

# **Cherwell District Council**

## **Executive**

**6 February 2023**

### **Budget Setting for 2023/24 and the Medium-Term Financial Strategy up to 2027/28**

#### **Report of Assistant Director of Finance (S151 Officer)**

This report is public

#### **Purpose of report**

This report is the culmination of the Budget and Business Planning process for 2023/24 to 2027/28 and sets out the Executive's proposed Business Plan and related revenue budget for 2023/24, medium term financial strategy to 2027/28, capital programme to 2027/28 and all supporting policies, strategies, and information to recommend to full Council.

The Council adopts a forward looking and anticipatory approach to its financial management, which was acknowledged by the recent Peer Review in November 2022. The Council plans for, and continues to succeed in, encouraging and facilitating economic growth across the district. This success flows through to the Council's finances, reflected in the level of income received from business rates and the New Homes Bonus grant.

The Council has proactively monitored both the economic situation and Government announcements over the past 12 months and devised and implemented a budget and business planning strategy that has delivered within the constraints identified, consulting on a proposed balanced budget in November 2022. The Council was able to identify the risk of interest rate rises at an early stage, locking in low interest rates for all of its planned borrowing requirements, meaning only new borrowing requirements will need to be taken at higher rates.

The proposed net budget for the Council is £28.2m, which is an increase of £4.6m from 2022/23. A Band D Council Tax of £148.50 is proposed for the year which is an increase of £5 compared to 2022/23. The Capital Programme for the period 2023/24 – 2027/28 is proposed to be £35.9m. The Council plans to fund £2.0m of budget pressures and will deliver £1.0m of savings proposals as part of the 2023/24 budget.

## **1.0 Recommendations**

### **The Executive is recommended to:**

- 1.1 Delegate authority to the Section 151 Officer (S151), following consultation with the Leader of the Council and Lead Member for Finance, to complete the legal Council Tax calculations once all the information required has been received and submit a separate report to Council.

- 1.2 Delegate authority to the S151, following consultation with the Leader of the Council and Lead Member for Finance, to make appropriate changes to the Executive's proposed budget to Council.

**The Executive is recommended to recommend to Council as follows:**

- 1.3 Approve the proposed Fees and Charges schedule for 2023/24 (Appendix 7) and statutory notices be placed where required.
- 1.4 Consider and note the Equality Impact Assessment of the Budget (Appendix 8)
- 1.5 Approve a pension fund prepayment for the years 2023/24 – 2025/26 of £5.7m.
- 1.6 In relation to the Business Plan (Section 3.1) to approve:
  - 1.6.1 The Business Plan and Annual Delivery Plan set out in Appendices 1 and 2 respectively.
- 1.7 In relation to the Revenue Budget (Section 3.2) and Medium-Term Financial Strategy (MTFS) (Section 3.5) to approve:
  - 1.7.1 The net revenue budget for the financial year commencing on 1 April 2023, as set out in Table 3.2.1, and further analysed in the Budget Book provided at Appendix 12
  - 1.7.2 The MTFS and Revenue Budget 2023/24 (Sections 3.5 and 3.2 respectively), including the Savings Proposals, and Pressures included at Appendices 4 and 5 respectively.
- 1.8 In relation to Council Tax to approve:
  - 1.8.1 An increase in the Basic Amount of Council Tax for Cherwell District Council for the financial year beginning on 1 April 2023 of £5, resulting in a Band D charge of £148.50 per annum.
  - 1.8.2 For long term empty properties, an additional Council Tax premium will be charged of 100 percent for properties empty for two years or more, 200 percent for properties empty 5 years or more and 300 percent for properties empty 10 years or more.
  - 1.8.3 Removal of the 25 percent discount currently available for 12 months to properties that are uninhabitable or undergoing structural repairs.
- 1.9 In relation to the Capital Programme and related strategies (Section 3.3) to approve:
  - 1.9.1 The Capital Bids and Capital Programme at Appendix 17 and 18 respectively.
  - 1.9.2 The Capital and Investment Strategy 2023/24 (Appendix 19) and revised 2022/23 (Appendix 20) including the Minimum Revenue Provision (MRP) Policy.

- 1.9.3 The Treasury Management Strategy, including the Prudential Indicators, and Affordable Borrowing Limit for 2023/24 (Appendix 21).
- 1.10 In relation to reserves to approve:
  - 1.10.1 A minimum level of General Balances of £6m as supported by Appendix 15.
  - 1.10.2 The Reserves Policy (Appendix 14).
  - 1.10.3 The medium-term reserves plan described in Appendix 16.
- 1.11 In relation to the Pay Policy Statement approve:
  - 1.11.1 The Pay Policy Statement, as required by the Localism Act 2010, detailed in Appendix 9.

## **2.0 Introduction**

- 2.1 The Budget and Business Planning report to Council on 27 February 2023 will be set out in four sections:
  - 1. Business Plan
  - 2. S151 Officer's Statutory Report
  - 3. Revenue Budget Strategy
  - 4. Capital & Investment Strategy
- 2.2 This report sets out Executive's proposed Business Plan, Annual Delivery Plan, Revenue Budget Strategy and the Capital & Investment Strategy. Alongside this, the report also sets out the Review of Fees and Charges for 2023/24.
- 2.3 The Executive's Business Plan, Annual Delivery Plan and revenue and capital budget proposals take into consideration the latest information on the council's financial position outlined in this report and comments from the Budget Planning Committee meeting on 6 December 2022. Comments from the Budget Planning Committee are included as Appendix 10 to this report. In finalising the proposals, the Executive has also taken into consideration feedback from the public consultation on the Business Plan priorities, revenue budget proposals and council tax increase.
- 2.4 The Government's "Local Government Finance Policy Statement 2023/24 to 2024/25" confirmed that the significant changes to the way they fund local authorities over the medium term has been delayed. A consultation on how the New Homes Bonus scheme will operate will take place in time for a new scheme to be in place for 2024/25. In addition, the Government is looking to introduce a new recycled waste funding stream from the Employer Producer Responsibility, though it is unclear how funding will be split in two-tier areas or whether initial set-up costs will be funded. The business rates reset and fair funding review are now expected to take place in 2025/26. All the information and intelligence received indicates that this will present CDC with a substantial financial challenge over the medium term, which the Council needs to prepare for as it sets the budget for 2023/24. The Policy Statement can be found here:

<https://www.gov.uk/government/publications/local-government-finance-policy-statement-2023-24-to-2024-25/local-government-finance-policy-statement-2023-24-to-2024-25>

2.5 On Monday 19 December 2022, the government published a provisional one-year settlement for Local Government which can be found here:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2023-to-2024>

2.6 The impact for CDC of this one-year settlement can be summarised as follows:

- With a focus of the settlement on stability, it is essentially a “roll-forward” of funding
- Confirmation that Council Tax can be raised by 3 percent or £5, whichever is greater (for CDC this is £5)
- That a one-year only New Homes Bonus award for 2022/23 has been allocated to CDC
- An additional Funding Guarantee grant of £2.845m to ensure that the Council’s core spending power increased by a minimum of 3 percent.

2.7 The settlement was broadly as expected following announcements in the Autumn Statement announced on 25 November 2022, and subsequently from the Policy Statement, with additional one-off funding announced for 2023/24. CDC had built its financial models on the indicative information provided at that point.

2.8 In order to support the Council with its task of approving the budget for 2023/24 this report explains and explores the impacts of the various building blocks that make up the final budget of the Council including:

- estimated impact of the financial outturn for the Council for 2022/23
- cost of the services that the Council provides
- commercial activity and income
- financing the Council (borrowing and investments)
- inflationary and other price change impacts
- budget proposals (savings and pressures)
- capital investment proposals
- reserves and the use of reserves to support the budget
- an assessment of the financial resilience of the Council
- national funding assumptions for future years and the medium-term funding gap

2.9 This report will set out the Business Plan and Annual Delivery Plan for 2023/24 and show how each of the above elements support the development of the delivery of the plan by setting a budget for 2023/24, the longer term MTFs, and will then summarise the next steps that will allow the Council to consider, approve and set balanced budgets over the MTFs period.

## 3.0 Report Details

### 3.1 Business Plan

- 3.1.1 Each year the Council reviews and updates its Business Plan, setting out the priorities and high-level objectives for the year ahead, as found in Appendix 1. This year we have also developed our Annual Delivery Plan (Appendix 2), proposed to support the achievement of the vision, aims and ambitions of our Council as contained in our Business Plan.
- 3.1.2 The Annual Delivery Plan sets out the clear priorities and objectives for the year, it establishes a clear direction for our Council on an annual basis in support of the vision, aims and ambitions of our Council as contained in the Council's Business Plan. As this is our Council's initial Annual Delivery Plan and is being introduced during 2022/23 it is therefore intended to cover the period 2022/23 and 2023/24.
- 3.1.3 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.
- 3.1.4 The Business Plan comprises four strategic priorities as outlined below:
- **Housing that meets your needs;**
  - **Supporting on environmental sustainability;**
  - **An enterprising economy with strong and vibrant local centres;**
  - **Healthy, resilient and engaged communities.**
- 3.1.5 Housing that meets your needs re-emphasises this Council's commitment to making sure its residents all have the opportunity to access housing that is suitable for them, whether this is through supporting the delivery of affordable and green housing, ensuring minimum standards in the private rented sector, working with partners to prevent homelessness, supporting the most vulnerable residents or through delivery of the Local Plan.
- 3.1.6 Supporting on environmental sustainability builds on the Council's commitment to be carbon neutral by 2030, in addition to focusing on the priorities of its residents including supporting waste reduction, reuse and recycling across the district. Promoting the Green economy and working with partners to improve air quality are also the Council's priorities. Climate action is a key focus for the Council, transforming the organisation to deliver its carbon neutral commitments.
- 3.1.7 A strong and enterprising economy has long been a priority of the Council, with a strong track record of supporting businesses and investing in its town centres which is a key priority for its residents. An enterprising economy with strong and vibrant local centres, reinforces this commitment for Cherwell to be a district where business can grow, attract investment and visitors to the town centres across the district.
- 3.1.8 The wellbeing of its residents and communities has always been a priority for this Council. The healthy, resilient and engaged communities priority retains its focus on ensuring residents and communities are as active and healthy as possible.

Supporting community and cultural development and working towards our continued commitment to equalities, diversity and inclusion. This Council will continue to work with partners to address the causes of health inequality and deprivation across the district.

3.1.9 The Council will continue to work with partners, across all sectors, to help our local businesses' and residents' recovery from the pandemic and to face the current cost of living crisis, consistent with our believe that working together we are in a stronger position to meet the health, economic and social challenges of the future.

3.1.10 The four priorities in our business plan are supported by ten key strategic priorities established in our Annual Delivery Plan:

- **Cost of Living Crisis Strategy:** To respond to the rising cost of living challenges within our local communities, ensuring we co-ordinate our services and our partnerships to provide the most effective support to our communities.
- **Climate Emergency Strategy:** The Council declared a climate emergency in 2019, putting in place an action plan to reduce the Council's direct impact on the environment. The Council has recently agreed to take forward a new strategy which will be developed with support from Members across the Council and through the contribution of the Overview & Scrutiny Committee.
- **Wellbeing & Healthy Communities Strategy:** To support the well-being of our communities through a single strategy for physical, mental, social and cultural support and inclusion for all.
- **Vibrant Economy Strategy:** To ensure we have a clear strategy for the economic prosperity of Bicester, Banbury, Kidlington and our rural villages and communities including specific opportunities to regenerate and improve our Town Centres.
- **Local Plan:** To ensure we have the right target for new homes and economic growth, in the right place, and protect our villages, communities and the environment through our Local Plan.
- **Homelessness Strategy:** To support our residents into permanent accommodation that meets their needs and supports their forward journey in society.
- **Investment in our Communities:** To ensure we attract additional external investment to support our local communities in Cherwell.
- **Local Strategic Partnership:** To recognise the importance of working in partnership for our local communities. We will seek to strengthen our Local Strategic Partnership in Cherwell to help achieve improved outcomes for all our communities through improved co-ordination of our priorities with our LSP partners.
- **Medium Term Financial Strategy:** To ensure the Medium-Term Financial Strategy (MTFS) is balanced over the medium term and we provide value for money with our limited resources focussed on the Council's key priorities.
- **Team Cherwell:** To ensure the support and development of our organisation, through our staff, to support the aims and ambitions of our Council.

3.1.11 The service specific plans, detailing operational performance measures and outcomes are captured as part of the 2023-24 performance management framework and will link to the Council's Leadership Risk Register. The Council will report on progress against the Business Plan to Executive on a monthly basis through the Performance, Risk and Finance report. Leadership risks will also be linked to the corporate priorities. Also, the council will report quarterly on the

progress made against the ten key strategic priorities established in the Annual Service Delivery plan.

## 3.2 Revenue Budget Strategy

### Forecast Financial Outturn 2022/23

- 3.2.1 The Budget Planning Committee and the Executive regularly review the forecast outturn as part of the Performance, Risk and Finance report. 2022/23 has been a challenging year in continuing to deal with the ongoing impact of behaviour changes following the COVID-19 pandemic and the emergence of the Cost-of-Living Crisis whilst continuing to deliver Council services.
- 3.2.2 The forecast outturn position as at 31 December 2022 is an overspend of £0.1m. The Council anticipates that it will be able to manage this before the year end and so should not impact on the Council's reserves position. There are a number of savings proposals from 2022/23 which have not been fully delivered. Where this has been identified and there is an anticipated impact in future years, this has been taken into account within the budget proposals for 2023/24.
- 3.2.3 Managers have considered their current operational and financial performance when considering their future year budget requirements and where necessary included growth pressures or proposed budget reductions as part of the budget setting process. These are described later in this report. The budget requirements and the changes requested by managers have been scrutinised by senior managers over a number of individual sessions allowing for challenge and consideration across the range of Council budgets. This helps to ensure the proposals align with the Council's objectives.

### Net Cost of Services for 2023/24

- 3.2.4 Having reviewed the impact of prior years' financial information, the next step in setting a budget is to consider the "Net Cost of Services" which includes the costs and income streams directly attributable to service delivery and commercial activities. Table 3.2.1 summarises the draft budget for 2023/24 by directorate.

Table 3.2.1: Net Cost of Services

Directorate	Net budget 2023/24 £m
Communities	8.693
Resources	5.097
Chief Executive	5.460
<b>Service Sub-total</b>	<b>19.250</b>
Corporate Costs	3.695
Policy Contingency	5.229
<b>Net Cost of Services</b>	<b>28.174</b>

- 3.2.5 The largest proportion of the expenditure budget, excluding benefits payments, is spent on staffing (47 percent).
- 3.2.6 Service income streams that are assumed within the net cost of services include fees and charges (e.g. planning fee income, income from car parks, licences etc.), service specific grants and rental income from all council-owned properties. For information on categories of Income and Expenditure, please see Appendix 6 for a summary by type of expenditure and Appendix 12 for more detail at a Directorate level.
- 3.2.7 A thorough review of service levels and budgets has taken place and savings identified at Appendix 4 that will allow the Council to operate within the level of resources that it anticipates will be available to it in 2023/24. Full monitoring of the savings programme will take place throughout 2023/24.

## Budget Proposals (Pressures, and Savings)

### Directorate Budget Pressures

- 3.2.8 The Council has identified new budget pressures of £2.2m for 2023/24 and a further £0.3m of savings non-delivery. Budget Pressures funded on a one-off basis in 2022/23 have fallen by (£0.5m) resulting in an overall increase in budget pressures of £2.0m. The full schedule of existing and new pressures can be seen at Appendix 5. Table 3.2.2 summarises the Pressures which have been included within the Net Cost of Services.

Table 3.2.2: Pressures

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Ongoing Impact £m
Communities	0.989	0.046	0.001	0.171	0.001	1.208
Resources	0.487	(0.031)	0.000	0.000	0.000	0.456
Chief Executive	0.725	(0.251)	0.000	0.000	0.000	0.474
<b>Total New Pressures</b>	<b>2.201</b>	<b>(0.236)</b>	<b>0.001</b>	<b>0.171</b>	<b>0.001</b>	<b>2.138</b>
Prior Year Pressures	(0.492)	0.014	0.012	0.000	0.000	(0.466)
Savings Non-delivery	0.300	0.000	0.000	0.000	0.000	0.300
New Pressures	2.201	(0.236)	0.001	0.171	0.001	2.138
<b>Total Pressures</b>	<b>2.009</b>	<b>(0.222)</b>	<b>0.013</b>	<b>0.171</b>	<b>0.001</b>	<b>1.972</b>

### Savings Proposals

- 3.2.9 In total, savings of £1.0m are proposed for 2023/24, of which £0.5m were previously planned and £0.5m are new savings proposals. In December 2022, the Council consulted on £0.5m new savings proposals. After receiving consultation responses and considering the level of resources available to it following the Local Government Finance Settlement, the Council has amended its savings proposals. The full schedule of savings can be seen at Appendix 4.
- 3.2.10 The council invited people to give their views on its budget saving proposals for 2023/24 between 23 November 2022 and 23 December 2022. This opportunity

was widely promoted through a multifaceted communications campaign. The campaign resulted in over 400 people visiting the council’s website for more information on the proposals and to access the online form for providing feedback.

3.2.11 Thirty-nine people took the time to give us their views, which indicates the strength of feeling towards the proposals. The Council is grateful to everyone that took the time to learn more about its budget proposals and particularly those that provided their views on them. After reviewing the savings proposals and considering consultation responses the following changes are proposed:

- Align Affordable and Share Ownership rent increases with the national limit of 7 percent (consulted on 5 percent for Affordable Rents and 13 percent for Shared Ownership with caps of £30 or £40 per month)
- Align increase in HMO license fees to 7 percent also (original proposal was 5 percent)
- Phase the reduction of grant to Experience Oxfordshire

Table 3.2.3: Change in New Savings Proposals in £ millions

Change in New Savings	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total
New savings in Consultation	(0.500)	(0.128)	(0.105)	(0.025)	(0.000)	(0.758)
Revised after consultation:						
SAFFH231 – Rent Increase for Affordable Rent and Shared Ownership properties	(0.008)					(0.008)
SHOSD231 - Increase in HMO Licenses	(0.001)					(0.001)
SECON233 – Cutting grants to Banbury Museum TIC and Experience Oxfordshire	0.011	(0.006)	(0.005)			0.000
<b>Final new Savings Proposals</b>	<b>(0.498)</b>	<b>(0.134)</b>	<b>(0.110)</b>	<b>(0.025)</b>	<b>(0.000)</b>	<b>(0.767)</b>

3.2.12 Table 3.2.4 provides a breakdown of how the total savings of £1.0m for 2023/24 are allocated across the Directorates.

Table 3.2.4: Savings Proposals

Directorate	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Ongoing Impact £m
Communities	(0.131)	(0.016)	(0.010)	0.000	0.000	(0.157)
Resources	(0.088)	(0.040)	(0.080)	0.000	0.000	(0.208)
Chief Executive	(0.279)	(0.078)	(0.020)	(0.025)	0.000	(0.402)
Exec Matters	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total New Savings Proposals</b>	<b>(0.498)</b>	<b>(0.134)</b>	<b>(0.110)</b>	<b>(0.025)</b>	<b>0.000</b>	<b>(0.767)</b>
Prior Year Savings	(0.506)	(0.163)	(0.108)	(0.189)	(0.104)	(1.070)
New Savings	(0.498)	(0.134)	(0.110)	(0.025)	0.000	(0.767)
<b>Total Savings Proposals</b>	<b>(1.004)</b>	<b>(0.297)</b>	<b>(0.218)</b>	<b>(0.214)</b>	<b>(0.104)</b>	<b>(1.837)</b>

3.2.13 All of the pressures and savings proposals are included in the proposed budget for 2023/24 which would allow a balanced and legal budget to be set.

## **Corporate Updates**

### **Inflation**

3.2.14 The Council has provided for inflation on pay, contracts, and fees and charges within the budget. It assumes that there will be 5 percent pay awards in the three years to 2025/26. In the remaining two years of the MTFS period pay awards are assumed to increase at 2.5 percent annually. Contract inflation had been provided for at 6 percent in 2023/24 in the February 2022 MTFS. This provision has been increased by £3m for 2023/24 to reflect inflationary pressures on utilities, and other contracts with ongoing provision in future years at 2 percent. Fees and charges have been reviewed and increased for 2023/24 to reflect cost recovery and are then assumed to increase by 2 percent annually. A schedule of proposed fees and charges is set out at Appendix 7.

### **Castle Quay**

3.2.15 The Castle Quay project was undertaken as part of a wider Banbury regeneration project and forecasts significant levels of income generation across the MTFS period. The latest MTFS forecast takes into consideration:

- The current outturn forecasts for 2022/23
- The post pandemic economic climate

3.2.16 As a result, the 2023/24 budget has:

- Removed £1.9m of previously assumed income growth from the MTFS
- Reduced the Castle Quay income budget by £1.4m compared to the 2022/23 budget.

3.2.17 It should be noted that the Castle Quay development was undertaken as a long-term regeneration project, which the Executive agreed at its meeting on 4 December 2017, and it is the Council's intention to bring Castle Quay forward as part of a new vision for the town centre.

### **Executive Matters**

3.2.18 Executive Matters includes non-service costs including borrowing costs, interest receivable, contributions to and from reserves and a Policy Contingency budget. The Executive Matters budget also includes non-ringfenced general grants.

3.2.19 The impact of recovery from COVID-19 has continued to have a significant impact on the finances and services of the Council in 2022/23. The Cost-of-Living Crisis has also taken a toll. As it is unclear what the impacts of the economy will be in 2023/24 the Council has continued with a Policy Contingency in 2023/24 of £1.1m linked to commercial risk. This contingency is to protect the Council in case it suffers losses of income or increases to contract costs compared to the normal budget position.

3.2.20 In addition, the Council has set aside an inflation contingency and a general contingency. Table 3.2.5 shows the provisions that have been made in the Policy Contingency budget:

Table 3.2.5: Contingencies

<b>Policy Contingency</b>	<b>2023/24 £m</b>
Inflation Contingency	3.755
Commercial Risk	1.100
General Contingency	0.374
<b>Total</b>	<b>5.229</b>

3.2.21 Table 3.2.6 below shows the movement from the approved 2022/23 budget to the draft budget for 2023/24.

Table 3.2.6: Budget Movement from 2022/23 to 2023/24

<b>Directorate</b>	<b>2022/23 Budget £m</b>	<b>Pressures £m</b>	<b>Savings Proposals £m</b>	<b>Capital Impact £m</b>	<b>Corporate Changes £m</b>	<b>Use of Reserves £m</b>	<b>Grants £m</b>	<b>Inflation £m</b>	<b>2023/24 Budget £m</b>
Chief Executive	4.950	0.844	(0.475)	0.000	0.464	(0.361)	0.000	0.038	5.460
Communities	8.521	0.802	(0.544)	0.035	0.263	(0.739)	0.000	0.355	8.693
Resources	2.846	0.415	0.015	0.000	1.761	(0.100)	0.000	0.160	5.097
Exec Matters	4.191	(0.052)	0.000	0.253	1.527	(0.467)	(1.757)	0.000	3.695
Policy Contingency	2.984	0.000	0.000	0.000	(0.706)	0.000	0.000	2.951	5.229
<b>2022/23 Budget</b>	<b>23.492</b>	<b>2.009</b>	<b>(1.004)</b>	<b>0.288</b>	<b>3.309</b>	<b>(1.667)</b>	<b>(1.757)</b>	<b>3.504</b>	<b>28.174</b>

3.2.22 Corporate Changes reflect policy changes which have already been approved by the Executive, such as increasing the fees for Garden Waste and renewing the Debt and Money Advice Contract which will result in savings in 2023/24. As decisions have already been taken these did not need to be consulted on.

3.2.23 In February 2022 the decision was taken to end the formal strategic partnership between Cherwell District Council and Oxfordshire County Council. The process of decoupling the two authorities has been carried out at pace throughout 2022/23 with all decisions taken by 31 August 2022. Operating with joint management structures and joint teams had resulted in the sharing of costs between both authorities.

3.2.24 In order that residents were not impacted by this decision and to ensure critical services were maintained Cherwell has acted quickly to introduce new dedicated arrangements which provide the strategic leadership, focus and direction to support the district through the ongoing challenges all organisations are currently facing.

3.2.25 CDC has had to recruit into posts that were previously carried out jointly, but this has enabled a more focused approach to our service delivery and thus future activity, for example climate change. Cherwell DC has now approved an Annual Delivery Plan that sets out the key strategic priorities for our residents and communities following our separation from the partnership. The loss of savings from the joint working relationship are estimated to be £0.880m in 2023/24.

## **Council Financing**

3.2.26 In addition to the fees and charges income streams and grant funding recorded in the Net Cost of Services, the Council funds the balance of its activities from the following sources:

### **Business Rates Retention**

3.2.27 Under the business rates retention scheme, 50 percent of the business rates collected is retained locally and shared between CDC (40 percent) as the billing authority, and Oxfordshire County Council (10 percent) as the major precepting authority, the remaining 50 percent goes to central government.

3.2.28 The Council, as the billing authority, is required before the beginning of a financial year, to forecast the amount of business rates collectable during the year. The NNDR1 form provides a tool to enable authorities to do this and it must be submitted to the Secretary of State and major precepting authorities by 31 January each year.

3.2.29 The Council sets its business rates income budget based on the NNDR1 form and the following:

- The Government deducts a tariff on business rates collected as a way to redistribute business rates collected based on need.
- A levy is also deducted by the Government for on growth in business rates above the baseline set in 2013/14 determined by the Government.
- CDC has entered a pooling arrangement with the other councils in Oxfordshire to ensure that this growth is retained within the county. CDC is able to retain an element of this “pooling benefit”.
- CDC must also take account of the estimated surplus/deficit on its business rates income in 2022/23. This compares the level of business rates collectable in 2022/23 compared to the estimate it made when setting the budget for 2022/23.
- Section 31 Grants are paid to compensate CDC for government changes to the business rates policy which has resulted in CDC generating lower business rates income than it otherwise would have done.

3.2.30 The resources retained by the Council from business rates are summarised in Table 3.2.7.

Table 3.2.7: Resources retained from business rates related income

<b>Business Rates Breakdown</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
Business Rates	(42.095)	(2.652)	(1.107)	(5.803)	(1.231)
Business Rates Deductions	38.464	2.620	6.992	1.034	0.968
Business Rates Pooling Gain	(1.800)	0.000	1.800	0.000	0.000
Business Rates Collection Fund (Surplus) / Deficit	(3.052)	3.052	0.000	0.000	0.000
S31 grants	(8.644)	(0.525)	2.577	4.562	(0.034)
<b>Grand Total</b>	<b>(17.127)</b>	<b>2.495</b>	<b>10.262</b>	<b>(0.207)</b>	<b>(0.297)</b>

Movements from 2024/25 onwards are annual incremental changes from the previous year

3.2.31 Any variance between the actual business rates income billed and accounted for compared to the NNDR1 estimate at the beginning of the year is managed through the Collection Fund.

3.2.32 It is estimated that there will be a Collection Fund surplus on business rates of £3.1m which has been taken account in setting the business rates income budget and summarised in Table 3.2.8 below.

Table 3.2.8: Business Rates (Surplus)/Deficit Calculation

<b>Business Rates Deficit</b>	<b>2023/24 £m</b>
2021/22 surplus	(1.925)
2022/23 deficit relating to business rates reliefs	(3.984)
Use of S31 Reserve	2.886
1/3 2020/21 deficit <sup>1</sup>	(0.029)
<b>Business Rates Surplus</b>	<b>(3.052)</b>

## **Other Grants**

### **Grants supporting the Net Cost of Services:**

3.2.33 New Homes Bonus: The Council expects to receive £1.6m in 2023/24 comprising a payment for 2022/23, but all legacy payments from the scheme are complete. It is not known how the Government intends to replace this regime; a consultation took place in 2021/22 but no response to the consultation has been announced. With confirmation of the Business Rates reset delayed until 2025/26, this payment is expected to drop out in 2025/26.

3.2.34 Revenue Support Grant: Due to the roll forward of funding, the Council expects to receive £0.1m in 2023/24 which has increased in line with inflation compared to last year. RSG is then also expected to be zero beginning in 2025/26.

### **Grant Funding within the Net Cost of Services:**

3.2.35 The Government announced that Lower Tier Services Grant would not continue for 2023/24 but would be replaced by a Funding Guarantee Grant to ensure that the Council did not suffer a reduction in the allocations of funding received from Government. There will also be a new one-off Services Grant for 2023/24. The Council will receive £2.8m and £0.1m from these grants respectively.

3.2.36 The Council also receives ringfenced grants for specific purposes. These are allocated directly to the Directorates to be spent in line with the grant conditions. A breakdown of all government grant income assumed within the budget is at Appendix 13.

## **Council Tax**

3.2.37 The council tax requirement of CDC for 2023/24 is £8.6m and the tax base has been set at 58,184.3. A £5 increase to the rate of Council Tax has been assumed: from £143.50 to £148.50. This is the maximum increase the Council can propose, without the need to hold a referendum.

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<sup>1</sup> The 2020/21 estimated deficit was spread equally across 2021/22, 2022/23 and 2023/24 to mitigate the impacts of COVID-19

3.2.38 The Council has considered the amount of council tax that it anticipates it will collect in 2022/23 compared to the estimate it made when setting the 2022/23 budget. The Council expects there to be a surplus to be taken into account of (£0.650m).

Table 3.2.9: Breakdown of Council Tax Income

	<b>£m</b>
Council Tax (Surplus)/Deficit	(0.650)
Council Tax Requirement	(8.640)
<b>Council Tax Income</b>	<b>(9.290)</b>

3.2.39 The budget for 2023/24 therefore is balanced by these sources of funding as demonstrated in Table 3.2.10.

Table 3.2.10: Financing of Net Cost of Services 2023/24

<b>Full Budget</b>	<b>£m</b>
Net Cost of Services	28.174
<b>Financed by:</b>	
Revenue Support Grant	(0.132)
Council Tax	(9.290)
Business Rates	(17.127)
New Homes Bonus	(1.625)
<b>Balance</b>	<b>0.000</b>

### **3.3 Capital and Investment Strategy**

3.3.1 The Capital and Investment Strategy is included at Appendix 19 and reflects the requirements of the Prudential Code including for the S151 to report explicitly on the deliverability, affordability and risks associated with the Strategy.

3.3.2 The Capital and Investment Strategy aims to set a clear framework for capital decision making alongside the Council's Business Plan, vision, and priorities. The Capital Strategy is closely aligned with the Council's service plans, asset review and regeneration plans. It also includes the Council's Minimum Revenue Provision (MRP) Policy.

3.3.3 In November 2021 the government began consultation on proposed changes to MRP guidance to strengthen the Prudential Framework. The changes proposed would have required the Council to charge MRP on the capital service loans (i.e. non-treasury loans) it has extended to third parties (including its subsidiaries). To date, the Council has not charged MRP on these loans because it has not been deemed imprudent not to. With the expectation that the new requirements were to come into force in the 2022/23 financial year, the Council changed its MRP policy accordingly.

3.3.4 This Council, and many others, responded to the consultation with concern about the unintended consequences on revenue budgets of the proposed changes. Government responded by issuing a survey requesting views on further proposed amendments that would provide some flexibilities with respect to capital loans which closed in July 2022.

3.3.5 The timetable for implementation of the revised MRP guidance is now expected to be from April 2024. However, until the final guidance is published, the MRP Policy will not commit the Council to charging MRP on the granting of service loans. It is proposed that the MRP policy for 2022/23, which was agreed in February 2022, also be amended to reflect the delay in implementation with the revised wording at paragraph 4 of Appendix 20.

### Capital Programme

3.3.6 The capital programme sets out a plan for investment between 2023/24 and 2027/28. It forms an integral part of the Council's core activity and is an important part of the MTFs.

3.3.7 Capital expenditure can be funded from Revenue, Capital Receipts, Capital Grants, Internal or External Borrowing. External Borrowing is used to manage the cashflow requirements of the Council and, whilst it is used to finance the capital programme, it is not linked to individual projects. Details of the Council's expected borrowing for 2023/24 are included in the Treasury Management suite of strategies which are scrutinised by the Accounts, Audit and Risk Committee (AARC) and included in Appendix 21. These were reviewed in draft form and were recommended to the Executive at the AARC meeting on 25 January 2023.

3.3.8 Table 3.3.1 below details the new capital investments proposed for 2023/24 (detailed proposals can be found in Appendix 17). Where these result in a revenue cost or savings, these have been adjusted for in the Net Cost of Services. A list of all proposals in the full capital programme (£15.5m in 2023/24) is set out in Appendix 18. The financial implications of these are incorporated into the MTFs.

Table 3.3.1 – Capital Bids 2023/24 through to 2027/28

Directorates	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total Project Cost £m	External Funding £m	Balance to be funded by borrowing £m
Communities	4.061	5.032	0.025	0.000	0.000	9.118	(5.806)	3.312
Resources	0.855	0.000	0.000	0.000	0.000	0.855	0.000	0.855
Chief Executive	2.912	1.434	1.239	1.239	1.239	8.063	(7.868)	0.195
Grand Total	<b>7.828</b>	<b>6.466</b>	<b>1.264</b>	<b>1.239</b>	<b>1.239</b>	<b>18.036</b>	<b>(13.674)</b>	<b>4.362</b>

3.3.9 Since 2015/16, the Council has incurred significant capital expenditure that has been temporarily financed by internal borrowing (cash received in advance of expenditure) and external borrowing (debt). Borrowing is seen as a temporary source of finance. The extent to which the Council has needed to borrow is reflected in the Capital Financing Requirement (CFR) which is a direct measure of the amount of capital outlaid but not financed by grants, capital receipts or revenue resources.

3.3.10 To get an indication of the Council's overall capital health, it is useful to examine the ratio of the CFR to the Council's total capital asset value in Table 3.3.2.

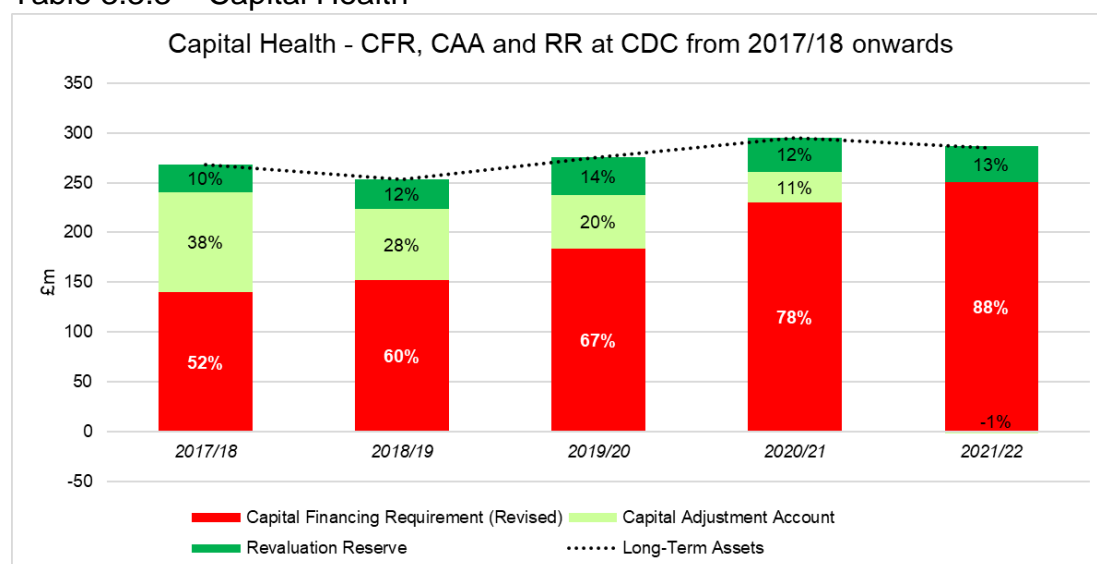
Table 3.3.2 – Capital Health Overall in £ millions

Capital Health	2017/18	2018/19	2019/20	2020/21	2021/22
----------------	---------	---------	---------	---------	---------

Capital Financing Requirement	139.73	151.85	183.21	229.92	250.24
Capital Adjustment Account	101.01	71.99	54.35	31.08	(2.28)
Revaluation Reserve	27.11	29.76	37.6	34.46	36.53
<b>Capital Assets</b>	<b>267.85</b>	<b>253.6</b>	<b>275.16</b>	<b>295.46</b>	<b>284.49</b>

3.3.11 As of 31 March 2022, the Council's CFR amounted to 88 percent of the value of its total capital worth. Table 3.3.3 shows how this has changed since the Council began borrowing to fund its capital programme.

Table 3.3.3 – Capital Health



3.3.12 The Council primarily holds its capital assets to deliver service objectives, such as economic regeneration and local housing, alongside generating income to support the revenue budget. With national trends in operational and investment property showing a decline in book value, it is important to continue to monitor this ratio to consider appropriate next steps if the Council's need to borrow (CFR) exceeds the total value of its capital assets.

3.3.13 Actions the Council is taking to reduce the CFR include the setting aside of prudent levels of revenue resources (MRP) to repay existing borrowing and using capital grants and receipts to finance new projects wherever possible, keeping future borrowing requirements to a minimum.

3.3.14 Where borrowing of capital has been deemed necessary to deliver against service objectives or, for example to comply with health and safety regulations, financing costs (revenue expenditure) are incurred by the Council. These can be medium to long-term in nature, depending on the useful lives of the assets purchased (or invested in). Projects financed by borrowing typically incur a Minimum Revenue Provision (MRP) charge to the revenue account which is made in line with the Council's MRP policy and with due regard to government guidance. The Council also incurs interest on the borrowing it has taken.

3.3.15 While these costs are significant, the Council generates income within its services to support them. Budgeted interest and MRP represents 34 percent of the £28.2m net council Funding. When the Council's total budgeted income, i.e., income generated from service activities and income from local taxation (excluding benefits payments) of £60.8m is compared to budgeted Interest Payable and MRP on

borrowing for capital purposes of £9.4m, the result is 15 percent. This demonstrates that the funding of interest payable and MRP is not entirely from council tax.

### 3.4 Reserves

3.4.1 Reserves are held to ensure the Council can manage and mitigate current and future risk and spending plans. The Council has carried out a review of its reserves requirements as part of the Budget and Business Planning Process and continues to follow its reserves policy attached at Appendix 14. This has enabled the Council to hold larger, more strategic reserves, rather than smaller earmarked reserves and allows the Council to use its reserves in a more flexible manner. The Council will regularly review its level of reserves to ensure they remain adequate and appropriate and will continue to be monitored throughout 2023/24.

3.4.2 Table 3.4.1 below shows a summary of the forecast reserves position for 2023/24 to 2027/28. The final outturn position for 2022/23 will be reported to the Executive in June 2023 and the Accounts, Audit and Risk Committee in May 2023, as part of the Council's Statement of Accounts. Appendix 16 provides a breakdown of the proposed use of reserves for 2023/24 and an estimate of how reserves are currently expected to be used to 2027/28.

Table 3.4.1 – Forecast Use of Reserves

Reserve Category	Forecast Balance 1 April 2023 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Expected Balance 1 April 2028 £m
General Balances	(6.450)	0.000	0.000	0.000	0.000	0.000	(6.450)
Earmarked Reserves	(23.449)	(2.381)	(0.191)	(0.684)	(1.161)	0.227	(27.638)
Revenue Grants	(1.530)	0.711	0.007	0.007	0.007	0.007	(0.792)
Capital Reserves	(5.131)	4.250	0.000	0.000	0.000	0.000	(0.881)
<b>Sub-TOTAL RESERVES</b>	<b>(36.560)</b>	<b>2.581</b>	<b>(0.184)</b>	<b>(0.677)</b>	<b>(1.154)</b>	<b>0.234</b>	<b>(35.761)</b>
Revenue Grants relating to cashflow timing	(0.263)	0.000	0.000	0.000	0.000	0.000	(0.263)
<b>TOTAL RESERVES</b>	<b>(36.823)</b>	<b>2.581</b>	<b>(0.184)</b>	<b>(0.677)</b>	<b>(1.154)</b>	<b>0.234</b>	<b>(36.024)</b>

3.4.3 A risk assessment has been carried out on the level of general balances that CDC holds which is detailed in Appendix 15. This sets out that CDC should hold general balances of at least £6m.

3.4.4 It is the duty of the Section 151 Officer to ensure that the Council retains reserves at a level which provides the Council with financial resilience both in setting the budget for 2023/24 but also looking into the medium term and the MTFs. Reserves can be

used for one-off expenditure but should not be used to finance ongoing Council activities.

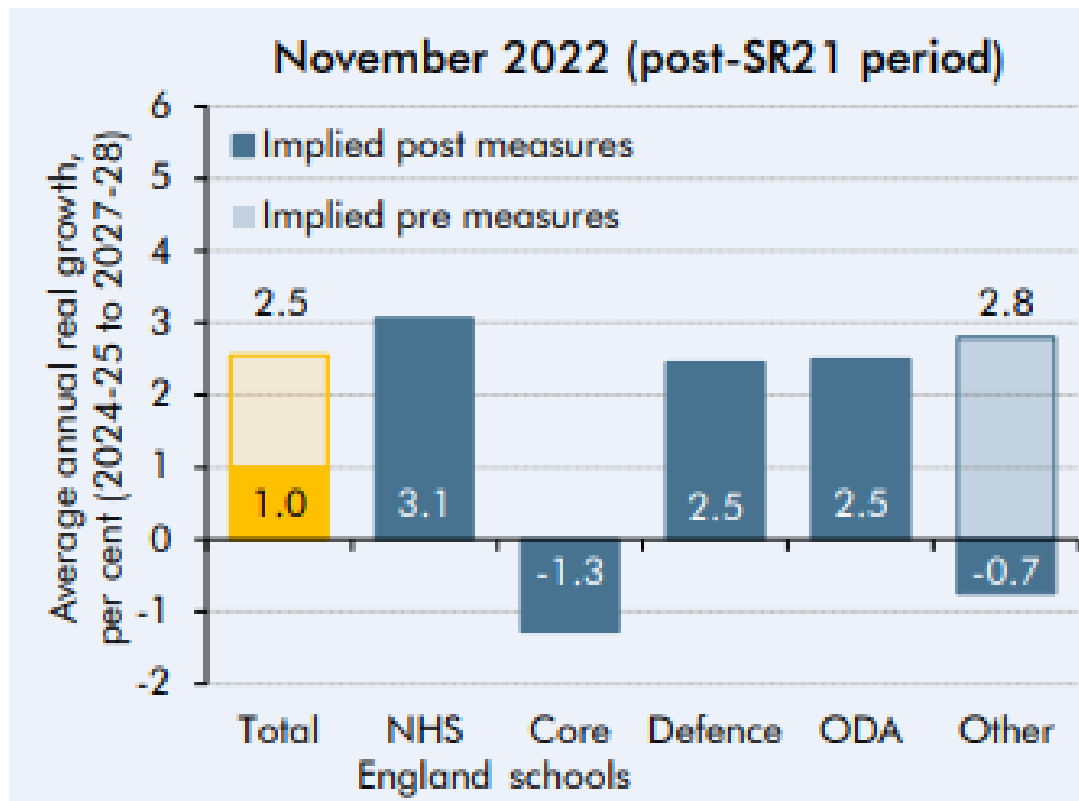
- 3.4.5 The Council has taken advantage of making advance payments to the Oxfordshire Pension Fund over the last three years concluding in 2022/23 and the Pension Fund's Actuary, Hymans Robertson, has provided the Council with the opportunity to continue this arrangement for a further three-year period of advance payments for 2023/24, 2024/25 and 2025/26, reducing the overall cost of the pension fund contributions to the Council.
- 3.4.6 A lump sum payment of £5.78m would allow the Council to retain its Employer's Contribution rate at 15.9 percent, rather than it increasing by 12.5 percent to 28.4 percent, which is the required contribution rate indicated by the most recent fund projections. The actuary's forecasts, based on the current pensionable payroll, could result in £0.410m savings across the three-year period. The MTFs already contains a provision of £1.675m in anticipation of future lump sum payments; the reserves forecast in Table 3.4.1 and Appendix 16 includes the use of £0.252m to top the current provision to 1/3 per annum of the proposed lump sum.
- 3.4.7 This is an attractive reduction in the overall cost and gives the Council some cost certainty over the three-year period. The actual savings achieved will depend on the performance of the Fund over the period and the degree to which the Council's pensionable pay differs to the assumptions made by the actuaries.

## **3.5 Medium Term Financial Strategy**

### **Funding Reforms**

- 3.5.1 The Council expects that local government funding reforms will be implemented in 2025/26 as announced in the Local Government Finance Policy Statement on 12 December 2022. Additionally, the Autumn Statement announced on 17 November 2022, explained that the Government would operate within the Spending Review control totals for 2023/24 and 2025/26.
- 3.5.2 As part of funding reforms, a reset of the Business Rates baseline is expected. This would impact CDC significantly as the Council has been consistently collecting above the baseline and retaining 50 percent of that growth under the current retention scheme. The Council is assuming a reset is introduced in 2025/26, which will significantly reduce the level of resource available to the Council.
- 3.5.3 Government funding of local authorities is based on an assessment of need. The Government is expected to simplify the way need is determined and to make the formula more objective and transparent. However, until a consultation on proposed new arrangements is published by the Government there is no way to accurately forecast the impact. Therefore, the Council has assumed the impact of its implementation is neutral within the MTFs and has been considered as part of the risk assessment of reserves.
- 3.5.4 In addition to funding reforms, the Office for Budget Responsibility's analysis of the Autumn Statement has highlighted that whilst plans for total Government spending are expected to increase in the next spending review period, that it is likely that funding for sectors such as local government will reduce as demonstrated by the chart below.

Chart 3.5.1 – Analysis of Autumn Statement



Source: Office for Budget Responsibility, Economic and fiscal outlook, November 2022

### MTFS Funding Gap

- 3.5.5 The MTFS, as presented in Table 3.5.1 below, represents the scenario without the benefit of any national transition funding to compensate for the loss of funding following implementation of funding reforms. Planning on this basis is both prudent and sensible and ensures that the Council can respond to any changes coming forward and remain financially sustainable.
- 3.5.6 It is important to note that 2023/24 reflects a balanced budget but it should be acknowledged that there are both planned contributions to and uses of one-off funds from some earmarked reserves. The net use of reserves in 2023/24 is shown above in Table 3.4.1 (£2.6m including use of capital reserves; there is a net contribution of £1.7m to revenue reserves). A full schedule of the use of reserves can be found in Appendix 16. For 2024/25 an ongoing funding gap has been identified, which increases in 2025/26, and the Council has established a strategy that will shape how it looks to review opportunities to reduce this gap and balance the budget in 2024/25 and future years.
- 3.5.7 Table 3.5.1 below sets out the Council's future funding estimates. There remains much uncertainty regarding this position over the medium term with the expected funding reforms. However, estimates are based on the most recent information available from the Government which forecasts the effects of these changes to be in the region of a 41 percent reduction in net funding. This is a result of:
- the phasing out of New Homes Bonus in relation to growth in 2022/23 payable in 2023/24; the Government has said it will consult on a replacement NHB

scheme for 2024/25 but it is unclear what the financial benefit will be for the Council at this stage.

- the business rates baseline reset in 2025/26 and growth at 1 percent thereafter (the Council has grown business rates significantly in recent years and this baseline reset results in the Council losing the benefit of this growth)
- the cessation of Revenue Support Grant, Council Tax increases of £5 per annum with on average 2.43 percent annual growth of the Council tax base from 2024/25.
- No assumptions have been made that the Council will receive any transitional finance support. As set out above, the Government has announced that a reset is likely to be phased. However, there has been no indication of what profile this could take or the period over which the transition will be applied.

3.5.8 The MTFS indicates that, with all of the assumptions around national funding changes, Cherwell will have a gap between its net budget requirement and its funding as shown in Table 3.5.1 below. This is further analysed by gross and net budget by directorate in Appendix 11.

3.5.9 Table 3.5.1 below also does not attempt to forecast the outcome of any future spending reviews for local government as these will be based on political priorities at the time. CDC, along with our peers across all tiers of local government, will need to provide evidence and arguments about the totality of funding for CDC services. CDC has always taken an active role in these reviews and will continue to do so both on an individual Council basis but also through our professional bodies and professional peer groups including the District Council Network (DCN), the Local Government Association (LGA) and SDCT (Society of District Council Treasurers).

Table 3.5.1: MTFS 2023/24 – 2027/28 (year on year change)

<b>MTFS Movements</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>	<b>2027/28 £m</b>
Base budget brought forward	23.492	0.000	0.000	0.000	0.000
Service Pressures	2.009	(0.222)	0.013	0.171	0.001
Service Savings Proposals	(1.004)	(0.297)	(0.218)	(0.214)	(0.104)
Capital Impact	0.288	(0.056)	0.024	0.022	0.106
Corporate changes	3.309	0.909	(2.940)	0.612	0.001
Inflation	3.504	1.213	1.214	0.529	0.562
Change in use of reserves	(1.667)	0.462	0.454	0.472	0.000
Additional government grants	(1.757)	0.000	2.993	0.000	0.000
<b>Net Budget Requirement</b>	<b>28.174</b>	<b>2.009</b>	<b>1.540</b>	<b>1.592</b>	<b>0.566</b>
Revenue Support Grant	(0.132)	0.000	0.132	0.000	0.000
Council Tax	(9.290)	0.170	(0.481)	(0.419)	(0.422)
Business Rates	(17.127)	2.495	10.262	(0.207)	(0.297)
New Homes Bonus	(1.625)	0.000	1.625	0.000	0.000
<b>Total Income</b>	<b>(28.174)</b>	<b>2.665</b>	<b>11.538</b>	<b>(0.626)</b>	<b>(0.719)</b>
<b>Funding Gap / (Surplus)</b>	<b>0.000</b>	<b>4.674</b>	<b>13.078</b>	<b>0.966</b>	<b>(0.153)</b>

**How the MTFS gap is planned to be addressed**

3.5.10 In addition to continuing to lobby policy makers, highlighting where the Council has been delivering growth and driving benefits to others, the Council has developed a strategy to meet the challenges highlighted in the MTFS if no additional funding is made available to the Council. Whilst the Council will develop plans for scenarios that include a full business rates reset, it will continue to lobby the Government for a phased implementation. Implementation of savings plans developed will not take place until it is clear that the savings must be achieved. Approaches the Council will adopt to identify savings will include:

#### Prioritisation

3.5.11 Services will be broken down into specific work units which have been mapped to the strategic priority they most apply to (support services will be identified separately as support). Therefore, we can map how much the Council spends of its revenue budget on each priority. Similarly in setting the 2023/24 budget, all capital schemes are being mapped to the priority that they link most closely to. The budget and Business Plan will then be developed in conjunction to maximise the ability to deliver the priorities of each Council within the level of resources available to it.

#### Strategic Cross-cutting themes

3.5.12 Overlaid on the priority-based budgeting is the Council's approach to the Strategic Cross-Cutting Themes (Transformation Programme). Strategic Cross-Cutting Themes allow the Council to review its approaches thematically across its services rather than always considering service delivery on a silo basis. This view of the expenditure of the Council helps identify organisational transformational opportunities which might not present themselves so readily via a service-based budget approach. This analysis helps to shape the thinking for the future design of our Council, one that is affordable within the future funding envelope as set out in the MTFS.

3.5.13 Where Strategic Cross-Cutting Themes are able to identify transformational approaches to delivery, this will generate efficiency savings to the Council that will allow it to invest in a larger proportion of its priority services. The identification of these opportunities shapes the Transformation Programme for the organisation.

#### Savings Targets

3.5.14 In order to ensure that all services contribute to the reduced funding of the Council, all services will be required to make a contribution of a set percentage of their budget which they have control over. So, for example where there are budgets which hold corporate costs in a service area, a savings target should not be applied to this.

#### **Financial Resilience Assessment**

3.5.15 CIPFA's Financial Resilience Index is designed to support and improve discussions surrounding local authority financial resilience. It shows a council's performance against a range of measures associated with financial risk, including the level of earmarked reserves and general balances. The Index is a comparative tool to be used to support good financial management and generate a common understanding of the financial position within authorities.

- 3.5.16 The index considers both the value of general balances and earmarked reserves compared to councils' net revenue budget. While earmarked reserves are held for specific purposes, they can be called upon to meet unexpected costs or provide short term funding to enable long term recovery plans to be put in place.
- 3.5.17 The publication of the Financial Resilience Index based on 2021/22 outturn data was published in January 2023. This will be considered as part of the Chief Financial Officer's Section 25 statement for Council on the adequacy of the proposed financial reserves and the robustness of the estimates for the purposes of the council tax calculations.

### **3.6 Climate Action**

- 3.6.1 In 2019, CDC declared a climate emergency and committed to prioritising climate action in decision making. More recently, a climate action framework was approved that commits the council to:
- Being carbon neutral in its operations by 2030
  - Enabling a zero-carbon Cherwell by 2030.
- 3.6.2 In developing budget proposals, services were asked to assess how their plans affected the Council's ability to reduce its emissions from buildings, fleet, staff travel, purchased products and services (including construction) and to enable emission reductions at a district-wide level.
- 3.6.3 All of the proposals put forward were deemed by services to not impact the Council's ability to meet our climate action.
- 3.6.4 The proposal to increase parking charges could reduce district-wide carbon emissions by encouraging drivers to walk, cycle or use public transport. Additional solar panels are proposed for council buildings to reduce our energy consumption.

### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 This report provides information around the various building blocks that make up the proposed budget for 2023/24 and beyond, allowing members to consider and scrutinise the elements of the budget and provide advice and guidance to Council to help further shape both budget setting for 2023/24 and the MTFS up to 2027/28.

### **5.0 Consultation**

- 5.1 The Council sought the views of residents and businesses during the period of 23 November 2022 until 23 December 2022.
- 5.2 The Budget Planning Committee considered the revenue budget pressures, savings proposals and capital bids in a report on 6 December 2022. The Committee's comments have been taken into account in arriving at these proposals and are summarised in Appendix 10. Budget Planning Committee also considered and recommended the 2023/24 planned reserves levels and Capital and Investment Strategy at its meeting on 17 January 2023.

- 5.3 The Accounts, Audit and Risk Committee considered and recommended to full Council the Capital and Investment and Treasury Management Strategies and the associated Appendices on 25 January 2023.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 It is a legal requirement to set a balanced budget and the recommendations as outlined set out a way to achieve this. The following alternative option has been identified and rejected for the reasons set out below.

Option 1: To reject the current proposals and make alternative recommendations. Members will not be aware of the medium-term financial forecast or implications of alternatives if they choose to take this option.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 The financial implications are set out in this report. The Council has a statutory duty to set a balanced budget and could be subject to intervention of the Secretary of State if it failed to do so.

Comments checked by:

Michael Furness, Assistant Director of Finance, 01295 221845

[Michael.Furness@cherwell-dc.gov.uk](mailto:Michael.Furness@cherwell-dc.gov.uk)

### **Legal Implications**

- 7.2 The Council is legally required to set a balanced budget each year together with a requirement to produce a Revenue Budget under the various Local Government Finance Acts. The legal framework for which is set out in the main body of this report. Officers consider the recommendations will achieve this if approved by full Council.
- 7.3 The savings proposals have been consulted upon as appropriate, and further consultations may be required prior to implementing certain proposals.
- 7.4 The Public Sector Equality Duty S149 (1) requires a Local Authority in exercise of its functions to have due regard to the need to:
- (a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
  - (b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
  - (c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.5 Decision makers must keep the above requirements in mind when making decisions.

Comments checked by:

Shiraz Sheikh, Assistant Director Law & Governance, 01295 221651  
[Shiraz.sheikh@cherwell-dc.gov.uk](mailto:Shiraz.sheikh@cherwell-dc.gov.uk),

### **Risk Implications**

- 7.6 The risk of Executive recommending the budget proposals contained in this report are that Council will not approve the proposed budget. This is mitigated by the Executive having consulted with Budget Planning Committee and the Accounts Audit and Risk Committee on the specific budget proposals, policies and strategies.

Comments checked by:

Shona Ware, Assistant Director Customer Focus, 01295 221652  
[Shona.ware@cherwell-dc.gov.uk](mailto:Shona.ware@cherwell-dc.gov.uk)

### **Equality and Inclusion Implications**

- 7.7 The Equality Act 2010 imposes a duty on local authorities that, when making decisions of a strategic nature, decision makers must exercise “due regard to the need to eliminate unlawful discrimination... advance equality of opportunity... and foster good relations”.
- 7.6 In line with the council’s Equalities framework; Including Everyone services have carried out Equalities Impact Assessments (EIAs) to ensure budget savings proposals will not discriminate or disadvantage the any of the district’s diverse communities. The EIAs did not identify any Equalities, Diversity, and Inclusion implications. The overarching EIA, taking into account the overall impact of the budget proposals, is published as Appendix 8.

Comments checked by:

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[Shona.ware@cherwell-dc.gov.uk](mailto:Shona.ware@cherwell-dc.gov.uk)

### **Sustainability Implications**

- 7.8 Sustainability implications are included in Section 3.6 of this report.

Comments checked by:

Jo Miskin, Climate Action Manager, 07900 227103  
[Jo.Miskin@cherwell-dc.gov.uk](mailto:Jo.Miskin@cherwell-dc.gov.uk)

## **8.0 Decision Information**

### **Key Decision**

**Financial Threshold Met:** Yes

**Community Impact Threshold Met:** Yes

### **Wards Affected**

All

## **Links to Corporate Plan and Policy Framework**

All

## **Lead Councillor**

Cllr Adam Nell, Executive Member for Finance

## **Document Information**

### **Appendix number and title**

- Appendix 1 – Business Plan
- Appendix 2 – Annual Delivery Plan
- Appendix 3 – Not used
- Appendix 4 – Savings Proposals
- Appendix 5 – Revenue Pressures
- Appendix 6 – Budget Summary
- Appendix 7 – Fees and Charges Schedule
- Appendix 8 – Equality Impact Assessment
- Appendix 9 – Pay Policy Statement
- Appendix 10 – Budget Planning Committee Responses to Budget Proposals
- Appendix 11 – Gross Service Budget, Income, Net Budget and Future Years MTFS Changes by Directorate
- Appendix 12 – Budget Book
- Appendix 13 – Government Grants
- Appendix 14 – Reserves Policy
- Appendix 15 – Reserves Assessment
- Appendix 16 – Forecast Use of Reserves
- Appendix 17 – Capital Bids
- Appendix 18 – Capital Programme
- Appendix 19 – Capital and Investment Strategy
- Appendix 20 – Revised 2022/23 Minimum Revenue Provision Policy
- Appendix 21 – Treasury Management Strategy

## **Background papers**

None

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