council
- Agree and deliver the Council's response to the Duty to Involve (Local Government and Public Involvement in Health Act 2007)
- Continue to develop service and corporate planning to ensure that the needs of the population are met within tight financial constraints.

Human Resources

- Continued rollout of management information system and associated changes to practices across the organisation
- Pay and Grading review, to include a full review of current practices, the implementation of a formal Job Evaluation system, the review of related benefits and the development of a corporate pay policy
- Embed corporate approach to skills development and succession planning
- Embed centralised learning and development function and develop shared services with partner organisations
- Cascade leadership development to all levels
- Deliver Year 1 objectives of new Human Resources Strategy

Chief Executive

Projection	
08/09	718,564
Inflation	10,194
New Effects	(304)
Growth	0
Training	(1,474)
Support & Recharges	138,369
Projected one-off items 8/9	29,240
Total	894,589
Draft 09/10	864,408
Other	
Adjustment	(30,181)

Efficiency savings: Salary savings ref. admin. posts in CEX office (£19k). CEX various supplies & services reduced (£4k). Civic Ceremonial allowances & other expenditure codes reduced (£7k).

Human Resources

Projection 08/09	113,690
Inflation	27,366
New Effects	(30,478)
Growth	0
Training	379,399
Support & Recharges	(459,572)
Projected one-off items 8/9	(25,000)
Total	5,404
Draft 09/10	1,967
Other Adjustment	(3,437)

Efficiency savings: Consultancy saving ref. Sharepoint (£4k). Decrease in Occupational Health - no health screening scheduled for 9/10 (£3). **Various other insignificant variances:** £3k.

Community Planning & Communications

Projection 08/09	351,652
Inflation	6,232
New Effects	(78,945)
Growth	0
Training	(10,780)
Support & Recharges	23,569
Projected one-off items 8/9	30,000
Total	321,728
Draft 09/10	300,319
Other Adjustment	(21,409)

Efficiency savings: Research & Consult. Consultancy costs reduced (£10k). **Various other variances inc.** Administrator grade savings (£5k). Further reduction in Consultancy costs (£6k).

Communications & Corporate Publications

Projection 08/09	506,220
Inflation	7,514
New Effects	(2,440)
Growth	0
Training	(10,780)
Support & Recharges	(108,729)
Projected one-off items 8/9	1,280
Total	393,065
Draft 09/10	359,023
Other Adjustment	(34,042)

Efficiency savings: Design cost savings due to appointment of in-house Designer (£7k). **Various other variances inc.** Salary savings due to posts being filled at grades than those built into 8/9 budget (£21k). Postage and carriage budget reduced (£5k).

IMPROVEMENT DIRECTORATE

	Outturn 2007/08 £	Projection 2008/09 £	Draft Budget 2009/10 £
Improvement	402,114	502,732	431,080
Improvement Directorate	402,114	502,732	431,080

Overview of Service

The Improvement Team was established in 2007/08 for a fixed period of three years to support the introduction of the organisational changes that would transform the performance of the council and establish a culture of continuous improvement. The work of the team is guided by the Corporate Improvement Plan which sets out the high level objectives to be achieved over the three years. These are:

- Be recognised as an excellent authority;
- Deliver value for money by achieving the optimum balance between cost, quality and customer satisfaction for all services
- Ensure there is a culture of continuous improvement and innovation across the Council
- Working in partnership with others whenever this will enable us to better deliver our objectives, meet community needs, and achieve economies of scale
- Recognise the diverse needs of the population and communities of Cherwell have this integrated into the way we plan and deliver services
- Ensure decision making is based on high quality management and demographic information
- Deliver our service promises and new developments and are efficient in the way we do this
- Recognise our staff are our greatest asset.

This Directorate accounts for 1% of the workforce with 4 employees and has an annual salary cost of £0.3m.

Projection 08/09	502,732
Inflation	8,656
New Effects	(12,219)
Growth	0
Training	(13,364)
Support & Recharges	(1,749)
Total	484,056
Draft 09/10	431,080
Other Adjustment	(52,976)

Key Activities 08/09

In 2009/10 the key responsibility will be leading the introduction of the Comprehensive Area Assessment, which is the new inspection regime for local government. Within this Improvement Team members are leading on three key projects: Data Quality, Partnership Working, and Managing Performance.

We will continue to lead on or support a wide range of initiatives to improve performance corporately and for individual services. This includes:

Managing the Performance Management Framework, and through this report on the Council's performance to the Executive and Corporate Management Team. We will continue to embed the use of Performance Plus to manage performance and extend its use.

Working with Community Planning, Finance and service managers to deliver the Service and Financial Planning process for 2010/11.

Delivering a programme of Value for Money reviews.

Working with service managers to improve the availability of management information to support policy development and service improvement.

Because this is final year of the Improvement Team we will work with service managers to embed the many changes we have introduced corporately and within that work with them on any particular issues that will improve the performance of the service.

EXECUTIVE MATTERS

	Outturn 2007/08 £	Projection 2008/09 £	Draft Budget 2009/10 £
Executive Matters	(25,235,827)	(22,631,333)	(22,412,184)
Executive Matters Directorate	(25,235,827)	(22,631,333)	(22,412,184)

Overview

Executive Matters contains the Council's funding requirements for 2009/10, appropriations from the balance sheet, compensatory pension contributions, risk provision and non specific grant income.

Projection 08/09	-22,631,333
Inflation	-233,965
Government Grant	
Income	-327,085
Investment Income	2,113,824
Increased Capital	
Charges	-1,218,655
Council Tax	-204,131
Other Adjustments	89,161
Total	-22,412,184
Draft 09/10	-22,412,184

CHERWELL DISTRICT COUNCIL
COLLECTION FUND : REVISED ESTIMATES 2008/09

	<u>COUNCIL TAX:</u>	<u>BUSINESS RATES:</u>	<u>TOTAL:</u>
	<u>£.pp</u>	<u>£.pp</u>	<u>£.pp</u>
<u>(SURPLUS)/ DEFICIT AS AT 1 APRIL 2008</u>			
Oxfordshire County Council	(689,790.29)	0.00	(689,790.29)
Thames Valley Police Authority	(91,520.33)	0.00	(91,520.33)
Cherwell District Council/ODPM	(125,144.73)	0.00	(125,144.73)
	<u>(906,455.35)</u>	<u>0.00</u>	<u>(906,455.35)</u>
<u>DISTRIBUTION OF SURPLUS/ (DEFICIT) FOR PREVIOUS YEAR(S):</u>			
<u>Re: Revised Estimates</u>			
Oxfordshire County Council	559,964.03	0.00	559,964.03
Thames Valley Police Authority	74,295.17	0.00	74,295.17
Cherwell District Council	101,591.09	0.00	101,591.09
	<u>735,850.29</u>	<u>0.00</u>	<u>735,850.29</u>
<u>INCOME FOR THE YEAR:</u>			
Income From Council Tax	(65,952,646.88)	0.00	(65,952,646.88)
Council Tax Benefits Contribution	(5,907,456.19)	0.00	(5,907,456.19)
	<u>(71,860,103.07)</u>	<u>0.00</u>	<u>(71,860,103.07)</u>
Income From Non-Domestic Rates	0.00	(63,286,938.00)	(63,286,938.00)
<u>TOTAL INCOME FOR THE YEAR</u>	<u>(71,860,103.07)</u>	<u>(63,286,938.00)</u>	<u>(135,147,041.07)</u>
<u>EXPENDITURE FOR THE YEAR:</u>			
<u>Precepts and Demands:</u>			
Oxfordshire County Council	54,136,601.00	0.00	54,136,601.00
Thames Valley Police Authority	7,191,261.00	0.00	7,191,261.00
Cherwell District Council: General Purposes	5,961,360.00	0.00	5,961,360.00
Cherwell District Council: Town & Parish Council Precepts	3,755,489.00	0.00	3,755,489.00
	<u>71,044,711.00</u>	<u>0.00</u>	<u>71,044,711.00</u>
<u>Non-Domestic Rates:</u>			
Payment To National Pool	0.00	62,782,180.34	62,782,180.34
Cost of Collection Grant	0.00	223,852.66	223,852.66
	0.00	63,006,033.00	63,006,033.00
Provision For Appeals and Non-collection	40,209.87	(65,111.00)	(24,901.13)
Write off of Bad Debts	153,827.26	346,016.00	499,843.26
<u>TOTAL EXPENDITURE FOR THE YEAR</u>	<u>71,238,748.13</u>	<u>63,286,938.00</u>	<u>134,525,686.13</u>
<u>(SURPLUS)/ DEFICIT FOR THE YEAR</u>	<u>(621,354.94)</u>	<u>0.00</u>	<u>(621,354.94)</u>

DIVISION OF (SURPLUS)/ DEFICIT FOR THE YEAR

Oxfordshire County Council	(473,477.11)	0.00	(473,477.11)
Thames Valley Police Authority	(62,894.56)	0.00	(62,894.56)
Cherwell District Council/ODPM	(84,983.27)	0.00	(84,983.27)
	(621,354.94)	0.00	(621,354.94)
<u>(SURPLUS)/ DEFICIT AS AT 31 MARCH 2009</u>	(791,960.00)	0.00	(791,960.00)

DIVISION OF (SURPLUS)/ DEFICIT AS AT 31 MARCH

Oxfordshire County Council	(603,479.44)	0.00	(603,479.44)
Thames Valley Police Authority	(80,163.48)	0.00	(80,163.48)
Cherwell District Council/DTLR	(108,317.07)	0.00	(108,317.07)

STATEMENT OF RESERVES

	Directorate	Balance as at 31-Mar-08	Balance as at 31-Mar-09	Estimate 31-Mar-10
		£	£	£
INSURANCE RESERVE				
Insurance Reserve	EAC	-750,000	-500,000	-250,000
EX HRA Insurance Reserve	PHE	-160,000	-80,000	-50,000
Civil Contingencies Reserve	EAC	-6,950	0	0
		-916,950	-580,000	-300,000
CAPITAL RESERVE				
Flood Alleviation Reserve	PHE	-2,530,998	-2,000,000	0
		-2,530,998	-2,000,000	0
SPORTS CENTRE RESERVE				
SPSC Buildings	EAC	-108,168	-108,168	0
		-108,168	-108,168	0
BUILDING CONTROL RESERVE				
Building Control Reserve	PHE	-47,242	-47,242	-50,000
		-47,242	-47,242	-50,000
REPAIR AND RENEWALS RESERVE				
Plant and Transport Renewals Reserve	EAC	-833,136	-433,136	-350,000
Wheeled Bins Replacement Reserve	EAC	-300,000	-300,000	-250,000
		-1,133,136	-733,136	-600,000
OTHER EARMARKED RESERVES				
Corporate IT Reserve	Corporate	-434,188	0	0
Training Reserve	Corporate	-250,000	0	0
Konver Grant Reserve	PHE	-48,523	0	0
Resourcing Reserve	Corporate	-103,856	-1,869,635	-1,500,000
VAT Partial Exemption Reserve	CSR	0	0	0
Planning Policy Reserve	PHE	-696,899	-696,899	-700,000
Planning Control Reserve	PHE	-500,000	-500,000	-500,000
Environmental Warranties Reserve	PHE	-5,000,000	-3,500,000	-3,500,000
Housing Redevelopment Fund	PHE	-35,000	0	0
Hanwell Fields Reserve	EAC	-100,000	-100,000	-100,000
Equalisation Reserve	Corporate	-170,718	0	0
Corporate Improvement Reserve	Corporate	-312,300	-250,000	-350,000
Job Evaluation Reserve	Corporate	-87,787	0	0
Interest Rate Reserve	Corporate	0	-486,913	-500,000
Central Economic Reserve	Corporate	0	-250,000	-525,000
		-7,739,270	-7,653,446	-7,675,000
Total		-12,475,764.06	-11,121,991.73	-8,625,000.00

RISK CONSIDERATIONS

As with any budget there is a risk that the actual spending patterns do not match the estimates. All budgets over £250,000 have been risk assessed and details are shown below. A contingency budget of **£564,094** has been included in 2009/10 to meet any adverse financial effects which may arise from these, or any other, issues.

ITEM	RISK INHERENT IN BUDGET	PROBABILITY OF VARIATION	IMPACT OF VARIATION	COMMENT
Admin Subsidy	The payment of administration funding has been combined with funding for anti-fraud measures and is based upon the caseload of live claimants and the annual volumes of new claimants. A transitional protection scheme was applicable to 2008/09 to provide a buffer against a substantial subsidy reduction under the new distribution formula.	Low	Low	Notification has been received for 2009/10 showing.
Council Tax & Housing Benefit Subsidy	Housing and Council tax benefit is awarded each year by the Council and then claimed back from the Department for Work and Pensions. Any inaccuracies in the calculation of the amounts paid out or non-compliance with the legislation could result in the claim being incorrect.	Medium	Low	<p>Council Tax: Provisional figures: Based on case load, overpayments recovered and an assumed 2% increase in Council Tax.</p> <p>Housing Benefits: provisional figures based on case load and 2% increase in Council Tax.</p>

ITEM	RISK INHERENT IN BUDGET	PROBABILITY OF VARIATION	IMPACT OF VARIATION	COMMENT
Planning Application Fees	Planning fee income is very difficult to predict because it is dependent on a number of external factors including confidence in the current economy, the level of activity in the house building market, and the level of charges.	High	Medium	Assume a continued decline in economy.
VAT Sharing Agreement	Cherwell's share of the VAT Sharing Agreement is dependent on the amount of modernisation work undertaken by Charter each year and the impact it has on their corporation tax liability. The final amount due is subject to audit and becomes payable to CDC 5 days after Charter file their corporation tax return which is roughly the end of March of the following year. As a result it is very difficult to determine the level of income, if any, the Council might receive. An estimate has been received from Charter and included in the draft budget.	Low	Low	
Investment Income	The budget for interest receivable has assumed both a certain level of expenditure and a certain monthly profile of expenditure. Variations in spending plans and profiles will impact on levels of investment. Interest receivable estimates have been prepared using known rates for existing investments and an assumed re-investment rate for when they mature. A re-investment rate of 2.5% has been used for 200/10 and 2% for maturities beyond that date. Given the scale of investment, the Council is still vulnerable to interest rate fluctuations.	High-	Medium	A specific reserve has been created to mitigate the volatile money market environment.

ITEM	RISK INHERENT IN BUDGET	PROBABILITY OF VARIATION	IMPACT OF VARIATION	COMMENT
Appropriations to Reserves	<p>Appropriations to the Corporate IT Fund, Vehicle Renewal Fund, Replacement of Wheeled Bins Fund and Corporate Training Fund are designed to smooth the impact on budgets of year-on-year fluctuations based on the current projected demand. This does mean that these reserves tend to carry balances that are not planned to be used in the next financial year.</p> <p>In addition the Vehicle Renewals Fund is used for the purchase of capital assets which could be financed from capital rather revenue resources.</p>	Medium	Medium	It is considered good accounting practice to make regular appropriations to reserves in this way where it is a known, but not immediately quantifiable, annual commitment.
Compensatory Pensions	This is based on known additional contributions to the Pension Fund in respect of previous early retirements at the time of preparing the budgets. It does take into account additional contributions arising from any new restructuring.	Low	Low	This calculation has been updated for all restructures approved by P&G up to and including Jan 2009.
Concessionary Fares	<p>We are continuing to see an increase in the amount required for concessionary fares. Joint lobbying of Government, by authorities facing significant shortfalls in funding, for adequate and more equitable funding distribution mechanisms is continuing with the support and input of the LGA.</p> <p>A Government review of the responsibility for and administration of concessionary fares is being undertaken but any changes are unlikely to be implemented before 2011/12.</p>	Med	Med	A risk provision of 3% included.

ITEM	RISK INHERENT IN BUDGET	PROBABILITY OF VARIATION	IMPACT OF VARIATION	COMMENT
Change in Budget Approach	The context of the budget process has been changed.	Med	Med	This is new to Managers and in order to balance this risk a contingency provision of 1% of the total net service requirement is taken at this time.
Managing the Downturn in the Economy	An increase in Council services is to be expected as the recession deepens	Med	Med	A new risk reserve has been created in 2009/10 budget

The Prudential Indicators 2008/09 – 2010/11

The Capital Expenditure Plans

The Council's capital expenditure plans are summarised below and this forms the first of the prudential indicators. This total expenditure can be paid for immediately by resources such as capital receipts, capital grants etc. However, where these resources are insufficient any residual expenditure will form a borrowing need.

The Council is asked to approve the summary capital expenditure projections below. This forms the first prudential indicator:

£'000	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated	2011/12 Estimated
Capital Expenditure	£'000	£'000	£'000	£'000	£'000
Non-HRA	6562	28253	22872	13920	2008
Financed by:					
Capital receipts	(2,864)	(24,202)	(16,769)	(9,112)	(476)
Capital grants	(1,719)	(3,145)	(3,253)	(375)	(375)
Revenue	(1,979)	(906)	(2,850)	(4,433)	(1,157)
Net financing need for the year	-	-	-	-	-

The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of Council's underlying borrowing need. The Council is required to pay off an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision), although it is also allowed to undertake additional voluntary payments.

As the Council has a negative Capital Financing Requirement there is no requirement to calculate a Minimum Revenue Provision for 2009/2010.

Draft CLG Regulations are currently issued for comment which, if implemented, will require full Council to approve an MRP Statement. This will need to be approved in advance of each year.

The Council is asked to approve a NIL CFR projection as below:

£'000	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Capital Financing Requirement				
Total CFR	-	-	-	-
Movement in CFR	-	-	-	-

Movement in CFR represented by				
Net financing need for the year (above)	-	-	-	-
MRP/VRP and other financing movements	-	-	-	-
Movement in CFR	-	-	-	-

The Use of the Council's resources and the Investment Position

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £'000	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Fund balances	(1,949)	(2,000)	(2,000)	(2,000)
Capital receipts	(85,126)	(62,664)	(50,949)	(50,754)
Earmarked reserves	(12,476)	(11,122)	(8,625)	(8,625)
Total Core Funds	(99,551)	(75,786)	(61,574)	(61,379)
Working Capital*	(1,695)	(1,695)	(1,695)	(1,695)
Expected Investments	(101,246)	(77,481)	(63,269)	(63,074)

* Working capital balances shown are estimated year end; these may be higher mid year

Limits to Borrowing Activity

Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well defined limits

For the first of these the Council needs to ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2008/09 and the following two financial years.

£'000	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Gross Borrowing	-	-	-	-
Investments	(101,246)	(77,481)	(63,269)	(63,074)
Net Borrowing	(101,246)	(77,481)	(63,269)	(63,074)
CFR	-	-	-	-

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

A further two prudential indicators control or anticipate the overall level of borrowing. These are:

- The Authorised Limit for External Debt – This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by full Council.
- The Operational Boundary for External Debt – This indicator is based on the expected maximum external debt during the course of the year; it is not a limit.

The Council is asked to approve the following Authorised Limit and Operational Boundary:

Authorised limit £'000	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Borrowing	10,000	10,000	10,000	10,000
Other long term liabilities	500	500	500	500
Total	10,500	10,500	10,500	10,500
Operational £'000 Boundary	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Borrowing	-	-	-	-
Other long term liabilities	-	-	-	-
Total	-	-	-	-

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. The Council is asked to approve the following indicators:

Actual and Estimates of the ratio of financing costs to net revenue stream – This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Since becoming debt free the indicator is negative because the Council has no borrowing but carries substantial investments.

%	2007/08 Actual	2008/09 Estimated	2009/10 Estimated	2010/11 Estimated
Non-HRA	-	-	-	-

Estimates of the incremental impact of capital investment decisions on the Council Tax – This indicator identifies the revenue costs associated with **new schemes** introduced to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans.

Incremental impact of capital investment decisions on the Band D Council Tax

£	Proposed Budget 2009/10	Forward Projection 2010/11	Forward Projection 2011/12
Council Tax - Band D	£7.52	£4.43	£3.17

Treasury Management Prudential Indicators and Limits on Activity

There are four further treasury prudential indicators the Council is asked to approve:

£m	2009/10	2010/11	2011/12
Interest rate Exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	94%	92%	90%
Limits on variable interest rates based on net debt	40%	46%	50%
Maturity Structure of fixed interest rate borrowing 2009/10			
		Lower	Upper
Under 12 months		0%	100%
12 months to 2 years		0%	0%
2 years to 5 years		0%	0%
5 years to 10 years		0%	0%
10 years and above		0%	0%
Maximum principal sums invested > 364 days			
Principal sums invested > 364 days	£m 31	£m 26	£m 24