

Cherwell District Council
Budget Planning Committee

4 June 2019

Initial Overview of Business and Budget Planning Process for 2020/21 onwards

**Report of Executive Director Finance (interim) and Assistant Director:
Performance and Transformation**

This report is public

Purpose of report

This paper provides an overview of the way in which Cherwell District Councils Business and Budget Planning Process for 2020/21 will be undertaken this year including ensuring there is a strong and transparent link between our overall Council objectives and our resource planning.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the proposed approach for Business and Budget Planning for 2020/21

2.0 Background and report details

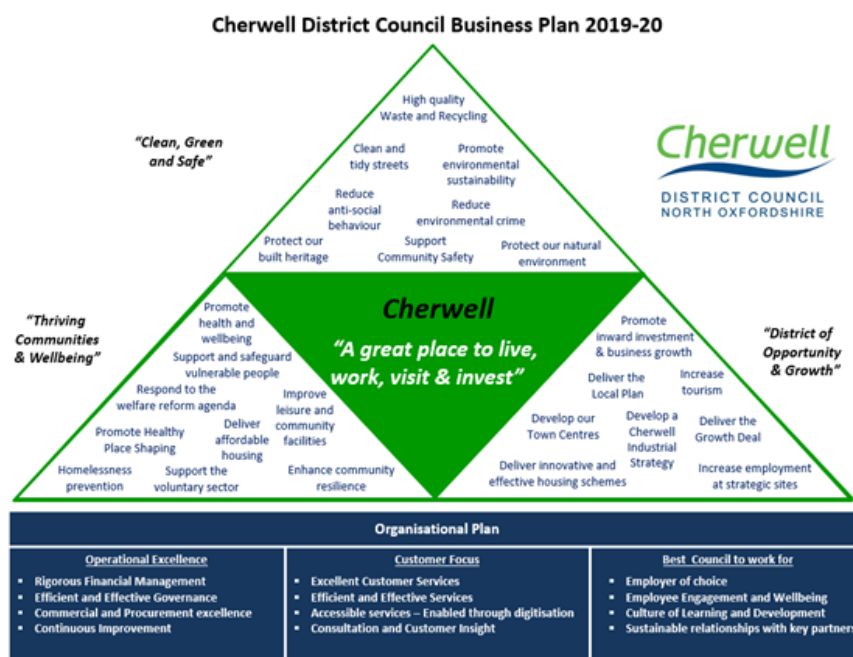
- 2.1 The Council produces an annual business plan that sets out the priorities of the organisation. The business plan informs the development of the annual budget and the operational Service Plans for the delivery of all Council services. The Service Plans will set out the activities that each service will undertake to deliver against the priorities set out in the Business Plan. Ultimately, these activities will be reflected in the individual objectives of employees providing a clear 'golden thread' through the organisation for the delivery of the Council's priorities.
- 2.2 The content of the 2019-20 Business Plan represents a "light touch" review, broadly retaining the themes and priorities of the Council from the previous year updated where appropriate to align with emerging issues and challenges across the district. New areas of focus for the plan this year include the Healthy Place Shaping agenda, the Industrial Strategy and the Oxfordshire Growth Deal.
- 2.3 The vision for the district remains 'A great place to live, work, visit and invest'.

2.4 The three strategic priorities are:

- Clean, Green and Safe;
- Thriving Communities and Wellbeing;
- District of Opportunity and Growth.

2.5 The Business Plan is underpinned and enabled through an Organisational Plan, illustrated as three pillars, representing the basis upon which we continue to develop our organisation:

- Operational Excellence;
- Customer Focus;
- Best Council to work for.



The Challenge

2.6 For 2020-21 the Council faces a significant budget deficit of approximately £3million in its revenue budget which must be addressed in order to set a balanced budget. The Council must also review its corporate priorities, which have remained fairly static over the past 10 years to enable the Council to prioritise and de-prioritise where necessary. This is the identified gap in our current MTFS agreed by full Council in February 2019 and is subject to change dependant on national funding changes due to be announced later in the year.

2.7 In 2019-20 we need to:

- Set out our vision, mission statement and values as an organisation – what is our identity as a stand-alone organisation?
- Review our priorities and ensure they are aligned to the priorities of our Members and Residents and are funded accordingly;
- Conduct a thorough analysis of our budgets to enable informed decisions to be taken regarding the 2020-21 budget;

- Identify savings, efficiencies and increase income where possible to meet the budget challenge.

Business Plan – Strengths, Challenges and Opportunities

- 2.8 The current business plan on a page has been well received by Members and staff across the organisation. It provides a simple, accessible and engaging format where the Council's priorities are clearly set out.
- 2.9 However, the current priorities have remained fairly static for the past 10 years and there is a need to undertake a thorough review of what our priorities should be. This exercise also provides an opportunity for Cherwell to establish its identity as a stand-alone organisation following the end of the joint working arrangements with South Northamptonshire through a clear vision, mission statement and a set of values.
- 2.10 There is at present a limited relationship between the Council's priorities and the budget. This process presents an opportunity to align resources to support the Council's priorities and would also support the difficult conversations required around de-prioritisation given the budget and capacity challenges the organisation faces.

Budget – Strengths, Challenges and Opportunities

- 2.11 The Council has faced significant budget pressures in recent years and has always delivered a balanced budget, supported by the growth agenda, commercial investments and savings delivered through joint working with South Northamptonshire and other innovations.
- 2.12 However, the estimated budget gap for 2020-21 is significant and must be met in the context of an organisation that is currently in transition with the ending of our joint arrangements with SNC and the opportunities that strategic alignment with OCC could bring.
- 2.13 We are also aware of the "triple-whammy" affect that will hit our funding. For 2020-21 onwards a review of business rate baselines, our share of national allocations of relative need and a national spending review are all due this year, although timelines from Central Government are yet to be confirmed. All three of these impacts could have an even more detrimental impact on our funding in the short, medium and long-term especially as we have benefitted from the growth of business rates in the District to support our ambitions.
- 2.14 It has been a number of years since the Council undertook a truly fundamental review of its budgets and this presents an opportunity for us to undertake a detailed review of our budgets, income, fees and charges as well as our expenditure with third parties, particularly subsidies and grants to other organisations. Understanding the link between our resources and the outcomes that can be achieved will be imperative for making decisions going forward about resource allocation and prioritisation.

Key Considerations informing the Business and Budget Planning Process

2.15 It is important to note that there are a number of existing programmes of work, policies and strategies and other considerations that will inform the business and budget planning process, including but not limited to:

- Oxfordshire Growth Deal;
- Local Development Plan;
- Housing Strategy;
- Cherwell Industrial Strategy;
- Residents' Satisfaction Survey Results;
- CDC/SNC Separation;
- CDC/OCC Partnership;
- Financial Settlement;
- Capacity and resource constraints;
- Local investment (commercial and other) decisions.

Proposed approach to Business Planning

2.16 While there is a need to carry out a thorough process relating to the business plan and priorities, it is recognised that this is resource intensive and the capacity of the organisation is stretched at present. Therefore, a pragmatic approach is proposed as follows:



2.17 These sessions would deliver:

- Draft Vision;
- Draft Mission Statement;
- Draft Key Priorities;
- Draft Key Deliverables;
- Budget Prioritisation Principles.

2.18 These would be used to shape the remainder of the budget planning activities set out in the next section and Appendix 1 and could be refined throughout the year, particularly when the 2019 Residents' Satisfaction Survey results are available or through the formal democratic process

Proposed approach to Budget Planning

2.19 The proposed approach to budget planning this year will be resource intensive for all service areas but is required in order to meet the financial challenge for 2020-21.

2.20 The approach will include:

- Refresh of the MTFS;
- Detailed review of service budgets – both in-year and future impacts;

- Detailed review of fees and charges and other income sources as well as management of our debt;
- Detailed review of external funding sources;
- Detailed review of subsidies, grants and third party expenditure;
- Options development, analysis and challenge process;
- More rigorous challenge and Member input.

Resources

2.21 This piece of work is essential to ensure the Council can continue to deliver on its priorities and to meet the needs of residents and businesses moving forward. It will be resource intensive and while the core project team will be drawn from the Finance and Performance teams, each service, Assistant Director and Director will be required to input into this process and make the required resources available.

3.0 Conclusion and Reasons for Recommendations

3.1 This is an essential piece of work for the Council to undertake and it will be resource intensive.

3.2 We need to do this properly to ensure:

- Meet the budget challenge for 2020-21;
- Ensure our priorities reflect those of our Members, residents and businesses;
- Ensure our priorities are resourced properly;
- Enable us to de-prioritise where appropriate;
- Ensure the Council can continue to deliver high quality services and meet the needs of residents, businesses and communities.

4.0 Alternative Options and Reasons for Rejection

4.1 The report is for noting so there are no alternative options required.

5.0 Implications

Financial and Resource Implications

5.1 There are no financial implications directly arising from this report.

Comments checked by:

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Legal Implications

There are no legal implications directly arising from this report

Comments checked by:

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Risk Implications

5.3 Ensuring that we address the areas of weakness that were highlighted in the review will reduce our exposure to risks in any future transactions.

Comments checked by:

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6.0 Decision Information

Key Decision

N/A

Wards Affected

All

Lead Councillor

Cllr Tony Ilot

Lead Member for Finance and Governance

Document Information

Appendix No	Title
1	Business and Budget Planning Review
Background Papers	
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