

Public Document Pack



Committee: Budget Planning Committee
Date: Tuesday 3 November 2015
Time: 6.30 pm
Venue: Bodicote House, Bodicote, Banbury, OX15 4AA

Membership

**Councillor Nicholas Mawer
(Chairman)**

Councillor Ken Atack
Councillor Ian Corkin
Councillor Russell Hurle
Councillor Barry Richards
Councillor Barry Wood

Councillor Nigel Randall (Vice-Chairman)

Councillor Colin Clarke
Councillor Carmen Griffiths
Councillor Mike Kerford-Byrnes
Councillor Douglas Webb
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 6 October 2015.

5. Chairman's Announcements

To receive communications from the Chairman.

6. Quarter 2 2015-16 - Revenue and Capital Budget Monitoring Report (Pages 5 - 14)

Report of Head of Finance and Procurement

Purpose of Report

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

Recommendations

The meeting is recommended:

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

7. Review of Procurement Strategy Progress (Pages 15 - 20)

Report of Head of Finance and Procurement

Purpose of Report

This report summarises the Council's Procurement Strategy progress for q2 of the financial year 2014-15.

Recommendations

The meeting is recommended:

- 1.1 That the Committee note the progress made during q2 2014-15 in implementing the Council's Procurement Strategy.

8. 2015-2016 Business Rates Quarterly Monitoring Report (Pages 21 - 26)

Report of Director of Resources

Purpose of report

To provide members of Budget Planning Committee with an update on the business rates position as at the end of Quarter 2 of the 2015-2016 financial year.

Recommendations

The meeting is recommended:

- 1.1 To note this report

9. Medium Term Revenue Plan - Update (Pages 27 - 32)

Report of Head of Finance and Procurement

Purpose of report

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

Recommendations

The meeting is recommended:

1.1 To note the contents of this report.

10. Review of Committee Work Plan (Pages 33 - 34)

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 or 01295 221591 prior to the start of the meeting.

Declarations of Interest

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

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

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

Evacuation Procedure

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

Access to Meetings

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

Mobile Phones

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

Queries Regarding this Agenda

Please contact Lesley Farrell, Democratic and Elections
lesley.farrell@cherwellandsouthnorthants.gov.uk, 01295 221591

Sue Smith
Chief Executive

Published on Monday 26 October 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 6 October 2015 at 6.30 pm

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

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

Substitute Members: Councillor Mark Cherry

Apologies for absence: Councillor Sean Woodcock

Officers: Paul Sutton, Head of Finance and Procurement
George Hill, Corporate Accountant
Natasha Clark, Team Leader, Democratic and Elections
Lesley Farrell, Assistant Democratic and Elections Officer

21 **Declarations of Interest**

There were no declarations of interest.

22 **Urgent Business**

There were no items of urgent business

23 **Minutes**

The minutes of the meeting of the Committee held on 8 September 2015 were confirmed as a correct record and signed by the Chairman.

24 **Chairman's Announcements**

There were no Chairman's announcements.

25 **Business Rates Pooling Decision 2016-2017**

The Director of Resources submitted a report on the Business Rates Pooling Decision 2016-2017 which provided members of the Committee with an update with regard to participation or otherwise in a business rates pool for 2016-2017.

The Head of Finance and Procurement explained that the pooling intentions would be sent to the Government by 31 October 2015 although they had not yet been requested.

Resolved

- (1) That the report be noted.

26 **Budget Strategy 2015 to 2016 and beyond**

The Head of Finance and Procurement introduced a report on the Budget Strategy 2015/2016 and beyond which informed the 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.

The Head of Finance and Procurement gave a presentation on Finance and the Medium Term Revenue Plan update which outlined items which may be included in the Chancellors' Autumn Statement.

During the presentation the Head of Finance and Procurement answered questions from the Committee on Formula Grant Reductions, New Homes Bonus, Revenue Support Grant and Business Rates.

The Committee were informed that a review of Capital Slippage was currently taking place and that a thorough review of reserves was also necessary. These reviews would be presented to the Committee when completed.

Resolved

- (1) That the report be noted.
- (2) That the following resolutions of the Executive on 5 October 2015 be noted.
 - That the updated Medium Term Revenue Plan for the Council's revenue budget 2016/17 to 2020-21 be noted.
 - That the overall 2016/17 budget strategy and service and financial planning process set out in the report be endorsed.

- That the proposed budget guidelines and timetable for 2016/17 be agreed.
- That agreement be given to consult on the retention of the current Council Tax Reduction Scheme for 2016/17 and authority be delegated to the Director of Resources in consultation with the Lead Member for Financial Management to make the final decision on the scheme

27 **Review of Committee Work Plan**

The Committee considered the work programme for 2015/16.

The Head of Finance and Procurement informed the committee that a fundamental review of Fees and Charges was being undertaken and would be brought to the November meeting.

Resolved

That, subject to the addition of Review of Fees and Charges to November, the work plan be noted.

The meeting ended at 7.55 pm

Chairman:

Date:

This page is intentionally left blank

Cherwell District Council

Budget Planning Committee

3 November 2015

Quarter 2 2015-16 – Revenue and Capital Budget Monitoring Report

Report of Head of Finance and Procurement

This report is public

****Appendix 2 to the report is marked 'to follow' as it is currently being reviewed and finalised. It will be distributed as soon as available****

Purpose of report

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

1.0 Recommendations

Budget Planning Committee is recommended:

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

2.0 Introduction

- 2.1 In line with good practice budget monitoring is undertaken on a monthly basis within the Council. The revenue and capital position is formulated in conjunction with the joint management team and formally to the Budget Planning Committee on a quarterly basis. The report will go to the Executive on 30 November 2015.
- 2.2 The revenue and capital expenditure in quarter 2 has been subject to a detailed review by Officers.

3.0 Report Details

Projected Revenue Outturn

- 3.1 At quarter two the Council is projecting an underspend of £825,000 at the year end. Analysis by directorate can be found in Appendix 1.

SUMMARY by SERVICE AREA								
	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Bicester Regeneration projects	(315)	(315)	0	G	(311)	(311)	0	G
BICESTER REGENERATION PROJECTS Total	(315)	(315)	0	G	(311)	(311)	0	G
Community Services	1,797	1,639	(158)	A	5,328	5,128	(200)	A
Environmental Services	2,261	2,489	228	R	4,672	5,030	358	R
COMMUNITY & ENVIRONMENT Total	4,058	4,128	70	A	10,000	10,158	158	R
Chief Executives	298	337	39	R	409	459	50	R
CHIEF EXECUTIVES Total	298	337	39	R	409	459	50	R
Strategic Planning & the Economy	679	674	(5)	G	553	523	(30)	A
Public Protection & Development Management	211	(196)	(407)	A	630	(326)	(956)	A
Regeneration & Housing	856	983	127	R	1,801	2,056	255	R
DEVELOPMENT Total	1,746	1,461	(285)	A	2,984	2,253	(731)	A
Transformation	614	545	(69)	A	1,098	1,000	(98)	A
Finance & Procurement	78	(42)	(120)	A	238	17	(221)	A
Law & Governance	586	563	(23)	A	910	871	(39)	A
ICT	677	706	29	R	1,300	1,352	52	R
RESOURCES Total	1,955	1,772	(183)	A	3,546	3,240	(306)	A
COST OF SERVICES	7,742	7,383	(359)	A	16,628	15,799	(829)	A

3.2 The most significant factors in the half year position are:

- Planning Fee income is significantly higher than was anticipated in the budget.
- Recycling income is lower than expected, both in terms of the price received for recycled waste and in terms of the quantity of recycling produced.
- There are salary savings in a number of services because of vacant posts.

3.3 Projected Capital Outturn

The net Capital projection as at September 2015 is shown in Appendix 2 (to follow). The appendix shows the current budget by scheme for 2015/16, expenditure to date and projected expenditure by scheme, and projected slippage for the year. There is a relatively low level of expenditure for the first half of the year, although this has increased from quarter 1.

4.0 Conclusion and Reasons for Recommendations

4.1 It is recommended that:

- the contents of this report are noted.

5.0 Consultation

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

7.0 Implications

Financial and Resource Implications

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

Comments checked by: George Hill, Corporate Finance Manager
george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

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

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

Risk management

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

Comments checked by: Jo Pitman, Head of Transformation
Jo.pitman@cherwellandsouthnorthants.gov.uk

Equality and Diversity

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

Comments checked by: Jo Pitman, Head of Transformation
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

Appendix No	Title
1	Directorate Analysis
2	Capital Spend and Projected Slippage
Background Papers	
None	
Report Author	Paul Sutton, Head of Finance and Procurement
Contact Information	Paul.sutton@cherwellandsouthnorthants.gov.uk 0300 003 0106

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

SUMMARY by SERVICE AREA

	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Bicester Regeneration projects	(315)	(315)	0	G	(311)	(311)	0	G
BICESTER REGENERATION PROJECTS Total	(315)	(315)	0	G	(311)	(311)	0	G
Community Services	1,797	1,639	(158)	A	5,328	5,128	(200)	A
Environmental Services	2,261	2,489	228	R	4,672	5,030	358	R
COMMUNITY & ENVIRONMENT Total	4,058	4,128	70	A	10,000	10,158	158	R
Chief Executives	298	337	39	R	409	459	50	R
CHIEF EXECUTIVES Total	298	337	39	R	409	459	50	R
Strategic Planning & the Economy	679	674	(5)	G	553	523	(30)	A
Public Protection & Development Management	211	(196)	(407)	A	630	(326)	(956)	A
Regeneration & Housing	856	983	127	R	1,801	2,056	255	R
DEVELOPMENT Total	1,746	1,461	(285)	A	2,984	2,253	(731)	A
Transformation	614	545	(69)	A	1,098	1,000	(98)	A
Finance & Procurement	78	(42)	(120)	A	238	17	(221)	A
Law & Governance	586	563	(23)	A	910	871	(39)	A
ICT	677	706	29	R	1,300	1,352	52	R
RESOURCES Total	1,955	1,772	(183)	A	3,546	3,240	(306)	A
COST OF SERVICES	7,742	7,383	(359)	A	16,628	15,799	(829)	A

Concern Key

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

BICESTER REGENERATION PROJECTS SUMMARY

	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Bicester Regeneration Projects	(315)	(315)	0	G	(311)	(311)	0	G
BICESTER REGENERATION PROJECTS	(315)	(315)	0	G	(311)	(311)	0	G

Reasons for major variance :

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

COMMUNITY AND ENVIRONMENT SUMMARY

	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Community Services	1,797	1,639	(158)	A	5,328	5,128	(200)	A
Environmental Services	2,261	2,489	228	R	4,672	5,030	358	R
COMMUNITY & ENVIRONMENT Total	4,058	4,128	70	A	10,000	10,158	158	R

Reasons for major variance :

Community Services

There are vacant posts currently across all teams in the service. In addition there is extra Recreation and Sport income.

Environmental Services

Significant additional agency staff are required to cover for long-term sickness. There is a reduction in income from recycled waste because of both a reduction in the price paid to the Council, and the amount collected.

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

|

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

CHIEF EXECUTIVE								
	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Chief Executives	298	337	39	R	409	459	50	R
CHIEF EXECUTIVES Total	298	337	39	R	409	459	50	R
Reasons for major variance : Chief Executives Agency staff costs are higher than budgeted								

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

DEVELOPMENT SUMMARY

	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Strategic Planning & the Economy	679	674	(5)	G	553	523	(30)	A
Public Protection & Development Management	211	(196)	(407)	A	630	(326)	(956)	A
Regeneration & Housing	856	983	127	R	1,801	2,056	255	R
DEVELOPMENT Total	1,746	1,461	(285)	A	2,984	2,253	(731)	A

Reasons for major variance :

Strategic Planning & the Economy

There will be various small underspends in a number of budgets by year end

Public Protection & Development Management

Planning Fees Income is significantly above budget at the half year point, and this is expected to continue for the rest of the year.

Development

Regeneration & Housing

There are significantly higher staff costs because of agency staff used to fill vacant posts. Also, reduced income because of vacant commercial units.

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

CHERWELL DISTRICT COUNCIL
MANAGEMENT ACCOUNTS AS AT SEPTEMBER 2015

RESOURCES

	Actual v Profile				Projected v Budget			
	Budget YTD £000's	Actual YTD £000's	Variance (Under) / Over £000's	Concern Key	Budget £000's	Projected £000's	Variance (Under) / Over £000's	Concern Key
Transformation	614	545	(69)	A	1,098	1,000	(98)	A
Finance & Procurement	78	(42)	(120)	A	238	17	(221)	A
Law & Governance	586	563	(23)	A	910	871	(39)	A
ICT	677	706	29	R	1,300	1,352	52	R
RESOURCES Total	1,955	1,772	(183)	A	3,546	3,240	(306)	A

Reasons for major variance :

Transformation

There are savings in employee costs because of vacancies.

Finance & Procurement

Savings in employee costs, but also a significant increase in the recovery of court summons costs and benefit overpayments.

Law & Governance

Higher than anticipated income from successful legal cases and personal search fees

ICT

Additional cost of software, which was not anticipated when the budget was set .

Concern Key (based on YTD budget)

Overspent more than 2.5% of budget	R
Underspent more than 2.5% of budget	A
Overspent between 1.5% and 2.5% of budget	A
Anything else	G

Cherwell District Council

Budget Planning Committee

3 November 2015

Review of Procurement Strategy Progress

Report of Head of Finance and Procurement

This report is public

Purpose of report

This report summarises the Council's Procurement Strategy progress for q2 of the financial year 2014-15.

1.0 Recommendations

The meeting is recommended:

- 1.1 That the Committee note the progress made during q2 2014-15 in implementing the Council's Procurement Strategy.

2.0 Introduction

- 2.1 Cherwell District Council and South Northamptonshire Council adopted its first formal Joint Procurement Strategy and Action Plan in 2012/13 and has refreshed it annually.
- 2.2 The purpose of the procurement strategy is to communicate clearly to stakeholders, operational managers, procurement specialists and suppliers in the private and voluntary sectors, the council's vision for the procurement of goods, services and works so that each may play a meaningful role in improving the procurement practices and delivering budget reductions at the council.

3.0 Report Details

- 3.1 The shared Procurement Team continue to collaborate with the wider procurement community to secure best value for CDC and lower the cost of procurement exercises. Examples of this are:
 - Team is currently working with Oxford City & SNC to procure refuse vehicles for the next 5 years.

- Team recently collaborated with Oxfordshire Fire & Rescue service, Oxford City Council, Oxfordshire County Council and West Oxfordshire District Council to purchase diesel. This collaboration resulted in a total diesel requirement in excess of 1.4 million litres a year.
- Toilet cleaning and maintenance is a collaborative project involving CDC, SNC, West Oxford DC, Cotswold DC and Oxford City Council.

3.2 The Procurement Team continue to deliver best value for the Council and aggressively seek to reduce the whole life cost of projects.

3.3 Examples of added value achieved by the shared Procurement Team for CDC Q2 15/16 are shown in the table below. Details of this new added value classification are included in appendix A.

Project	Procurement added value
Cost savings	
Vehicle pit cleaning	£25,000
Lone Worker protection service	£2,500
Mailing machine	£2,300
Vuelio subscription	£5,000
Sub total	£34,800
Process saving	
Workshop consumables	£4,000
Graven Hill Legal & development advice	£8,000
Sub total	£12,000
Under budget	
Shopmobility	£15,000
Graven Hill archaeological works	£53,000
Graven Hill web site development	£51,000
Sub total	£119,000
Bid differential	
Emergency power system	£700
Total	£170,500

4.0 Conclusion and Reasons for Recommendations

- 4.1 The shared procurement service continues to provide a valuable service to both Councils by delivering value for money both in terms of cost savings, cost avoidance and back end savings. The service also strives to ensure compliance with Procurement regulations. The Budget Planning Committee is recommended to note the progress made in q2 2015/16.

5.0 Consultation

The work of the Procurement Team is scrutinised by the Procurement Steering Group that comprises:

- The Monitoring Officer
- The Section 151 Officer
- The Head of Finance and
- The Resources Portfolio Holder

6.0 Alternative Options and Reasons for Rejection

- 6.1 No reasonable alternatives.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no adverse financial effects on the Council by implementing the procurement strategy. Cashable savings will assist in protecting Council services and managing funding reductions.

Comments checked by:

Paul Sutton, Head of Finance and Procurement, 0300 0030106

paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Legal work closely with procurement to ensure that our processes are compliant and not open to challenge. The monitoring officer also plays a key role as part of the Procurement Steering Group.

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

Sound budgets and customer focused council

Lead Councillor

Not applicable.

Document Information

Appendix No	Title
1	Measuring value add from the shared procurement function
Background Papers	
None	
Report Author	Richard Stirling
Contact Information	01327 322113 richard.stirling@cherwellandsouthnorthants.gov.uk

Appendix 1

Measuring value add from the shared procurement function

Discussion document for the Procurement Steering Group

Background

The Procurement Steering group have previously discussed what constitutes a saving and the importance of classifying and capturing all aspects of 'value add' that procurement provide. It is intended that this document, or revisions thereof, provides this classification and subsequently informs a reporting regime to both the PSG and appropriate committees.

Financial value add

1. Upfront cost savings.

Cost reduction (cost before less cost after procurement exercise). For example the shared procurement team recently tendered the lone worker service. The pre-tender cost was £9000 a year and post tender it is £6,500. As the specification was met and the number of users unchanged a cost reduction of £7,500 (£2,500 per year for a three year contract) is recorded.

Cost avoidance:

- Process saving. The Centre for Economics and Business Research (CEBR) calculate that a competitive procurement process following a full EU procedure costs an average of £45,200, with £8,000 of those costs borne by the public sector employer. Hence utilising an existing framework rather than running a full EU procedure should represent a process saving of £6,000.
- Under budget (budget for purchase-actual purchase cost=budget saving).
- Bid differential. The shared procurement team recently requested quotes for an emergency critical power system and the highest quote was £1,589 and the lowest was £915. Hence a bid differential cost avoidance saving of £674 was recorded.

2. Back end savings:

A. Inflation avoidance (cost with inflation applied-fixed cost) The internal audit contract with PCW was recently extended. The contract specified that a cpi uplift could be applied but the procurement team negotiated a fixed cost. This resulted in a saving of £1669 (£817 for SNC and £852 for CDC)

B. Contract management derived savings e.g. working with supplier we identify a process saving or lower total cost of ownership product.

Compliance value add

The risk of unsuccessful organisations being awarded damages for a flawed procurement process is a real one – for example this year Milton Keynes DC were instructed to rerun a procurement process and pay damages for running a flawed process.

Noncompliance with procurement law can lead to withdrawal of grant funding – for example in 2014 Mansfield District Council lost 25% of a grant payment (a £225k loss) because it failed to advertise two procurement contracts. Procurement, working closely with Legal Services, seek to protect the authorities from such risks.

Cherwell District Council

Budget Planning Committee

3 November 2015

2015-2016 Business Rates Quarterly Monitoring Report

Report of Director of Resources

This report is public

Purpose of report

To provide members of Budget Planning Committee with an update on the business rates position as at the end of Quarter 2 of the 2015-2016 financial year.

1.0 Recommendations

The meeting is recommended:

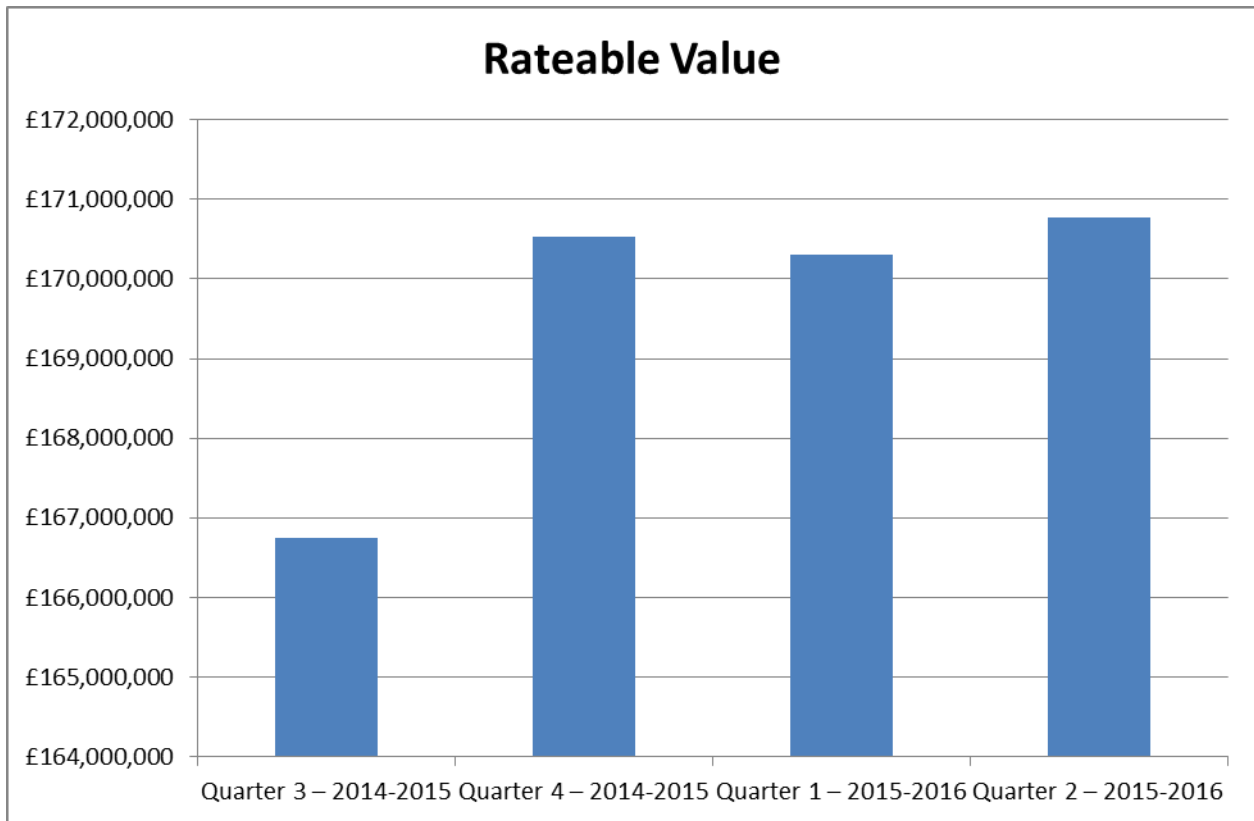
- 1.1 To note this report.

2.0 Introduction

- 2.1 Members will be aware of the key changes affecting local government finance from 1 April 2013, including arrangements for the localisation of business rates, with local government being able to retain a proportion of business rates growth. In-year monitoring to the end of September 2015 shows the projection for the year of Non-Domestic Rating income to be more than the estimate provided in the NNDR1 return. The reasons for this are explained in paragraph 3.3.

3.0 Report Details

- 3.1 Business rates are a property tax based on the rateable value of each non-domestic property. Rateable values are determined by the Valuation Office Agency (VOA) and are mostly based on rental values. The rateable value for Cherwell District Council at the end of Quarter 2 of the 2015-2016 financial year was £170,778,872. The graph below shows the movement in rateable values and the number of properties over the last four quarters. As you will see there is considerable volatility which makes it difficult to make estimates of business rates income with any degree of certainty.



- 3.2 The Rating List is updated every five years although the next revaluation, which was due to be effective from 1 April 2015, has been deferred by the Government until 2017.
- 3.3 The rateable value for the authority has increased by £474,000 from July to September due to some significant new businesses which have been offset by some downward revaluations in rateable value and conversions to domestic. The largest of these are outlined in the table below:

Growth	Reason	Change in RV
Prodrive Ltd, Unit 4 Chalker Way, Banbury	New property	605,000
Solar Farm at New Stone House Farm, Kidlington	New renewable energy property	92,000
Major areas of Growth		697,000

Decline	Reason	Change in RV
Car Park, Market Place, Banbury	Revalued by VOA	-52,550
Oxford Airport, Kidlington	Revalued by VOA	-65,000
5 Butchers Row, Banbury	Deleted from List	-18,750
AT Station Approach, Bicester	Demolished	-22,500
Various	Converted to Domestic	-61,450
Various	Miscellaneous growth and decline	-2750
Major areas of Decline		-223,000
Movement in RV for Quarter 2		474,000

- 3.4 The Council retains 100% of the business rates for the new renewable energy property, Solar Farm at New Stone House Farm, as we were the authority which granted planning permission.
- 3.5 Billing authorities are required to complete a return called the NNDR1 before the beginning of the financial year to forecast the amount of business rates that they will collect during the course of the year and from this will make a number of allowable deductions for a provision for appeals and losses in collection in order to arrive at a figure for its non-domestic rating income.
- 3.6 The non-domestic rating income collected is then split between Central Government (50%), Cherwell District Council (40%) and Oxfordshire County Council (10%). A tariff is deducted and paid to Central Government. The remaining amount is then compared to the baseline funding figure (for Cherwell District Council this is £3,466,055 for 2015-2016) and a levy of 50% is payable on the excess to Central Government. The remainder stays with the council.
- 3.7 As Cherwell is in a pool, we will retain more business rates as the levy rate is 0% instead of 50% outside of the pool. For budgeting purposes, as the levy and pooling gain are subject to performance and other considerations like providing for appeals, the retained income is budgeted as less than what is estimated on the NNDR1.
- 3.8 The retained business rates income budgeted for in 2015-16, including the baseline funding of £3,466,000, is **£5,652,000** (see table below). At the end of September 2015 the retained business rates income is estimated to be **£6,418,275** which is **£766,275** more than budgeted. This is to the benefit of the General Fund.

	Budget	Forecast Outturn	Variance
Baseline funding	-3,466,000	-3,466,000	0
Retained Business Rates scheme	-2,186,000	-2,952,275	-766,275
2015-16 Total impact on Outturn	-5,652,000	-6,418,275	-766,275

Accounting for the Collection Fund

- 3.9 The Collection Fund is the account where all of the entries relating to business rates eventually go through. Every billing authority has to estimate the level of business rates income they expect to achieve in the NNDR1 form. For 2015-2016 this was reported in January 2015.
- 3.10 When accounting for the Collection Fund, the estimates from the NNDR1 are posted to the accounts in 2015-2016. The NNDR3 form is completed at the end of the financial year and this is the actual position. The difference between the **estimate** (NNDR1) and the **actual** (NNDR3) is the Collection Fund surplus or deficit.
- 3.11 The surplus or deficit is not charged to the General Fund until approximately 18 months' time when it will form part of the NNDR1 in 2017-2018.

- 3.12 In January 2015, the estimated Collection Fund deficit of £423,512 (Cherwell's 40% Share) was reported in the NNDR1. This will be charged to the General Fund in 2015-2016.
- 3.13 Over the first two years of the scheme the Council has put away significant business rates funds in a Business Rates Volatility Reserve to smooth the timing differences associated with the way we have to account for business rates. Currently £1.6m is held within these reserves and therefore these are sufficient to cover the liability referred to above.

4.0 Conclusion and Reasons for Recommendations

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

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

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

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

7.0 Implications

Financial and Resource Implications

- 7.1 These are contained within the report.

Comments checked by:

Paul Sutton, Head of Finance and Procurement 0300 0030106

paul.sutton@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 None directly arising as this is a report for information.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107

kevin.lane@cherwellandsouthnorthants.gov.uk

Risk Management

- 7.3 The position to date highlights the need to monitor business rates income against budget to understand the implications of any significant variances. Any increase in risk will be escalated through the Corporate Risk Register and will also be monitored through the operational risk register.

Comments checked by: Ros Holloway, Performance Information Officer
01295 221578 ros.holloway@cherwell-dc.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

To prudently manage the Council's finances.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

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

This page is intentionally left blank

Cherwell District Council

Budget Planning Committee

3rd November 2015

Medium Term Revenue Plan - Update
--

Report of Head of Finance and Procurement

This report is public

Purpose of report

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

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.

2.0 Introduction

- 2.1 This Committee has the responsibility of recommending a budget for consideration to Executive and will receive detailed reports throughout the budget process of issues, financial pressures and efficiencies that will have an impact on the setting of the budget.
- 2.2 The purpose of this report is to update the latest medium term revenue plan. Changes from the base position have been updated from the version that was presented to the Committee on 8th September, 2015. The impact on the 2015/16 year to date and implications for 2016/17 and future years is shown below.

3.0 Medium Term Revenue Plan

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

	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
EXPENDITURE						
Approved base budget	15,233	15,233	15,397	16,045	16,948	17,609
Unavoidable pressures						
Contract Inflation		64	66	68	70	72
Demand led increases		56	56	56	56	56
<i>Pay inflation</i>		125	250	255	260	265
Pay increments		175	175	175	175	175
<i>N I increase</i>		200	0	0	0	0
Superannuation		69	100	100	100	100
Total budget pressures	0	689	647	654	661	668
Base Budget Review						
<i>Planning fees income</i>		(750)	0	0	0	0
<i>Recycling income</i>		125	0	250	0	0
<i>Professional fees</i>		100	0	0	0	0
Total of BBR to date	0	(525)	0	250	0	0
TOTAL NET EXPENDITURE	15,233	15,397	16,045	16,948	17,609	18,277
FUNDING						
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
Formula grant equivalent	(6,095)	(4,573)	(3,684)	(3,783)	(3,783)	(3,886)
Transfer to Parish Councils (CTRS)	349	349	349	349	349	349
Transfer Homelessness Grant	101	101	101	101	101	101
Business Rates:						
- Growth above baseline	(600)	(600)	(600)	(600)	(600)	(600)
- Pooling	(450)	(450)	(450)	(450)	(450)	(450)
- S.31	(1,135)	(1,135)	(1,135)	(1,135)	(1,135)	(1,135)
Council Tax Compensation Grant	(63)	0	0	0	0	0
Collection Fund	(233)	(100)	(100)	(100)	(100)	(100)
<i>New Homes Bonus</i>	<i>(1,272)</i>	<i>(1,820)</i>	<i>(1,900)</i>	<i>(2,100)</i>	<i>(2,170)</i>	<i>(1,840)</i>
Council Tax income	(9,398)	(8,228)	(7,419)	(7,718)	(7,788)	(7,561)
Contribution to Reserves	(5,959)	(6,078)	(6,200)	(6,324)	(6,324)	(6,450)
	124					
TOTAL INCOME	(15,233)	(14,306)	(13,619)	(14,042)	(14,112)	(14,011)
FUNDING SURPLUS	0	1,091	2,426	2,906	3,497	4,267

Note: Deficits reported to Committee in September 2015

Page 28

3,083

3,329

3,991

4,431

3.2 The above position shows an improvement on the last reported position. The amended figures are highlighted and in italics. The key figure is the deficit for 2016/17, which has reduced from £1.767m to £1.091m. A commentary has been included for each of the matters highlighted:

Pay inflation

The inflationary increase in pay for 2016/17 has been reduced to 1%, 2017/18 onwards has been kept at 2%.

Increase in National Insurance (NI) contributions:

There has been a change to NI contributions, removing the lower rate for employers providing a pension scheme for their employees. This has increased the employers NI contribution from 10% to 13.4%

Base budget review

Work has started on the base budget review, and although we are at an early stage, there are already some areas where the budget will need to be varied:

- Planning fee income is running well above budget in the current year, and this is expected to continue in 2016/17, as building development remains buoyant in the region.
- The market for recycled waste is now depressed and the selling price has significantly reduced. This is unlikely to improve in the medium term. The Council will be re-tendering for this contract for 2017/18 and further additional cost is inevitable and it is even possible that the Council will have to pay a fee rather than receive income for recycled waste.
- As planning fees have increase, the cost of processing the applications has also increased. Additional expertise has to be bought in for specialist advice to support the planning process.

New homes bonus

The return that is the basis for New Homes Bonus (NHB) in 2016/17 is made in October 2015. This has now been completed and we can now know what level of NHB the Council will receive, and this has been included in the MTRP.

4.0 Conclusion and Reasons for Recommendations

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

5.0 Consultation

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

6.0 Alternative Options and Reasons for Rejection

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

Option 1: To not note the report but members will not be aware of the medium term financial forecast if they choose to take this option.

7.0 Implications

Financial and Resource Implications

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

Comments checked by:

George Hill, Corporate Finance Manager

george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

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

Comments checked by:

Kevin Lane, Head of Law and Governance

kevin.lane@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Not applicable

Community Impact Threshold Met: Not applicable

Wards Affected All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of Sound Budgets and a Customer Focussed Council.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management.

Document Information

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

This page is intentionally left blank

Date	Agenda Items
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

This page is intentionally left blank