

Cherwell District Council

Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 9 July 2013 at 6.30 pm

Present: Councillor Nicholas Mawer (Chairman)

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

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

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

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

9 Declarations of Interest

There were no declarations of interest.

10 Urgent Business

There was no urgent business.

11 Minutes

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

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

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

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

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

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

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

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

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

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

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

Resolved

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

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Business Rate Growth Monitoring

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

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

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

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

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

Resolved

- (1) That the report be noted.

Impact of Welfare Reform on Funding

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

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

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

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

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

Resolved

- (1) That the report be noted.

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

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

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

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

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

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

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

Resolved

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

16 **Work Programme 2013/14**

The Committee reviewed the Work Programme 2013/14.

Resolved

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

The meeting ended at 8.22 pm

Chairman:

Date: