

URGENT BUSINESS AND SUPPLEMENTARY INFORMATION

Executive

1 December 2014

Agenda Item Number	Page	Title	Officer Responsible	Reason Not Included with Original Agenda
11.	(Pages 1 - 8)	Draft Budget and Business Plan 2015-16 Appendix A Exempt Appendix B	Head of Finance and Procurement	Information not available at time of agenda dispatch

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Appendix A – Draft Revenue Budget

- 1.1 This appendix sets out the latest draft budget position based on the Medium Term Revenue Plan (MTRP) that has been considered by Budget Planning Committee at its meetings during the autumn.
- 1.2 The MTRP for 2015-16 initially showed a funding gap of £1.586 million. This is detailed below.

Table 1 – Initial Budget Draft Position

MEDIUM TERM REVENUE PLAN OPENING BUDGET POSITION	2014-15 Approved February £000	2015-16 MTRP November £000
EXPENDITURE (Budget Requirement)		
Approved base budget	14,341	14,341
Unavoidable pressures		
Contract Inflation		63
Demand led increases		50
Pay inflation		240
Pay increments		90
Superannuation increases		67
Investment income		49
NNDR Pressures		6
TOTAL EXPENDITURE	14,341	14,905
FUNDING		
Business Rates Baseline	(3,401)	(3,493)
Revenue Support Grant	(3,864)	(2,629)
Formula grant equivalent	(7,265)	(6,122)
Transfer to Parish Councils for CTRS	349	349
Transfer Homelessness Grant	101	101
S31 Grant	0	0
Collection Fund	(233)	(100)
New Homes Bonus	(1,013)	(1,188)
Business Rates Growth - above baseline	(400)	(400)
Business Rates Pooling	0	0
	(8,461)	(7,360)
Council Tax income	(5,880)	(5,997)
TOTAL INCOME	(14,341)	(15,205)
FUNDING GAP	0	1,548

- 1.3 The draft budget has been prepared using the underlying principles set out in the budget strategy considered by Executive on the 6 October 2014. The MTRP has been updated using a series of changes and assumptions as follows:
- 1.4 **Budget reductions**
The savings identified as “Category 1” total £289,000 and these were presented to the Budget

Planning Committee at its meeting of 4 November.

Service	Building Block Budget Reduction	Saving
Service Assurance	Contract price reduction	£89,500
Development Management	Increase Planning Income budget to reflect actual income	£100,000
Development Management	Increase Pre-Application Income budget to reflect actual income	£50,000
Refuse collection	Dissolution of the Oxfordshire Waste Partnership	£17,000
Estates and Facilities Management	Caretaking establishment cost saving - provided by Thames Security	£15,000
Estates and Facilities Management	Depot Cleaning establishment cost saving	£2,300
Estates and Facilities Management	Pioneer Square establishment cost saving	£15,000

Total Budget Reductions - Category 1

£288,800

1.5 Unavoidable Growth

The budget includes unavoidable growth of £775,000 which predominantly relates to car park income pressures and an expected reduction in the level of Government subsidy on rent allowances.

Service	Growth Bid	£
Community Services	Car Park income budget reduction.	303,000
Environmental Services	Oxfordshire Waste Partnership Diversion credits - scheduled reduction	52,000
Estates and Facilities Management	Repairs to 38 Market Square - at end of lease	60,000
Revenues	Reinstatement of post (base budget correction)	10,000
Rent Allowances	Correction to base budget from 100% (not netted off against overpayments recovered)	350,000
		775,000

1.6 New Homes Bonus

£1,270,000 of New Homes Bonus monies have been built into the MTRP for 2015-16. This is in line with the CTB 1 form and the Council's current strategy to use 50% of the money to support the base budget.

Excludes Affordable Housing

	2011-12 £	2012-13 £	2013-14 £	2014-15 £	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £
Year 1	439,186	439,186	439,186	439,186	439,186	439,186			
Year 2		237,969	237,969	237,969	237,969	237,969	237,969		
Year 3			562,761	562,761	562,761	562,761	562,761	562,761	
Year 4				686,156	686,156	686,156	686,156	686,156	686,156
Year 5					634,000	634,000	634,000	634,000	634,000
Year 6						634,000	634,000	634,000	634,000
Year 7							634,000	634,000	634,000
Year 8								634,000	634,000
Year 9									634,000
Total	439,186	677,155	1,239,916	1,926,072	2,560,072	3,194,072	3,388,886	3,784,917	3,856,156
Budgeted NHB	219,593	338,578	619,958	963,036	1,280,036	1,597,036	1,694,443	1,892,459	1,928,078

1.7 Business Rates Growth

The MTRP includes business rates growth above the baseline, use of pooled business rates and Section 31 Grant.

	2015-16 £	2016-17 £	2017-18 £	2018-19 £	2019-20 £
Business Rates Growth (Above Baseline)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Percentage (%)	100%	100%	100%	100%	100%
Budgeted Business Rates Growth	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Pooled Business Rates	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Use of pooled returns (%)	75.00%	75.00%	75.00%	75.00%	75.00%
Budgeted Pooled Business Rates	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
S31 Grant - From NNDR 1 form	(1,170,000)	(1,170,000)	(1,170,000)	(1,170,000)	(1,170,000)
Use of S31 Grant (%)	90%	90%	90%	90%	90%
Budgeted S31 Grant	(1,053,000)	(1,053,000)	(1,053,000)	(1,053,000)	(1,053,000)
Total Budgeted Business Rates	(2,103,000)	(2,103,000)	(2,103,000)	(2,103,000)	(2,103,000)
Best Case Scenario +10%	(2,313,300)	(2,313,300)	(2,313,300)	(2,313,300)	(2,313,300)
Worst Case Scenario -10%	(1,892,700)	(1,892,700)	(1,892,700)	(1,892,700)	(1,892,700)

1.8 Building in all the changes highlighted above gives a revised MTRP showing gap of £186,000.

MEDIUM TERM REVENUE PLAN CURRENT BUDGET POSITION	2014-15 Approved February £000	2015-16 MTRP December £000
EXPENDITURE (Budget Requirement)		
Approved base budget	14,341	14,341
Unavoidable pressures		
Contract Inflation		63
Demand led increases		50
Pay inflation		240
Pay increments		90
Superannuation increases		67
Investment income		49
NNDR Pressures		6
Category 1 savings		(289)
Unavoidable Growth		775
TOTAL EXPENDITURE	14,341	15,391
FUNDING		
Business Rates Baseline	(3,401)	(3,493)
Revenue Support Grant	(3,864)	(2,629)
Formula grant equivalent	(7,265)	(6,122)
Transfer to Parish Councils for CTRS	349	349
Transfer Homelessness Grant	101	101
Section 31 grant (from NNDR1)	0	(1,053)
Council Tax Compensation Grant	0	(63)
Collection Fund	(233)	(100)
New Homes Bonus	(1,013)	(1,270)
Business Rates Growth - above baseline	(400)	(600)
Business Rates Pooling	0	(450)
	(8,461)	(9,208)
Council Tax income	(5,880)	(5,997)
TOTAL INCOME	(14,341)	(15,205)
FUNDING GAP	0	186

1.9 The draft budget still has a funding gap which needs to be addressed. This is intentional as there are still uncertainties and detailed work in progress.

1.10 Further work will be undertaken in order to be able to present a balanced budget for the Executive to consider at its meeting of the 2 February 2015. There will be a number of areas which will be subject to further investigation and these include:

- A further review of income levels
- Identification of the revenue implications of any approved capital projects
- A review of further efficiency / saving options
- Looking at on-going provisions
- Review of investment income

- Tax Base confirmation
- Impact of any growth proposals
- Consideration of risk reserves

1.11 In addition to the measures above, the Council needs to update its Business Rates estimates and complete the National Non Domestic Rates form (NNDR1) in January, this determines the estimate for the level of next year's growth.

1.12 The local government finance settlement will not be announced until mid-December and therefore the assumptions applied have been based on the Medium Term Revenue Plan. These will be reviewed once the settlement is announced. The Autumn Statement is due to take place on Wednesday 03 December and there may be an indication of national policy changes at that point.

1.13 **Capital Bids**

These have been considered informally by Budget and Planning Committee on 25 November (Appendix B). They have been grouped in three categories: general bids, asset management review bids and ICT strategy/Transformation bids. The Council is taking an holistic approach to its assets rather than investing in properties in a piecemeal fashion. There will be a separate report from the Director of Bicester on how to deliver the Council's Asset Management Plan. This will form a separate bid for the capital process. This Committee will formally make recommendations to Executive at the appropriate point in the process.

As the Council is now in the position of having committed all of its capital resources revenue borrowing costs have been included for each bid. The total potential revenue costs for 2015/16 is £130k.

1.14 **Conclusion**

The draft 2015-16 revenue and capital budget will form the basis for consultation with our stakeholders and the output of this consultation will be considered in formulating the final 2015-16 budgets and Corporate Plan.

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