

# Public Document Pack



**Committee:** Budget Planning Committee  
**Date:** Tuesday 6 October 2015  
**Time:** 6.30 pm  
**Venue** Bodicote House, Bodicote, Banbury, OX15 4AA

## Membership

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

## AGENDA

### 1. Apologies for Absence and Notification of Substitute Members

### 2. Declarations of Interest

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

### 3. Urgent Business

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

### 4. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting held on 8 September 2015.

## **5. Chairman's Announcements**

To receive communications from the Chairman.

## **6. Business Rates Pooling Decision 2016-2017 (Pages 5 - 8)**

Report of Director of Resources

### **Purpose of report**

To provide members of Budget Planning Committee with an update with regard to participation or otherwise in a business rates pool for 2016-2017.

### **Recommendations**

The meeting is recommended:

- 1.1 To note this report.

## **7. Budget Strategy 2015 to 2016 and beyond (Pages 9 - 24)**

Report of Head of Finance and Procurement

### **Purpose of report**

To inform the Budget Planning Committee of the service and financial planning process for 2016/17, the 2016/17 budget strategy and the budget guidelines for service managers to enable the production of the 2016/17 budget. This report is being presented to Executive on 5 October.

The report includes an update on: the most recent Medium Term Revenue Plan (MTRP) and the Council Tax Reduction Scheme for 2016/17.

### **Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To note the following recommendations made to Executive on 5 October 2015
  - (a) Note the updated MTRP for the Council's revenue budget for 2016/17 to 2020-21.
  - (b) Endorse the overall 2016/17 budget strategy and service and financial planning process set out in the report.
  - (c) Consider and agree the proposed budget guidelines and timetable for 2016/17 (Appendices 1 and 2).

- (d) Endorse the decision to consult on the retention of the current Council Tax Reduction Scheme (CTRS) for 2016/17 and delegate authority to the Director of Resources in consultation with the lead member for Financial Management to make the final decision on the scheme.

**8. Review of Committee Work Plan (Pages 25 - 26)**

To review the Committee Work Plan.

**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](mailto:democracy@cherwell-dc.gov.uk) or 01295 221591 prior to the start of the meeting.

**Declarations of Interest**

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

**Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates**

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

**Evacuation Procedure**

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

**Access to Meetings**

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

**Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

**Queries Regarding this Agenda**

Please contact Lesley Farrell, Democratic and Elections  
[lesley.farrell@cherwellandsouthnorthants.gov.uk](mailto:lesley.farrell@cherwellandsouthnorthants.gov.uk), 01295 221591

**Sue Smith  
Chief Executive**

Published on Monday 28 September 2015

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# Agenda Item 4

## Cherwell District Council

### Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 8 September 2015 at 6.30 pm

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

Councillor Ken Atack  
Councillor Carmen Griffiths  
Councillor Douglas Webb  
Councillor Sean Woodcock

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

Apologies for absence: Councillor Colin Clarke  
Councillor Ian Corkin  
Councillor Russell Hurle  
Councillor Mike Kerford-Byrnes  
Councillor Barry Richards  
Councillor Barry Wood

Officers: Paul Sutton, Head of Finance and Procurement  
Natasha Clark, Team Leader, Democratic and Elections  
Sharon Hickson, Assistant Democratic and Elections Officer

#### 11 **Declarations of Interest**

There were no declarations of Interest.

#### 12 **Urgent Business**

There were no items or Urgent Business.

#### 13 **Minutes**

The Minutes of the meeting of the Committee held on 28 July 2015 were confirmed as a correct record and signed by the Chairman.

14 **Chairman's Announcements**

There were no Chairman's announcements.

15 **Review of Capital Slippage 2015/16**

The Committee considered a report of the Head of Finance and Procurement reviewing the capital budgets slipped into 2015/16 and compare against spend at Quarter 1.

In response to concerns raised by the Committee, the Head of Finance and Procurement confirmed that in future reports each capital scheme would contain more detailed information providing a clear record of the status of each scheme

The Committee also requested that further information, such as the date the slippage was first requested, in order for them to be able to monitor more accurately the length of time and reasoning for the slippage be included in future slippage reports,.

It was agreed that inviting relevant budget holders to future meetings to answer project specific questions would also be useful.

**Resolved**

- (1) That the report be noted.
- (2) That it be noted that going forward the monitoring and management of the capital programme would be undertaken in more detail and more detailed information would be presented to the Committee in future capital slippage monitoring reports.

16 **Council Tax Reduction Scheme 2016-2017**

The Committee considered a report of the Head of Finance and Procurement which detailed the implications of the current Council Tax Reduction Scheme and provided options for 2016-2017.

The Committee discussed the implications of each of the individual options and unanimously agreed that Option 1, no change, was the fairest and most cost effective and should be recommended to Executive for consultation to be undertaken.

**Resolved**

- (1) That the contents of the report and any financial implications for Cherwell District Council be noted.
- (2) That it be recommended to Executive that Option 1 - No change to the current local Council Tax Reduction scheme, be considered for the

Council Tax Reduction Scheme for 2016-17 in order for consultation to be undertaken.

17 **Council Tax - Empty Homes Premium**

The Committee considered a report of the Head of Finance and Procurement detailing the proposal from Executive that a council tax empty homes premium of 50% be applied for properties that have remained empty for over two years.

In response to member questions the Head of Finance and Procurement confirmed that legislation did not allow for a premium of more than 150% to be applied.

At the request of Members, the Head of Finance and Procurement agreed to provide a breakdown of the locations of empty properties within the district.

**Resolved**

- (1) That the Executive recommendation to Full Council that an Empty Homes Premium of 50% be introduced from 1 April 2016 for properties that have been empty for over two years be supported.

18 **Budget Planning Committee Work Programme 2015/16**

The Committee considered the draft Work Programme for 2015/16.

The Head of Finance and Procurement reported Budget Guidelines 2016/17 would be changed from the 6 October meeting to the 3 November meeting and that items on Revenue & Capital and Capital Slippage would be added to the 6 October meeting

**Resolved**

- (1) That the work programme be noted.

19 **Exclusion of the 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 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.

### **Medium Term Revenue Plan**

The Committee considered an exempt report of Head of Finance and Procurement which presented an update on the Councils Medium Term Revenue Plan position.

#### **Resolved**

- (1) That the report be noted.

The meeting ended at 7.45 pm

Chairman:

Date:



## Cherwell District Council

### Budget Planning Committee

6 October 2015

<b>Business Rates Pooling Decision 2016-2017</b>
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### Report of Director of Resources

This report is public

#### Purpose of report

To provide members of Budget Planning Committee with an update with regard to participation or otherwise in a business rates pool for 2016-2017.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To note this report.

#### 2.0 Introduction

- 2.1 In 2014-2015 and 2015-2016 Cherwell District Council, West Oxfordshire District Council and Oxfordshire County Council entered into a North Oxfordshire Business Rates Pool.
- 2.2 With the right members in a business rates pool the amount of levy can be minimised and a greater amount of business rate income can be kept locally. Without a pooling arrangement in place a levy of up to 50% of the total retained business rate amount can be payable to the Government. Pooling can reduce the levy payable to 0%.
- 2.3 In previous years DCLG issued a Pooling Prospectus in the preceding summer inviting applications for pooling. At this point in time no such prospectus has been issued for 2016-17. We still, however, need to take a decision on whether or not we wish to participate in a pooling arrangement for 2016-2017

#### 3.0 Report Details

- 3.1 The Council has been a member of the North Oxfordshire Business Rates Pool for 2014-2015 and 2015-2016 with Oxfordshire County Council and West Oxfordshire District Council. We are currently reviewing our position with regard to options for

2016-2017 and are in discussion with other authorities in Oxfordshire to determine the optimum composition of the pool.

- 3.2 Cherwell District Council and West Oxfordshire District Council are growth authorities so the amount of levy paid to the Government is minimised resulting in a greater share kept locally than would otherwise be the case.
- 3.3 We are continuing to model various combinations based on the latest figures from all Oxfordshire authorities.
- 3.4 Given the expected requirement to inform the Government by 31 October 2015 of our pooling intentions for 2016-2017 it has been recommended to Executive that the decision on whether to join an Oxfordshire Pool is delegated to the Director of Resources in consultation with the Lead Member for Financial Management. Executive are considering this recommendation at its meeting on 5 October 2015 and officers will update the Committee on Executive's decision at the meeting.

#### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Members are asked to note the detail of this report.

#### **5.0 Consultation**

Councillor Ken Atack – Lead  
Member for Financial  
Management

Councillor Atack is content with the  
report.

#### **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: None: this report is provided for information.

#### **7.0 Implications**

##### **Financial and Resource Implications**

- 7.1 For the reasons set out in section 3 above it appears likely that the Council's financial interests will be best maximised by participating in a pooling arrangement.

Comments checked by:

Martin Henry, Director of Resources 0300 003 0102  
martin.henry@cherwellandsouthnorthants.gov.uk

##### **Legal Implications**

- 7.2 Any business rates pooling arrangement would be the subject of a formal legal agreement and relevant advice would be given in order to protect the Council's interests.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 003 0107  
kevin.lane@cherwellandsouthnorthants.gov.uk

### **Risk Management**

- 7.3 Under the Business Rates Retention Scheme Central Government provides a safety net for authorities who fail to achieve their target income baseline. The Government provides recompense to authorities to bring them up to 92.5% of their target income baseline. All billing authorities are therefore exposed to a potential maximum loss of 7.5% of their baseline funding.

As part of a pool, the safety net payments are still set at 7.5%, but because of the combination of baselines of those authorities in the pool the financial losses have to be a lot greater before safety net payments are actually triggered.

Comments checked by:

Paul Sutton, Head of Finance and Procurement 0300 003 0106  
paul.sutton@cherwellandsouthnorthants.gov.uk

## **8.0 Decision Information**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

All

### **Lead Councillor**

Councillor Ken Atack, Lead Member for Financial Management

### **Document Information**

<b>Appendix No</b>	<b>Title</b>
None	
None	
<b>Report Author</b>	Geni Hotchkiss, Business Support Unit Manager
<b>Contact Information</b>	<a href="mailto:geni.hotchkiss@cherwellandsouthnorthants.gov.uk">geni.hotchkiss@cherwellandsouthnorthants.gov.uk</a> 01327 322170

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## Cherwell District Council

### Budget Planning Committee

6 October 2015

<b>Budget Strategy 2015 to 2016 and Beyond</b>
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### Report of Head of Finance and Procurement

This report is public

#### Purpose of report

To inform the Budget Planning Committee of the service and financial planning process for 2016/17, the 2016/17 budget strategy and the budget guidelines for service managers to enable the production of the 2016/17 budget. This report is being presented to Executive on 5 October.

The report includes an update on: the most recent Medium Term Revenue Plan (MTRP) and the Council Tax Reduction Scheme for 2016/17.

#### 1.0 Recommendations

Budget Planning Committee is recommended to note the contents of the report and to note the recommendations made to Executive on 5 October as follows:

- 1.1 Note the updated MTRP for the Council's revenue budget for 2016/17 to 2020-21.
- 1.2 Endorse the overall 2016/17 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 2016/17 (Appendices 1 and 2).
- 1.4 Endorse the decision to consult on the retention of the current Council Tax Reduction Scheme (CTRS) for 2016/17 and delegate authority to the Director of Resources in consultation with the lead member for Financial Management to make the final decision on the scheme.

## **2.0 Introduction**

- 2.1 The budget 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 budget survey to understand priorities for service expenditure. The survey is statistically representative and produces robust information regarding residents' budget priorities and satisfaction with the different Council services. 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 revenue plan and the corporate plan, provides the context for budget setting and service planning.
- 2.4 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2016/17. 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 extreme pressure on both its expenditure and income streams. We have made a public promise to reduce expenditure by £0.5m in 2016/17 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 2016/17. The budget timetable is attached at Appendix 2.
- 2.7 This Committee meets regularly and considers the budget in detail and will make Budget and Business Planning recommendations to the Executive in February 2016.

## **3.0 Report Details**

### **2016/17 Budget Strategy, Budget Guidelines and Timetable**

- 3.1 The Council needs to set guidelines and a timetable for the preparation of draft estimates for 2016/17. These guidelines should support the objectives contained in the Business Plan, Service Plans and the Medium Term Financial Strategy.

- 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 public consultation, previous investment and strategic priorities.
- 3.3 The associated budget timetable is detailed in Appendix 2.

### **Medium Term Financial Strategy**

- 3.4 The medium term financial strategy and revenue plan are updated and presented to the Budget Planning Committee at each meeting during the budget process. The Committee considered different scenarios and test our planning process rigorously. Known cost pressures are built into the model and assumptions are made for unknown pressures. The model results in a target for cost reduction around 18 months ahead of the savings being required.
- 3.5 The latest medium term revenue plan projections were reported to Budget Planning Committee on 8<sup>th</sup> September are set out below:  
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	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
<b>EXPENDITURE</b>						
Approved base budget	15,233	15,233	15,842	16,489	17,143	17,804
<b>Unavoidable pressures</b>						
Contract Inflation		64	66	68	70	72
Demand led increases		50	50	50	50	50
Pay inflation		245	250	255	260	265
Pay increments		175	175	175	175	175
Superannuation		69	100	100	100	100
NNDR Pressures		6	6	6	6	6
<b>TOTAL EXPENDITURE</b>	<b>15,233</b>	<b>15,842</b>	<b>16,489</b>	<b>17,143</b>	<b>17,804</b>	<b>18,472</b>
<b>FUNDING</b>						
Business Rates Baseline	(3,466)	(3,587)	(3,684)	(3,783)	(3,783)	(3,886)
Revenue Support Grant	(2,629)	(986)	0	0	0	0
<b>Formula grant equivalent</b>	<b>(6,095)</b>	<b>(4,573)</b>	<b>(3,684)</b>	<b>(3,783)</b>	<b>(3,783)</b>	<b>(3,886)</b>
Transfer to Parish Councils (CTRS)	349	349	349	349	349	349
Transfer Homelessness Grant	101	101	101	101	101	101
Business Rates (Growth, Pooling & S31 )	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)	(2,185)
Council Tax Compensation Grant	(63)	0	0	0	0	0
Collection Fund	(233)	(100)	(100)	(100)	(100)	(100)
New Homes Bonus	(1,272)	(1,589)	(1,687)	(1,872)	(1,870)	(1,870)
	(9,398)	(7,997)	(7,206)	(7,490)	(7,488)	(7,591)
Council Tax income	(5,959)	(6,078)	(6,200)	(6,324)	(6,324)	(6,450)
Contribution to Reserves	124					
<b>TOTAL INCOME</b>	<b>(15,233)</b>	<b>(14,075)</b>	<b>(13,406)</b>	<b>(13,814)</b>	<b>(13,812)</b>	<b>(14,041)</b>
<b>FUNDING SURPLUS</b>	<b>0</b>	<b>1,767</b>	<b>3,083</b>	<b>3,329</b>	<b>3,991</b>	<b>4,431</b>

NB The position is cumulative and assumes no actions are taken to address each in year deficit.

- 3.6 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 2016/17 but give an indication of the challenges currently being faced by the Council, as outlined below:

#### Unavoidable and Demand led pressures

Pressures are identified at the start of the budget process and will be reported this Committee in October and November.

#### Budget reductions

Similar to pressures budget reductions will be identified at the start of the process and will be reported this Committee in October and November.

#### Budget strategy changes



The Executive will consider its Business Planning process at the same time as the budget. Any strategy changes will be identified at the start of the process so that they can be costed and incorporated into Budget Reductions or Pressures.

#### New Homes Bonus updates

There is still some concern as to how long the New Homes Bonus Scheme will continue. This will come into real focus if/when RSG is finally exhausted nationally;

The Council continues to try and maximise its return through NHB. The business support unit is currently running a project to ensure all new and previously empty properties are in the Council Tax system so that they qualify for NHB when the CTB 1 forms are finalised in October. At this point we will know final allocations for 2016/17.

- 3.7 The key message is that future budgets will remain under significant pressure, with a growing emphasis on, collaboration, commissioning and commercialisation to deliver services more efficiently. The Council has recognised the need to think differently about how it delivers its services and has plans through the transformation workstreams to deliver these. As business cases are developed and approved they will be incorporated into the MTRP.

### **Council Tax Reduction Scheme**

- 3.8 In 2013-14 the decision was taken across Oxfordshire to replicate the previous Council tax benefit scheme through the new Council Tax Reduction Scheme (CTRS).
- 3.9 For Cherwell, the impact was broadly cost neutral in 2013/14 to 2015/16 as the number of discounts offered was reduced in order to mitigate the costs of remaining with the default scheme. It was agreed that for 2016/17 the position would be reviewed and authorities would determine their approach to take in Year 3.
- 3.10 The latest estimates show that the current scheme for 2016/17 would also be cost neutral after taking account of discounts.
- 3.11 Any change to the scheme would have implementation costs and could lead to a reduction in Council Tax collection rates. It is therefore proposed to consult both customers and major preceptors on the retention of the current scheme.

## **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

## **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 2016/17.

## **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: George Hill, Corporate Finance Manager  
01295221731 [george.hill@cherwellandsouthnorthants.gov.uk](mailto:george.hill@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 31A 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.

Comments checked by: Kevin Lane, Head of Law and Governance  
03000030107 [kevin.lane@cherwellsouthnorthants.gov.uk](mailto: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: Louise Tustian, Acting Corporate Performance Manager  
01295 221786 [louise.tustian@cherwellandsouthnorthants.gov.uk](mailto:louise.tustian@cherwellandsouthnorthants.gov.uk)

### **Equality and Diversity**

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

Comments checked by: Jo Pitman, Head of Transformation  
03000 030106 [jo.pitman@cherwellandsouthnorthants.gov.uk](mailto:jo.pitman@cherwellandsouthnorthants.gov.uk)

## **8.0 Decision Information**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

All

### **Lead Councillor**

Councillor Ken Atack – Lead Member for Financial Management

### **Document Information**

<b>Appendix No</b>	<b>Title</b>
1	Proposed Budget Guidelines 2016/17
2	Budget Timetable 2016/17
<b>Background Papers</b>	
None	
<b>Report Author</b>	Paul Sutton, Head of Finance and Procurement
<b>Contact Information</b>	03000 030106 <a href="mailto:paul.sutton@cherwellandsouthnorthants.gov.uk">paul.sutton@cherwellandsouthnorthants.gov.uk</a>

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## **GUIDELINES FOR THE PREPARATION OF THE 2016/17 BUDGET**

### **Principles**

- Protect Frontline Services
- Focus attention on corporate and service priorities and improving performance
- Maximise joint working and commercialisation income
- 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
- 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 2016/17 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. In particular the phasing of expenditure over the life of the project, so as to minimize slippage. All capital project appraisals will be validated by the Budget Planning Committee. All schemes previously approved to start in 2015/16 and onwards will be carried through for consideration.
3. The 2015/16 projected outturn at September 2015, adjusted to take account of the full year effect of savings identified in setting the 2016/17 budget, and one off items will be assumed to be the “**base budget**”.

## Budget Timetable

The revenue and capital budget is agreed by full Council before 11 March each year. The 2016/17 budget will be considered at Council in February 2016.

## 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 2016/17 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 %	Budget %
2016/17	1.7%	2.7%
2017/18	2.0%	2.7%
2018/19	2.1%	2.7%
2019/20	2.0%	2.7%
2020/21	2.0%	2.7%

Current CPI at September 2015 is 0%

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

Year	%
2016/17	2.0%
2017/18	2.0%
2018/19	2.0%
2019/20	2.0%
2020/21	2.0%

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

Year	%
2016/17	0%
2017/18	0%
2018/19	0%
2019/20	0%
2020/21	0%

- Interest rates should be forecasted as below:

Year	Average Interest Rate
2016/17	0.75%
2017/18	0.75%
2018/19	0.75%
2019/20	0.75%
2020/21	0.75%

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

### **Budget Process: Base Budget Review and Savings**

The budget for 2016/17 will be based on a slightly different methodology from previous years. Directorates will no longer be asked to take their base budget and prepare a range of savings options of up to 20%, this year the process will be based on a Base Budget Review (BBR).

The BBR will still use historical data, but will not have the presumption that the service **NEEDS** the same resources and budgets.

The following factors will be used to produce a 3-year Directorate budget:

- Trend Analysis – variance review of the last three years expenditure / income to identify any that should be captured in the budget.
- In Year Monitoring – what does the current budget monitoring identify in terms of variances that should be captured in the budget;
- Challenge – Finance staff will work with budget holders using the the above tools to provide support and challenge to ensure budgets are based upon need.

## **Savings and Additional Income from Joint Working and Commercialisation**

In the last 10 years the Council has successfully generated efficiencies savings from across the organisation to limit the impact on front line services and set a year on year balanced budget.

Government cuts and service pressures are expected to continue well into the medium term and in millions not thousands. This cannot be sustained through a continuation of driving traditional efficiency savings. The Council must adopt new ways of delivering more collaborative and commercial services if it to continue to be sustainable in the medium term and delivering high quality services.

The Council has signed up to a Confederation Model, which gives the maximum flexibility and the best organisational structures for delivering services as a group of Councils. We can trade within rules that mean we can contract with companies without procurement costs (Teckal) and decide together which companies to put into these arrangements.

We plan to do this incrementally but we must ensure that there are sufficient solutions and savings being generated to balance the budget in the short and medium term. Matching these elements will be crucial to future financial sustainability.

The Confederation Approach will drive a more commercial approach to existing services where appropriate but there must also be a drive to new and innovative ways of generating income. The Transformation Workstreams are already in place and creating the ideas. We must test these and start to deliver so that they contribute to the future financial sustainability of the Council.

### **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 2016/17 capital programme. All schemes previously approved to start in 2016/17 and onwards will be carried through for consideration.

### **Procurement**

When setting both the 2016/17 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 £15m 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.

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**CHERWELL DISTRICT COUNCIL : 2016/17 BUSINESS PLAN : TIMEFRAME**

<b>Meeting Date</b>	<b>Activity</b>
<b>September 2015</b>	
02/09/15	JMT Customer Satisfaction Survey results presentation to JMT
15/09/15	Draft Customer Satisfaction Survey results to Portfolio Holder
21/09/15	Circulation of Agenda for 28/09 to JMT and Executive
22/09/15	JMT only Business Planning session focussing on finance and budget for both SNC and CDC
28/09/15	Executive/JMT Business Planning session – half day session
<b>October 2015</b>	
05/10/15	Executive - Budget Strategy and Guidelines Annual Customer Satisfaction Survey
06/10/15	Budget Planning Committee
<b>November 2015</b>	
02/11/15	Executive
03/11/15	Budget Planning Committee – Capital Report
17/11/15	Budget Planning Committee – Capital & Growth
24/11/15	Overview and Scrutiny – Business Strategy Priorities
30/11/15	Executive – Draft Business Plan
<b>December 2015</b>	
01/12/15	Online Budget Consultation goes live Budget Planning Committee – Budget and MTRP Update
<b>January 2016</b>	
04/01/16	Executive - Council Tax Base
12/01/16	Overview & Scrutiny – Draft Business Plan & Service Plan Activity
15/01/16	Online Budget Consultation Ends
19/01/16	Budget Planning Committee – Draft Budget & Review of Reserves
<b>February 2016</b>	
01/02/16	Executive - Joint report on Business Planning & Finance to Executive
01/02/16	Executive – Budget, Council Tax, Business Plan
22/02/16	Council – Final Budget, Business Plan and Council Tax

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Date	Agenda Items
6 October	Budget Guidelines 2016/17 Capital Bids 2016/17 Fees and Charges 2016/17 Business Rates Pooling 2016/17 Medium Term Financial Strategy
3 November	Q2 Budget Monitoring Q2 Procurement Monitoring Q2 Business Rates Monitoring Q2 Write Offs Medium Term Financial Strategy Review of Reserves
17 November	Capital Bids 2016/17 Medium Term Financial Strategy
1 December	Discounts and Exemptions Review Taxbase 2016/17 LG Settlement 2016/17 Revenue and Capital Budget 2016/17 (Incl. MTFS) CTRS 2016/17
19 January	Revenue and Capital Budget 2016/17 (Incl. MTFS)
1 March	Q3 Budget Monitoring Q3 Procurement Monitoring Q3 Business Rates Monitoring Q3 Write Offs

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