

Cherwell District Council
Budget Planning Committee

3rd November 2015

Medium Term Revenue Plan - Update
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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	0	1,767	3,083	3,329	3,991	4,431
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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
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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:
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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	
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