

Committee: Budget Planning Committee
Date: Tuesday 4 June 2013
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbur, OX15 4AA

Membership

Councillor Ken Atack
Councillor Maurice Billington
Councillor Tim Emptage
Councillor Mike Kerford-Byrnes
Councillor Neil Prestidge
Councillor Douglas Webb

Councillor Andrew Beere
Councillor Margaret Cullip
Councillor Russell Hurle
Councillor Nicholas Mawer
Councillor Lawrie Stratford
Councillor Barry Wood

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Appointment of Chairman

To appoint a Chairman of the Budget Planning Committee for the Municipal Year 2013/14.

3. Appointment of Vice-Chairman

To appoint a Vice-Chairman of the Budget Planning Committee for the Municipal Year 2013/14.

4. 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.

5. **Urgent Business**

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

6. **Terms of Reference and Draft Work Programme** (Pages 1 - 4)

Report of the Head of Finance and Procurement.

Summary

The report details the changes in scrutiny arrangements, outlines the terms of reference for the committee, and suggests a draft work programme.

Recommendations

The Budget Planning Committee is recommended to:

- (1) Note the contents of the report and suggest any amendments to the proposed work programme.

7. **2012/13 Outturn and Key Messages for Explanatory Forward** (Pages 5 - 20)

Report of Head of Finance and Procurement.

Summary

The report summarises the Council's provisional Revenue and Capital performance for the financial year 2012/13, which will be presented to the Executive on 3 June 2013. The figures are still subject to further validation work to ensure compliance with statutory requirements and proper accounting practices.

Recommendations

The Budget Planning Committee is recommended:

- (1) To note the contents of the report.

8. **Financial Context - MTFs Latest Position, Capital Resources** (Pages 21 - 24)

Report of the Head of Finance and Procurement.

Summary

The report provides the Budget Planning Committee with a summary update on the Council's revenue position for 2014/15. The report will be accompanied by a PowerPoint presentation on the Council's finances.

Recommendations

The Budget Planning Committee is recommended to:

- (1) To note the contents of the report and advise officers of any further information required.

9. **Council Tax Reduction Scheme (Yr. 2)** (Pages 25 - 28)

Report of the Head of Finance and Procurement.

Summary

The report provides an update on considerations for the second year of the local council tax reduction scheme.

Recommendations

The Budget Planning Committee is recommended to:

- (1) Note the contents of the report.

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@cherwellandsouthnorthants.gov.uk or 01327 322365 prior to the start of the meeting.

Declarations of Interest

Members are asked to declare interests at item 4 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 Dave Parry, Democratic and Elections
dave.parry@cherwellandsouthnorthants.gov.uk, 01327 322365

Sue Smith
Chief Executive

Published on 24 May 2013

Budget Planning Committee

Terms of Reference and Draft Work programme

4 June 2013

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

This report is in relation to the changes in scrutiny arrangements and outlines the terms of reference for this committee and suggest a draft work programme

This report is public

Recommendations

- The Budget Planning Committee is recommended to note the contents of this report and suggest any amendments to the proposed work programme.

Terms of Reference

- 1.1 As a result of the decision to change the scrutiny arrangements a budget planning committee will be created with the aims being:
 - Year round focus on budget planning and monitoring, which has become the 'new norm'
 - Mainstreams budget planning work
 - Cross party representation
 - Removes duplication between Executive and Scrutiny
- 1.2 The Budget Planning Committee is a committee of council, convened under Local Government Act 1972 (as amended). The committee will make recommendations to the Executive as appropriate within its terms of reference.
- 1.3 The Committee will be comprised of 12 Councillors on a Proportional Representation basis.

The Committee will:

- Provide strategic overview of all matters that could significantly impact upon the finances of the authority
- Oversee the implementation of the forthcoming and on-going financial reform that will significantly affect the Council
- Provide advice on the impact of business and housing growth in the district and estimate the

financial impact of such growth

- Be responsible for supporting the budget setting strategy and process for:
 - the general fund
 - capital programme
 - assets
 - reserves
 - investments
 - recommending the Committee's preferred budget proposal, for formal consideration by Executive, in light of the Council's stated priorities.
- Have a planning horizon which will be medium term (five years) including the medium term financial strategy
- Will also focus on any new major projects facing the Council that will have a significant impact on the resources of the Council as well as the budget setting round for the forthcoming financial year. **(the formal monitoring of projects once approved is the PLACE or TRANSFORMATION boards)**
- Be responsible for considering how the council responds to: changes in the way the council is funded, value for money and other legislative initiatives and reforms.
- Innovate and challenge the way the Council manages its budget and financial affairs.

1.4 The Committee shall be administered by Democratic and Elections and supported primarily by the Director of Resources and the Head of Finance and Procurement, with other officers providing support as required depending on the subject matter under consideration.

SUGGESTED WORK PROGRAMME AND REPORTING ARRANGEMENTS

2.1 In taking the TOR and the outputs required the following draft work programme is proposed for the first two meetings:

Month	Agenda Item
June 4	Terms of Reference
	12/13 Outturn and key messages for Explanatory Foreword
	Financial Context - MTFS Latest Position, Capital Resources
	Council Tax Reduction Scheme (Yr. 2)
	Work programme Review
July 9	Implications of CSR on MTFS Latest Position
	Business rate growth monitoring
	New Homes Bonus Funding
	Impact of Welfare reform on funding
	MTFS Latest Position
	Monthly Revenue and Capital Monitoring

2.2 In order to deliver the terms of reference the following items will need to be included at the following meetings along with any other areas the committee would like to review.

MONTH	AGENDA ITEM
September 3	MTFS Strategy Update
	13/14 Budget Guidelines
	13/14 Capital Programme Review and 14/15 Capital Strategy and new bid process
	Discretionary Budgets Overview
	Budget reductions or income generation
	Monthly Revenue and Capital Monitoring
October 8	14/15 Capital Scheme Evaluation
	Monthly Revenue and Capital Monitoring
	MTFS Latest Position
	Review of Reserves
	Investment Opportunities - Mortgages, retail, treasury investments
November 5	Evaluation of 14/15 budget reductions or income generation
	MTFS Latest Position
	14/15 Capital Scheme Evaluation
November 26	Draft Revenue and Capital Budget 1 Proposals
	Monthly Revenue and Capital Monitoring
	MTFS Latest Position
December 3	CTRS Scheme Year 2 proposal
	Tax Base review
	Monthly Revenue and Capital Monitoring
	Discounts and Exemptions Review
	Review of Reserves
January 21	MTFS Latest Position
	Business rate growth monitoring
	New Homes Bonus Funding
	Final Draft Revenue and Capital Budget Proposals
	Fees and Charges
March 11	MTFS Latest Position
	Monthly Revenue and Capital Monitoring
	Business rate growth monitoring
	<i>NEW KEY PROJECTS OR RECOMMENDATIONS FROM OTHER COMMITTEES ADDED AS AND WHEN</i>

Implications

- Financial:** There are no financial implications arising directly from the production of this report.
Comments checked by Nicola Jackson, Corporate Finance Manger, 01295 221731.
- Legal:** The Council must set a budget by 11 March annually.
Comments checked by Kevin Lane Head of Law & Governance, 0300 0030107.
- Risk Management:** None arising from this report however all formal budget and financial proposals will consider risk in full.
Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Document Information

Appendix No	Title
Background Papers	
Budget 2012/13 2013/14 Council Tax Support Scheme LGRR Reports	
Report Author	Karen Curtin, Head of Finance and Procurement
Contact Information	Karen Curtin, Head of Finance and Procurement karen.curtin@cherwelland.southnorthants.gov.uk

Budget Planning Committee

Draft Outturn Position 2012/13

4 June 2013

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

This report summarises the Council's provisional Revenue and Capital performance for the financial year 2012/13 which will be presented to the Executive on 3 June 2013. The figures are still subject to further validation work to ensure compliance with statutory requirements and proper accounting practices.

This report is public

Recommendations

The Budget Planning Committee is recommended to note the contents of this report

Summary

Revenue Outturn 2012/13 - provisional

- 1.1 The provisional revenue outturn for 2012/13 is set out in Appendix 1. This also summarises the main variances between outturn and the 2012/13 adjusted budget by directorate. Appendix 3 lists the carry forward of budget underspends within 2012/2013 to 2013/14. This outturn is based on the latest unaudited revenue position as at 23rd May 2013 and these figures are still subject to potential change.

Capital Outturn 2012/13 - provisional

- 1.2 Appendix 2a provides the provisional capital out-turn statement for 2012/13 by scheme and directorate and shows that after slippage, it is within approved budget tolerances for the year. Appendix 2b provides details of the capital schemes that have incurred budget slippage.

Consultations

None

Implications

Financial: 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 (for example the various pension adjustments required by Financial Reporting Standard 17) 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 2012/2013 because the respective reports are each designed to serve different purposes.

Comments checked by Nicola Jackson, Corporate Finance Manger, 01295 221731.

Legal: The Council has a duty to prepare Financial Statements by the 30th June.

Comments checked by Kevin Lane Head of Law & Governance, 0300 0030107.

Risk Management: The figures in the finance report are unaudited and still subject to adjustments before submission to Ernst Young. If the audit subsequently identifies significant differences in the out-turn position it may be necessary to consider an alternative use of the Council's reserves.

Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Document Information

Appendix No	Title
Appendix 1	2012/2013 Revenue outturn.
Appendix 2a	Capital Outturn Overview
Appendix 2b	Capital Outturn Detail
Appendix 3	Budget underspend carry forwards & transfer to general fund balances
Background Papers	
Budget 2012/13 Quarterly Updates to the Executive – Q1-Q3	
Report Author	Karen Curtin, Head of Finance and Procurement Nicola Jackson, Corporate Finance Manager Beth Baines, Strategic Finance Accountant
Contact Information	Karen Curtin, Head of Finance and Procurement karen.curtin@cherwelland.southnorthants.gov.uk

Background

- 1.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is reported monthly to the Corporate Management Team and formally to the Executive on a quarterly basis. This is the Q4 provisional outturn report for financial year 2012/2013.

Monitoring Compliance with Constitutional Procedure Rules

- 1.2 It is important that any breaches of standing orders, financial procedural rules and the scheme of delegation are identified and appropriate action taken. In the fourth quarter of this year there have been no breaches of the constitution that the statutory officers (monitoring officer – Head of Law and Governance, and s151 officer – Director of Resources) are aware of that have not been appropriately rectified or reported to members. In quarters one to three there were also no breaches that the statutory officers were aware of meaning there have been no breaches throughout the entire year.

General Fund Revenue Budget

- 1.3 The draft General Fund Revenue budget is shown below.

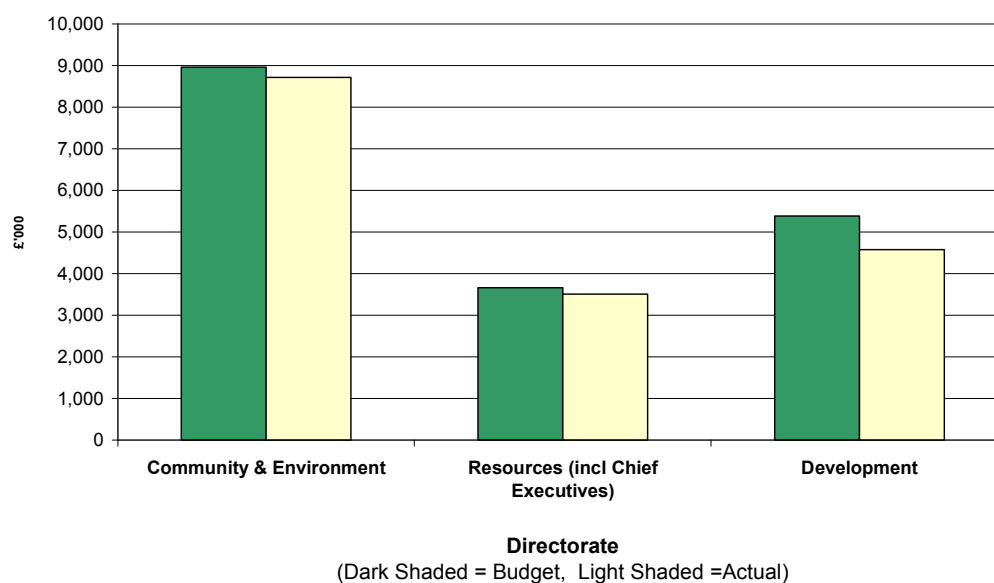
SERVICE EXPENDITURE	Adjusted Budget 2012- 13	Draft Outturn 2012-13	Variance	%
	£,000	£,000	£,000	
Services				
Community & Environment	8,956	8,711	(245)	2.74%
Resources	3,660	3,508	(152)	4.14%
Development	5,385	4,574	(811)	15.06%
Services Total	18,001	16,793	(1,208)	5.00%
Capital Charges Reversed	(3,323)	(3,323)	0	0.00%
Net Expenditure Services	14,678	13,470	(1,208)	8.23%
Reserves and Provisions	569	420	(149)	26.21%
	15,247	13,890	(1,357)	8.90%
Investment Income	(439)	(863)	(424)	100.00%
Government Grant	(7,622)	(7,777)	(155)	2.00%
Collection Fund	(139)	(139)	0	0.00%
Council Tax	(6,458)	(6,458)	0	0.00%
Carry Forwards	(589)	(589)	0	
New Homes Bonus	0	(646)	(646)	
	(15,247)	(16,472)	(1,225)	8.00%
Budget Carry forwards - Service Budgets			978	
Budget Carry forwards - IFRS Grants			310	

Budget Carry forwards - New Homes Bonus EMR	646	
Budget Carry forwards - LGRR EMR	155	
Budget Carry forwards - Capital reserves replenishment	424	
	2,513	
Provisional Outturn	(69)	(0.45%)
Transfer to/from General Fund	69	
Outturn	0	0.00%

- **The Provisional Quarter 4 report gave a budget prediction of £424k additional investment income and transferring £1,021k from service budgets into Reserves.** (Also transferred to reserves is New Homes Bonus of £646k).

1.4 There is an underspend within Service Expenditure of £1,208k before budget and grant carry forward requests – this is shown in detail in the chart below and corresponding table at 1.7.

Revenue Outturn



- 1.5 At the start of the financial year members made it clear that as well as addressing the financial deficit for future years, expenditure in the current year should be reduced where possible in order to replenish general fund balances and provide further one-off funds to deliver future savings as part of the medium term financial strategy.
- 1.6 The underspend against budget has arisen through a variety of reasons. The key drivers are detailed on a Directorate level in Table 1.6 below. The underspend in services of £1,208k is split between directorates as follows:

Table 1.6

Directorate	2012/13 Budget	2012/13 Projected Outturn	Variance	Variance %
COMMUNITY & ENVIRONMENT	8,956	8,711	(245)	2.7%
Significant Variances: (£73k) Safer Communities: (£33k) salary vacancies, (£10k) on CDC funded grants issued from external grant funds, (£21k) various small underspends within Safer Communities. (£47k) Brighter Futures grant underspend to be transferred to EMR (see Appendix 5). £75k Facilities: £50k Bicester & Ploughley Sports Centre loss of income accrual, £19k utilities benchmarking accrual, £10k feed-in tariff underachieved, £7k Woodgreen Leisure Centre contributions fell short and £8k various other, (£12k) Cooper income, (£7k) North Oxfordshire Academy landscape as haven't cleaned pitch due to weather and equipment. £40k Vehicle Maintenance: £25k day works income underachieved due to one-sided budget adjustment, £18k MOT income underachieved, £3k staff overtime, (£6k) fuel savings.				

Directorate	2012/13 Budget	2012/13 Projected Outturn	Variance	Variance %
DEVELOPMENT	3,660	3,508	(152)	4.1%
Significant over achievement on income in Development Control (£418k) greater achievement on income. Advice has a saving on consultancy of (£36K) and a salary saving of (£6.4K). Appeals have (£42.6K) underspend due to low spend on professional fees. Licensing underspend of (£49k) to be ear marked as per licensing regulations see Appendix 5. Castle Quay additional rental income received due to recognition of five quarters within one year (£149k) plus grants received which are to be moved to balance sheet accounts until drawn upon (see appendix 5).				

Directorate	2012/13 Budget	2012/13 Projected Outturn	Variance	Variance %
RESOURCES	5,385	4,574	(811)	15.0%
Overspend in IT £45k due to additional telephony costs as reported in year. Significant underspends in Human Resources (£35k) due to planned training being moved to 14/15 financial year. Legal Team (£47k) underspend mainly due to External Legal fees being under spent by (£19k) & Counsel fees by (£5k). There has been an over achievement on income in Land Charges (£72k) largely due to increased search fees.				

	2012/13 Budget	2012/13 Projected Outturn	Variance	Variance %
TOTAL SERVICES	18,001	16,793	(1,208)	5.0%

1.7 The variance within reserves and provisions can be summarised as follows:-

Balance on specific and general risk provisions

(554)	Created as element of 2012/13 budget – not all required in 2012/13 (see appendix 5 for requests to create Ear Marked Reserves for budget carry forwards)
228	Net movements in reserves within the financial period 2012/13.
167	Creation of a reserve for incremental pay rises.
10	compensatory Pensions Payment
(149)	TOTAL

1.8 As projected, there has been an overall net increase in interest receivable of £424K which is related primarily to our Medium Term Financial Strategy and principle of not relying on investment income to fund Council services. This income is to be used to replenish reserves.

Budget Carry forwards

1.9 Budgets to be carried forward to 2013/14 from underspends arising from the 2012/13 outturn position are to be moved into Ear Marked Reserves and are detailed in Appendix 5. Any budgets moved into Ear Marked Reserves must be approved by Executive if they represent more than 10% of the budget but are under £50k or by Full Council if more than 10% of the budget but over £50k.

Budget Mitigations

1.10 The increased focus on budget monitoring and introduction of the “dashboard” has enabled more efficient use of the Council’s resources and enabled action to be taken to promptly identify and mitigate against economic issues.

Summary

1.11 The variances on the revenue are within the Council’s stated tolerances of between 2% and (5%) of budget after moves to Ear Marked Reserves.

1.12 The Council continues to make excellent progress on delivering against its revenue budget. Our financial performance in terms of revenue performance; in the context of the one of the most challenging economic climates of our times is an area we can be proud of. Our performance demonstrates our ability to be nimble in responding to changing circumstances, improved capacity to deliver sizeable capital programmes and effective financial management.

1.13 The information in this report is in the format used for budget monitoring purposes and as reported to the Executive quarterly. It does reflect the various accounting adjustments required for IFRS but not those required to

comply with the Statement of Recommended Practice (for example the various pension adjustments required by Financial Reporting Standard 17) nor is it in the same format as the statutory Financial Statement.

- 1.14 There are no direct resource requirements flowing from this report. This report is informing members of the provisional actual spend against budget on the General Fund and makes recommendations on the carrying forward of certain budgets and proposals for finalising the 2012/13 financial statements.
- 1.15 These statements will be adopted by the Accounts, Audit and Risk Committee in June 2013 and then subsequently approved after audit clearance in September 2013. A detailed analysis of income and expenditure will be included within these accounts.

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Draft Capital Outturn 2012/13

1.1 The adjusted capital budget for 2012/13 equated to £10.6m which represents the capital budget approved in February 2012 and all supplementary estimates and capital slippage approved by the Executive during the year and budget slippage to be approved for 2013/14. The adjusted budget can be summarised as follows: -

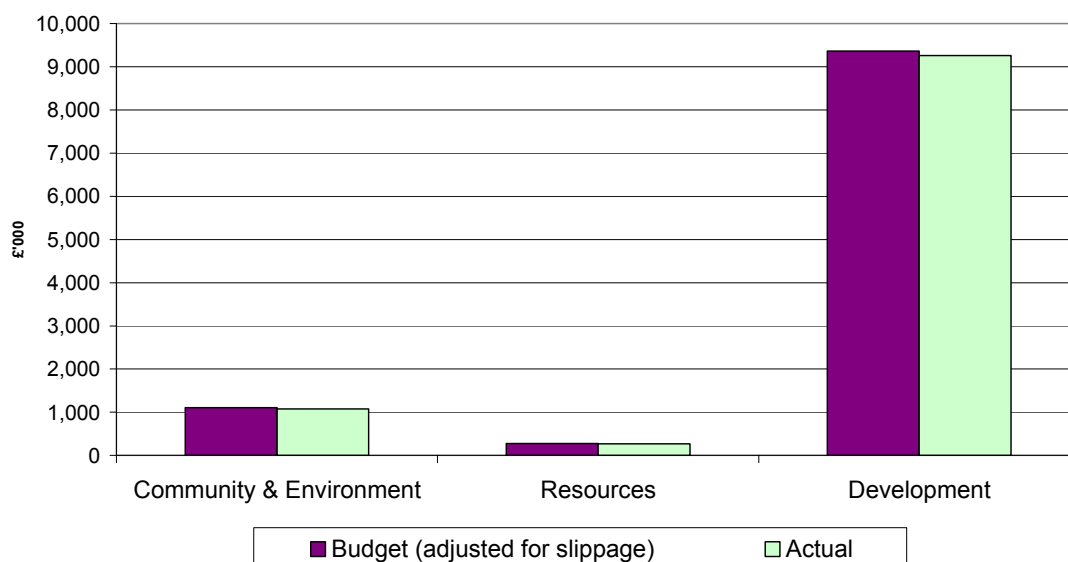
SUMMARY	£000's
2012/13 Budget (including Supplementary)	19,195
Total Slippage into 13/14 Capital Programme	-8,457
Total Cancelled Projects / Released Funding	-131
Adjusted 2012/13 Capital Programme Budget	<u><u>10,607</u></u>

1.2 The table attached Appendix 2b provides the provisional capital out-turn statement for 2012/13 by scheme and directorate and details the total slippage adjustments for which approval is requested.

1.3 The summary below details at a directorate level expenditure against revised budget and variances arising. It can be seen that, these are within budget tolerances for the Capital Programme.

1.4 This performance against budget, by directorate, can be seen in the chart below :-

Capital Outturn 2012/13



1.5 At a Directorate level this can be analysed as follows.

DESCRIPTION	ANNUAL BUDGET £000	PERIOD ACTUAL £000	PERIOD VARIANC E £000	Slippage Required £000
Community Services Total	2,735	603	(2,132)	2,130
Environmental Services Total	635	474	(161)	140
Community & Environment Total	3,370	1,077	(2,293)	2,270
Transformation Total	422	266	(156)	146
Resources Total	422	266	(156)	146
Regeneration & Housing Total	15,373	9,175	(6,198)	6,041
Strategic Planning & Economy Total	30	89	59	0
Development Total	15,403	9,264	(6,139)	6,041
Capital Total	19,195	10,607	(8,588)	8,457

1.6 The budget variance of £131k is within budget tolerances after slippage. This is the third successive year that the capital programme has been delivered within budget tolerances and this is as a result of the increased monitoring on the capital programme during the year. The capital programme has been subject to monthly review by Corporate Management Team and three reviews by the Executive.

1.7 The capital programme has been financed using government grants, third party contributions and capital receipts and is analysed by category below:

1.8

CAPITAL PROGRAMME FINANCING STATEMENT 2012/13

CAPITAL RECEIPTS	9,617
GRANTS	544
RESERVES	446
	10,607

CODE	DESCRIPTION	ANNUAL BUDGET £000	PERIOD ACTUAL £000	PERIOD VARIANCE £000	Slippage Required £000
CECS001	Biomass Heating for Bicester Leisure Centre	385	0	(385)	385
EACC002	Hanwell Fields Community Centre	6	0	(6)	6
EACC006	Replacement Cabling Infrastructure for CCTV and Of	48	0	(48)	48
EACC008	CCTV IP Transmission	86	65	(21)	21
EACC009	Solar Photovoltaics at Sports Centre	455	358	(97)	97
EACH004	Village Hall, Recreation Play Grants	37	0	(37)	37
EACH006	Football Development Plan in Banbury	20	0	(20)	20
EACH021	South West Bicester Sports Village	1,366	179	(1,187)	1,187
EACU002	Off Road Parking Facilities	18	0	(18)	18
EACU003	Circular Walks DDA Works	2	0	(2)	2
EACU011	Urban Centres Improvements	15	0	(15)	15
EACU012	Car Park Refurbishments	28	0	(28)	28
EACU013	Implementing Vehicle Parks Proposals	20	0	(20)	17
SCMP001	Sports Centre Modernisation Programme	249	0	(249)	249
Community Services Total		2,735	603	(2,132)	2,130
CEES001	Energy Efficiency Projects	80	0	(80)	73
CSRB002	Access to Highfield Depot	22	0	(22)	22
EACE003	Climate Change Initiatives Fund	24	23	(1)	0
EACE005	Vehicle Replacement Programme	425	417	(8)	0
EACE006	Recycling Bins	25	22	(3)	0
EACE007	Environmental Services Waste Management IT System	2	0	(2)	0
EACE009	Fleet Management System	28	12	(16)	16
EACE012	Mini MRF [Materials Recovery Facility]	29	0	(29)	29
Environmental Services Total		635	474	(161)	140
Community & Environment Total		3,370	1,077	(2,293)	2,270
ICTB007	Iclipse Software Upgrade	13	0	(13)	11
ICTN001	Capita Insource	14	14	0	0
ICTN002	Standardisation	226	226	0	0
ICTN004	Overarching Shared ICT Programme	4	4	0	0

CODE	DESCRIPTION	ANNUAL BUDGET £000	PERIOD ACTUAL £000	PERIOD VARIANCE £000	Slippage Required £000
ICTS010	Online Service Provision via Forms	5	0	(5)	0
ICTS018	Thin Client Extension	37	0	(37)	37
ICTS023	Autoteller Kiosks	15	12	(3)	0
ICTS026	Contact Centre Call Recording	10	10	0	0
ICTS027	Core Business System Integration	48	0	(48)	48
ICTS028	Corporate Bookings System	50	0	(50)	50
Transformation Total		422	266	(156)	146
Resources Total		422	266	(156)	146
DVCL001	Cherwell Community Led Programme - KM21	55	47	(8)	8
DVRH001	Ferriston Roof Repairs	18	13	(5)	0
DVRH002	Thorpe Way Roof Repairs	10	0	(10)	0
DVRH003	Cherwell Community Led Programme	2,021	317	(1,704)	1,704
DVRH005	Sanctuary Acquisition Merton & Cedar	131	116	(15)	15
PHEE003	Bicester Cattle Market Car Park Phase 2	90	0	(90)	90
PHEE004	Bicester Pedestrianisation	250	0	(250)	250
PHEE008	Future Regeneration Schemes Preliminary Prof Fees	52	0	(52)	42
PHEE012	Thorpe Lane Depot Refurbishment Scheme	0	16	16	0
PHEE019	Old Bodicote House	445	95	(350)	348
PHEE020	Bicester Town Centre Redevelopment	9,980	7,201	(2,779)	2,750
PHEE021	Highfield Depot Repairs	16	0	(16)	16
PHEE023	Kidlington High Street Pedestrianisation	21	0	(21)	17
PHEE026	Fees of Future Regeneration Schemes	50	0	(50)	0
PHEE027	Orchard Way Refurbishment	250	0	(250)	250
PHEE028	Photovoltaic at Bodicote House & Banbury Museum	130	130	0	0
PHEH005	Disabled Facilities Grants	964	763	(201)	142
PHEH012	THE SANCTUARY ACQUISITION SCHEME	4	4	0	0
PHEH015	Discretionary Grants for Domestic Properties - Es	325	90	(235)	235
PHEH016	Housing Overcrowding Pilot scheme	50	50	0	0
PHEH020	Young Persons Acquisition Scheme	54	0	(54)	0
PHEH021	Land Claypits Lane Bicester	56	0	(56)	56
PHEH022	Banbury Foyer & Banbury Youth Hub	68	0	(68)	68

CODE	DESCRIPTION	ANNUAL BUDGET £000	PERIOD ACTUAL £000	PERIOD VARIANCE £000	Slippage Required £000
PHEH024	Purchase of Temp Acc Bryant House Bic & Edward St	132	132	0	0
PHEH027	Dashwood Road	66	66	0	0
PHEH029	Discretionary House Condition Grants	135	85	(50)	50
PHED004	Eco-Town North West Bicester Prim School	0	50	50	0
Regeneration & Housing Total		15,373	9,175	(6,198)	6,041
DVSP001	Environmental Improvements Grimsbury	30	89	59	0
Strategic Planning & Economy Total		30	89	59	0
Development Total		15,403	9,264	(6,139)	6,041
Capital Total		19,195	10,607	(8,588)	8,457

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Balance transfers from 2012/13 to 2013/14	New Ear Marked Reserves	Approval Required by
Future enforcement action reserve	(29,860)	Executive
Surplus on Licensing income, licensing income must be ring fenced to comply with regs.	(37,926)	Executive
Balance on Development Control. Major projects income often arrives in advance of the work required. By putting the income into reserve it can be drawn down as the work progresses.	(355,866)	Council
Funding received in 12/13 from Sanctuary Housing for Credit Union Development Officer – recruitment in 13/14	(22,500)	Executive
Public Sector Mapping Service Fund the upgrading of the spatial IT equipment	(9,875)	Executive
Apprentice graphic design reserve	(13,500)	Executive
Corporate Training - requested to fund delayed projects.	(12,560)	Executive
To be used to fund purchase of dual screens in 13/14	(1,130)	JMT
Creation of a Welfare Reform Reserve	(45,000)	Executive
Correction of Additional Council Tax Grant Coding	(51,000)	Council
War Memorial Maintenance Reserve	(10,000)	Executive
Country Park Option Appraisal Reserve	(50,000)	Council
Trust Set-Up Reserve	(20,000)	Executive
Apprentices Reserve	(50,000)	Council
Special Initiatives Reserve	(269,000)	Council
	(978,216)	
Grants:		
SAFER COMMUNITIES INITIATIVES	(17,777)	
BANBURY TOWN CENTRE	(25,000)	
BICESTER TOWN CENTRE	(15,000)	
KIDLINGTON TOWN CENTRE	(20,000)	
ACTIVE WOMEN	(14,205)	
SPORTIVATE	(18,000)	
DEFRA MONITORING AND MODELLING	(8,325)	
BRIGHTER FUTURES	(47,463)	
BICESTER GREEN DEAL	(144,000)	
	(309,770)	
Total Budget Carry Forwards	(1,287,986)	
Outtlay	(424,000)	
Transfer of Council Tax Grant to Reserve	(155,000)	
New Homes Bonus		
LGRR 50%	(323,000)	
Parishes Reserve 25%	(161,500)	
Economic Reserve 25%	(161,500)	
	(646,000)	

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Budget Planning Committee

Medium Term Financial Scene Setting

4 June 2013

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

This report provides members of the Budget Planning Committee with a summary update on the Council's revenue position for 2014/15. The report will be accompanied by a PowerPoint presentation on the Council's finances.

This report is public

Recommendations

The Budget Planning Committee is recommended to note the contents of this report and advise officers of any further information they require.

Scene Setting

- 1.1 As this is the first meeting of this new committee the Head of Finance and Procurement will present a short PowerPoint presentation setting the scene and making members aware of the financial context for the medium term financial strategy.

2014/15

- 1.2 The current economic climate presents unprecedented challenges in meeting the Council's spending priorities without placing an undue burden on local taxpayers.
- 1.3 The revenue and capital budgets 2013/14 were approved by Council on 25 February 2013. For Cherwell District Council, the local Government Finance Settlement for 2013/14 was £7.210m - a reduction of 5.4%. According to the settlement there will be a further 14.94% reduction in government funding for 2014/15 to £6.133m.

Impact on General Fund balances

- 1.4 The Council's has a strong track record and commitment to delivering efficiencies resulting in a 41% reduction in net expenditure of services since 2007/08 when the net revenue budget stood at £23.5m compared to £13.9m in 2013/14. Compared to 2012/13, the revenue has reduced by £0.8m which represents a 6% reduction. This together with the continued joint working with South Northamptonshire Council strengthens the position to meet the forecast challenges of future years.

- 1.5 The current summary of the Council's Medium Term Financial Strategy (MTFS) is set out below which shows that the cumulative savings requirement for 2014/15 to 2017/18 is £9.7m.

MTFS Cumulative Summary	2014-15	2015-16	2016-17	2017-18
	£M	£M	£M	£M
Net Expenditure	13.9	13.8	14.0	14.2
Gov't Grant	-6.1	-5.5	-5.0	-4.5
Council Tax	-6.0	-5.8	-5.9	-5.9
Investment Income	-0.3	-0.3	-0.3	-0.3
Collection fund	-0.1	-0.1	-0.1	-0.1
Use of Reserves	0.0	0.0	0.0	0.0
Cumulative Savings requirement	1.4	2.0	2.7	3.5
CPI	2.00%	2.00%	2.00%	2.00%
Payroll Inflation	1.25%	2.00%	2.00%	2.00%
Interest Rate FC	1.00%	1.50%	2.00%	3.00%
Council Tax Increase	0.00%	0.00%	0.00%	0.00%
Gov't Funding Reduction	-14.94%	-10.00%	-10.00%	-5.00%
NHB	0.00%	0.00%	0.00%	0.00%
Business Rate Growth	0.00%	0.00%	0.00%	0.00%

Additional sources of funding

- 1.6 New Homes Bonus replaced the Housing and Planning Delivery grant as the mechanism for rewarding local authorities that were being successful in delivering growth in house numbers. New Homes Bonus grant provides additional funding equivalent to the extra Council Tax being received from new properties, for a period of six years.
- 1.7 The new grant provides additional funding equivalent to the extra Council Tax being received from new properties, for a period of six years. Cherwell has received a cumulative total of £1,142,381 during the first 2 years of allocation (first year allocation £439,186 and second year £703,195) and a proposal for its use was considered in February 2013.
- 1.8 Using the taxbase figures at October 2012, the Council expects to receive a further £1,340,156 in 2013/14 (£703,195 related to the first 2 years and the 2013/14 allocation £636,961)
- 1.9 Although the Government has committed to this grant until 2015, the position beyond 2013/14 is that it is no longer additional funds but is being funded from formula grant funding. It will therefore have a redistributive effect, rather than being seen as additional funding.
- 1.10 The Council's strategy to reduce reliance on investment income means that only £150,000 has been used in the 2013/14 revenue budget. Forecasts show that we

will achieve closer to £500,000 in 2013/14 so the £350,000 will be treated as windfall and can be used to replenish capital and revenue reserves as per the purpose of the strategy.

- 1.11 The 2013/14 budget assumes a £100,000 Collection Fund surplus and this is included in the funding. The surplus is currently projected to be higher but at this stage any surplus income in excess of £100,000 will be treated as windfall and will be used to offset any negative impact on collection rates as a result of the change from council tax benefit to a council tax reduction scheme.
- 1.12 Business Rate Growth – the council is likely to generate growth above its set baseline and based on the localisation scheme could retain some of this locally. At this stage we have not built in any assistance from this growth and it has been treated as windfall income in 2013/14.

Latest Intelligence and updated modeling tool

- 1.13 Chancellor George Osborne has announced the next Spending Review, which is expected to outline further cuts, will take place on 26 June. It will cover government expenditure and funding from April 2015 onwards.
- 1.14 The next meeting of this committee will consider the outcomes of the Spending Review and the implications on the Council's finances. The current MTFS model is being updated and will be presented to the committee in September 2013. As a result of LGRR the model now needs to include assumptions on New Homes Bonus, NNDR growth as well as grant funding.

Karen Curtin
Head of Finance and Procurement
24/05/2013

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Budget Planning Committee

Council Tax Reduction Scheme (CTRS) Year 2

4 June 2013

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

This report provides an update on considerations for the second year of the local council tax reduction scheme.

This report is public

Recommendations

The Budget Planning Committee is recommended to note the contents of this report.

Background

Current position

- 1.1 Members approved the introduction of the CTRS in December 2012. The scheme was developed in conjunction with partners across Oxfordshire.
- 1.2 The scheme was designed so that provided customer's circumstances did not change, they would suffer no financial loss in the assistance they received for Council Tax.
- 1.3 The Service Assurance Team is monitoring the overall effects of the scheme in terms of applications for reduction and the number of any complaints. Wider legal challenges and applications for tribunal decisions are also being monitored.
- 1.4 The situation with regard to the Council Tax base is also being monitored to provide parishes with monthly or quarterly updates to assist with their budget planning.

Moving Forward

- 1.5 The Oxfordshire group will continue to meet over the coming months to consider the scheme as it is now and how it might be developed. This may be as part of the on going group or as individual authorities
- 1.6 If the scheme is to be amended, the decision must be approved by members by 31st January 2014. Further consultation will also be necessary.

Considerations in revising the scheme

1.7 Officers are currently working through the following areas in order to bring forward a report with options for Year 2.

- Finance – what funding will Cherwell District Council receive from central government for 2014/15. It is almost certain that the transitional grant will not be available in 2014/15 and it is not known what other assistance may be available. Members and officers might want to consider the possibility of awarding a maximum amount of CTRS or changing the criteria for receiving a reduction.
- Council Tax discounts and exemptions – these were amended in 2013/14 to raise additional funds to offset the reduction in central funding for the CTRS. What has the impact of these been and do they need amending. It is also possible that there may be further changes to legislation which might mitigate any financial challenges.
- Consultation with public – further consultation necessary if scheme to be amended. This will need to take place in August/September so that it is completed in time to be meaningful.
- Consultation with Parishes – any change to the scheme will affect the Council Tax base which in turn affects parish budget setting. Early consultation is needed to ensure the parishes are comfortable with any changes proposed and that they understand the implications.
- Partnership – do Cherwell want to work as part of a group or have a stand alone reduction scheme? If partnership is the preferred method, who do we partner with?
- Other welfare reforms – what will be the effect of other changes on CTRS. The date for the mass migration of Housing Benefit claims to Universal Credit (UC) is not yet known nor is the likely impact on local authorities or their staff. The DWP will be responsible for the administration of UC but are likely to need LA support. The effects of the benefit cap and 'bedroom tax' are also being monitored and need to be assessed before any changes are proposed to the CTRS.

1.8 The committee is asked to note the above information and approve further work be undertaken to understand the success and limitations of the current scheme and make proposals for amendments in year 2.

Consultations

The first year scheme was subject to various consultations and consultation will take places with stakeholders regarding proposals for the Year 2 scheme including Parishes at the forthcoming Parish Liaison Meeting on 12 June 2013.

Implications

- Financial:** There are no financial implications arising directly from the production of this report however a financial appraisal will be prepared in considering any changes to the scheme.
Comments checked by Nicola Jackson, Corporate Finance Manger, 01295 221731.
- Legal:** Any changes to the scheme must be approved by January 31st annually.
Comments checked by Kevin Lane Head of Law & Governance, 0300 0030107.
- Risk Management:** None arising from this report however formal proposal will consider risk in full.
Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Document Information

Appendix No	Title
Background Papers	
Budget 2012/13 2013/14 Council Tax Support Scheme LGRR Reports	
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