

Background Papers, if any, are specified at the end of the Report

DRAFT REVENUE BUDGET 2014/15

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RECOMMENDATIONS

Cabinet are requested to:

- 1) Note the draft revenue service budget for 2014/15.**
- 2) Agree how much grant to pay to the CDC parishes in 2014/15.**

Relationship to Council Objectives

The budget is essential to delivering all the Council's objectives and Priorities.

Implications

- (i) This matter is a Key Decision within the Forward Plan.*
- (ii) This matter is within the Policy and Budgetary Framework.*

Financial Implications

This report proposes an initial draft Revenue Budget for 2014/15.

Risk Management Implications

The Council is legally required to set a balanced budget.

Equalities Implications

There are no specific equality implications in this report but attention is drawn to the Equality and Human Rights Commission publication "Using the equalities duties to make fair financial decisions".

The Council needs to be able to demonstrate that financial decisions are made in a transparent and accountable way, considering the needs and rights of different members of the community.

Sustainability Implications

There are no specific sustainability implications in this report.

1. Context to the 2014/15 Budget

1.1 The general background to the Council's revenue budget position for the coming years can be summarised as follows:

- Given the challenge faced by the Government in achieving its deficit reduction targets, local authority funding is subject to ongoing significant reductions in funding. The 2013 Spending Review clearly indicated the continuation of the trend of reduced central government funding to local authorities.
- Business rates are not anticipated to show any material change other than the impact of the ending of the additional small business rates relief scheme in March 2014.
- Council tax rises will be limited to less than 2% otherwise a referendum is triggered. Freezing the council tax will attract a grant for two years equivalent to a 1% tax rise.
- Investment income will decline as rates continue at an all time low, and the position is not expected to change before 2015.
- The tri-annual revaluation of the pension fund is also due. This may result in a need to increase the CDC employers pension contribution rate from 1 April 2014.

1.2 The current provisional Government Revenue Support Grant figures are detailed below, but these are still subject to change.

- 2013/14 £1,961,000
- 2014/15 £1,488,000 24% cut
- 2015/16 £1,030,000 further 31% cut.

1.3 With this scale of funding reduction it would be prudent at this stage not to include any funding for new recurring expenditure to improve or expand services.

1.4 The progressing work with South Bucks DC is resulting in a number of services being provided by joint teams. Where this affects budgets it is highlighted in the detailed information.

2. Draft Revenue Budget 2014/15

2.1 A summary of the draft Revenue Budget for 2014/15 is presented for consideration and approval at **Appendix 1**.

2.2 The budgets presented at this stage represent the direct costs of the services - ie they exclude all support recharges.

2.3 A summary of the major movements between the 2013/14 and the 2014/15 net cost of services is shown in the table below.

		£'000
2013/14 Net Cost of Services		9,856
Changes in Salary Costs		
Payrise estimate (1%)		77
Other salary changes (includes effect of abolishing salary reallocations and short term effect of joint principal officer appointments.)		214
Inflation		
On expenditure		151
On fees and charges		-4
Shared Service Savings		
Licensing	-12	
Community Safety	-29	
Building Control	3	-38
Unavoidable Increases		
Car Parks - TFL Payment	15	
Car Parks - Phone mast removed	8	
Charge to Chilterns Crematorium	15	
Office - Central Furniture budget	14	
Pollution Reduction	4	
Dev Control £21k Counsel, £8k consultants, £20k Pre app inc	50	
Extra LDF spend funded from reserve	230	
Waste Client - Temp staff plus contender costs	33	
Council Tax Support Hardship Scheme	30	
Lower C Tax and NDR Summons income	35	
Reduction in HB / CTS admin grant	22	
Debit & Credit card charges	8	
Electoral registration	2	466
Savings / Budget Reductions – Leader		
Minor savings in exec budgets	-8	
Chilterns Chronicle	-15	-23
Savings / Budget Reductions - Deputy Leader Portfolio		
Car Parks - NDR savings	-27	
Car Parks – Chesham lease	-40	
Car Parks – other minor savings	-23	
Public Conveniences	-15	
Traffic Management	-1	
Community Parks and Open Spaces	-9	
Engineers	-13	
Council Offices – NDR savings	-40	-168
Savings / Budget Reductions - Community Portfolio		
Community Team	-10	
Community Centres	-1	
Community Transport Grants	-44	
NDR Discretionary Relief – Change to accounting rules	-90	-145
Savings / Budget Reductions - Health & Housing Portfolio		
Health & Housing minor savings	-11	
Food safety	-1	
Public health & pest control	-6	
Housing enabling	-4	
Grants	-2	
Homelessness - £10k B&B costs, £8k sundry expenses	-18	
Health Education	-1	
Emergency planning	-2	-45

		£'000
Savings / Budget Reductions - Sustainable Development		
Planning division	-9	
Dev control - £30k Counsel re enforcement matters, £8k other	-38	-47
Savings / Budget Reductions - Waste & Customer Services		
Waste – Temp contracts ending	-78	
Waste – Reduction in comms costs	-51	
Waste – Extra green waste income	-120	
Waste – Lower cost of collecting green waste income	-25	
Waste – Removal of 2013/14 provision for cost changes	-122	
Waste – External Contribution	-100	
Waste – Adjustment re cost share with WDC *	-29	
Council Tax and NDR	-5	
Housing benefits	-1	
Revenues team various miscellaneous savings	-17	
Customer services	-6	-554
Savings / Budget Reductions - Support Services Portfolio		
Corporate Management	-15	
Treasury Management	-7	
Shared Finance system	-11	
Business Support various miscellaneous savings	-19	
Finance – part vacant post	-12	
Finance – internal audit shared service arrangements	-18	
Postage costs	-30	
Finance admin savings	-6	
Legal savings	-5	
Member services	-11	
Local land charges	-6	-140
Savings / Budget Reductions - Trading Undertakings		
		-9
Support Adjustment / Other adjustments		
		77
2014/15 Net Cost of Services		9,668

** review of the cost share agreement with WDC may result in WDC picking up a larger proportion of the total joint waste client cost. However this is still subject to discussion.*

- 2.4 As part of the budget preparation process this year, the Support Services Portfolio Holder and the Head of Finance meet with each Portfolio Holder and Head of Service to review all the budgets on a detailed line by line basis. The net result of this was significant savings / budget reductions of over £1.1m as detailed in the table above.
- 2.5 The savings exceed the unavoidable increases and inflation allowances also shown in the table, so that there is an overall reduction in Net Cost of Services of 1.9%, and this puts the Council in a position where it can freeze council tax for 2014/15.
- 2.6 Further breakdowns by Portfolio area are included as follows:
- Appendix 2** Leader Portfolio
 - Appendix 3** Deputy Leader Portfolio
 - Appendix 4** Community Portfolio
 - Appendix 5** Health & Housing Portfolio
 - Appendix 6** Sustainable Development Portfolio
 - Appendix 7** Waste Issues and Customer Services Portfolio
 - Appendix 8** Support Services Portfolio

Appendix 9 Trading Undertakings

- 2.7 When reviewing the draft budgets it should be noted that:
- a) All the budgets are presented in a standard format and some budget heads will appear with no income or expenditure.
 - b) The 2012/13 actual expenditure and the 2013/14 original budget figures are included as an aid to comparison.

3. Inflation Estimates

- 3.1 The budgets have been prepared in accordance with the following inflation assumptions:

- Salaries inflation from April 2014 of 1%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates 2.8%
- Gas, Electricity and water 5%
- Other expenditure heads 0%
- Income 2%.

4. Investment Income

- 4.1 Investment income will fall from the current level as older investments at higher rates mature, and rates achievable on new investments are much lower.
- 4.2 The likely achievable level of investment income for 2014/15 will be reviewed as part of the Treasury Management Strategy for 2014/15.

5. Payment to Parishes

- 5.1 In 2013/14 CDC paid £207,248 to the parishes to fully compensate them for the change in their taxbase arising from the localisation of Council Tax Support.
- 5.2 Within the 2013/14 total CDC grant figure there was an allowance of approximately £148,000 for this new burden last year. It is not possible to identify how much is included in the total CDC grant figure for 2014/15 as central Government have indicated they will not specifically identify any funding in the Finance Settlement.
- 5.3 It also needs to be noted that there is no statutory obligation to pay any money to the Parishes. However any changes to this grant will have an effect on the Council tax that the parishes charge residents.
- 5.4 Members could for instance therefore decide to:
1. Make the payment of £148,000 (the amount of grant paid to CDC last year)

2. Scale back the payment to £112,000 (central Government has cut the CDC Revenue Support Grant by 24% so on the basis of proportionality the £148,000 should also be scaled by 24%)
 3. Not pay any money to the parishes.
- 5.5 At this stage in the process provision of £112,000 has been included for a payment to the parishes and the effect of this on the Parishes (assuming they request the same amount of funding as last year) is detailed in **Appendix 10**.
- 5.6 Members are therefore requested to agree how much grant should be paid to the to the parishes in 2014/15. Ideally this figure needs to be agreed now in order to be able to tell the parishes so that they can take this into account in their budget setting processes, where they have until the end of January to notify the Council of their requirements .

6. Council Tax Base

- 6.1 The Council Tax Base figures (ie the estimated number of Band D equivalent properties in the district) has increased from 41,646.72 to 42,809.31 (2.8%).
- 6.2 This increase is due to changes in the number of properties, changes to Council Tax exemptions, and changes to the Council Tax Support Scheme as follows:
- 6.3 The number of domestic properties has increased from 38,512 to 38,741 since this time last year, and the indications from existing planning permissions indicate that an additional 263 dwellings will be completed during 2014/15, with 5 properties being demolished.
- 6.4 On 27 February 2013 the Council agreed that with effect from 1 April 2013 a number of discounts and exemptions should be reviewed, the resolution was too late to include in the original Tax Base calculation for 2013/14, but the effect of these changes is that there is a decrease from 3,909 to 3,155 in the number of properties receiving a discount or exemption. The revised discounts and exemptions range in value from 100% to 0% and will produce an adjusted increase in the Tax Base figure of approximately 377.
- 6.5 The Taxbase has also been adjusted to take account of potential changes to the Council Tax Support Scheme from next year.
- 6.6 Calculating the exact effect of a discount period or exemption period is not an exact science, nor is the calculation of how much will be paid out in council tax support, but the combined effect of these changes is an overall increase in the Council Tax Base figure of 1,163 Band D equivalents, or 2.8%.

7. Contributions to Reserves

- 7.1 At this stage in the process provisional estimates have been included for contributions to / from reserves.
- 7.2 The provisional figures are based on Members having previously discussed the need to have adequate funding for issues such as HS2, supporting the provision of affordable housing, assisting economic development in the District. Earmarking reserves at appropriate levels in 2014/15 would be a prudent course of action given future funding constraints.
- 7.3 The issues around level and composition of reserves will be reviewed in February 2014 when final budget setting decisions are taken.

8. Retained Business Rate Income and Government Grant Payments

- 8.1 At this stage in the process provision estimates have been included for retained Business Rate income and central Government Grant.
- 8.2 This figures will be reviewed in the budget setting process once central Government have provided grant figures for 2014/15, which is not expected until late December.

9. Council Tax Freeze Grant

- 4.4 The Government has announced its proposals to limit council tax increases for 2014/15. These take the form of firstly offering a council tax freeze grant to an authority if it freezes its council tax for 2014/15, equivalent to a 1% tax increase, and this would be paid in 2014/15 and 2015/16. Secondly the trigger point for a local council tax referendum is to be 2%. The Council will need to take these factors into account when coming to its final decisions on council tax in February.

10. Collection Fund Surplus

- 10.1 Council Tax regulations require billing authorities to formally declare an estimated position on the Collection Fund for the current financial year. The calculation has to be made on 15 January and notified to major precepting authorities within 7 working days. Any surpluses or deficits are required to be paid over, or paid by, all major precepting authorities in proportion to their precepts in the area for the year of account. Any declared surplus must be used to reduce the overall level of Council Tax in the forthcoming year.
- 10.2 At this point in the budget process it has been assumed that the Collection Fund Surplus is in line with the figure for the current year. This figure will be reviewed later in the budget setting process.

11. Fees and Charges 2014/15

- 11.1 A review of discretionary fees and charges has been carried out and the proposed fees and charges for 2014/15 are attached as **Appendix 11**.

12. Next Steps

- 12.1 Subject to the comments of scrutiny and the outcome of the budget / council tax consultation the Cabinet will make its final decisions and set the Council's budget and 2014/15 Council Tax requirement at its meeting on 11 February 2014 prior to the full Council Tax resolution at full Council on 26 February 2014.

Background Papers: None
