

Cherwell District Council

Executive

1 December 2014

<p>Draft Budget and Business Plan 2015-16</p>

Report of Head of Finance and Procurement and Head of Transformation

This report is public

Purpose of report

The Council has to adopt a budget as the basis for calculating its level of Council Tax. It has to base this budget on its plans for service delivery during the year, recognising any changes in service demand that may arise in future years.

This is the first of two opportunities that the Executive has to shape and refine the appending plans before the final budget is presented to Full Council on 23 February 2015.

The report also details the draft strategic priorities, the underpinning key objectives, and deliverables for 2015-16 which sit alongside the draft budget and are to be the subject of wider consultation if approved in principle at this meeting.

1.0 Recommendations

The Executive is recommended to:

- 1.1 consider the draft revenue budget detailed in Appendix A (to follow) and agree that it be subject to a period of consultation with the public and other key stakeholders;
- 1.2 consider the recommendations arising from the Budget Planning Committee review of the capital programme that was considered at its informal meeting on 25 November 2014 and detailed in Appendix B (to follow);
- 1.3 note that the final implications of the local government finance settlement will need to be fully considered once the announcement has been made;
- 1.4 advise of any other matters to be taken into consideration in producing a balanced budget for its meeting on 2 February 2015;

- 1.5 endorse the passporting of the Council Tax Reduction Scheme (CTRS) grant to local preceptors.
- 1.6 Agree that the proposed medium term strategic priorities, key objectives and key deliverables for 2015-16, as set out in Appendix C, be referred to the Overview and Scrutiny Committee for consultation prior to the 2nd February 2015 meeting of the Executive.

2.0 Introduction

- 2.1 At its meeting of the 6 October 2014, the Executive approved the budget strategy for the Council for 2015-16 and beyond. The strategy itself set out the underlying assumptions and principles within the budget. The key principles agreed were:
 - Protect front line services
 - Focus attention on corporate and service priorities and improving performance
 - Maximising joint working potential
 - Maximise procurement opportunities and contract negotiations
- 2.2 This report sets out the latest projection for the 2015-16 revenue budget based upon the above guidelines and assumptions. The budget has been constructed using assumptions for Revenue Support Grant and Baseline Business Rates (the old formula grant settlement equivalent) as well as New Homes Bonus and Business Rates Growth.
- 2.3 The Chancellor of the Exchequer's Autumn Statement is due to be announced on the 3 December and the settlement is expected a short time after that. Any impact of the settlement and revisions to estimates for New Homes Bonus or Business Rates Growth will be the subject of a further report to Executive.

3.0 Report Details

- 3.1 **Draft Budget**
- 3.2 The report details the current position with regard to the draft budget for 2015-16. Attached to this report at Appendix A is the detailed draft budget. As is usual at this stage, the draft position shows a deficit, together with suggestions on how a balanced position can be achieved by February 2015, subject to any proposed changes that may arise during the consultation process.
- 3.3 The draft budget itself has been prepared prior to the financial settlement being announced. Members will be advised of the implications on the council of that settlement once these are known.
- 3.4 Appendix B contains the proposals from the Budget Planning Committee in relation to capital bids for the Executive to consider.

- 3.5 **Business Planning: Draft strategic priorities, key objectives and core deliverables for 2015-16**
- 3.6 Cherwell District Council has a robust approach to business planning which complements the budget setting process and ensures that it has a strategic and joined up approach to the two, which in turn is of benefit to our residents and service delivery across the District.
- 3.7 During the current business planning cycle a full review of the Council's medium term financial position has been undertaken (the medium term financial strategy). Alongside this the Executive has drafted a set of medium term strategic priorities and financial objectives which have been used to inform the development of the annual budget and business plan.
- 3.8 Considerable emphasis has already been placed upon the views of local residents in the development of these medium term strategic priorities by using the results of the 2014 customer satisfaction survey.
- 3.9 Budget priorities identified by research undertaken with the citizens' panel have also been used to inform the development of the draft priorities, along with other sources of information such as the local and national financial context within which we operate. This information informs the review of the strategic priorities, and in turn shapes the development of the key objectives and actual deliverables for the forthcoming year.
- 3.10 The Executive continues to value the importance of an open, transparent and engaging approach to developing the strategic priorities of the Council and the underpinning key objectives and annual deliverables. Consequently the views and input of the Overview and Scrutiny Committee will be invited in relation to the draft strategic priorities, key objectives and deliverables for the year ahead at its meeting in January 2015, to ensure a meaningful approach to consultation with members across the whole of the Council, as well as with residents, as part of the budget consultation arrangements.
- 3.11 Taking account of customer feedback and socio-demographic change is key to ensuring the success and relevance of the five year business strategy. However the medium term financial strategy has been updated to reflect the shift in funding arrangements to use New Homes Bonus and localised Business Rates as income streams. Reflecting the external policy and funding environment a number of key challenges have informed the development of the (draft) five year business strategy priorities and these include:
- **Managing growth:** delivering the right type of economic development and working to ensure that appropriate economic and housing growth supports the financial sustainability of the council. The growth and delivery agenda will have high profile over the coming five years; consequently the Masterplans for Bicester, Banbury and Kidlington are all reflected in the draft strategic priorities. Business regulation that supports business development is essential as is planning performance. Affordable housing and appropriate housing development are also reflected within the medium term strategic objectives.

- **Service delivery:** ensuring core services (i.e. those services highly valued by local residents) continue to be delivered to a high standard in the most cost effective way. This includes recycling and waste management, street cleansing, dealing with anti-social behaviour, safeguarding our residents and businesses and ensuring the District remains a low crime area
- **Supporting communities:** making sure the health, leisure, culture and community development services that are delivered or commissioned by the council, meets four outcomes
- **Strong financial management and a continued focus on customers:** a financial strategy that delivers income generation through appropriate development, asset management and lower cost service delivery models (of all types). A Medium Term Financial Strategy that moves the council to a long term position of financial sustainability. The delivery of high quality enabling services to support our core services and ensuring that the council continues to effectively communicate with and respond to customer need and demand.

3.12 The draft strategic priorities, the key objectives that underpin them and the associated deliverables for 2015-16 are set out in Appendix C and will be subject to consultation alongside the 2015-16 budget and business plan objectives.

3.13 The annual business plan and service planning

3.14 Underpinning the five year strategic priorities the council will agree an annual business plan and budget to deliver these objectives. The business plan will be prepared following the consultation process and in readiness for the February meeting of Executive.

3.15 All Heads of Service will prepare a service plan that ensures the delivery of the Council's strategic business plan and medium term priorities. The annual business plan and Directorate/divisional service plans inform the performance management framework of the Council. Performance progress will be reported on a quarterly basis and through the Council's annual report (to be published in June 2015).

Council Tax Reduction Scheme

3.16 In 2013-14 Council Tax Benefit was abolished and replaced with a Council Tax Reduction Scheme. This change in the scheme had a detrimental impact on the Council's taxbase calculation meaning that less income was received in Council Tax.

3.17 A direct impact of a reduction in the taxbase is that Town and Parish Council's also receive less Council Tax as a result of this change in national policy. In the current financial year £349,000 was distributed to Town and Parish Councils to help mitigate the impact of the new scheme. The intention is to 'passport' the same amount of funding to Town and Parish Councils in 2015-16 and Executive are asked to endorse this approach.

- 3.18 It is also anticipated that over time this funding should be reduced as Town and Parish Councils have their own tax raising powers and currently are not subject to any restrictions on the level of Council Tax they set whereas major preceptors (County Councils, Police and District Councils) are.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members of the Executive are asked to consider the recommendations above.

5.0 Consultation

Councillor Atack, Lead Member for Financial Management

Councillor Mallon, Lead Member for Banbury Developments, Communications and Performance

The proposed five year business strategy priorities, key objectives, annual deliverables and the 2015-16 budget will be subject to public consultation.

The draft budget will be/has been considered by the Budget Planning Committee.

The proposed five year business strategy priorities, key objectives and annual deliverables will be subject to review and consultation with the Overview and Scrutiny Committee to ensure that any proposals for the 2015-16 business plan are representative of the whole Council.

Suggested amendments to the strategy, plan and budget will be brought to the Executive meeting in February 2015 to represent a final draft of the business strategy, 2015-16 annual budget and business plan with a view to agreeing that both be recommended to the February 2015 Full Council meeting.

6.0 Alternative Options and Reasons for Rejection

- 6.1 This is the draft budget and options for the overall budget for the Council will be considered at its meeting in February.

7.0 Implications

Financial and Resource Implications

- 7.1 The financial implications are contained within this report.

Comments checked by: Nicola Jackson, Corporate Finance Manager
nicola.jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 There are no direct legal implications arising out of this report.

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

8.0 Decision Information

Key Decision Yes

Financial Threshold Met: Yes

Community Impact Threshold Met: Yes

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Atack
Lead Member for Financial Management

Councillor Kieron Mallon
Lead Member for Banbury Developments, Communications and Performance

Document Information

Appendix No	Title
Appendix A Appendix B Appendix C	Draft Budget 2015-16 – to follow Capital Programme 2015-16 – to follow Draft medium term strategic priorities, key objectives and annual deliverables for 2015-16
Background Papers	
None	
Report Author	Paul Sutton, Head of Finance and Procurement Jo Pitman, Head of Transformation.
Contact Information	Jo.pitman@cherwellandsouthnorthants.gov.uk Tel: 0300 0030108 Paul.sutton@cherwellandsouthnorthants.gov.uk Tel: 0300 003 0106