

Committee: Budget Planning Committee
Date: Tuesday 8 October 2013
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

| | |
|---|--|
| Councillor Nicholas Mawer (Chairman) | Councillor Douglas Webb (Vice-Chairman) |
| Councillor Ken Atack | Councillor Andrew Beere |
| Councillor Maurice Billington | Councillor Margaret Cullip |
| Councillor Tim Emptage | Councillor Russell Hurle |
| Councillor Neil Prestidge | Councillor Nigel Randall |
| Councillor Lawrie Stratford | Councillor Barry Wood |

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 9 July 2013.

5. Medium Term Financial Strategy Update and Latest Position

To receive a presentation from the Director of Resources.

6. Budget Strategy 2014 to 2015 and Beyond (Pages 7 - 20)

Report of Director of Resources.

Summary

At its meeting on 7 October, the Executive considered a report on Budget Strategy 2014-15. The Report covered:

- service and financial planning process for 2014-15, the 2014-15 budget strategy and budget guidelines for issue to service managers to enable the production of the 2014-15 budget;
- recent medium term financial forecasts;
- the Council Tax Reduction Scheme for 2014-15; and
- the Council's approach to Business Rates pooling for 2014-15.

This report is now being presented to Budget Planning Committee for information.

The Director of Resources and Head of Finance and Procurement will provide an update to the Budget Planning Committee following consideration by the Executive on 7 October.

7. 2013/14 Capital Programme Review and 2014/15 Capital Strategy (Pages 21 - 24)

Report of Director of Resources.

Summary

To provide a summary update on the Council's capital programme.

Recommendation

The Committee is asked to review the schedule of capital schemes.

8. Investment Opportunities (Pages 25 - 28)

Report of Interim Head of Finance and Procurement.

Summary

The report is to set the context for discussion as to options for addressing future years funding gaps by considering options for how the council uses its funding.

Recommendation

To note the report.

9. Update on Business Rates Incentives (Pages 29 - 32)

Report of Interim Head of Finance and Procurement.

Summary

The report updates the committee on the Business Rates incentives available to support businesses in the District.

Recommendation

To consider and note the report.

10. Welfare Reform Update (Pages 33 - 36)

Report of Interim Head of Finance and Procurement.

Summary

To advise members of the current impact of certain welfare reforms.

Recommendation

To note the current position.

11. Work Programme 2013/14 (Pages 37 - 38)

To note the Committee's Work Programme.

12. Exclusion of the Public and Press

The following report contains exempt information as defined in the following paragraph(s) of Part 1, Schedule 12A of Local Government Act 1972.

3– Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item(s) have been marked as exempt, it is for the meeting to decide whether or not to consider each of them in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

No representations have been received from the public requesting that this item be considered in public.

Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That, in accordance with Section 100A(4) of Local Government Act 1972, the press and public be excluded from the meeting for the following item(s) of business, on the grounds that they could involve the likely disclosure of exempt information as defined in paragraph(s) 2 of Schedule 12A of that Act.”

13. Budget Building Blocks (Pages 39 - 42)

Report of Director of Resources.

Summary

The report details the category 1 budget reductions which have currently been identified and asks the Committee to note the proposed building blocks for inclusion in the Council's revenue budget 2014-15.

Recommendation

That the proposed building blocks for inclusion in the Councils revenue budget 2014-15 be noted.

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 01327 322365 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 Dave Parry, Democratic and Elections
dave.parry@cherwellandsouthnorthants.gov.uk, 01327 322365

Sue Smith
Chief Executive

Published on 30 September 2013

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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 9 July 2013 at 6.30 pm

Present: Councillor Nicholas Mawer (Chairman)

Councillor Andrew Beere
Councillor Maurice Billington
Councillor Tim Emptage
Councillor Russell Hurle
Councillor Lawrie Stratford

Substitute Members: Councillor Rose Stratford (In place of Councillor Ken Atack)

Apologies for absence: Councillor Douglas Webb
Councillor Ken Atack
Councillor Margaret Cullip
Councillor Mike Kerford-Byrnes
Councillor Neil Prestidge
Councillor Barry Wood

Officers: Karen Curtin, Head of Finance and Procurement
Nicola Jackson, Corporate Finance Manager
Dave Parry, Democratic and Elections Officer

9 **Declarations of Interest**

There were no declarations of interest.

10 **Urgent Business**

There was no urgent business.

11 **Minutes**

The Minutes of the meeting of the Committee held on 4 June, 2013 were agreed as a correct record and signed by the Chairman.

Implications of Comprehensive Spending Review on MTFs Latest Position (including New Homes Bonus Funding)

The Head of Finance and Procurement reported on the Government's recent Comprehensive Spending Review (CSR) announcement, covering the financial period 2015-16.

With respect to next financial year 2014-15, the Council had already been informed of the provisional settlement figure, and there was currently no indication that this would be changed as a result of the CSR and current assumptions were already included in the medium term financial forecast.

The CSR also highlighted that spending in 2015-16 would reduce in total by £11.5bn, which would in turn allow increased capital spending plans of £3bn per year, thereby boosting investment in infrastructure to support economic growth. However, the Review referred only to the year 2015-16, and the figures quoted in the media related to 'real term' reductions. As CDC had built inflation into its financial modelling, the key interest was in the cash reduction which, in percentage terms, was slightly less than the real term reduction quoted.

In cash terms, CDC was expecting a cut of 15% in 2014-15. This provisional figure had been provided in January 2013 when the financial settlement information for the current financial year had been received. There was no indication that this amount would change as part of the spending review.

The overall spending limits for the Department of Communities and Local Government (DCLG) for 2015-16 announced as part of the Review showed a decrease in real terms of 10%, and in cash terms by 8.2%. The Committee noted that these were the national figures and whilst no information was included to translate into the local position, the assumptions in the council's medium term financial forecasts continued to look reasonable

The Head of Finance and Procurement advised the Committee that DCLG would now determine how monies would be allocated going forward across all Local Government Services. As Social Services and Education usually received protection at the expense of District Council services, it would be prudent for CDC to factor in a greater reduction for 2015-16 than was currently projected. Exact figures would not be known until December 2014 which was close to when the 2015-16 budget would be being finalised.

The Head of Finance and Procurement advised that CSR also included further pay restraint, setting out that public sector awards should be limited to 1% in 2015-16, additional funding to be made available to freeze Council Tax for two more years (2014-15 and 2015-16) and set the council tax referendum threshold at 2%. The Government would provide £100m of funds to help local authorities to cover the initial costs of progressing joint working arrangements, such as new IT systems.

With regard to New Homes Bonus (NHB), the Head of Finance and Procurement advised that there had been no specific announcement on New Homes Bonus, and the Council would therefore need to continue to allocate funds carefully and retrospectively until more details were available. It was

however now apparent that a considerable percentage would be top-sliced and given direct to the Local Enterprise Partnerships (LEP's). Whilst this would have an impact on the council's resources, this element had not been included in the base budget. The Committee expressed concern that NHB monies were to be top-sliced and allocated to the unelected LEP's, and agreed that a draft response to the Government be considered at the next meeting.

Resolved

- (1) That the verbal update be noted.
- (2) That officers be requested to submit a draft response to the Government outlining the Committee's concern to the proposal to top-slice New Homes Bonus monies and allocate to Local Enterprise Partnerships for consideration.

13 **Business Rate Growth Monitoring**

The Committee considered a report of the Head of Finance and Procurement which provided an update on business rate growth, and the likely financial impacts for the Council. The Committee was advised that, since 31 March, 2013, there had only been a slight change in the total number of NDR (Non Domestic Rates) premises as follows:

31 March – 4481 premises with a total rateable value of £164.7m (producing £74m in NDR income).

Mid June – 4476 premises with no change in total rateable value or anticipated income.

It would be important to keep records of NDR premises constantly up-to-date, particularly with regard to new businesses. Members input in this respect would be extremely helpful, and an article would appear in the next Members' Bulletin. The Collection Rate was equally important and, in this respect, the Council had ranked equal 10th best authority during 2012/13. For the current year, the collection rate was 1% higher than anticipated.

The Committee raised concerns regarding the potential loss of businesses to locations outside the District, and also to the advantages enjoyed by out-of-town locations compared to High Street premises. In response, the Head of Finance and Procurement advised that discussions were taking place with the Head of Strategic Planning and the Economy with a view to identifying possible Business Rates incentives, both in respect to retaining businesses in the District, and with a view to helping High Street businesses. A report would be submitted to the next meeting.

Resolved

- (1) That the report be noted.

Impact of Welfare Reform on Funding

The Committee considered a report of the Head of Finance and Procurement which provided an update on welfare reform and the likely financial impacts for the Council.

Referring to the benefits cap, the Head of Finance and Procurement reported that the Department of Work and Pensions (DWP) had informed the Council that there were 52 claimants in the District who were affected. Both the DWP and the Council had contacted the claimants to offer advice and assistance prior to the implementation of the cut. 25% had subsequently contacted the Council. The Citizens Advice Bureau was offering help with budgeting, but initial monitoring indicated that applications to the Council for a Discretionary Housing Benefit grant were already double compared to the previous year. The situation would be kept under review, and if demand continued to increase, additional budget monies sought.

In response to Members' concern regarding the introduction of a single, once a month benefit payment and the requirement to make applications on-line, the Head of Finance and Procurement explained that the Government had been lobbied regarding the monthly payments model, as pilots had shown this was an issue. Regarding the use of ICT, the Government had modified its position in this respect, but there would still be a presumption that this would be the main channel for applications. The Council would be able to provide IT facilities at its offices, but providing staff to assist claimants would be a challenge, with cost implications.

In response to Members' queries regarding the council's contract with Capita, who was responsible for the collection of Council Tax and Business Rates, and the administration of Housing and Council Tax Benefits for the district, the Head of Finance and Procurement advised that the contract had just entered its fourth year. The contract was a 5 year contract, with an option to extend by up to 2 years. It was based on volumes of business, and contained clauses to allow for early renegotiations, which could present an opportunity to secure savings for the Council. The Strategic Board together with the Lead Member for Financial Management and the Lead Member for Housing would give initial consideration to the matter in September. It could potentially be an issue for consideration by the Committee with regard to Welfare Reform and the Council Tax Reduction Scheme.

The Head of Finance and Procurement agreed to provide Committee Members with details, on a ward-by-ward basis, of the 905 properties across the District affected by the new size criteria for Social Housing rules and the properties affected by the benefits cap.

Resolved

- (1) That the report be noted.

15 **Budget Monitoring Position: May 2013 Revenue & Capital 2013/14**

The Committee considered a report of the Head of Finance and Procurement which provided an update on the Council's 2013/14 budget monitoring position as at 31 May 2013.

The Head of Finance and Procurement advised the Committee that the current report was a snap-shot after two months of the financial year. It was likely that the £162k underspend currently showing would reduce when the next report was considered in September.

In relation to the performance of the Council's in-house investment team and Investec, the Council's Fund Provider, the Head of Finance and Procurement advised that reported that the performance of Investec was being appraised by Sector (Sector Treasury Services Ltd) and a report would be submitted to the Accounts, Audit and Risk Committee in due course.

In response to Members' questions regarding Capital Programme items, the Head of Finance and Procurement explained that Executive had agreed to earmark capital receipts to fund the Electronic Document Recognition Management System (EDRMS). However, the ICT team was currently investigating alternatives that might reduce half the cost. An update item regarding the project would be added to the Committee's Work Programme.

In response to Members' concerns raised by the Chairman, the Head of Finance and Procurement confirmed that whilst the delay in the Biomass Heating scheme for the Bicester Leisure Centre had impacted on the payback period, in reviewing the project she had determined that it was still viable and should proceed. The Committee was advised that whenever the Council entered into a contract, if it was found that the costs or savings were not as originally reported, an exception report had to be submitted to the Head of Finance and Procurement.

Members noted that a number of vacant posts were reported in the budget monitoring position and requested that a report be submitted to the Budget Planning Committee identifying vacant posts, and providing justification for their retention on the establishment.

Resolved

- (1) That the report be noted.
- (2) That a report be submitted to the Budget Planning Committee identifying vacant posts, and providing justification for their retention on the establishment.

16 **Work Programme 2013/14**

The Committee reviewed the Work Programme 2013/14.

Resolved

- (1) That the work programme be noted.
- (2) That the following topics be added to the Work programme:
 - CTRS Update re Hertfordshire and Warwickshire
 - Consultations on Spending Review
 - Business Rates Growth comparative picture – different multipliers
 - EDRM Project
 - Financial Implications of Welfare Reform

The meeting ended at 8.22 pm

Chairman:

Date:

Cherwell District Council

Budget Planning Committee

8 October 2013

Budget Strategy 2014 to 2015 and Beyond

Report of Director of Resources

This report is public

Purpose of report

At its meeting on 7 October, the Executive considered the attached report on Budget Strategy 2014-15. This Executive Report covered:

- service and financial planning process for 2014-15, the 2014-15 budget strategy and budget guidelines for issue to service managers to enable the production of the 2014-15 budget;
- recent medium term financial forecasts;
- the Council Tax Reduction Scheme for 2014-15; and
- the Council's approach to Business Rates pooling for 2014-15.

This report is being presented to Budget Planning Committee for information.

The Director of Resources and Head of Finance and Procurement will provide an update to the Budget Planning Committee following Executive on 7 October.

Document Information

| Appendix No | Title |
|--|--|
| A | Executive Report: Budget Strategy 2014-15 and Beyond |
| 1 | Proposed Budget Guidelines 2014-15 |
| 2 | Budget Timetable |
| Background Papers | |
| Report to Full Council, February 2013 – 2013-14 Budget and Council Tax | |
| Report Author | Tim Madden, Interim Head of Finance & Procurement Nicola Jackson, Corporate Finance Manager |
| Contact Information | 01295 221634 01295 221731 |

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Cherwell District Council

Executive

7 October 2013

Budget Strategy 2014 to 2015 and Beyond

Report of Director of Resources

This report is public

Purpose of report

To inform the Executive of the service and financial planning process for 2014-15, to approve 2014-15 budget strategy and to agree budget guidelines for issue to service managers to enable the production of the 2014-15 budget.

To present the most recent medium term financial forecasts.

To consider the Council Tax Reduction Scheme for 2014-15.

To agree the Council's approach to Business Rates pooling for 2014-15.

1.0 Recommendations

The meeting is recommended:

- 1.1 Note the updated MTFs forecast for the Council's revenue budget for 2014-15 to 2018/19.
- 1.2 To endorse the overall 2014-15 budget strategy and service and financial planning process set out in the report.
- 1.3 Consider and agree the proposed budget guidelines and timetable for 2014-15 budget process (Appendices 1 and 2).
- 1.4 It is recommended that the current Council Tax Reduction Scheme (CTRS) remains as it is for 2014-15 as set out in Para 3.11 to 3.14.
- 1.5 Show support in principle for continuing to work on business rate pooling and carry out more detailed work to ascertain whether we form a pool with the County or not for 2014-15 as set out in paragraphs 3.15 to 3.22 and delegate authority to the Director of Resources in consultation with the lead member for Financial Management to make the final decision.

2.0 Introduction

- 2.1 The service and financial planning process is underpinned by a robust evidence base that is used to inform decision making. This evidence base includes a social and demographic profile of the district based on the 2011 Census, local ward profiles and a corporate consultation programme.
- 2.2 The consultation programme is comprised of an annual customer satisfaction survey and a budget survey to understand people's priorities for service expenditure. The survey is statistically representative and produces robust information regarding resident's budget priorities and satisfaction with the different services the Council provides. The information, refreshed annually, provides a sense of trend and captures new issues that need to be taken into account when service and financial planning.
- 2.3 The results of the public consultation are used to develop a prioritisation framework which, alongside the corporate strategy, medium term financial forecast and the corporate plan, provides the context for budget setting and service planning. The consultation took place over the summer and results have fed into the Executive and Joint Management Team (JMT) decision making processes.
- 2.4 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2014-15. These guidelines should support the objectives contained in the Council's Business Plan, Service Plans and enable an update to the Medium Term Financial Strategy.
- 2.5 In the context of the current challenging economic climate, the council (alongside local residents and businesses) is experiencing the effects of the economic downturn. We have made a public promise to reduce expenditure by £0.5m in 2013-14 and as such it is important we continue to plan for a period of prudent budgeting.
- 2.6 The attached guidelines in Appendix 1 proposed for the coming year provide a framework to deliver a balanced budget for 2014-15.
- 2.7 The budget timetable can be seen in Appendix 2.
- 2.8 Updates to this report will be brought before Executive and Council between December 2013 and February 2014.

3.0 Report Details

2014-15 Budget Strategy, Budget Guidelines and Timetable

- 3.1 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2014-15. These guidelines should support the objectives contained in the Business Plan, Service Plans and the Medium Term Financial Strategy which is currently being refreshed and will be presented for approval in December 2013.
- 3.2 The attached guidelines in Appendix 1 proposed for the coming year provide a framework to identify areas of potential cost reductions across the organisation informed by our public consultation, previous investment, value for money reviews and our strategic priorities.

- 3.2 The associated budget timetable is detailed in Appendix 2.
- 3.4 Council will be asked to agree the 2014-15 budget and corporate plan (and the service plans that underpin delivery) at their meeting in February 2013.

Medium Term Financial Strategy

- 3.5 We update our medium financial strategy and model scenarios with the Executive members and Joint Management Team to test our planning rigorously. All known cost pressures are built into the model and assumptions are made for unknown pressures. This modelling leads directly to a target for cost reduction 18 months or so before the savings are required. The target to be achieved during 2013-14 is £0.5m – our public promise.
- 3.6 With regard to the medium term, there are a number of pressures facing the Council, which will require increasing efficiencies in order to deliver a balanced budget whilst there are also restrictions on council tax increases. Against this backdrop the expectation is that, future year's budgets will come under increasing pressure with a growing emphasis on prioritisation, efficiency, innovation and collaboration in service delivery. The Council may therefore face difficult decisions in later years in order to sustain a balanced budget over the medium term. One of the most significant pressures facing the council over the medium term is the further reductions to the government's Revenue Support Grant. It is anticipated that this will severely diminish over the medium term and the Council must respond to this likely reduction.
- 3.7 As part of the development of the MTFs and budget, analysis is undertaken of the key financial assumptions on which the budget will be based. The key areas covered included:
- Economic factors, such as inflation
 - Treasury Management, including interest rates
 - Demographic pressures on spending
 - Asset Management, including a review of the Council's portfolio
 - Other spending pressures opportunities (revenue and capital).
- 3.8 The latest medium term revenue projections are summarised below.

| | £m | £m | £m | £m | £m |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Cumulative forecast | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Savings requirement | 0.2 | 2.0 | 3.4 | 4.6 | 4.8 |

- 3.9 The financial forecasting process is dynamic and changes on a regular basis given emerging priorities, changes in demand for services, changes in external factors and therefore these figures are subject to further change prior to finalisation of the budget for 2014-15 but give an indication of the challenges currently being faced by the Council.
- 3.10 There are emerging potential pressures on the recycling income budget. In addition, the council is looking at an Asset Management Plan to be able to maximise the return on its assets.

Council Tax Reduction Scheme

- 3.11 In the current financial year the decision was taken across Oxfordshire to replicate the previous Council tax benefit scheme through the new Council Tax Reduction Scheme (CTRS).
- 3.12 For Cherwell, the impact was broadly cost neutral as the number of discounts offered was reduced in order to mitigate the costs of remaining with the default scheme. It was always agreed that for 2014-15 the position would be reviewed and authorities would determine their approach to take in Year 2.
- 3.13 The latest figures suggest that the scheme in the current year will have a net cost to Cherwell of £2,000.
- 3.14 The latest set of figures prepared (11/09/13) show that as a result of some Government Grant being withdrawn from next year the 'stay as we are' option could cost approximately £26,000 and it is therefore recommended that the current CTRS remains as it is for 2014-15. This means that there will not be a consistent scheme across Oxfordshire.

Business Rates Pooling

- 3.15 Oxfordshire authorities are not in a business rate pool for 2013-14 as the financial benefits of such an arrangement were outweighed by the risks associated with them if all authorities in Oxfordshire participated.
- 3.16 Thought has been given to formulating a business rates pool with just those authorities in Oxfordshire that are growing so that the amount of levy paid to the government is minimised and a greater share is kept locally than would otherwise be the case.
- 3.17 The benefit to this would be that the area would get to keep more funds raised locally (because the levy paid to the government would be lower) but it also means that if there was a significant reduction in businesses across the District the safety net (which provides financial assistance in declining areas) would not be provided as early as would otherwise be the case.
- 3.18 Initial work has been carried out to estimate the financial benefit and this shows that it could be financially beneficial. However, more recent will be input into the model before a final recommendations made.
- 3.19 Arrangements will need to be confirmed with DCLG by 31 October 2013.
- 3.20 However, there would be a further opportunity to withdraw up to 28 days after the release of the draft settlement information in December.
- 3.21 As part of this further discussion would need to take place on the governance arrangements and in particular on the shares of the financial gains coming from this arrangement.
- 3.22 It is recommended that in principle we show support for continuing to work up this approach and carry out more detailed work to ascertain whether we form a pool with the County or not for 2014-15.

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that:

- the contents of this report are noted
- the Council Tax Reduction scheme remains the same as the current scheme
- authority is delegated to the Director of Resources in consultation with the Lead Member for Financial Management to determine if the Council should enter into a business rates pool for 2014-15

5.0 Consultation

Cllr Ken Atack – Lead member
for Financial Management

Cllr Atack 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.

Option 1: To disagree with the recommendations set out above. This is rejected as it will unnecessarily delay the formulation of the detailed budget for 2014-15.

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: Nicola Jackson, Corporate Finance Manager
01295 221731 nicola.jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular, local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Chief Financial Officer is required to report on the robustness of the proposed financial reserves.

The Council Tax Reduction Scheme was the subject of legal advice before it was introduced for 2013-14.

Any NNDR pooling arrangement would be the subject of a formal legal agreement and relevant advice would be given or externally procured in order to ensure the protection of the Council's financial interests.

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

Risk management

- 7.3 The Council is required to set both revenue and capital budgets. Failure to adopt a budget strategy and MTFs increases the risks of the Council being unable to balance its budget, deliver service priorities and its savings targets over the medium term. Failure to integrate the preparation of these budgets with service priorities and planning will compromise the Council's ability to deliver on its strategic objectives.

Comments checked by: Claire Taylor, Corporate Performance Manager
0300 0030113 claire.taylor@cherwellandsouthnorthants.gov.uk

Equality and Diversity

- 7.4 Impact assessments will be carried out in advance of formulation of budget proposals.

Comments checked by: Claire Taylor, Corporate Performance Manager
0300 0030113 claire.taylor@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

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

Document Information

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GUIDELINES FOR THE PREPARATION OF THE 2014/15 BUDGET

Principles

- Protect Frontline Services
- Focus attention on corporate and service priorities and improving performance
- Maximise joint working potential
- Maximise procurement opportunities and contract negotiations

These budget guidelines have been developed within a consistent corporate framework to ensure:

- implementation of agreed savings and efficiency proposals
- resources are allocated to Council priorities
- inappropriate competition between services for resource allocations is minimised
- there is a transparent method for charging a fair cost between internal Council services.

The guidelines are designed to positively encourage managers and elected members to do the following:

- bring forward ideas and options to make more effective use of existing resources, clearly identifying how the ideas may develop over a 3-year period, including any requirements for pump priming money.
- link the budget setting process to Service Plans and the requirement for the identification of options, which will produce efficiency savings.
- focus attention on corporate and service priorities and improving performance.

Budget Deliverables

1. Prepare and submit draft revenue estimates for 2014/15 and the next 4 years (5 year forecast) which fully reflect the service priority and consultation event findings and match the current duration of the MTFS.
2. Prepare and submit a draft 5 year capital programme. All schemes to carry a full project appraisal including strategic objective, priority, value for money assessment, and details of any revenue impacts. All capital project appraisals will be validated by the Budget Planning Committee. All schemes previously approved to start in 2013/14 and onwards will be carried through for consideration.
3. The 2013/14 projected outturn at September 2013, adjusted to take account of the full year effect of savings identified in setting the 2014/15 budget, and one off items will be assumed to be the “**base budget**”. This will then be further adjusted for savings identified within the Executive’s £0.5m promise action plan. The budget will be prepared by the Corporate Finance Team and signed off by Head of Finance and Procurement.

Budget Timetable

The revenue and capital budget is agreed by full Council before 11 March each year. The 2014/15 budget will be considered at Council in February 2014.

Revenue Budget Guidelines

Income

In building income budgets it is essential that a realistic assessment of income achievement is undertaken. Budget holders should use their knowledge of past trends and current market conditions in assessing income levels for the future and the scope for increases in fees and charges.

It is important to look at not only financial information but also non-financial information such as activity data on customer usage and trends to help build realistic income estimates.

Variations to the existing approved budget for income must be clearly identified and explained.

Variations in fees and charges need to be considered taking into account the Council's priorities and objective to ensure that proposals are consistent with these priorities and objectives.

Growth

- It is the aspiration that the net impact of all growth items should be **ZERO**.
- Growth arising from changes in legislation / regulation or service planning will **ONLY** be allowed if it is fully funded by transferring resources within the same service or from within the same Directorate. Any such transfer either within the same service or the same Directorate can only come from demonstrably lower priority services. A growth proforma should be completed detailing full requirements.

Financial assumptions - should be used in estimating changes in expenditure and income over the medium term.

- Provide for general inflation in 2013/14 on all expenditure (excl payroll) and fees and charges as per forecasts in our MTFS model and will be used in the budget module as below:

| Year | CPI % |
|---------|-------|
| 2014/15 | 2.7% |
| 2015/16 | 2.7% |
| 2016/17 | 2.7% |
| 2017/18 | 2.7% |
| 2018/19 | 2.7% |

Current CPI at August 2013 is 2.7%

- Payroll - payroll inflation is included at the following levels:

| Year | % |
|---------|-------|
| 2014/15 | 1.25% |
| 2015/16 | 2.0% |
| 2016/17 | 2.0% |
| 2017/18 | 2.0% |
| 2018/19 | 2.0% |

- Council Tax should be forecasted with 0% increases and held at 2010/11 levels.

| Year | CPI % |
|---------|-------|
| 2014/15 | 0% |
| 2015/16 | 0% |
| 2016/17 | 0% |
| 2017/18 | 0% |
| 2018/19 | 0% |

- Interest rates should be forecasted as below:

| Year | Average Interest Rate |
|---------|-----------------------|
| 2014/15 | 0.75% |
| 2015/16 | 0.75% |
| 2016/17 | 0.75% |
| 2017/18 | 0.75% |
| 2018/19 | 0.75% |

All financial indices above are subject to further review in the budget process and may be subject to change.

Savings

Each Directorate is required to work up a full range of budget savings options at 10%, 15% and 20%. These options will be presented as potential Budget savings. A standard template is provided (requesting information on lead-in times, one off costs and impact on priorities, services and policies).

Directorates are encouraged to be “free thinking” in drawing up options which:

- identify opportunities for new efficiency savings.
- identify areas with reducing levels of income and identify opportunities for reducing corresponding expenditure.
- challenge current methods of service delivery and identify alternative ways of providing services.
- challenge existing policies and service levels so a complete range of service reductions are identified.
- have considered every issue relating to the potential saving (including lead-in times, one-off costs and impact on services and policies).

- have considered the statutory requirement to provide the service and at what minimum level, or whether the service is discretionary.
- Explicitly consider if there is scope for efficiencies via closer working with other local authorities particularly in light of our own and South Northants closer working.

Capital programme Guidelines

- Capital resources are reducing over the life of the MTFs. The development of 5 year rolling capital programme and resources should be drawn up within the context of the following objectives:
 1. The generation of additional reserves and balances, with appropriate contingencies.
 2. Opportunities to invest to save.
 3. Maintaining Council assets and the Council's infrastructure to agreed standards.
- A capital project appraisal is required for each bid and this will be validated by the Budget Planning Committee who will make recommendations for schemes to be included in the 2014/15 capital programme. All schemes previously approved to start in 2014/15 and onwards will be carried through for consideration.

Procurement

When setting both the 2014/15 budget and future years, regard should be given to the Corporate Procurement Strategy and the Council's Contract Procedure rules. In particular, budgets and projections should be based on Corporate and agreed framework contracts. Further advice and guidance can be obtained from the Council's Procurement Team.

Risk

The budget process is fundamental to the Council's financial management regime and Members need to be assured that all pertinent issues are properly considered when making key decisions on the Council's future finances.

In drawing up revenue budget proposals, risk assessments should be undertaken to test the robustness of proposals and to identify key factors which may impact on the proposals put forward. Where appropriate action plans should be put in place to manage/mitigate the risks identified – this may include a risk provision within the budget which can be calculated by your service accountant.

With a £14m Revenue Budget covering all the Council's services and activities, the potential for an issue to be missed or not considered properly will always be there. The budget process is designed to minimise this risk and throughout the process there are frequent meetings with Joint Management Team and Executive to review.



Budget and Business Planning Timetable: 2014/15

| | |
|----------|---|
| Sept 13 | <u>Executive/JMT</u> Away day |
| 07/10/13 | <u>Executive</u> Budget Strategy and Guidelines |
| 8/10/13 | Budget Planning Committee |
| Oct 13 | Officer Budget Workshops |
| 05/11/13 | Budget Planning Committee |
| 12/11/13 | <u>Overview and Scrutiny</u> – Business Plan Priorities |
| 19/11/13 | <u>Informal Executive</u> – Business Plan year one detail |
| 26/11/13 | Budget Planning Committee |
| 02/12/13 | <u>Executive</u> – Budget and Draft Business Plan |
| 31/12/13 | Template 1 Service Plan complete |
| 03/12/13 | Consultation begins (incl. Chambers) |
| 03/12/13 | Budget Planning Committee |
| 19/01/14 | Consultation ends |
| Jan TBC | <u>Overview and Scrutiny</u> Service Plan Scrutiny activity |
| 06/01/14 | <u>Executive</u> – Council Tax Base |
| 31/01/14 | Template 2 Service Plan Complete |
| 03/02/14 | <u>Executive</u> – Final Budget Proposals, Council Tax, Business Plan and Pledges |
| 24/02/14 | <u>Council</u> – Final Budget, Business Plan and Council Tax |
| Feb 14 | Council Tax Leaflet |

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Cherwell District Council

Budget Planning Committee

8 October 2013

| |
|--------------------------|
| Capital Programme |
|--------------------------|

Report of Director of Resources

This report is public

Purpose of report

To provide members of the Budget Planning Committee with a summary update on the Council's capital programme.

Please find attached a list of all the current capital projects in 2013-14 for members to review at their meeting. This includes the new capital schemes that were approved by Council in February as part of the 2013-14 Budget Setting report. It also includes the slippage that was agreed by Executive in June as part of the 2012-13 Outturn position.

The detailed schedule is contained in Appendix 1.

Members are asked to review the schedule of capital schemes.

Document Information

| Appendix No | Title |
|---|--|
| 1 | Capital Programme 2013-14 |
| Background Papers | |
| Report to Full Council, February 2013 –Budget Setting 2013-14 | |
| Report Author | Tim Madden, Interim Head of Finance & Procurement Nicola Jackson, Corporate Finance Manager |
| Contact Information | 01295 221634 01295 221731 |

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| CODE | DESCRIPTION | 2013/14 NEW SCHEMES £000 | Future Schemes (prior year) £000 | 2012/13 Outturn Slippage £000 | 2013/14 Currently Approved Budget £000 | 2014/15 Currently Approved Budget £000 | 2015/16 Currently Approved Budget £000 | 2016/17 Currently Approved Budget £000 | External Funding £000 | Transfer from Reserves £000 | Total Schemes CDC Funding £000 |
|---|---|-----------------------------------|---|--|--|--|--|--|-----------------------------|--------------------------------------|--|
| CECS001 | Biomass Heating for Bicester Leisure Centre | | | 385 | 385 | | | | | | 385 |
| EACC002 | Hanwell Fields Community Centre | | | 6 | 6 | | | | | | 6 |
| EACC003 | Community Centre Refurbishments | 84 | | | 84 | | | | | | 84 |
| EACC006 | Replacement Cabling Infrastructure for CCTV | | | 48 | 48 | | | | | | 48 |
| EACC008 | CCTV IP Transmission | | | 21 | 21 | | | | | | 21 |
| EACC009 | Solar Photovoltaic's at Sports Centre | | | 97 | 97 | | | | | | 97 |
| EACH004 | Village Hall, Recreation Play Grants | | | 37 | 37 | | | | | | 37 |
| EACH006 | Football Development Plan in Banbury | | | 20 | 20 | | | | | | 20 |
| EACH021 | South West Bicester Sports Village | 450 | | 1,187 | 1,637 | | | | | | 1,637 |
| EACH022 | Athletics Track Refurbishment - North Oxfordshire | 165 | | | 165 | | | | | | 165 |
| EACH023 | Stratfield Brake Repair Works | 80 | | | 80 | | | | | | 80 |
| EACH024 | Kidlington & Gosford Leisure Centre Astro Turf | 180 | | | 180 | | | | | | 180 |
| EACU002 | Off Road Parking Facilities | | | 18 | 18 | | | | | | 18 |
| EACU003 | Circular Walks DDA Works | | | 2 | 2 | | | | | | 2 |
| EACU011 | Urban Centres Improvements | | | 15 | 15 | | | | | | 15 |
| EACU012 | Car Park Refurbishments | | | 28 | 28 | | | | | | 28 |
| EACU013 | Implementing Vehicle Parks Proposals | | | 17 | 17 | | | | | | 17 |
| SCMP001 | Sports Centre Modernisation Programme | | | 249 | 249 | | | | | | 249 |
| Community Services Total | | 959 | 0 | 2,130 | 3,089 | 0 | 0 | 0 | 0 | 0 | 3,089 |
| CEES001 | Energy Efficiency Projects | | | 73 | 73 | | | | | | 73 |
| CSRB002 | Access to Highfield Depot | | | 22 | 22 | | | | | | 22 |
| EACE003 | Climate Change Initiatives Fund | | | 0 | 0 | | | | | | 0 |
| EACE005 | Vehicle Replacement Programme | 620 | | 0 | 620 | 911 | 1,107 | 999 | | (250) | 3,387 |
| EACE006 | Recycling Bins | 120 | | 0 | 120 | 120 | 240 | 240 | | (120) | 600 |
| EACE009 | Fleet Management System | | | 16 | 16 | | | | | | 16 |
| EACE012 | Mini MRF [Materials Recovery Facility] | | | 29 | 29 | | | | | | 29 |
| EACE015 | Recycling Bank Replacement | 25 | | | 25 | | | | | | 25 |
| EACE016 | Vehicle Lifting Equipment | 30 | | | 30 | | | | | | 30 |
| EACE017 | Thorpe Lane Depot Hard standing | 35 | | | 35 | | | | | | 35 |
| Environmental Services Total | | 830 | 0 | 140 | 970 | 1,031 | 1,347 | 1,239 | 0 | (370) | 4,217 |
| Community & Environment Total | | 1,789 | 0 | 2,270 | 4,059 | 1,031 | 1,347 | 1,239 | 0 | (370) | 7,306 |
| ICTB007 | Iclipse Software Upgrade | | | 11 | 11 | | | | | | 11 |
| ICTS018 | Thin Client Extension | | | 37 | 37 | | | | | | 37 |
| ICTS027 | Core Business System Integration | | | 48 | 48 | | | | | | 48 |
| ICTS028 | Corporate Bookings System | | | 50 | 50 | | | | | | 50 |
| ICTO011 | Renewal of PCs | 42 | | | 42 | | | | | | 42 |
| ICTS016 | Microsoft Licensing | 50 | | | 50 | 50 | 50 | | | | 150 |
| ICTS029 | Extended Contract for Website Hosting | 0 | 20 | | 20 | 20 | | | | | 40 |
| ICTS036 | Visualfiles Upgrade | 16 | | | 16 | | | | | | 16 |
| ICTS037 | Server replacement | 24 | | | 24 | | | | | | 24 |
| ICTS038 | Financial System Upgrade | 100 | | | 100 | | | | | | 100 |
| ICTS039 | CDC&SNC Customer Services Desktop | 20 | | | 20 | | | | | | 20 |
| Transformation Total | | 252 | 20 | 146 | 418 | 70 | 50 | 0 | 0 | 0 | 538 |
| Resources Total | | 252 | 20 | 146 | 418 | 70 | 50 | 0 | 0 | 0 | 538 |
| DVCL001 | Cherwell Community Led Programme - KM21 | | | 8 | 8 | | | | | | 8 |
| DVRH003 | Cherwell Community Led Programme | 0 | 2,333 | 1,704 | 4,037 | 2,333 | | | | | 6,370 |
| DVRH005 | Sanctuary Acquisition Merton & Cedar | | | 15 | 15 | | | | | | 15 |
| DVRH006 | Disabled Access Audit | 15 | | | 15 | | | | | | 15 |
| DVRH007 | Chasewell Community Centre Roof | 15 | | | 15 | | | | | | 15 |
| DVRH008 | Units 6 & 7 Thorpe Way Roof | 84 | | | 84 | | | | | | 84 |
| DVRH009 | 23 & 24 Thorpe Place Roof Lights | 27 | | | 27 | | | | | | 27 |
| DVRH010 | Condition Survey Works | 350 | | | 350 | | | | | | 350 |
| DVRH011 | Replacement Air Conditioning Unit to Main Chamber | 80 | | | 80 | | | | | | 80 |
| DVRH012 | Highfield Depot - develop office & welfare facilities | 265 | | | 265 | | | | | | 265 |
| DVRH013 | Bicester Community Building | 3,200 | | | 3,200 | 1,800 | | | (900) | | 4,100 |
| PHEE003 | Bicester Cattle Market Car Park Phase 2 | | | 90 | 90 | | | | | | 90 |
| PHEE004 | Bicester Pedestrianisation | | | 250 | 250 | | | | | | 250 |
| PHEE008 | Future Regen Schemes preliminary professional fees | | | 42 | 42 | | | | | | 42 |
| PHEE019 | Old Bodicote House | | | 348 | 348 | | | | | | 348 |
| PHEE020 | Bicester Town Centre Redevelopment | | | 2,750 | 2,750 | | | | | | 2,750 |
| PHEE021 | Highfield Depot Repairs | | | 16 | 16 | | | | | | 16 |
| PHEE023 | Kidlington High Street Pedestrianisation | 29 | | 17 | 46 | | | | | | 46 |
| PHEE027 | Orchard Way Refurbishment | | | 250 | 250 | | | | | | 250 |
| PHEH005 | Disabled Facilities Grants | 750 | | 142 | 892 | | | | (375) | | 517 |
| PHEH015 | Discretionary Grants for Domestic Properties | 275 | | 235 | 510 | | | | | | 510 |
| PHEH021 | Land Claypits Lane Bicester | | | 56 | 56 | | | | | | 56 |
| PHEH022 | Banbury Foyer & Banbury Youth Hub | | | 68 | 68 | | | | | | 68 |
| PHEH029 | Discretionary House Condition Grants | | | 50 | 50 | | | | | | 50 |
| Regeneration & Housing Total | | 5,090 | 2,333 | 6,041 | 13,464 | 4,133 | 0 | 0 | (1,275) | 0 | 16,322 |
| DVSP002 | Environmental Improvements Grimsbury | | | | 0 | 250 | | | | | 250 |
| Strategic Planning & Economy Total | | 0 | 0 | 0 | 0 | 250 | 0 | 0 | 0 | 0 | 250 |
| Development Total | | 5,090 | 2,333 | 6,041 | 13,464 | 4,383 | 0 | 0 | (1,275) | 0 | 16,572 |
| Capital Total | | 7,131 | 2,353 | 8,457 | 17,941 | 5,484 | 1,397 | 1,239 | (1,275) | (370) | 24,416 |

| Cherwell District Council Capital Resources - 2013-14 | | | |
|--|--------|---------------|---------------|
| | £000 | £000 | £000 |
| Capital Receipts Reserve as at 01 April 2013 | 30,392 | | |
| In Year Capital Receipts: | | | |
| - VAT shelter - SANCTUARY | 300 | | |
| - Right to Buy - SANCTUARY | 327 | | |
| - Investment income Replenish | 400 | | |
| Transfer from Earmarked Reserves | 370 | | |
| External Funding | 1,275 | | |
| Total Capital Resources | | 33,064 | |
| Committed capital programmes | | (17,941) | |
| Unallocated Capital Resources at end of 2013-14 | | | 15,123 |

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Cherwell District Council

Budget Planning Committee

8th October 2013

| |
|---------------------------------|
| Investment Opportunities |
|---------------------------------|

Report of Head of Finance and Procurement

This report is public

Purpose of report

The report is to set the context for discussion as to options for addressing future years funding gaps by considering options for how the council uses its funding.

1.0 Recommendations

The meeting is recommended to note and consider the report.

2.0 Introduction

- 2.1 Elsewhere on this agenda, members discuss the council's Medium Term Revenue Plan and the financial forecast and challenges the council will need to address. The purpose of this paper is to introduce a discussion as to how the council could use its resources as potential investments in order to support the actions needed the future financial challenges of the council.

3.0 Report Details

- 3.1 As a council, Cherwell has a range of investments which are managed through the treasury management function which reports to Council and to the Audit Committee. A total sum of around £64 million (2012/13 actual position) is invested in a range of investments, the majority of which are under 1 year. Full consideration to this portfolio is given by members at the respective committees but the focus is on ensuring the security of any investments before the return on any investments. This is the correct prudential approach recommended through professional practice.
- 3.2 However, since the onset of the "credit crunch", returns on investments have been very low by historical standards. The commitment of the Governor of the Bank of England to continue to keep interest rates low for the next 3 years suggests the investment returns will not improve significantly.

- 3.3 The purpose of this paper is to ask members to commence a discussion whereby alternatives to traditional investment methods could be applied which would give a more productive return on any available cash although still within acceptable risk levels. Options which could be considered could be work being undertaken on asset management, whereby there may be opportunities to identify savings or rental income through investing in those assets, or through looking at alternative investment routes such as joint ventures. The key focus is to look at ways to generate additional income to support the future revenue streams of the council.
- 3.4 This paper is vague as to the precise nature of any potential actions and is intended to raise this as a subject for debate which can be considered through the budget process with a view to proposing initiatives. It may also be appropriate for members to consider this in a separate forum depending on the views expressed.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report is for members' consideration.

5.0 Consultation

No consultation

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.

As this is a report for information and consideration no alternative options have been considered.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no direct financial implications arising out of this report.
Comments checked by: Tim Madden, Interim Head of Finance and Procurement
0300 003 0106 tim.madden@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Any investment decisions would need to be consistent with the Council's legal powers and its fiduciary duty as the custodian of public assets. Specific advice would be given when necessary.
Comments checked by: Kevin Lane, Head of Law and Governance, 0300 0030107
kevin.lane@cherwellandsouthnorthants.gov.uk.

Document Information

| Appendix No | Title |
|---------------------|--|
| | none |
| Background Papers | |
| none | |
| Report Author | Tim Madden, Interim Head of Finance and Procurement |
| Contact Information | 0300 003 0106 Tim.madden@cherwellandsouthnorthants.gov.uk |

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Cherwell District Council

Budget Planning Committee

8th October 2013

| |
|--|
| Update on Business Rates Incentives |
|--|

Report of Head of Finance and Procurement

This report is public

Purpose of report

The report is to update the committee on the Business Rates incentives available to support businesses in the District

1.0 Recommendations

The meeting is recommended:

- 1.1 To note and consider the attached report

2.0 Introduction

- 2.1 At its meeting of Tuesday 9 July, the committee requested a report to be submitted to its next meeting identifying possible Business Rates incentives. This reports sets out the respective reliefs possible for business rates for discussion by members.

3.0 Report Details

- 3.1 Attached at Appendix 1 is a list of the Business Rates reliefs available to be applied to different categories of businesses. These are set out within the regulations governing the business rates scheme. The schedule also shows the proportion of cost to be borne by each of the relevant authorities should support be given.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report is for members information and consideration.

5.0 Consultation

No consultation

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.

As this is a report for information and consideration no alternative options have been considered.

7.0 Implications

Financial and Resource Implications

7.1 There are no direct financial implications arising out of this report.

Comments checked by:

Tim Madden, Interim Head of Finance and Procurement 0300 003 0106
tim.madden@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.

Document Information

| Appendix No | Title |
|---------------------|--|
| 1 | Business Rates relief |
| Background Papers | |
| none | |
| Report Author | Tim Madden, Interim Head of Finance and Procurement |
| Contact Information | 0300 003 0106 Tim.madden@cherwellandsouthnorthants.gov.uk |

| Mandatory/Discretionary | Type of relief | Type of business/organisation | | Amount of relief | Central share | County Council (fire and rescue function) | District council in two tier area |
|-------------------------|--|---|--------------------------------|------------------------------------|---------------|---|--------------------------------------|
| Discretionary | Organisations not established or conducted or profit | Not established or conducted for profit and whose main objectives are charitable, philanthropic, religious or concerned with education, social welfare, science, literature or the fine arts. | S47 LGFA 1988 | 1 to 100% | 50% | 10% | 40% |
| Discretionary | Other rural businesses | Any rural business below a certain rateable value | S47 LGFA 1988 | 1 to 100% | 50% | 10% | 40% |
| Mandatory | Charities | Charity or trustees for a charity | S43(5) and (6)(a) LGFA 1988 | 80% | 50% | 10% | 40% |
| Discretionary | Top-up discretionary | Charities | S47 LGFA 1988 | 1 to 20% | 50% | 10% | 40% |
| Mandatory | Community Amateur Sports Clubs | Community Amateur Sports Clubs | S43(5) and (6)(b) LGFA 1988 | 80% | 50% | 10% | 40% |
| Discretionary | Community Amateur Sports Clubs | Community Amateur Sports Clubs | S47 LGFA 1988 | 1 to 20% | 50% | 10% | 40% |
| Mandatory | Rural | General stores, post offices, public houses, petrol filling stations and food shops | S43 (6A) to (6E) LGFA 1988 | 50% | 50% | 10% | 40% |
| Discretionary | Rural discretionary top-up | General stores, post offices, public houses, petrol filling stations and food shops | S47 LGFA 1988 | 1 to 50% | 50% | 10% | 40% |
| Discretionary | Hardship | Any business | S49 LGFA 1988 | 1 to 100% | 50% | 10% | 40% |
| Discretionary | Part-occupied | Any business | S44A LGFA 1988 | Apportionment of rateable value | 50% | 10% | 40% |
| Discretionary | Discretionary - Localism Act 2011 | Any business | S47 LGFA 1988 | 1 to 100% | 50% | 10% | 40% |

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Cherwell District Council

Budget Planning Committee

8 October 2013

| |
|------------------------------|
| Welfare Reform Update |
|------------------------------|

Report of Head of Finance and Procurement

This report is public

Purpose of report

To advise members of the current impact of certain welfare reforms.

1.0 Recommendations

The meeting is recommended to note the current position.

2.0 Introduction

- 2.1 The government's welfare reforms have impacted on the council and residents of the district in a number of ways. Two of the key changes were the introduction of size criteria for Housing Benefit claimants who are tenants of social landlords, and the introduction of a cap on benefit awards.

3.0 Report Details

- 3.1 The new size criteria for Housing Benefit claimants in social housing (commonly referred to as the "spare room subsidy" or "bedroom tax") were introduced on 1 April 2013. A tenant whose home has one bedroom more than they are deemed to require under the size criteria has their rent eligible for Housing Benefit reduced by 14%. A tenant who has two or more bedrooms over the size criteria has their eligible rent reduced by 25%.
- 3.2 An investigation of our Housing Benefit database in October 2012 identified 905 households that would be potentially affected by the size criteria. All these households were contacted in December 2012 to explain the impending change, the likely financial impact and possible responses. The data was also shared with social landlords.
- 3.3 We are currently unable to identify the precise number of residents affected by the size criteria. However, a new software release from our supplier is being installed on 28 September 2013. This will enable us to report on Housing Benefit claimants affected by this change.

- 3.4 Consequently, since January 2013 we have seen a significant and sustained increase in applications for Discretionary Housing Payments, with the majority of applications now coming from the social rented sector. Since April 2013 we have processed 312 applications (compared with 135 for the first five months of the previous year and 370 for the whole of the previous year). Awards were made in respect of approximately 40% of applications.
- 3.5 The government's contribution to the council's Discretionary Housing Payment fund for the current year is £203,354 (£139,741 for 2012-13). The council is permitted to spend up to two and half times the government contribution. To date we have committed £76,147. Whilst this represents a slight under spend on a pro-rata basis, we expect the number of applications to continue increasing as social landlords step up activity to recover rent arrears. A meeting with social landlords on 8 October 2013 will give us a clearer idea of the level of rent arrears and recovery action by social landlords as well as the availability of smaller accommodation units and the success of downsizing projects run by social landlords.
- 3.6 The Benefit Cap applies to working age households where nobody is in remunerative work (16 or 24 hours per week depending on the household circumstances). For such households if the total weekly amount of state benefits exceeds the Cap amount (£350 for a single person; £500 for couples and families) then their Housing Benefit entitlement is reduced so as to bring the total benefits down to the Cap. Where a working person becomes unemployed their household is protected from the Cap for 39 weeks.
- 3.7 The Department for Work and Pensions started identifying the households likely to be affected by the Cap in May 2012. Every few months they issued a list of the affected households in their area to local authorities. The households also received letters warning them about this. Additionally Jobcentre Plus contacted these households to offer support with finding employment. The Council also contacted the households in our district to offer support. These lists indicated that approximately 50 households would be affected in our district.
- 3.8 The Cap was rolled out in our district starting from 15 July 2013. 36 households have been capped. We will continue to receive notifications from the Department for Work and Pensions where the amount of the reduction needs to be changed, where the Cap no longer applies, or where the Cap needs to be applied to a new household. However, these households will not receive any advance warning of the imposition of the Cap.
- 3.9 The amount of the Housing Benefit reduction applied to households in the district ranges from £3.66 to £229.12 per week. The average reduction is £60.31 per week. The following table provides a breakdown of the households by ward:

| Ward | Number of households affected |
|--------------------------------|-------------------------------|
| Banbury Ruscote | 12 |
| Banbury Hardwick | 5 |
| Banbury Grimsbury & Castle | 3 |
| Banbury Neithrop | 3 |
| Banbury Calthorpe | 2 |
| Bicester East | 2 |
| Bicester South | 2 |
| Kidlington North | 2 |
| Yarnton, Gosford & Water Eaton | 2 |
| Bicester Town | 1 |
| Bicester West | 1 |
| Caversfield | 1 |

60% of the households affected are social tenants and the other 40% are in the private rented sector

- 3.10 Of the thirty-six households, four have applied for Discretionary Housing Payments. Awards have been made in two cases, and the other two are still under consideration. There has been no contact from seventeen of the households and only minimal contact from another eight. Therefore, in October we will be endeavoring to contact these households to offer support.

4.0 Conclusion and Reasons for Recommendations

- 4.1 In conclusion significantly more residents have been affected by the size criteria than the Benefit Cap. However, the impact of the Benefit Cap has been much more severe for a small number of households. It is probable that the full extent of the impact from both changes will not become apparent until the second half of this financial year. Whilst the Discretionary Housing Payment funding from the government appears to be sufficient to meet current demand this could change over the course of the next few months.

5.0 Consultation

- 5.1 These changes have been introduced under social security legislation. Consequently, there was no consultation.

6.0 Alternative Options and Reasons for Rejection

- 6.1 These changes have been introduced under social security legislation. Consequently, there are no options to consider.

7.0 Implications

Financial and Resource Implications

- 7.1 These changes have resulted in reductions in Housing Benefit entitlement for many households in the district. If the affected households are unable to make up the additional rent or to move to smaller accommodation, the Discretionary Housing Payment fund may be insufficient to support all such households. This is carefully monitored throughout the year.

Comments checked by:

Tim Madden, Interim Head of Finance and Procurement, 0300 003 0106
tim.madden@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 A decision to refuse a Discretionary Housing Payment application could be challenged through judicial review.

Comments checked by:

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

Document Information

| Appendix No | Title |
|---------------------|---|
| None | |
| Background Papers | |
| None | |
| Report Author | Tim Madden, Interim Head of Finance and Procurement Ryszard Filipiak, Service Assurance Team Leader |
| Contact Information | tim.madden@cherwellandsouthnorthants.gov.uk ryszard.filipiak@cherwell-dc.gov.uk 01295 227067 |

Agenda Item 11

Budget Planning Committee – Work Programme

| Month | Agenda Item | Lead |
|--------------------|--|------|
| October 8 | MTFS Presentation | |
| | Budget Strategy 2014/15 and beyond | |
| | Capital Programme Review | |
| | Budget Building Blocks | |
| | Investment Opportunities | |
| | Update on Business Rates Incentives | |
| | Welfare Reform Update | |
| | | |
| November 5 | MTFS Latest Position | |
| | 14/15 Capital Scheme Evaluation | |
| | Quarter 2 Revenue and Capital Monitoring | |
| | | |
| November 26 | MTFS Latest Position | |
| | Draft Revenue and Capital Budget Proposals | |
| | | |
| December 3 | MTFS Latest Position | |
| | Tax Base review | |
| | Discounts and Exemptions Review | |
| | Review of Reserves | |
| | Budget Update | |
| | | |
| January 21 | MTFS Latest Position | |
| | Business rate growth monitoring | |
| | New Homes Bonus Funding | |
| | Final Draft Revenue and Capital Budget Proposals | |
| | Fees and Charges | |
| | Quarter 3 Revenue and Capital Monitoring | |
| | | |
| March 11 | MTFS Latest Position | |
| | | |
| | | |
| | <i>NEW KEY PROJECTS OR RECOMMENDATIONS FROM OTHER COMMITTEES ADDED AS AND WHEN</i> | |

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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