

Committee: Budget Planning Committee
Date: Monday 19 January 2015
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 Carmen Griffiths
Councillor Timothy Hallchurch MBE	Councillor Mike Kerford-Byrnes
Councillor Melanie Magee	Councillor Alastair Milne Home
Councillor Nigel Randall	Councillor Barry Richards
Councillor Barry Wood	Councillor Sean Woodcock

AGENDA

1. Apologies for Absence and Notification of Substitute Members

2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

3. Urgent Business

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

4. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting held on 18 November 2014.

5. Chairman's Announcements

To receive communications from the Chairman.

6. Provisional Local Government Finance Settlement 2015-16 (Pages 5 - 8)

Report of the Head of Finance and Procurement

Purpose of report

The report informs the Committee of how the recent provisional local government finance settlement impacts on the Council and the 2015-16 budget.

Recommendations

The meeting is recommended:

- 1.1 To note the report and the impact of the provisional local government finance settlement.
- 1.2 To note that the final settlement is expected to be announced towards the end of January 2015.
- 1.3 To note the impact upon the council in consideration of its budget preparation for 2015-16 and beyond.

7. Work Programme 2014-15 (Pages 9 - 10)

To review and note the Committee Work Programme

8. Medium Term Revenue Plan and draft 2015-16 Revenue and Capital Budgets (Pages 11 - 14)

Report of the Head of Finance and Procurement

Purpose of report

To set out the Medium Term Revenue Plan including the Revenue and Capital budget proposals for the Committee to consider and recommend to Executive.

Recommendations

The meeting is recommended:

- 1.1 To consider the updated Medium Term Revenue Plan (MTRP)
- 1.2 To consider the 2015-16 draft revenue budget proposals contained in Exempt Appendix 1 (to follow) before they are recommended to Executive and then Full Council in February.

- 1.3 To consider the 2015-16 capital bids contained in Exempt Appendix 2 (to follow) before they are recommended to Executive and then Full Council in February.
- 1.4 To consider and recommend to Executive the level of Council Tax increase for 2015/16 before this is formally approval by Full Council in February.

9. Exclusion of Press and Public

The following items contain exempt information as defined in the following paragraphs 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 has been marked as exempt, it is for the meeting to decide whether or not to consider it 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.

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

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

10. Medium Term Revenue Plan and draft 2015-16 Revenue and Capital Budgets - Exempt Presentation and Appendices

Exempt Presentation and appendices for agenda item 8

Please note that the appendices will be to follow, as they were still being finalised at the time of agenda publication

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 322043 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 Emma Faulkner, Democratic and Elections
emma.faulkner@cherwellandsouthnorthants.gov.uk, 01327 322043

Sue Smith
Chief Executive

Published on Friday 9 January 2015

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 18 November 2014 at 6.30 pm

- Present: Councillor Nicholas Mawer (Chairman)
Councillor Douglas Webb (Vice-Chairman)
- Councillor Ken Atack
Councillor Carmen Griffiths
Councillor Timothy Hallchurch MBE
Councillor Barry Wood
- Substitute Members: Councillor Michael Gibbard (In place of Councillor Alastair Milne Home)
Councillor Matt Johnstone (In place of Councillor Barry Richards)
Councillor Lawrie Stratford (In place of Councillor Nigel Randall)
- Apologies for absence: Councillor Mike Kerford-Byrnes
Councillor Melanie Magee
Councillor Alastair Milne Home
Councillor Nigel Randall
Councillor Barry Richards
Councillor Sean Woodcock
- Officers: Paul Sutton, Head of Finance and Procurement
Nicola Jackson, Corporate Finance Manager
Emma Faulkner, Democratic and Elections Officer

52 **Declarations of Interest**

There were no declarations of interest.

53 **Urgent Business**

There were no items of urgent business.

54 **Minutes**

The Minutes of the meeting of the Committee held on 4 November 2014 were confirmed as a correct record and signed by the Chairman.

55 **Chairman's Announcements**

The Chairman made the following announcement:

1. The informal meeting of the Committee to consider Capital Bids had been postponed from 11 November 2014 and would be held on 25 November 2014 instead.

56 **Quarter 2 2014-15 - Revenue and Capital Budget Monitoring Report**

The Committee considered the report of the Director of Resources, which detailed the Quarter 2 Revenue and Capital Budget Monitoring position.

In response to queries from the Committee, the Head of Finance and Procurement explained that the anticipated overspend was currently an estimate, and the situation could change before the end of the financial year.

Resolved

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

57 **Work Programme 2014-2015**

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

Resolved

- (1) That the work programme be noted.

58 **Exclusion of Press and Public**

Resolved

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business on the grounds that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

59 **Quarter 2 2014-15 - Revenue and Capital Budget Monitoring Report - Exempt Addendum**

The Committee considered the exempt addendum to the report of the Director of Resources.

Resolved

- (1) That the exempt addendum be noted.

60 **Medium Term Revenue Plan Update**

The Committee considered an exempt report and presentation from the Head of Finance and Procurement, which detailed the current Medium Term Revenue Plan position.

Resolved

- (1) That the update be noted

The meeting ended at 8.20 pm

Chairman:

Date:

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Cherwell District Council

Budget Planning Committee

19 January 2015

<p>Provisional Local Government Finance Settlement 2015-16</p>

Report of the Head of Finance & Procurement

This report is public

Purpose of report

The report informs the Committee of how the recent provisional local government finance settlement impacts on the Council and the 2015-16 budget.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the report and the impact of the provisional local government finance settlement.
- 1.2 To note that the final settlement is expected to be announced towards the end of January 2015.
- 1.3 To note the impact upon the council in consideration of its budget preparation for 2015-16 and beyond.

2.0 Introduction

- 2.1 On the 18 December 2014, Minister for Local Government Minister Kris Hopkins MP, announced the provisional local government finance settlement for 2015-16. This statement is still provisional and the final settlement will be announced towards the end of January 2015.
- 2.2 The local government settlement followed on from the Chancellor of the Exchequer's Autumn Statement which was announced on 3 December 2014. Whilst this is a much broader document covering the governments wider expenditure plans, parts of this also have had an impact on local government and where this is known this is also set out in this report.

2.3 This report sets out the key impact on the council from the provisional settlement and compares this to the financial forecasts that officers have been calculating to date.

3.0 Report Details

3.1 The provisional local government finance settlement announced on 18 December sets out the financial plans for 2015-16. The settlement continues to be set within the governments stated aim of reducing the deficit and includes previous announcements of local government funding from the 2014 budget.

3.2 The local government minister announced that local authorities will face an overall reduction in spending power of 1.8% (2.1% excluding the Greater London Authority, both figures are 0.2 percentage points lower if transformation funding is excluded). However, as in previous years, the government focuses on comparative figures concerning a local authority's "revenue spending power" which also incorporates a council's New Homes Bonus and several specific grants.

3.3 The settlement sets out some key national issues as follows:

- Local authorities freezing or lowering Council Tax level in 2015-16 will receive a Council Tax Freeze Grant equivalent to a 1% increase in Council Tax. Local authorities increasing Council Tax by 2% or above will be required to hold a local referendum. This applies to local authorities, fire authorities and police authorities.
- Council Tax Freeze Grant for 2014-15 is now included within the Settlement Funding Assessment for 2015-16.
- Rural funding has increased to £15.5m (previously £11.5m). This funding is now all within Revenue Support Grant (RSG) – previously, £9.5m was in RSG and £2.0m was paid as Rural Services Delivery Grant.
- A deduction of £23.4m has been made from RSG to fund the Improvement and Development Agency.
- The £9.4m in Efficiency Support Grant payments for 2014-15 will be rolled into the Settlement Funding Assessment for 2015-16.
- Revenue Support Grant was identified as including £129.6m for Local Welfare Provision. It is important to note that this funding is not new funding. The DCLG have decided to split out an element of RSG to reflect what it believes should reflect Local Welfare Provision. However, this amount was previously paid as a Specific Grant in 2014-15, with no funding added to RSG for 2015-16.
- The loss in funding as a result of the 2% cap on the 2015-16 Business Rates Multiplier (announced at Autumn Statement 2014) will be refunded to local authorities through a S31 grant payment (in the same way as the 2014-15 2% cap).

3.4 Whilst the government's assessment of spending power indicates a reduction for Cherwell of 2.1% in 2015-16, the Chartered Institute of Public Finance and Accountancy (CIPFA) uses a method which excludes ring-fenced grants (Public Health) and pooled funding outside authorities' control (better Care Fund). Using this measure the reduction is 6.1%.

- 3.6 The Revenue Support Grant loss for the council is more significant and is shown in the table below. Last year's settlement included a forecast for 2015-16 but the provisional figure from this year's settlement is 3.2% higher than originally expected. This is due to technical changes in the funding methodology.

	2014-15 Settlement £000	2015-16 Forecast £000	2015-16 Provisional £000
Funding	3,864	2,629	2,712
% change		-32.0%	-29.8%

- 3.7 The settlement indicated that there will be no relaxation of the referendum threshold of 2% council tax increase for councils. Council Tax compensation grant will be paid at 1% if Council Tax frozen for 2015-16. The current financial position for Cherwell assumes a 0% increase in council tax levels and therefore is not affected by the referendum threshold. There has been no announcement as to whether a form of capping will be introduced for Town or Parish councils.
- 3.10 As part of the settlement, the 2015-16 allocations for New Homes Bonus were also announced. For Cherwell this totalled £2,712,329 for the five year period. The amount for year five only was £686,016. This reflects for 2015-16 a total of 530 additions to the housing stock and empty homes being brought back into use.
- 3.11 The deadline for written responses to the settlement is 15 January 2015 with the final settlement expected towards the end of January. It is not expected that there will be any further major impacts of the final settlement, however there will be a number of points of detail which will need to be considered. These will be built into the final budget as these are identified.
- 3.12 In terms of preparation of the 2015-16 budget, the issues identified above have been addressed as part of bridging the previously identified gap. Additional work has been completed to identify further savings and at this point it is expected to produce a balanced budget for 2015-16.
- 3.13 The Provisional Settlement covered 2015-16. Further work will be undertaken to review the position for 2016-17 onwards and will be incorporated into the Medium Term Revenue Plan.

4.0 Conclusion and Reasons for Recommendations

- 4.1 This report is an update on the provisional local government finance settlement and as such Executive is asked to note the contents of the report and the impact upon the Council.

5.0 Consultation

- 5.1 Councillor Atack has been consulted.

6.0 Alternative Options and Reasons for Rejection

- 6.1 This report is to inform the Committee of the impact of the recent Provisional Local Government Settlement announced by the Department for Communities and Local Government. As such there are no alternative recommendations associated with this report.

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained within the body of the report. Where there is an impact, these will be reflected appropriately within the setting of the 2015-16 budget and in the refresh of the Council's Medium Term Revenue Plan.

Comments checked by:

Nicola Jackson, Corporate Finance Manager 01295 221731

nicola.jakcson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 None directly arising from this report.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107

kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected Not applicable

Links to Corporate Plan and Policy Framework All

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
None	
Background Papers	
None	
Report Author	Paul Sutton, Head of Finance and Procurement
Contact Information	0300 003 0106 paul.sutton@cherwellandsouthnorthants.gov.uk

Agenda Item 7

Date	DRAFT - Budget Planning Committee - Agenda items
19 Jan	Provisional Local Government Finance Settlement
	Medium Term Revenue Plan including draft 2015-16 Revenue & Capital Budget
February	2014-15 Revenue and Capital Budget Monitoring - Quarter 3
	Medium Term Revenue Plan
TBA	VFM Review
	NEW KEY PROJECTS OR RECOMMENDATIONS FROM OTHER COMMITTEES ADDED AS AND WHEN

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Cherwell District Council

Budget Planning Committee

19 January 2015

<p>Medium Term Revenue Plan and draft 2015-16 Revenue and Capital Budgets</p>
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Report of the Head of Finance and Procurement

This report is public

Appendices 1 and 2 to this report are exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

Purpose of report

To set out the Medium Term Revenue Plan including the Revenue and Capital budget proposals for the Committee to consider and recommend to Executive.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the updated Medium Term Revenue Plan (MTRP)
- 1.2 To consider the 2015-16 draft revenue budget proposals contained in Exempt Appendix 1 (to follow) before they are recommended to Executive and then Full Council in February.
- 1.3 To consider the 2015-16 capital bids contained in Exempt Appendix 2 (to follow) before they are recommended to Executive and then Full Council in February.
- 1.4 To consider and recommend to Executive the level of Council Tax increase for 2015/16 before this is formally approval by Full Council in February.

2.0 Introduction

- 2.1 This report sets out the latest position on the 2015-16 revenue and capital budgets for Cherwell based on the information currently available. The budgets will be considered by Executive at its meeting of the 2 February and by Full Council at its meeting of the 23 February.
- 2.2 The report sets out the current position for the budget following on from the provisional local government finance settlement and from previous reports to this Committee. Whilst the final settlement is not expected until the end of January, it is not anticipated that there will be a significant change to the funding previously announced.

3.0 Report Details

- 3.1 The 2015-16 budget is being developed within the continuing context of an austerity programme and the coalition government's focus on deficit reduction. This is a continuation of recent government policy with continuing reductions in government grant support for local authorities. There will be a presentation to the Committee updating the Council's MTRP in light the provisional settlement (**Exempt**).
- 3.2 Throughout the autumn, officers have been preparing the budget in line with the guidelines approved by this Committee in October 2014. Taking account of the guidance and the impact of the settlement, the draft revenue budget 2015-16 is set out in **Appendix 1 (Exempt, to follow)**.
- 3.3 The draft budget assumes no increase in Council Tax for 2015/16. The settlement indicated that the referendum threshold would remain at a 2% council tax increase. Council Tax compensation grant will be paid at 1% if Council Tax frozen for 2015-16. If agreed, this will be the 6th year that Cherwell District Council has proposed a Council Tax freeze.
- 3.4 Following on from the settlement and the calculation of the budget for 2015-16, work is ongoing to refresh the MTRP and to establish the position for 2016-17 and beyond. This will look at the current assumptions and also the impact of the settlement. The MTRP will be refreshed and the five year forecasts will be presented to this Committee.
- 3.5 The Committee considered capital bids put forward by officers at its informal meeting on 25 November 2014. Following consideration, these are attached at **Appendix 2 (Exempt, to follow)** for Budget Planning Committee to endorse before going to Executive for formal consideration.

4.0 Conclusion and Reasons for Recommendations

- 4.1 The above position outlines a balanced budget for the council for 2015-16. There is some additional work to be completed on the budget particularly as further detail becomes known but it is not expected that the overall position will change dramatically. The committee is asked at this stage to consider the report as it presents the budget at this stage.

5.0 Consultation

Councillor Atack has been consulted

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.

The setting of the budget is a requirement and will need to be approved by Council at its meeting in February.

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained within the report
Comments checked by: Nicola Jackson, Corporate Finance Manager
01295 221731 Nicola.jackson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 There are none arising from this report.

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

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Accessible Value for Money.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
Appendix 1 (Exempt)	Draft Budget 2015-16 To follow
Appendix 2 (Exempt)	Capital bids 2015-16 To follow
Background Papers	
None	
Report Author	Paul Sutton, Head of Finance and Procurement
Contact Information	0300 003 0106 Paul.Sutton@cherwellandsouthnorthants.gov.uk

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