

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, Oxon OX15 4AA, on 31 October 2023 at 6.30 pm

Present:

Councillor Patrick Clarke (Chairman)
Councillor Douglas Webb (Vice-Chairman)
Councillor Tom Beckett
Councillor Donna Ford
Councillor David Hingley
Councillor Matt Hodgson
Councillor Simon Lytton
Councillor Adam Nell
Councillor Barry Wood

Substitute Members:

Councillor Amanda Watkins (In place of Councillor Sean Woodcock)

Apologies for absence:

Councillor Becky Clarke MBE
Councillor Dorothy Walker
Councillor Sean Woodcock

Officers:

Joanne Kaye, Head of Finance and Deputy Section 151 Officer
Matt Swinford, Democratic and Elections Officer

Officers Attending Virtually:

Shona Ware, Assistant Director Customer Focus
Leanne Lock, Strategic Business Partner - Business Partnering & Controls
Lynsey Parkinson, Strategic Business Partner – Corporate

18 **Declarations of Interest**

There were no declarations of interest.

19 **Minutes**

The minutes of the meeting held on 26 September 2023 were agreed as a correct record and signed by the Chairman.

20 **Chairman's Announcements**

The Chairman advised that she had agreed to re-order the agenda. Agenda item 8, Budget Consultation, would be brought forward and heard before agenda item 6. The rest of the agenda order would stay the same.

21 **Urgent Business**

There were no items of urgent business.

22 **Budget Consultation**

The Assistant Director Customer Focus gave a presentation on how the council's budget consultation was prepared and undertaken.

The Assistant Director Customer Focus explained that the budget consultation would explain the council's budget situation and what the budget gap was. The budget proposals put forward intended to minimise the impact on residents whilst bridging the budget gap.

The Assistant Director Customer Focus advised that the consultation approach would differ from the previous year as each proposal listed in the questionnaire would require the respondent to tick whether or not they agreed with the saving proposal. If a proposal was not supported, the respondent would be asked to provide reasons and have an opportunity to suggest alternative proposals to bridge the budget gap.

The consultation would be promoted through the council's regular communication channels. The availability of alternative formats on request would be advertised.

Resolved

(1) That the presentation be noted.

23 **Local Government Finance**

The Chairman advised that further to a request at the previous Budget Planning Committee, Members would receive presentation on local Government finance.

The Head of Finance explained that local Government finance was currently made up of four key elements: council tax, business rates, new homes bonus and revenues support grant. Forecasting these elements for the Medium-Term Financial Strategy (MTFS) was complicated and the council therefore

used Pixel Financial Management, a funding advisory service that advised the council on modelling of business rates and council tax.

The Head of Finance, introduced Adrian Jenkins, Founder and Chief Analyst of Pixel Financial Management, who gave a presentation which provided an overview of council funding, including central funding, business rates and other income.

Adrian advised the Committee that for councils to forecast what would happen was difficult due to planned changes not taking place as expected and subsequently not knowing when they would take place. For example, changes to business rate retention and no full four year run of spending reviews since 2015.

Adrian advised that the Consumer Price Index (CPI) determined a lot of funding within local government and was the measure to set the business rate multiplier and increase revenue support grant. The CPI for September 2023 was 6.7% which meant there would be a 6.7% increase in core grants received however other aspects remained above CPI. Therefore, even though there will be an increase in core grants received there will likely be larger pressures from inflation in public sector pay awards.

Adrian explained that there had been big increases in social care grants with £80million taken from local government service grants being put into social care grants. This meant that council's without social care responsibilities would receive a reduced service grant.

The Committee was advised that the local government finance settlement for 2024/25 would be announced in mid-December as had been the case in previous years, which did not assist council's in their own budget setting. A policy statement was released by the Government prior to the provisional settlement which did not include exact figures but provided an overview of what would be included.

Adrian explained that it was expected that CPI would fall relatively quickly in the coming months so the Government should meet its goal of halving inflation by the end of year.

Adrian Jenkins explained that the Institute for Fiscal Studies (IFS) had advised that over the next four-year spending review period from 2025/26, public sector spending would increase by 1% in real terms but it was anticipated this would be in areas such as social care, defence and the NHS so may lead to reduced spending in other areas, including local government.

In response to a question regarding the plan to push back the reset of the Business Rates baseline, Adrian advised that 2026/27 was the first year that it could happen, however this would be dependent on whether whomever formed a Government following the General Election was prepared to use political capital to put through the reset. Responding to a further question regarding if there would be a Government consultation on the methodology for the business rates reset, Adrian advised that it was anticipated there would be

a consultation in stages which would allow local authorities an opportunity help shape the reset.

In response to a question seeking details of funding received by Cherwell District Council over the last five to ten years, Adrian advised he would liaise with the Head of Finance to circulate further information after the meeting. He explained that overall spending fell by 20% to 30% in the early 2010s but since 2015 there had been growth with a bigger increase in core spending power and core grants had been increased with inflation.

Following a comment by the Committee regarding the potential end of new homes bonus, Adrian advised that the new homes bonus, a bonus given to councils for every house built within the authority area would likely continue until 2025/26.

The Chairman thanked Adrian for the informative presentation.

Resolved

- (1) That the presentation be noted.

24 **Monthly Finance Performance Report**

The Assistant Director of Finance submitted a report that summarised Cherwell District Council's (CDC's) forecast revenue and capital outturn for 2023/2024 as at 31 August 2023.

The Portfolio Holder for Finance, Councillor Nell, explained that the revenue outturn position for 2023/24 was currently forecast as an overspend of £0.656m. Planning and Development had the top variance, 31.9% due to income projections being lower than expected and agency costs.

In relation to the capital budget, the Portfolio Holder for Finance advised that there was a forecast in-year underspend of £7.165m of which £7.121m was to be reprofiled into future years due to changes in programme timetables. There was an overall forecast decrease in the total cost of schemes.

Resolved

- (1) That the report be noted.

25 **Review of Committee Work Plan**

The Strategic Business Partner – Business Partnering & Controls gave a verbal update of the committee work advising that at the next scheduled meeting on 31 October 2023, the Committee would consider 2024/25 Budget Proposals for Revenue and Capital and Fees and Charges.

Resolved

- (1) That the update on the Committee Work plan be noted.

The meeting ended at 7.35 pm

Chairman:

Date: