

Cherwell District Council
Budget Planning Committee

17 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 3rd November, 2015. The implications for 2016/17 and future years are 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	2016-17	2017-18	2018-19	2019-20	2020-21
	£000	£000	£000	£000	£000	£000
EXPENDITURE						
Approved base budget	15,233	15,233	15,497	16,145	17,048	17,709
Previous year's budget reductions	0	0	0	0	0	0
Unavoidable pressures						
Contract Inflation		64	66	68	70	72
Demand led increases		56	56	56	56	56
Pay inflation		125	250	255	260	265
Pay increments		175	175	175	175	175
NI increase		200	0	0	0	0
Superannuation		69	100	100	100	100
Total budget pressures	0	689	647	654	661	668
Base Budget Review						
Planning fees income		(750)	0	0	0	0
Recycling income		125	0	250	0	0
Professional fees		100	0	0	0	0
<i>Capital Bids - net revenue cost</i>		<i>100</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total of BBR to date	0	(425)	0	250	0	0
TOTAL NET EXPENDITURE	15,233	15,497	16,145	17,048	17,709	18,377
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	349	349	349	349	349	349
Transfer Homelessness Grant	101	101	101	101	101	101
<i>Business Rates:</i>						
- Growth above baseline	(600)	(1,020)	(1,020)	(1,020)	(1,020)	(1,020)
- Pooling	(450)	(900)	(900)	(900)	(900)	(900)
- S.31	(1,135)	(860)	(860)	(860)	(860)	(860)
Council Tax Compensation Grant	(63)	0	0	0	0	0
Collection Fund	(233)	(100)	(100)	(100)	(100)	(100)
New Homes Bonus	(1,272)	(1,820)	(1,900)	(2,100)	(2,170)	(1,840)
	(9,398)	(8,823)	(8,014)	(8,313)	(8,383)	(8,156)
Council Tax income	(5,959)	(6,078)	(6,200)	(6,324)	(6,324)	(6,450)
Contribution to Reserves	124					
TOTAL INCOME	(15,233)	(14,901)	(14,214)	(14,637)	(14,707)	(14,606)
FUNDING GAP	0	596	1,931	2,411	3,002	3,772
Note: Deficits reported to Committee in September 2015	0	1,767	3,083	3,329	3,991	4,431

3.2 The above position shows an improvement on the original reported position in September 2015. The amended figures are highlighted and in italics. The key figure is the deficit for 2016/17, which has reduced from £1.767m to £0.6m. A commentary has been included for each of the matters highlighted:

Capital bids

The net revenue cost of capital bids has been included. This is the cost of capital less any revenue savings generated by the project.

Business rates

There has been a full review of business rates for the budget. This has used the most up-to-date figures on rateable values, and applied the factors related to the pooling arrangements to forecast the budget for 2016/17 and future years.

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

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

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
None	
Background Papers	
None	
Report Author	Paul Sutton (Head of Finance and Procurement)
Contact Information	0300 003 0106 paul.sutton@cherwellandsouthnorthants.gov.uk