

Committee: Budget Planning Committee
Date: Tuesday 28 July 2015
Time: 6.30 pm
Venue Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

Councillor Nicholas Mawer (Chairman)	Councillor Nigel Randall (Vice-Chairman)
Councillor Ken Attack	Councillor Colin Clarke
Councillor Ian Corkin	Councillor Carmen Griffiths
Councillor Russell Hurle	Councillor Mike Kerford-Byrnes
Councillor Barry Richards	Councillor Douglas Webb
Councillor Barry Wood	Councillor Sean Woodcock

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 - 6)

To confirm as a correct record the minutes of the meeting held on 17 February 2015 and 19 May 2015.

5. Chairman's Announcements

To receive communications from the Chairman.

6. Quarter 1 2015-16 - Revenue and Capital Budget Monitoring Report
(Pages 7 - 16)

Report of Director of Resources

Purpose of Report

This report summarises the Council's Revenue and Capital position as at the end of the first three months of the financial year 2015-16 and projections for the full 2015-16 period.

Recommendations

The meeting is recommended:

- 1.1 To note the projected revenue and capital position at June 2015.

7. 2015-2016 Business Rates Quarterly Monitoring Report (Pages 17 - 22)

Report of Director of Resources

Purpose of Report

To provide members of Budget Planning Committee with an update on the business rates position as at the end of Quarter 1 of the 2015-2016 financial year.

Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

8. Medium Term Revenue Plan (Pages 23 - 26)

Report of Director of Resources

Purpose of Report

To provide members of the Budget Planning Committee with an update on the Council's Medium Term Revenue Plan

Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

9. Review of Committee Work Programme 2015-2016

Verbal update by the Director of Resources

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 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, 01295 221591

Sue Smith
Chief Executive

Published on Monday 20 July 2015

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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 17 February 2015 at 6.30 pm

Present: Councillor Nicholas Mawer (Chairman, for agenda items 6 - 8 and 11 as apologies given for later arrival)
Councillor Douglas Webb (Vice-Chairman, in the Chair for agenda items 1 - 5 and 10)

Councillor Ken Attack
Councillor Carmen Griffiths
Councillor Timothy Hallchurch MBE
Councillor Alastair Milne Home
Councillor Nigel Randall
Councillor Barry Wood
Councillor Sean Woodcock

Substitute Members: Councillor Mark Cherry (In place of Councillor Barry Richards)

Apologies for absence: Councillor Mike Kerford-Byrnes
Councillor Melanie Magee
Councillor Barry Richards

Officers: Karen Curtin, Commercial Director (Bicester)
Paul Sutton, Head of Finance and Procurement
Chris Honey, Facilities Manager
Emma Faulkner, Democratic and Elections Officer

71 **Declarations of Interest**

There were no declarations of interest.

72 **Urgent Business**

There were no items of urgent business.

73 **Minutes**

The Minutes of the meeting of the Committee held on 19 January 2015 were confirmed as a correct record and signed by the Chairman.

74 **Chairman's Announcements**

The Chairman announced that agenda items 10 and 11, Proposed Capital Bids for CCTV at Thorpe Lane Depot and Bodicote House and the Hill Community Centre, would be moved up the agenda and taken as the first two items.

75 **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 items of business on the grounds that, if the public and press were present, it would likely be 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.

76 **Proposed Capital Bids for CCTV at Thorpe Lane Depot and Bodicote House**

The Committee considered the exempt report of the Commercial Director (Bicester), which detailed Capital bids relating to Thorpe Lane Depot and Bodicote House.

The Facilities Manager answered specific technical questions from the Committee.

Resolved

- (1) That the report be noted
- (2) That the Capital bids relating to Thorpe Lane Depot and Bodicote House be recommended to Executive for consideration

77 **The Hill Community Centre**

The Commercial Director (Bicester) gave an exempt verbal update to the Committee on the progress of work relating to The Hill Community Centre.

Resolved

- (1) That the update be noted

78 **Re-admittance of the Press and Public**

Resolved

That the press and public be re-admitted to the meeting.

79 **Discretionary Rate Relief - amendment to Retail Relief Policy and introduction of Transitional Relief Policy**

The Committee considered a report from the Head of Finance and Procurement which detailed an amendment to the Retail Relief Policy and proposed the introduction of a Transitional Relief Policy, following the Chancellor's Autumn Statement.

Resolved

- (1) That full Council be recommended to approve the proposed amendments to the Business Rates Retail Relief Policy and the introduction of a Transitional Relief Policy

80 **Quarter 3 2014-15 - Revenue and Capital Budget Monitoring Report**

The Committee considered the report of the Director of Resources which detailed Revenue and Capital budget monitoring for Quarter 3 of 2014-2015.

The Head of Finance and Procurement answered budget specific questions asked by the Committee.

Resolved

- (1) That the projected revenue and capital position at December 2014 be noted
- (2) That the Quarter 3 performance against the 2014-15 investment strategy and financial returns from the funds be noted

81 **Work Programme 2014-15**

The Committee considered the draft work programme for the remainder of the 2014/15 year.

Following the verbal update on The Hill Community Centre from the Commercial Director (Bicester), the Committee requested that further updates on the project be added to the work programme.

Resolved

- (1) That, subject to the inclusion of updates regarding The Hill Community Centre, the Work Programme be noted

The meeting ended at 7.50 pm

Chairman:

Date:

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 19 May 2015 at 6.35 pm

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

Councillor Ken Attack
Councillor Colin Clarke
Councillor Ian Corkin
Councillor Carmen Griffiths
Councillor Russell Hurle
Councillor Mike Kerford-Byrnes
Councillor Barry Richards
Councillor Douglas Webb
Councillor Barry Wood
Councillor Sean Woodcock

Officers: Martin Henry, Director of Resources / Section 151 Officer
Natasha Clark, Team Leader, Democratic and Elections

1 Appointment of Chairman for the Municipal Year 2015-2016

Resolved

That Councillor Nicholas Mawer be appointed Chairman of the Budget Planning Committee for the Municipal Year 2015/16.

2 Appointment of Vice-Chairman for the Municipal Year 2015-2016

Resolved

That Councillor Nigel Randall be appointed Vice-Chairman of the Budget Planning Committee for the Municipal Year 2015/16.

The meeting ended at 7.00 pm

Chairman:

Date:

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Cherwell District Council

Budget Planning Committee

28 July 2015

<p>Quarter 1 2015-16 – Revenue and Capital Budget Monitoring Report</p>
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Report of Director of Resources

This report is public

Purpose of report

This report summarises the Council's Revenue and Capital position as at the end of the first three months of the financial year 2015-16 and projections for the full 2015-16 period.

1.0 Recommendations

Budget Planning Committee is recommended:

- 1.1 To note the projected revenue and capital position at June 2015.

2.0 Introduction

- 2.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is formulated in conjunction with the joint management team and formally to the Budget Planning Committee on a quarterly basis. The report will go to the Executive on 9 September 2015.
- 2.2 The revenue and capital expenditure in quarter 1 has been subject to a detailed review by Officers.

3.0 Report Details

Projected Revenue Outturn

- 3.1 At quarter one the Council is projecting an underspend of £94,000 at the year end. Analysis by directorate can be found in Appendix 1.

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

SUMMARY by SERVICE AREA							
	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Bicester Regeneration projects	97	(198)	(295)	☹	388	388	0
BICESTER REGENERATION PROJECTS Total	97	(198)	(295)	☹	388	388	0
Community Services	1,116	924	(192)	☹	5,385	5,390	5
Environmental Services	1,199	1,186	(13)	☺	4,523	4,742	219
Community & Environment	82	96	14	☹	234	234	0
COMMUNITY & ENVIRONMENT Total	2,397	2,206	(191)	☹	10,142	10,366	224
Chief Executives	99	102	3	☹	187	187	0
Business Transformation	0	36	36	☹	0	0	0
CHIEF EXECUTIVES Total	99	138	39	☹	187	187	0
Strategic Planning & the Economy	143	164	21	☹	562	592	30
Public Protection & Development Management	134	(667)	(801)	☹	514	492	(22)
Development	0	0	0	☺	145	145	0
Regeneration & Housing	516	307	(209)	☹	1,831	1,948	117
DEVELOPMENT Total	793	(196)	(989)	☹	3,052	3,177	125
Executive Matters	1,745	4,372	2,627	☹	(2,660)	(2,660)	0
EXECUTIVE MATTERS Total	1,745	4,372	2,627	☹	(2,660)	(2,660)	0
Transformation	354	282	(72)	☹	1,116	991	(125)
Finance & Procurement	(3,309)	92	3,401	☹	841	640	(201)
Law & Governance	265	284	19	☹	924	807	(117)
Resources	0	0	0	☺	57	57	0
ICT	315	402	87	☹	1,312	1,312	0
RESOURCES Total	(2,375)	1,060	3,435	☹	4,250	3,807	(443)
COST OF SERVICES	2,756	7,382	4,626	☹	15,359	15,265	(94)

- 3.2 Investment income is currently higher than expected and this trend is expected to continue; however, any income will be transferred to reserves.

Income from Business Rates Growth/Pooling and Section 31 grants is expected to be higher than budgeted; however, any income above budget will be transferred to reserves.

3.3 Projected Capital Outturn

Directorate	BUDGET £000	BUDGET ADJTS £000	APPROVED BUDGET £000	ACTUAL YTD £000	PROJECTED OUTTURN £000	SLIPPAGE REQUESTED £000	PROJECTED VARIANCE £000
Bicester Regeneration Projects Total	0	2,886	2,886	842	2,886	0	0
Community & Environment Total	2,751	1,271	4,022	(135)	4,019	0	(3)
Resources Total	797	0	797	60	678	110	(9)
Development Total	3,406	3,843	7,249	2,157	7,188	0	(61)
Total	6,954	8,000	14,954	2,924	14,771	110	(73)

The net Capital projection as at July 2015 is within budget tolerances. The slippage relates to the Microsoft Licensing Agreement which has been renegotiated until 2019 when the council will then need the funds to buy out of the agreement.

The above budget of £15m includes £3.8m of profiled spend on the Build! programme. The total budget for this programme was increased by £9.5m to £22m by Council in May 2014 and is due to be completed by March 2016.

4.0 Conclusion and Reasons for Recommendations

- 4.1 It is recommended that:
- the contents of this report are noted.

5.0 Consultation

Cllr Ken Attack – Lead member
for Financial Management

Cllr Attack is content with the report and
supportive of the recommendations contained
within it.

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.
- 6.2 Option 1: This report illustrates the Council's performance against the 2015-16 Financial Targets for Revenue and Capital. As this is a monitoring report, no further options have been considered. However, members may wish to request that officers provide additional information.

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained in the body of the report. There are no direct costs or other direct financial implications arising from this report.

Comments checked by: Kelly Wheeler, Service Accountant
01327 322230 Kelly.Wheeler@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 There are no legal implications. Presentation of this report is in line with the CIPFA Code of Practice.

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

Risk management

- 7.3 The position to date highlights the relevance of maintaining a minimum level of reserves and budget contingency to absorb the financial impact of changes during the year. Any increase in risk will be escalated through the corporate risk register.

Comments checked by: Louise Tustian, Acting Corporate Performance Manager
01295 221786 louise.tustian2@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 Impact assessments were carried out in advance of setting the 2015-16 budget.

Comments checked by: Caroline French, Corporate Policy Officer
01295 221586 caroline.french@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Attack – Lead Member for Financial Management

Document Information

Appendix No	Title
1	Directorate Analysis
Background Papers	
None	
Report Author	Joanne Kaye, Strategic Finance Accountant
Contact Information	01295 221545 Joanne.kaye@cherwellandsouthnorthants.gov.uk

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

APPENDIX 1

BICESTER REGENERATION PROJECTS SUMMARY

	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Bicester Regeneration projects	97	(198)	(295)	☹	388	388	0
BICESTER REGENERATION PROJECTS Total	97	(198)	(295)	☹	388	388	0
Reasons for major variance :					YTD	Projected	
Bicester is funded through either Capacity Grant or council match funding, Eco Town grant, or Graven Hill companies.							
Garden Town grant received, the balance will be transferred to earmarked reserves at year end							
Balanced budgets will be developed in period 4 to reflect the expected spend and use of reserves and grant funding to minimise the ytd variances.							
						0	0

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	☹
Underspent more than 2.5% of budget	☹
Overspent between 1.5% and 2.5% of budget	☹
Anything else	☺

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

COMMUNITY AND ENVIRONMENT SUMMARY

	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Community Services	1,116	924	(192)	☹️	5,385	5,390	5
Environmental Services	1,199	1,186	(13)	😊	4,523	4,742	219
Community & Environment	82	96	14	☹️	234	234	0
COMMUNITY & ENVIRONMENT Total	2,397	2,206	(191)	☹️	10,142	10,366	224

Reasons for major variance :

	YTD	Projected
Community Services		
Vehicle parks rental income invoiced in advance; projected reduction due to car park closure in September 2015	(33)	8
Year end reversals and timing difference in the payment and receipt of Grants and Subscriptions	(51)	(11)
Current staff vacancy savings	(77)	(18)
NNDR savings and outstanding utility charges for quarter 1	(47)	(13)
Additional sub contractor and consultancy fees	8	14
Banbury Museum prior year maintenance costs	7	7
Replacement handheld equipment for Parking Officers	0	8
Other minor variances	1	10
	(192)	5
Environmental Services		
Timing differences in the receipt of Grants etc	105	0
Reduction in recycling income (price receivable and quantity)	67	50
Reduction in pest treatment work	45	10
Year end reversals and timing difference in the payment of Landscape Contractors	(278)	0
Staffing cost pressures	55	210
Training re licence and drug / alcohol - no budget set for the year	4	9
Transport savings re fuel costs etc	(19)	(60)
Other minor variances	8	0
	(13)	219
Community and Environment		
Additional salary costs of "Acting Up" arrangement	14	0
	(191)	224

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	☹️
Underspent more than 2.5% of budget	😊
Overspent between 1.5% and 2.5% of budget	😊
Anything else	😊

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

CHIEF EXECUTIVE

	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Chief Executives	99	102	3	⊖	187	187	0
Business Transformation	0	36	36	⊖	0	0	0
CHIEF EXECUTIVES Total	99	138	39	⊖	187	187	0
Reasons for major variance :					YTD	Projected	
Chief Executives							
Agency support staff; one post 100% CDC, 1 shared post 50/50					3	0	
					3	0	
Business Transformation							
Consultancy costs which will be covered by grant so no impact on year end					40	0	
Grant Received (clear year end)					(6)	0	
Other small amounts (will be covered by Grant at year end)					2	0	
					36	0	
A balanced budget will be created for period 4 to reflect actual spend and funding from grants							
					39	0	

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	⊖
Underspent more than 2.5% of budget	⊕
Overspent between 1.5% and 2.5% of budget	⊖
Anything else	⊕

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

DEVELOPMENT SUMMARY

	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Strategic Planning & the Economy	143	164	21	☹	562	592	30
Public Protection & Development Management	134	(667)	(801)	☹	514	492	(22)
Development	0	0	0	☺	145	145	0
Regeneration & Housing	516	307	(209)	☹	1,831	1,948	117
DEVELOPMENT Total	793	(196)	(989)	☹	3,052	3,177	125

Reasons for major variance :

	YTD	Projected
Strategic Planning & the Economy		
Professional Fees to support Local Plans & Policy	25	62
Savings through vacant posts after Agency costs	(6)	(37)
Other smaller amounts	2	5
	<u>21</u>	<u>30</u>
Public Protection & Development Management		
Savings through vacant posts after agency costs	(70)	(17)
Transport costs in relation to reduced Staff levels	(5)	(5)
Third party payments. Lack of spend to date assumed to reach budget by year end	(70)	0
Government grant received to fund a post.	(40)	0
Other grants reimbursements. Awaiting to be moved to balance sheet	(310)	0
Planning fees income ahead of budget but no variance is being forecast at this point	(312)	0
Other smaller amounts	6	0
	<u>(801)</u>	<u>(22)</u>
Regeneration & Housing		
Salary savings through vacant posts after agency costs	(50)	(47)
Premises costs, high initial costs in year (eg rates and insurance) expected lower spend in rest of year to finish in line with budget	57	0
Supplies and services. Low initial spend in certain areas but overall year end spend assumed to be over budget	(158)	32
Govt Grant Income will be paid over to Probation Service later this year	(320)	0
Contribution of £29K Received from Bicester Town Council backdated 3 years	(24)	(22)
Sales Income based on overall expectations for year.	(35)	(8)
Rental income timing to date. Castle Quay assumed to be down £380K for year, offset by other improvements	318	154
Other smaller amounts	3	8
	<u>(209)</u>	<u>117</u>
	<u>(989)</u>	<u>125</u>

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	☹
Underspent more than 2.5% of budget	☹
Overspent between 1.5% and 2.5% of budget	☹
Anything else	☺

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT JUNE 2015

RESOURCES

	Actual v Profile				Projected v Budget		
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's
Transformation	354	282	(72)	☹	1,116	991	(125)
Finance & Procurement	(3,309)	92	3,401	☹	841	640	(201)
Law & Governance	265	284	19	☹	924	807	(117)
Resources	0	0	0	☺	57	57	0
ICT	315	402	87	☹	1,312	1,312	0
RESOURCES Total	(2,375)	1,060	3,435	☹	4,250	3,807	(443)
Reasons for major variance :					YTD	Projected	
Transformation							
Salary savings due to vacancies					(43)	(128)	
Various - small reprofiling issues (rectified by year end)					(29)	3	
					(72)	(125)	
Finance & Procurement							
Rent cheques paid out are £3.4m more than budget at Q1. Will be reported in Exec Matters					3,485	0	
Recovery of court costs and overpayments but assume will come in line with budget					(82)	0	
SDC and SNC contribution towards Civica					(35)	(35)	
Northgate accrual to be matched off later in the year					34	0	
Income expected from Graven Hill Company for provision of procurement advice					0	(39)	
Staff vacancies across the division					(5)	(110)	
Bank charges and consultancy fees (banking review)					5	28	
New Burdens funding expected which is likely to remain unspent at year end					(1)	(39)	
Staff mileage					0	(6)	
					3,401	(201)	
Law & Governance							
Costs relating to Elections are expected to be funded					176	0	
Salary vacancies expected at year end. A pension budget profile correction is required.					4	(33)	
Election funding for Parliamentary election from Cabinet Office					(120)	(119)	
IER funding					(41)	(17)	
Damages costs expected relating to property litigation searches					0	46	
Various small overspends					0	6	
					19	(117)	
ICT							
Telephony costs (Adept, Cable & Wireless, Orange, Daisy & BT Costs)					33	0	
Overspend due to assumed higher cost from SDC as a result of the restructure					20	0	
Various small overspends					21	0	
Contract for provision of IT support to Banbury Museum Trust was not renewed					13	0	
					87	0	
					3,435	(443)	

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	☹
Underspent more than 2.5% of budget	☹
Overspent between 1.5% and 2.5% of budget	☹
Anything else	☺

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Cherwell District Council

Budget Planning Committee

28 July 2015

2015-2016 Business Rates Quarterly Monitoring Report

Report of Director of Resources

This report is public

Purpose of report

To provide members of Budget Planning Committee with an update on the business rates position as at the end of Quarter 1 of the 2015-2016 financial year.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the report.

2.0 Introduction

- 2.1 Members will be aware of the key changes affecting local government finance from 1 April 2013 including arrangements for the localisation of business rates with local government being able to retain a proportion of business rates growth. In-year monitoring to the end of June 2015 shows the estimate for the year of Non-Domestic Rating income to be greater than predicted in the NNDR1 return with Non-Domestic Rating Income increasing from £73,319,070 to £74,759,857.

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 1 of the 2015-2016 financial year was £170,304,722 with 4,666 properties in the Rating List. The table below shows the movement in rateable values and the number of properties over the last three quarters. As you will see there is volatility in rateable values which makes it difficult to make estimates of business rates income with any degree of certainty.

Quarter	Rateable Value	Number of properties
Quarter 3 – 2014-2015	£166,740,807	4,670
Quarter 4 – 2014-2015	£170,535,652	4,667
Quarter 1 – 2015-2016	£170,304,722	4,666

- 3.2 The Rating List is updated every five years although the revaluation, which was due to be effective from 1 April 2015, has been deferred by Government until 2017.
- 3.3 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 in order to arrive at a figure for its non-domestic rating income.
- 3.4 Since we submitted the data for the NNDR1 in January 2015 there has been minimal movement in the number of properties on the Rating List. There has, however, been an increase in the overall rateable value between the NNDR1 in January 2015 and the first quarter of the 2015-2016 financial year of £3,563,915. Ardley Energy Recovery Facility was brought into the Rating List which equated to £2,940,000 of this increase.
- 3.5 For the period 1 April 2015 to 30 June 2015 we have seen the following example changes in rateable value:
- A new Self Catering Holiday Unit at Sibford Gower with a rateable value of £4,800 has been brought into the Rating List.
 - A reduction in rateable value from £252,500 to £224,000 for Tesco Stores Ltd in Sheep Street, Bicester.
 - A solar farm at Woodstock Road, Yarnton has been brought into the Rating List with a rateable value of £83,500.
 - Seven new mobile telephone masts with a combined rateable value of £38,100 have been brought into the Rating List.
- 3.6 **Renewable energy and business rates**
- 3.7 The Non-Domestic Rating (Renewable Energy Projects) Regulations 2013 allow a billing authority to disregard income from new renewable energy projects in calculating the amount it needs to send to central government in business rates providing it is the planning authority making the decision.
- 3.8 During the first quarter of 2015-2016 a solar farm at Woodstock Road, Yarnton has been brought into the Rating List with an effective date of 24 March 2015. A solar farm at Bicester Road, Bletchington has been brought into the Rating List with an effective date of 14 March 2015. We are able to disregard the income from these assessments as well as the income from the solar farm located at Home Farm, Merton which was already in the Rating List.

- 3.9 The table below shows the forecast outturn position at the end of the first quarter for 2015-2016 as compared to budget.

	Budget	Forecast Outturn	Variance
Baseline Funding	-3,466,000	-3,466,000	0
Retained Business Rates and Pooling Gain	-1,050,000	-1,921,397	-871,397
Renewable Energy (disregarded amounts)	0	-145,878	-145,878
Section 31 Grants	-1,136,000	-854,677	281,323
2015-2016 Retained Business Rates Income	-5,652,000	-6,387,952	-735,952

3.10 Accounting for the Collection Fund

- 3.11 The Collection Fund is the account where all of the entries relating to business rates eventually go through. Every billing authority has to estimate the level of business rates income that they expect to achieve in the NNDR1 form, for 2015-2016 this was reported in January 2015. When accounting for the Collection Fund, the estimates from the NNDR1 are posted to the accounts in 2015-2016. The NNDR3 form is completed at the end of the financial year and this is the actual position. The difference between the NNDR1 estimate and the NNDR3 actual is the Collection Fund surplus or deficit for the year. This, however, is not reflected in the accounts until approximately 18 months' time when it forms part of the NNDR1 in 2017-2018.
- 3.12 The figures contained in the table above incorporate the estimates from the NNDR1 which have to be posted to the accounts in 2015-2016, there are also some variable entries like the gain from the North Oxfordshire Business Rates Pool. In total, the current forecast is reporting that £735,952 could be transferred to General Fund balances at the end of the financial year.
- 3.13 The NNDR1 in January 2015 estimated a loss on the Collection Fund of £423,512, this will need to be repaid in 2015-2016.
- 3.14 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. Currently £1.639m is held within these reserves and therefore these are sufficient to cover the liability referred to above.

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:

Paul Sutton, Head of Finance and Procurement 0300 0030106
paul.sutton@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

Risk Management

- 7.3 The position to date 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 the operational risk register.

Comments checked by: Louise Tustian, Acting Corporate Performance Manager
01295 221786 louise.tustian@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Geni Hotchkiss, Business Support Unit Manager Mandy Anderson, Financial Analyst
Contact Information	geni.hotchkiss@cherwellandsouthnorthants.gov.uk 01327 322170 mandy.anderson@cherwellandsouthnorthants.gov.uk 01327 322233

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Cherwell District Council

Budget Planning Committee

28 July 2015

Medium Term Revenue Plan

Report of Director of Resources

This report is public

Purpose of report

To provide members of the Budget Planning Committee with an update on the Council's Medium Term Revenue Plan

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

2.0 Introduction

- 2.1 This Committee has the responsibility of recommending a budget for consideration to Executive and will receive detailed reports throughout the budget process of issues, financial pressures and efficiencies that will have an impact on the setting of the budget.
- 2.2 The purpose of this report is to set out the current medium term financial forecast as a base position to then build on and update at each meeting. The focus of attention for each meeting will be the forthcoming financial year (2016-17) but future years will also be updated as part of the iterative process.

3.0 Report Details

Medium Term Revenue Plan

3.1 The current medium term forecast show the following deficits from 2016-17 onwards.

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
EXPENDITURE					
Approved base budget	15,233	15,233	15,842	16,489	17,143
Unavoidable pressures					
Contract Inflation		64	66	68	70
Demand led increases		50	50	50	50
Pay inflation		245	250	255	260
Pay increments		175	175	175	175
Superannuation		69	100	100	100
NNDR Pressures		6	6	6	6
TOTAL EXPENDITURE	15,233	15,842	16,489	17,143	17,804
FUNDING					
Business Rates Baseline	(3,466)	(3,587)	(3,684)	(3,783)	(3,886)
Revenue Support Grant	(2,629)	(986)	0	0	0
Formula grant equivalent	(6,095)	(4,573)	(3,684)	(3,783)	(3,886)
Transfer to Parish Councils for CTRS	349	349	349	349	349
Transfer Homelessness Grant	101	101	101	101	101
Business Rates (Growth, Pooling & S31)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)
Council Tax Compensation Grant	(63)	0	0	0	0
Collection Fund	(233)	(100)	(100)	(100)	(100)
New Homes Bonus	(1,272)	(1,587)	(1,684)	(1,882)	(1,918)
	(9,398)	(7,995)	(7,203)	(7,501)	(7,638)
Council Tax income	(5,959)	(6,078)	(6,200)	(6,324)	(6,450)
Contribution to Reserves	124				
TOTAL INCOME	(15,233)	(14,073)	(13,403)	(13,824)	(14,089)
FUNDING DEFICIT	0	1,769	3,086	3,318	3,715

3.2 The above position shows a deficit to address in 2016-17 of £1.769m which needs to be addressed. This will be updated for each meeting to take accounts of matters such as:

- Government grant assumptions
- Inflationary increases

- Demand led pressure
- Unavoidable pressures
- Budget reductions
- Budget strategy changes
- New Homes Bonus updates
- Business Rates revised forecasts
- Any other new information that will have an impact on the budget.

3.3 This report is intended to show the opening position so that members can see the size of the deficit that needs to be addressed. As well as bringing forward the updates referred to above, officers will also bring forward budget proposals and strategies that will seek to close the financial gap and members can give a view on those that should be incorporated for recommendation onto the Executive.

3.4 Therefore, at this stage is a report for information which provides a baseline or opening position of the medium term financial position that needs to be addressed.

4.0 Conclusion and Reasons for Recommendations

4.1 Members are requested to note the content of this report.

5.0 Consultation

There is a requirement to consult on the draft budget and this consultation will take place as part of the budget setting process.

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 note the report but members will not be aware of the opening medium term financial forecast if they choose to take this option.

7.0 Implications

Financial and Resource Implications

7.1 There are no direct financial implications stemming from this report as it is just setting out the scale of the medium term financial deficit that needs to be addressed at the start of the detailed budget setting process.

Comments checked by:

Martin Henry, Director of Resources,

martin.henry@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 The Council has to set a balanced budget each year and this report provides the opening position to enable the Council to meet this requirement.

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 priority of Sound Budgets and a Customer Focussed Council.

Lead Councillor

Councillor Ken Attack, Lead Member for Financial Management.

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Martin Henry (Director of Resources)
Contact Information	Martin Henry: 0300 003 0102 martin.henry@cherwellandsouthnorthants.gov.uk