

Cherwell District Council
Budget Planning Committee

1 December 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 17 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	15,354	16,002	16,905	17,566
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
N I increase		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>		<i>(800)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Recycling income		125	0	250	0	0
Professional fees		100	0	0	0	0
<i>Investment Income</i>		<i>(35)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Capital Bids - net revenue cost</i>		<i>42</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total of BBR to date	0	(568)	0	250	0	0
TOTAL NET EXPENDITURE	15,233	15,354	16,002	16,905	17,566	18,234
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)	(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)
<i>New Homes Bonus</i>	<i>(2,712)</i>	<i>(3,860)</i>	<i>(4,060)</i>	<i>(4,480)</i>	<i>(4,590)</i>	<i>(3,900)</i>
	(10,838)	(10,863)	(10,174)	(10,693)	(10,803)	(10,216)
<i>Council Tax income</i>	<i>(5,959)</i>	<i>(6,114)</i>	<i>(6,236)</i>	<i>(6,361)</i>	<i>(6,361)</i>	<i>(6,488)</i>
<i>Contribution to Reserves - NHB</i>	<i>1,440</i>	<i>2,040</i>	<i>2,160</i>	<i>2,380</i>	<i>2,420</i>	<i>2,060</i>
Contribution to Reserves	124					
TOTAL INCOME	(15,233)	(14,937)	(14,250)	(14,674)	(14,744)	(14,644)
FUNDING GAP	0	418	1,751	2,231	2,822	3,591
Funding Gap Reported on:						
- 8 September	0	1,767	3,083	3,329	3,991	4,431
- 3 November	0	1,091	2,426	2,906	3,497	4,267
- 17 November	0	596	1,931	2,411	3,002	3,772

3.2 The above position shows an improvement on the reported position on 17 November 2015. The amended figures are highlighted and in italics. The key figure is the deficit for 2016/17, which has reduced from £596,000 to £488,000. A commentary has been included for each of the matters highlighted:

Net revenue cost of capital bids

The net revenue cost of capital bids was included as a broad estimate for the last meeting. This has now been refined, based on the review of bids undertaken by the Committee, and a more accurate estimate is included above.

Planning fees

The Planning fees budget has been reviewed and finalised, based on the last three full years actual income, the trend over that period and the first eight months of 2015/16. This has added a further £50,000 to the estimate reported on 17 November.

Investment income

Income from investments is above budget at the half-year stage, and is estimated to continue to perform better than anticipated. This is because of higher than expected cash balances to invest, as well as achieving better rates than anticipated.

New homes bonus

The statement below has been amended to show the full income from New Homes Bonus (NHB) and a transfer to reserves of the retained NHB, the remainder being used to support the budget. Previous statements have shown the net figure only, and the new presentation clarifies the use of NHB.

Council tax income

A new estimate has been made for the taxbase in 2016/17. This shows a slight increase in properties, resulting in an estimated increase in council tax income of £36,000

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:
Kevin Lane, Head of Law and Governance
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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
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8.0 Decision Information

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	
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