

# Public Document Pack



**Committee:** Budget Planning Committee  
**Date:** Tuesday 26 July 2016  
**Time:** 6.30 pm  
**Venue:** Bodicote House, Bodicote, Banbury, OX15 4AA

## Membership

<b>Councillor Nicholas Mawer (Chairman)</b>	<b>Councillor Nigel Randall (Vice-Chairman)</b>
<b>Councillor David Anderson</b>	<b>Councillor Ken Atack</b>
<b>Councillor Hugo Brown</b>	<b>Councillor Ian Corkin</b>
<b>Councillor Carmen Griffiths</b>	<b>Councillor Alan MacKenzie-Wintle</b>
<b>Councillor Barry Richards</b>	<b>Councillor Tom Wallis</b>
<b>Councillor Douglas Webb</b>	<b>Councillor Sean Woodcock</b>

## AGENDA

### 1. Apologies for Absence and Notification of Substitute Members

### 2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

### 3. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

### 4. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting held on 24 May 2016

## 5. **Chairman's Announcements**

To receive communications from the Chairman.

## 6. **2015-16 Revenue and Capital Outturn** (Pages 5 - 16)

Report of the Chief Finance Officer

\*Please note that Annex 3 to the report will follow, as it is currently being reviewed and finalised by officers\*

### **Purpose of report**

This report summarises the Council's Revenue and Capital performance for the financial year 2015-16. The figures are still subject to external audit.

### **Recommendations**

The Budget Planning Committee is recommended to:

- 1.1 Agree the carry forward of budget underspends from 2015-16 to 2016-17 as detailed in Annex 1.
- 1.2 Agree the review of reserves as detailed in Annex 2.
- 1.3 Note the capital out-turn position for 2015-16 detailed in Annex 3 (to follow).
- 1.4 Agree the balances on capital schemes which have slipped in 2015-16 to be carried forward into the 2016-17 capital programme as set out in Annex 3 (to follow).
- 1.5 Delegate responsibility to the Chief Finance Officer in consultation with the Lead Member for Financial Management to consider and implement further changes relating to all aspects of the closedown of the accounts for 2015-16 including: realigning reserves; the transfer of costs from revenue to capital; amendments of the revenue and capital budgets; and implementation of a minimum revenue provision accordingly.

## 7. **Business Rates Monitoring 2015-2016** (Pages 17 - 22)

Report of Chief Finance Officer

### **Purpose of report**

To provide members of Budget Planning Committee with details of the business rates income outturn position for the 2015-2016 financial year.

### **Recommendations**

The meeting is recommended:

1.1 To note the report.

**8. Council Tax Reduction Scheme 2017-2018 (Pages 23 - 28)**

Report of the Chief Finance Officer

**Purpose of report**

To provide members with an update on the implications of the current Council Tax Reduction Scheme (CTRS) and the changes to discounts, including the impact on collection rates, and to provide members with options to consider for a Council Tax Reduction Scheme for 2017-2018 so that consultation may be undertaken

**Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To recommend to Executive which option(s) should be considered for the CTRS for 2017-2018 so that consultation may be undertaken.

**9. Review of Committee Work Plan (Pages 29 - 30)**

To review the Committee Work Plan.

**10. Exclusion of Press and Public**

The following report contains exempt information as defined in the following paragraphs of Part 1, Schedule 12A of Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider it in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

**11. Medium Term Revenue Plan 2017-18 to 2021-22 (Pages 31 - 36)**

Exempt report of the Chief Finance Officer

**Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.**

## **Information about this Meeting**

### **Apologies for Absence**

Apologies for absence should be notified to [democracy@cherwell-dc.gov.uk](mailto:democracy@cherwell-dc.gov.uk) or 01295 221591 prior to the start of the meeting.

### **Declarations of Interest**

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

### **Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates**

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

### **Evacuation Procedure**

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

### **Access to Meetings**

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

### **Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

### **Queries Regarding this Agenda**

Please contact Lesley Farrell, Democratic and Elections  
[lesley.farrell@cherwellandsouthnorthants.gov.uk](mailto:lesley.farrell@cherwellandsouthnorthants.gov.uk), 01295 221591

**Sue Smith**  
**Chief Executive**

Published on Monday 18 July 2016

# Agenda Item 4

## Cherwell District Council

### Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 24 May 2016 at 6.30 pm

Present: Councillor Nicholas Mawer (Chairman)  
Councillor Nigel Randall (Vice-Chairman)

Councillor David Anderson  
Councillor Hugo Brown  
Councillor Carmen Griffiths  
Councillor Barry Richards  
Councillor Douglas Webb  
Councillor Sean Woodcock

Substitute Members: Councillor Tony Ilott (In place of Councillor Ken Atack)  
Councillor G A Reynolds (In place of Councillor Ian Corkin)

Apologies for absence: Councillor Ken Atack  
Councillor Ian Corkin  
Councillor Alan MacKenzie-Wintle  
Councillor Tom Wallis

Officers: Paul Sutton, Chief Finance Officer / Section 151 Officer  
George Hill, Corporate Finance Manager  
Lesley Farrell, Democratic and Elections Officer

#### 3 **Declarations of Interest**

There were no declarations of interest.

#### 4 **Urgent Business**

There were no items of urgent business.

#### 5 **Minutes**

The Minutes of the meetings of the Committee held on 24 January 2016 and 17 May 2016 were agreed as a correct record and signed by the Chairman

#### 6 **Chairman's Announcements**

There were no Chairman's announcements.

**7 Exclusion of Press and Public**

**Resolved**

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information

**8 Medium Term Revenue Plan - 2017/18 to 2021/22**

The Head of Finance and Procurement submitted and exempt report on the Medium Term Revenue Plan – 2017/18 to 2021/22 to start the process of developing the medium term revenue plan. The committee was advised that now there was a four year settlement for the Formula Grant, the emphasis had changed from concentration on the following year to a four year efficiency plan.

The Head of Finance and Procurement gave a presentation on the Medium Term Revenue Plan and new Committee Members an insight to the functions of the committee.

The Committee congratulated the Head of Finance and Procurement and his team on the amount and quality of information which was now being brought to the committee.

**Resolved**

(1) That the report be noted

**9 Revenue Reserves Update**

The Head of Finance and Procurement submitted an exempt report which provided members of the Budget Planning Committee with an update on Revenue Reserves.

In considering the report members commented on the budget reserves for wheeled bin replacements and agreed that the Head of Environmental Services and the Lead Member for Clean and Green be invited to the next meeting of the Committee regarding this matter.

**Resolved**

(1) That the report be noted.

10 **Re-admittance of Press and Public**

**Resolved**

That the Press and Public be re-admitted.

11 **Review of Committee Work Plan**

The Committee considered its work plan 2016/17.

**Resolved**

- (1) That the Head of Environmental Services and the Lead Member for Clean and Green be invited to the meeting of 26 July 2016 to discuss Wheeled Bin replacement reserves.
- (2) That subject to resolution (1) the contents of the Work Programme be noted.

The meeting ended at 7.45 pm

Chairman:

Date:

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## Cherwell District Council

### Budget Planning Committee

26 July 2016

<b>2015-16 Revenue and Capital Outturn Report</b>
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#### Report of the Chief Finance Officer

This report is public

#### Purpose of report

This report summarises the Council's Revenue and Capital performance for the financial year 2015-16. The figures are still subject to external audit.

#### 1.0 Recommendations

The Budget Planning Committee is recommended to:

- 1.1 Agree the carry forward of budget underspends from 2015-16 to 2016-17 as detailed in Annex 1.
- 1.2 Agree the review of reserves as detailed in Annex 2.
- 1.3 Note the capital out-turn position for 2015-16 detailed in Annex 3 (to follow).
- 1.4 Agree the balances on capital schemes which have slipped in 2015-16 to be carried forward into the 2016-17 capital programme as set out in Annex 3 (to follow).
- 1.5 Delegate responsibility to the Chief Finance Officer in consultation with the Lead Member for Financial Management to consider and implement further changes relating to all aspects of the closedown of the accounts for 2015-16 including: realigning reserves; the transfer of costs from revenue to capital; amendments of the revenue and capital budgets; and implementation of a minimum revenue provision accordingly.

## **2.0 Introduction**

- 2.1 The Council's outturn position is a primary source of information for the production of the Statement of Accounts and provides context for members in their consideration of the accounts.
- 2.2 Outturn 2015-16 is reported for the following and set out in detail in the paragraphs below:
- General Fund
  - Capital Programme
- 2.3 During 2015-16, budget monitoring has taken place which has highlighted variances between actual expenditure and income and budget. As in previous years there has been a detailed focus on the importance of accurate budgeting and appropriate monitoring. This continues to be embedded throughout the Council.

## **3.0 Report Details**

### **Revenue Out-turn 2015-16**

- 3.1 The Council's outturn position for the General Fund is set out in the table on the next page.
- 3.2 During the course of 2015-16, a number of changes have been made to the original 2015-16 revenue and capital budgets. The adjusted full-year budget represents the original budget, as approved by the Council, the addition of supplementary revenue estimates approved during the year, agreed virements to existing budgets and the utilisation of appropriate reserves.

<b>REVENUE OUTTURN 2015-16</b>	<b>Adjusted Budget 2015- 16 £000</b>	<b>Draft Outturn 2015-16 £000</b>	<b>Variance 2015-16 £000</b>
<b>Services</b>			
<b>Bicester Regeneration Projects</b>	<b>(930)</b>	<b>(1,407)</b>	<b>(477)</b>
Community Services	5,363	4,835	(528)
Environmental Services	5,291	5,645	354
Directorate Admin	47	70	23
<b>Community &amp; Environment</b>	<b>10,701</b>	<b>10,549</b>	<b>(151)</b>
<b>Chief Executive</b>	<b>378</b>	<b>400</b>	<b>22</b>
Strategic Planning & the Economy	1,434	1,589	155
Public Protection & Development Mgt	1,066	808	(258)
Development Directorate	143	206	63
Regeneration & Housing	1,011	2,169	1,158
<b>Development</b>	<b>3,654</b>	<b>4,773</b>	<b>1,118</b>
Transformation	620	517	(103)
Finance & Procurement	3,066	2,710	(356)
Legal & Democratic	863	727	(136)
Resources	54	65	11
IT	21	107	86
<b>Resources</b>	<b>4,624</b>	<b>4,126</b>	<b>(498)</b>
<b>Services Total</b>	<b>18,427</b>	<b>18,440</b>	<b>13</b>
Capital Charges Reversed	(4,000)	(4,000)	0
Use of Reserves within Services	2,040	2,037	(3)
<b>NET BUDGET REQUIREMENT</b>	<b>16,467</b>	<b>16,477</b>	<b>11</b>
<b>FUNDING</b>			
Business Rates Baseline	(3,466)	(3,466)	0
Revenue Support Grant	(2,711)	(2,733)	(22)
<b>Formula Grant Equivalent</b>	<b>(6,177)</b>	<b>(6,199)</b>	<b>(22)</b>
Transfer to Parish Councils for CTRS	349	349	0
Other Grants	101	0	(101)
Investment Income	161	(562)	(723)
Council Tax Compensation Grant	(63)	(65)	(2)
Collection Fund	(233)	(233)	0
New Homes Bonus	(2,543)	(2,542)	1
<b>Business Rates</b>			
Growth above baseline/Pooling	(2,103)	(2,625)	(522)
Council Tax Income	(5,959)	(5,959)	0
Use of Reserves	0	(433)	(433)
<b>TOTAL INCOME</b>	<b>(16,467)</b>	<b>(18,269)</b>	<b>(1,802)</b>
<b>Outturn</b>			<b>(1,791)</b>

3.3 The underspend of £1,791k after budget carry forwards transfers to earmarked reserves represents a variance of 11% compared to budget. The Council's revenue budget tolerances are 2%.

3.4 The service budget underspend has arisen through a variety of reasons. The key variances are set out in the table below:

<b>(Under)/Overspends</b>	<b>£000</b>
a. Car park additional income	(149)
b. Recreational course fees and sports additional income	(273)
c. Environmental Services reduction in waste & recycling refuse	331
d. Street Cleansing reduction in work	(96)
e. Planning Fee income higher than anticipated in the budget	(212)
f. Castle Quay reduction in income	500
g. Investment income higher than anticipated in the budget	(723)
h. Business rate grown higher than anticipated in the budget	(422)
i. Graven Hill income for commitment fee and interest	(660)
j. Land Charges grant to general fund balances	(95)
k. Other small variances	8
	<b>(1,791)</b>

**3.5 Underspends to be transferred to an earmarked reserve (EMR)**

Heads of Service have requested unspent budgets to be carried forward where:

- there are specific commitments
- there are discrete projects
- there is a requirement under IFRS to set up an earmarked reserve rather than accrue for a grant.

3.6 The total of the proposals for carried forward budgets is shown in Annex 1. Full Council approval is required where the underspend exceeds 10% of the individual budget heading (where this is £10,000 or more) or £50,000, whichever is less.

**3.7 Unspent Grants to be transferred to earmarked reserves**

As a result of complying with International Financial Reporting Standards (IFRS), any unspent grant received which has either no conditions attached to it, or where all conditions have been met, should be transferred to an earmarked reserve. These are detailed in Annex 1.

**3.8 Reserves and Balances**

A review of reserves has been undertaken and is presented at Annex 2 for approval. The Budget Planning Committee will be asked to approve a separate piece of work on all reserves in the forthcoming year which is likely to lead to further adjustments to the reserves at the appropriate point.

3.10 The medium term financial strategy states that General fund balances should not drop below £750,000. Before year end adjustments general fund balances stood at £1.7m. As part of the provisional outturn process and review of reserves the opportunity has been taken to top up general fund balances to provide more headroom above the minimum balance. If the Provisional Outturn, Carry Forwards and Transfers to Reserves are approved the General Fund Balance will be £3.5m.

### 3.11 Capital Outturn 2015-16

A summary of the capital expenditure in 2015-16 is set out in the table below. The detailed Capital Outturn and slippage requests by Capital Scheme are shown in Annex 3.

<b>Directorate</b>	<b>Original Budget 15/16 £000</b>	<b>Adjusted 15/16 £000</b>	<b>APPROVED BUDGET 15/16 £000</b>	<b>ACTUAL 15/16 £000</b>	<b>SLIPPAGE 15/16 £000</b>	<b>VARIANCE 15/16 £000</b>
Bicester Regeneration Projects	23,333	6,998	30,331	6,245	24,086	0
Community & Environment Resources	1,845	2,177	4,022	1,031	2,968	(23)
Development	324	234	558	391	265	98
	1,875	24,132	26,007	12,749	13,457	199
<b>GRAND TOTAL</b>	<b>27,377</b>	<b>33,541</b>	<b>60,918</b>	<b>20,416</b>	<b>40,776</b>	<b>274</b>

3.12 The overall capital position is an overspend of £274k, within this total individual project capital underspends will be returned to unallocated capital resources. The overspend against budget, after allowing for slippage, is 0.5% (which is inside the 5% tolerance).

3.13 There has been slippage in the programme due to the many external factors. The projects with the largest slippage are shown below.

DESCRIPTION	APPROVED BUDGET £000	ACTUAL £000	SLIPPAGE £000	VARIANCE £000	COMMENTS
Graven Hill	23,333	0	23,328	(5)	Largely due to delay in purchase of MOD land until May 2016
Build Programme	22,741	11,210	11,531	0	The approved budget reflected the balance of the total £34m cost of the scheme. This should have been split between 15-16 and future years.
South West Bicester Sports Village	1,271	316	955	0	Delays in planning due to a need to comply with the Kingsmere Design Code. Subsequent tender exercise produced in a single tender which was £1.6m above budget, a second tendering exercise has been carried out and the tender is due for approval. A supplementary budget approval will be required but, subject to this approval, work will start in 2016-17.
Bicester Sports Village	790	0	790	0	Delays in planning due to a need to comply with the Kingsmere Design Code. Subsequent tender exercise produced in a single tender which was £1.6m above budget, a second tendering exercise has been carried out and the tender is due for approval. A supplementary budget approval will be required but, subject to this approval, work will start in 2016-17.
Bicester Community Building	6,998	6,240	758	0	Slight delay to programme, work now substantially complete.
The Hill Youth & Community Centre	400	0	400	0	Delayed start to scheme, now due for completion in August 2016.
Upgrade to Uninterrupted Power Supply & Back up Sy	338	1	337	0	Delays due to work being procured through the Solihull Partnership, which has resulted in a longer than usual procurement process. Now planned for the current year.
Orchard Way Shopping Arcade - front service area a	300	0	300	0	Delays due to work being procured through the Solihull Partnership, which has resulted in a longer than usual procurement process. Now planned for the current year.
East West Railways	290	0	290	0	5 year capital contributions - will be spent in 2016-17
Discretionary Grants for Domestic Properties - Es	411	182	229	0	Slippage largely reflects grants that have been committed but not paid.
Condition Survey Works	316	140	176	0	Requirement for spend in 2016-17, likely to require additional budget approval.
North Oxfordshire Academy Astro turf	150	0	150	0	Shared cost with the Academy, awaiting confirmation that the Academy have raised sufficient funds to allow the project to continue.
Cooper Sports Hall Roof	100	0	100	0	Project was on hold whilst the Joint User Agreement and long term arrangements were finalised. Work is now underway and completion is anticipated in August 2016.
Empty Homes and Work-in-default (recoverable) Enfo	100	0	100	0	Dependant on need for enforcement action, costs may be recoverable.

### 3.14 Efficiencies

Planned efficiency savings from the 2015-16 budget have been achieved. The Public Promise of £0.5m was successfully delivered and forms a significant element of the savings identified in our approved budget for 2016-17.

## 4.0 Conclusion and Reasons for Recommendations

4.1 The financial performance for revenue reflects significant additional income whilst capital reflects a small overspend. The revenue and capital outturn positions demonstrate the Council's ability to respond positively and actively to changing economic circumstances and deliver sizeable capital programmes and effective financial management.

- 4.2 The variances on the capital outturn were within the Council's stated tolerances although revenue outturn was outside the stated tolerance for the reasons provided in the report.

## **5.0 Consultation**

- 5.1 The provisional outturn has been prepared by the Chief Finance Officer in consultation with the Lead Member for Financial Management.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 This report illustrates the Council's provisional performance against the 2015-16 Revenue and Capital Budget.

- 6.2 Alternative options are:

To reject the current proposals and to make alternative recommendations or ask officers for further information.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 There are no financial implications arising directly from the production of this report. It should be noted that the information in this report is in the format used for budget monitoring purposes and, although adjustments have been made for the requirements of IFRS, it does not reflect the various accounting adjustments that are required to comply with the Statement of Recommended Practice nor is it in the same format as the statutory Financial Statement. It is therefore not a straightforward task to compare the figures in this report with the Council's Financial Statement for 2015-16 because the respective reports are each designed to serve different purposes.

Comments checked by: Paul Sutton, Chief Finance Officer  
0300 003 0106 [paul.sutton@cherwellandsouthnorthants.gov.uk](mailto:paul.sutton@cherwellandsouthnorthants.gov.uk)

### **Legal Implications**

- 7.2. The Council is legally required to prepare Financial Statements by 30 June 2016.

Comments checked by:  
Kevin Lane, Head of Law and Governance, 0300 0030107  
[kevin.lane@cherwellandsouthnorthants.gov.uk](mailto:kevin.lane@cherwellandsouthnorthants.gov.uk)

## 8.0 Decision Information

**Key Decision** Yes  
**Financial Threshold Met:** No  
**Community Impact Threshold Met:** No

### Wards Affected

Not applicable

### Links to Corporate Plan and Policy Framework

Enhancing the Council Performance

### Lead Councillor

Councillor Ken Atack – Lead Member for Financial Management

### Document Information

Appendix No	Title
Annex 1	Requests for Budget Carry Forwards to 2015-16.
Annex 2	Review of Earmarked Reserves.
Annex 3	Capital Out-turn 2015-16 – <i>to follow</i>
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
Contact Information	03000 030106 <a href="mailto:paul.sutton@cherwellandsouthnorthants.gov.uk">paul.sutton@cherwellandsouthnorthants.gov.uk</a>



**REQUESTS FOR BUDGET CARRY FORWARDS TO 2016-17 AND TRANSFERS TO/(FROM) RESERVES**

**Annex 1**

REQUIRING MEMBER APPROVAL IF MORE THAN 10% of BUDGET  
(EXECUTIVE UP TO £50k, COUNCIL ABOVE)

	<b>Head of Service</b>		<b>Amount</b>
<b>BUDGET CARRY FORWARD REQUESTS</b>			<b>£</b>
Underspend from salary savings and court costs recovered to create a reserve to provide necessary one off staffing and ICT resource to enable the shared legal team to achieve re-accreditation to Lexcel and enable professional fee earners to have the necessary administrative support to maximise their chargeable, commercial, activity for internal & external clients.	Kevin Lane		25,000
Member training at Cherwell is now being planned on a four year basis as it is being combined with SNC based on their election cycle. In order to manage this it is proposed to set up a member training reserve, particularly as CDC has all out elections in 2016 and this extra money will be needed for a full refresh	Kevin Lane		11,000
Business Case Safer Communities to projects			60,000
Single Homelessness funding to meet further project costs in 16/17	Chris Stratford		147,000
External Credit Union funding to meet further costs in 16/17	Chris Stratford		40,000
			<b>283,000</b>
<b>TRANSFERS TO EARMARKED RESERVES</b>			
Licensing / Transport			56,000
IER is costing more than traditional registration. Further funding unknown. Prudent to carry forward unspent budget to EMR	Kevin Lane		20,000
Home Improvement agency, underspent grant from OCC due to staff shortages, moved to reserve for future home improvements. (grant is not ringfenced and would not have to be repaid if not spent)	Chris Stratford		24,000
HR external consultancy work	Jo Pitman	To reserves	28,000
HR agency costs to cover project work	Jo Pitman	To reserves	20,000
S016 monies received		To reserves	101,000
38 Market Square - delapidations	Chris Stratford	To reserves	49,000
Housing Vol Sector Grant funding	Chris Stratford	To reserves	30,000
DCLG funding was secured to help with cost of establishing joint fraud team. Underspend to enable additional resources Q1 & Q2 2016-17	Paul Sutton	To reserves	20,000
Bicester Regen - Garden Town	Karen Curtin	To reserves	80,000
Bicester Regen - Eco Town	Karen Curtin	To reserves	60,000
Remove Planning costs budgeted from reserves	Andy Preston	To reserves	111,000
			<b>599,000</b>
<b>TRANSFERS FROM EARMARKED RESERVES</b>			
ICT Harmonisation programme			(26,000)
NHB Economic Development special initiatives			(59,000)
Bicester Regen - Capacity Grant	Karen Curtin	From reserves	(30,000)
Car Park & Bodicote Site Review	Calvin Bell	From Reserves	(85,000)
Local Plans & Policy	Adrian Colwell	From Reserves	(250,000)
			<b>(450,000)</b>
<b>TRANSFERS TO/FROM EARMARKED RESERVES ALREADY PROCESSED</b>			
New Homes Bonus	Paul Sutton	To reserves	1,270,735
Transformation agenda		To reserves	217,147
Business Transformation Manager		From Reserves	(228,694)
Economic Development - Broadband	Adrian Colwell	From Reserves	(272,500)
DCLG Portas grant Bicester		From Reserves	(1,445)
			<b>985,243</b>

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Reserve	Balance 31-Mar-15 £000	Transfer in £000	Transfer out £000	Year End Review of Reserves £000	Statutory Accounts Balance 31-Mar-16 £000
<b>General Fund</b>					
Building Control	(100)	0	0	0	(100)
Capacity Funding	(203)	0	115	0	(88)
Car Park Studies	(200)	0	85	(70)	(185)
Corporate IT	(143)	0	0	0	(143)
Corporate Transformation	(621)	0	255	(500)	(866)
Country Park Reserve	(100)	0	0	0	(100)
Debt Collection Improvements	(25)	0	0	25	0
Elections	(109)	0	0	0	(109)
Environmental Warranties	(2,240)	0	0	1,240	(1,000)
General Fund Items	(675)	(200)	0	630	(245)
Graven Hill Equalisation Reserve	(3,396)	0	0	0	(3,396)
Hanwell Fields Open Space	(79)	0	0	0	(79)
Heat Network	(74)	0	68	6	0
High Speed 2	(3)	0	0	3	0
Housing Reserve	(220)	0	0	0	(220)
Joint External Bid-writer	(30)	0	0	0	(30)
Jubilee / Olympics	(21)	0	0	21	0
Licensing	(131)	(56)	0	41	(146)
Local Plan Charges	(400)	0	250	(362)	(512)
Member Training Reserve	(9)	0	0	9	0
NHB - Affordable Housing	(125)	(289)	0	(1)	(415)
NHB - Economic Development	(726)	(761)	59	0	(1,428)
NHB - Superfast Broadband	0	(727)	0	0	(727)
Planning Control	(918)	0	0	168	(750)
Corporate Projects	0	0	0	(674)	(674)
Retained Business Rates	(908)	0	0	(1,297)	(2,205)
S31 Grants	(731)	0	0	731	0
Sainsbury's Primary Authority	(55)	0	0	0	(55)
Self Insurance	(160)	0	0	0	(160)
Shared Payment Management System	(10)	0	0	10	0
Transport Engineer Consultancy	(280)	0	0	280	0
Valuation Consultancy	(70)	0	0	70	0
VAT Deminimus	0	0	0	(500)	(500)
Welfare Reform	(279)	0	0	180	(99)
Wheeled Bin Replacements	(111)	0	0	0	(111)
	<b>(13,152)</b>	<b>(2,033)</b>	<b>832</b>	<b>10</b>	<b>(14,343)</b>
<b>Earmarked Reserves from Grants &amp; Contributions</b>					
Area Based Grant	(83)	0	0	0	(83)
Bicester Fields Main Park	(97)	0	0	0	(97)
Brighter Futures - Skills Reward Grant	(43)	0	0	(52)	(95)
Brighter Futures Reserve Account	(48)	0	0	48	0
Bicester Garden Town	0	(1,521)	0	0	(1,521)
Bicester Youth Bus	(65)	0	0	0	(65)
Broadfield Road Yarnton Sports	(4)	0	0	0	(4)
Courtyard Youth Arts	(39)	0	0	0	(39)
Dovecote Milcombe	(56)	0	0	0	(56)
Eco Town Revenue	(845)	(4)	253	4	(592)
Flood Recovery Grant	(94)	0	0	54	(40)
Government Grant LABGI	(25)	0	0	25	0
Green Deal Pioneer Places	(69)	0	0	0	(69)
Home Improvement Agency	0	(235)	0	1	(234)
Homelessness Prevention	(70)	0	0	0	(70)
New Burdens Grant	(247)	(2)	0	1	(248)
New Homes Bonus	(834)	0	834	0	0
Planning Delivery Grant	(322)	0	0	0	(322)
Planning Policy Statement Climate Change	(82)	0	0	82	0
Total of smaller grants & contrib under £65k	(474)	(91)	0	190	(375)
	<b>(3,497)</b>	<b>(1,853)</b>	<b>1,087</b>	<b>353</b>	<b>(3,910)</b>
<b>Total Earmarked Reserves</b>	<b>(16,649)</b>	<b>(3,886)</b>	<b>1,919</b>	<b>363</b>	<b>(18,253)</b>

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## Cherwell District Council

### Budget Planning Committee

26 July 2016

#### Business Rates Monitoring 2015-2016

#### Report of Chief Finance Officer

This report is public

#### Purpose of report

To provide members of Budget Planning Committee with details of the business rates income outturn position for the 2015-2016 financial year.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To note this report.

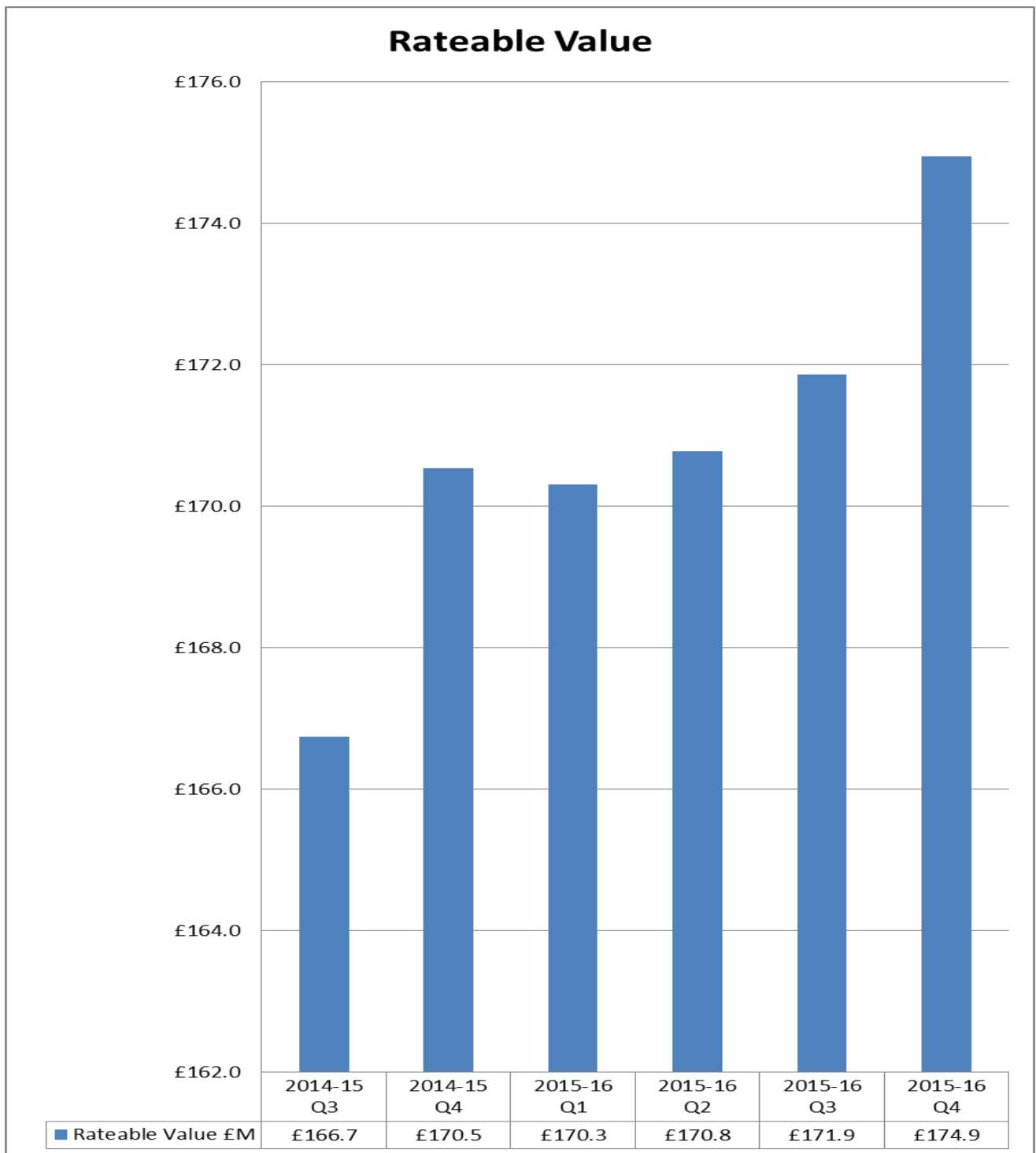
#### 2.0 Introduction

- 2.1 Members will be aware of the key changes affecting local government finance from 1<sup>st</sup> April 2013, including arrangements for the localisation of business rates, with local government being able to retain a proportion of business rates growth. There has been considerable business rates growth in the district with the Rateable Value increasing from £170.5m at the start of the year to £174.9m in March 2016. The outturn position at the end of March 2016 shows the Non-Domestic Rating income, after allowing for accounting adjustments, to be slightly higher than the estimate provided in the NNDR1 return. The reasons for this are explained in paragraph 3.8

#### 3.0 Report Details

- 3.1 Business rates are a property tax based on the rateable value of each non-domestic property. Rateable values are determined by the Valuation Office Agency (VOA) and are mostly based on rental values. The rateable value for Cherwell District Council at the end of Quarter 4 of the 2015-2016 financial year was £171,864,842. The graph below shows the movement in rateable values since Quarter 3 2014-2015. As you will see there is considerable volatility which makes it difficult to make estimates of business rates income with any degree of certainty.

**Table 1: Rateable Values from 2014-15 to 2015-16**



3.2 The Rating List is updated every five years although the next revaluation, which was due to be effective from 1 April 2015, has been deferred by the Government until 2017.

3.3 The rateable value for the authority has increased by £3,077,062 from January to March 2016 due to some significant new businesses which have been offset by some downward revaluations in rateable value and conversions to domestic property which will become subject to Council Tax. The largest of these are outlined in the table below:

**Table 2: Growth and Decline in the District for January to March 2016**

<b>Growth</b>	<b>Reason</b>	<b>Change in RV</b>
Thames Valley Police, Kidlington	Rateable Value increased following reassessment.	162,500
Epwell Grounds Solar Farm	New renewable Energy Site	56,000
Brook Farm Solar Park, Arncott	New renewable Energy Site	64,000
Banbury Gateway Retail Park	New Property (14 units)	3,115,650
Show House, Upper Heyford	New property	52,000
Unit 5-6, Pioneer Square, Bicester	New Property	54,000
<b>Major areas of Growth</b>		<b>3,504,150</b>
<b>Decline</b>	<b>Reason</b>	<b>Change in RV</b>
Ardley Fields Quarry	The VOA have reduced the RV following an appeal	-52,000
Unit A2, Pioneer Square	The VOA have reduced the RV following an appeal	-34,000
Unit 1 Station Fileds Industrial Estate, Kidlington	Rateable Value decreased following reassessment.	-43,000
Central Laboratories, Wildmere Road, Banbury	Demolished - removed from Rating List	-64,500
Catermart, Bicester	Demolished - removed from Rating List	-37,500
Dewars Fam Quarry, Ardley	Rateable Value decreased following reassessment.	-48,000
Various	Miscellaneous growth and decline	-148,088
<b>Major areas of Decline</b>		<b>-427,088</b>
<b>Movement in Rateable Value for Quarter 4</b>		<b>3,077,062</b>

3.5 Billing authorities are required to complete a return called the NNDR1 before the beginning of the financial year to forecast the amount of business rates that they will collect during the course of the year and from this will make a number of allowable deductions for a provision for appeals and losses in collection in order to arrive at a figure for its non-domestic rating income.

- 3.6 Once rateable value has been established a multiplier is applied to turn it into an amount to be charged to businesses. At the end of the financial year, the amount chargeable to businesses after applying the multiplier to the rateable value detailed above is £73,184,265. The non-domestic rating income collected is then split between Central Government (50%), Cherwell District Council (40%) and Oxfordshire County Council (10%). A tariff is deducted and paid to Central Government. The remaining amount is then compared to the baseline funding figure (for Cherwell this is £3,466,000 for 2015-2016) and a levy of 50% is payable on the excess (any growth) to Central Government. The remainder stays with the Council.
- 3.7 As Cherwell is in a pool, we retain more business rates as the levy rate is 0% instead of 50% outside of the pool. For budgeting purposes, as the levy and pooling gain are subject to performance and other considerations like providing for appeals, the retained income is budgeted as less than what is estimated on the NNDR1.
- 3.8 The retained business rates income budgeted for in 2015-16, including the baseline funding of £3,466,000, is **£5,569,000** (see table 3 below). At the end of March 2016 the retained business rates income, after allowing for accounting adjustment for provisions, is estimated to be **£6,090,541** which is **£521,541** more than budgeted. This is to the benefit of the General Fund.

In previous reports, the deficit in the NNDR1 has not been included in the table as it was to be funded from the Business Rates Volatility Reserve. The Council is in a surplus position overall so the use of this reserve is not now required.

Overall there is a surplus of £945,053 in retained business rates for 2015-2016, but this has been offset by the NNDR deficit charge so that the overall impact on the General Fund is a surplus of £521,541. This is detailed in the table below

**Table 3: Budget monitoring 2015-16**

	Budget	Provisional Outturn	Variance
Baseline funding	-3,466,000	-3,466,000	0
Retained Business Rates	-2,103,000	-3,048,053	-945,053
Deficit on NNDR1	0	423,512	423,512
<b>2015-2016 impact on General Fund</b>	<b>-5,569,000</b>	<b>-6,090,541</b>	<b>-521,541</b>

- 3.9 Over the first two years of the scheme the Council has put away significant business rates funds in a Business Rates Volatility Reserve to smooth the timing differences associated with the way we have to account for business rates. The reserve was intended to be used to fund the deficit in the NNDR1 of £423,512,



however, there were sufficient underspends across the Council at the end of the financial year such that the use of the reserve was not required in 2015-2016.

- 3.10 On 5 July 2016 published a consultation document called 'Self-sufficient local government: 100% Business Rates Retention. The consultation seeks views on the Government's commitment to allow local government to retain 100% of the business rates that they raise locally. Specifically, the consultation seeks to identify some of the issues that should be kept in mind when designing the reforms.
- 3.11 At the same time Government also published a consultation document called 'Business Rates Reform – Fair Funding Review: Call for evidence on Needs and Redistribution'.
- 3.12 The consultation closes on Monday 26 September 2016 and we will provide members of this Committee with updates on the financial implications for the authority as soon as possible.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Members are asked to note the detail of this report.

## **5.0 Consultation**

None.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: None: this report is provided for information.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 These are contained within the report.

Comments checked by:

Denise Taylor, Group Accountant. 01295 221982  
denise.taylor@cherwellandsouthnorthants.gov.uk

### **Legal Implications**

- 7.2 None directly arising as this is a report for information.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107

[kevin.lane@cherwellandsouthnorthants.gov.uk](mailto:kevin.lane@cherwellandsouthnorthants.gov.uk)

## Risk Management

- 7.3 The report highlights the need to monitor business rates income against budget to understand the implications of any significant variances. Any increase in risk will be escalated through the Corporate Risk Register and will also be monitored through the operational risk register.

Comments checked by: Louise Tustian,  
Senior Performance & Improvement Officer, 01295 221578  
[louise.tustian2@cherwelandsouthnorthants.gov.uk](mailto:louise.tustian2@cherwelandsouthnorthants.gov.uk)

## 8.0 Decision Information

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

To prudently manage the Council's finances.

### Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

### Document Information

Appendix No	Title
None	
Report Author	Mandy Anderson, Financial Analyst
Contact Information	Mandy Anderson, Financial Analyst <a href="mailto:mandy.anderson@cherwellandsouthnorthants.gov.uk">mandy.anderson@cherwellandsouthnorthants.gov.uk</a> 01327 322233

## Cherwell District Council

### Budget Planning Committee

26 July 2016

<b>Council Tax Reduction Scheme 2017-2018</b>
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### Report of the Chief Finance Officer

This report is public

#### **Purpose of report**

To provide members with an update on the implications of the current Council Tax Reduction Scheme (CTRS) and the changes to discounts, including the impact on collection rates, and to provide members with options to consider for a Council Tax Reduction Scheme for 2017-2018 so that consultation may be undertaken.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To recommend to Executive which option(s) should be considered for the CTRS for 2017-2018 so that consultation may be undertaken.

#### **2.0 Introduction**

- 2.1 In December 2015 members approved a Council Tax Reduction Scheme (CTRS) for Cherwell District Council for the financial year 2016-2017. The scheme remained the same as in 2015-2016 and mirrored the previous Council Tax Benefit scheme.
- 2.2 The scheme for pensioners is set nationally and pensioners have not seen any change to the support they receive. However Cherwell District Council can design its own scheme for working age customers.
- 2.3 The Council Tax Reduction scheme is based on a fixed cash grant based on approximately 90% of the previous Council Tax Benefit subsidy giving a funding shortfall for Cherwell of £742,430
- 2.4 The funding shortfall is mostly offset by the changes to locally set Council Tax Discounts.

## **3.0 Report Details**

### **Position so far**

#### **Council Tax Reduction Scheme**

- 3.1 As the funding for CTRS is a fixed cash grant the cost of any increase in the level of demand will be borne by the Council. The Council Tax Reduction caseload has been monitored and there has been a small decrease in the number of live cases from 7,513 in April 2015 to 7193 in July 2016

#### **Impact on Parish Councils**

- 3.2 Members may recall that the regulations for calculating the Council Tax Base were amended to reflect the Council Tax Reduction Scheme and had the affect of reducing the tax base for the billing authority, major preceptors and the Police and Crime Commissioner for Thames Valley and local preceptors. This is because Council Tax Reduction is a discount rather than a benefit and therefore we do not collect the full amount of Council Tax from tax payers who qualify for Council Tax Reduction. The impact of the reduced tax base was mitigated in part by changes made to discounts and exemptions. The Council passports a grant to parish councils to mitigate the impact on them.

#### **Impact of the changes to discounts and exemptions**

- 3.3 Members will also recall that the Local Government Finance Act 2012 abolished certain exemptions with effect from 1st April 2013 and replaced them with discounts which can be determined locally.
- 3.4 Council determined that furnished chargeable dwellings that are not the sole or main residence of an individual (i.e. second homes) should no longer receive a discount. They had previously received a discount of 10%. If we continue to set the discount at zero it is estimated that this will result in additional income of £76,755 for the 2017-2018 financial year.
- 3.5 Council also determined that the discount in respect of unoccupied and substantially unfurnished properties should be reduced to 25% for a period of six months and thereafter to zero. This will result in additional income of £308,018.
- 3.6 Council further exercised its discretion to determine that chargeable dwellings which are vacant and undergoing major repair work to render them habitable should be given a discount of 25% for a period of 12 months. This is expected to result in additional income of £22,162.
- 3.7 Prior to 1<sup>st</sup> April 2013 billing authorities could charge up to a maximum of 100% council tax on dwellings that have been empty for more than 2 years. From April 2013 powers were given to local authorities to charge a premium of up to 50% of the council tax payable. The projected additional income from charging an Empty Homes Premium is £94,560. If this causes more long term empty properties to be brought back into use it will have a beneficial impact on New Homes Bonus.

## **Impact of Council Tax Reduction Scheme on collection rates**

A council tax collection rate of 98.65% was achieved for 2015-2016 which was above the target of 98.25%. Collection rates for the first three months of the 2016-2017 are on target. In considering the Council Tax Reduction Scheme for 2017-2018 members should be mindful that any changes to the scheme that reduce entitlement to CTRS could have an adverse impact on collection rates and cost of collection.

## **Budget implications**

The budget of 2015 announced a change to Tax Credits in that from April 2017 households with two or more children will not be eligible for further support for any subsequent children born after April 2017. In addition to this for those starting a family after April 2017 will no longer be eligible for the Family Element in tax credits. This means that Tax Credit may reduce from April 2017. As this change has the impact of reducing household income it follows that those families affected will receive more Council Tax Reduction. It is impossible to estimate the impact of this change on CTR expenditure this will be carefully monitored from April 2017.

## **Council Tax Reduction Scheme 2016-2017**

- 3.8 Members will be aware that the national 10% reduction in government funding for Council Tax Reduction Schemes over the last four has been offset by the additional income generated by changes to discounts.

The Government has not yet released indicative figures for 2017-2018. For the purposes of calculating the new Council Tax Reduction scheme for 2017-2018 an assumption has been made that funding will reduce again by 10%

- 3.9 Financial modelling on the options for a new scheme for 2017-2018 has been undertaken as shown below:

### **Options**

#### **Option 1 – No change to current local Council Tax Reduction scheme or Council Tax discounts and amending the Regulations for changes announced in the Budget**

The 'change nothing' approach would mean retaining the current Council Tax Reduction Scheme. The only changes required would be to the detail of the scheme and updating the Regulations. The shortfall in funding would be offset, in part, by the changes made to discounts in Council Tax.

#### **Option 2 – Revised Council Tax Reduction scheme with current council tax Discounts**

This option could include reducing support for working age people and would mean that all working age claimants would have to pay a percentage of their council tax liability regardless of their circumstances. Percentage reductions of 8.5%, 10%, 15% and 20% have been modelled.

## Financial Summary of options

	100%	91.5%	90%	85%	80%
	£	£	£	£	£
Overall funding loss	742,430	742,430	742,430	742,430	742,430
Second homes income	-76,755	-76,755	-76,755	-76,755	-76,755
Empty homes discount of 25% for up to 6 months; no change in policy since 2013 so no additional income	£308,018	£308,018	£308,018 0	£308,018 0	£308,018 0
Uninhabitable homes discount of 25% for 12 months	-22,162	-22,162	-22,162	-22,162	-22,162
Long term empty premium	-120,843	-120,843	-120,843	-120,843	-120,843
Reduction in expenditure based on % liability	0	-333,745	-392,641	-588,962	-785,283
<b>Total funding gap (+)/additional income (-)</b>	291,407	-119,156	-177,989	-374,310	-570,631
<b>Funding gap (+)/additional income (-) for CDC</b>	23,313	-9,532.40	-14,239	-29,945	-45,650,

## 4.0 Conclusion and Reasons for Recommendations

- 4.1 From April 2013 Council Tax Benefit was abolished and replaced with a local Council Tax Reduction Scheme.
- 4.2 Members are now required to recommend to Executive for consultation purposes a Council Tax Reduction Scheme for the 2017-2018 financial year.

## 5.0 Consultation

There is a requirement to consult with the public, major preceptors and other parties who may have an interest in the Council Tax Reduction Scheme. In October 2014 a Supreme Court judgement ruled that consultation must be not only on the preferred option but also on all other potential options such as reducing council services and raising council tax.

## 6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not recommend any of the options for a scheme for -2017-2018 This would have financial implications for the Council and those residents affected by Welfare Reform.

## 7.0 Implications

### Financial and Resource Implications

7.1 See table contained in this report.

Comments checked by:  
Paul Sutton Chief Finance Officer,  
Paul.sutton@cherwellandsouthnorthants.gov.uk

### Legal Implications

7.2 The Council is required to approve a Council Tax Reduction Scheme on an annual basis. Failure to do so will affect the reputation of the Council and will have a financial implication for residents.

Comments checked by:  
Kevin Lane, Head of Law and Governance  
kevin.lane@cherwellandsouthnorthants.gov.uk

## 8.0 Decision Information

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

### Lead Councillor

Councillor Ken Atack Lead Member for Financial Management

### Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Belinda Green (Joint and Benefits Manager)
Contact Information	Belinda Green: 01327 322182 <a href="mailto:Belinda.green@southnorthants.gov.uk">Belinda.green@southnorthants.gov.uk</a>

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Date	Agenda Items
26 July	Medium Term Financial Strategy Final Outturn against Budget 2015/16 (including reserves) Business Rates Monitoring 2015/16 Council Tax Reduction Scheme 2017-2018
30 August	Q1 Budget Monitoring Q1 Reserves Monitoring Q1 Procurement Monitoring Q1 Business Rates Monitoring Q1 Write Offs Medium Term Financial Strategy
27 September	Budget Guidelines 2017/18 Fees and Charges 2017/18 Medium Term Financial Strategy
1 November	Q2 Budget Monitoring Q2 Reserves Monitoring Q2 Procurement Monitoring Q2 Business Rates Monitoring Q2 Write Offs Medium Term Financial Strategy
29 November	Capital Bids 2017/18 Discounts and Exemptions Review CTRS 2017/18 Medium Term Financial Strategy
17 January	Revenue and Capital Budget 2017/18 (Incl. MTFS) LG Settlement 2017/18
28 February	Q3 Budget Monitoring Q3 reserves Monitoring Q3 Procurement Monitoring Q3 Business Rates Monitoring Q3 Write Offs

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