

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

DRAFT REVENUE BUDGET 2015/16

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RECOMMENDATIONS

Cabinet are requested to:

- 1) Note the draft revenue service budget for 2015/16.**
- 2) Agree how much funding to be applied in respect of reducing CDC parishes council tax bills in 2015/16.**

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 2015/16.

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 2015/16 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.
- Current understanding is that Council tax rises will be limited to less than 2% otherwise a referendum is triggered.
- Investment income will continue to be constrained as rates continue at an all time low, and the position is not expected to change in the short term.

1.2 The Government Revenue Support Grant figures are detailed below. The 2015/16 figure is still provisional. Funding announcements in respect of 2015/16 are expected just before Christmas.

- 2013/14 £1,961,000
- 2014/15 £1,507,000 23% cut
- 2015/16 £1,114,000 further 26% 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 2015/16

2.1 A summary of the draft Revenue Budget for 2015/16 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 2014/15 and the 2015/16 net cost of services is shown in the table below.

	£'000	£'000
2014/15 Net Cost of Services		9,237
Changes in Salary Costs		
Payrise estimate (1%)		59
Other salary changes		-60
Inflation		
On specific expenditure (see para 3.1)		33
Waste contract		93
On fees and charges		-34
Unavoidable Increases		
Housing – rough sleeper outreach, Housing Quality network	20	
Housing – preventing homelessness initiatives	9	
Health and Safety – first aider training	4	
Development Control – appeal fees	45	
Development Control – other expenses	26	
Joint Waste Client – travel expenses	15	
Joint Waste Client – IAA loss of funding	100	
Joint Waste Client – reduction in bulky waste income	20	
Car Parking – pay by phone charges and mobile charges	13	
Housing Benefits – potential subsidy grant reduction	56	
Business Support – corporate software licences & upgrades	45	
Electoral Registration – District elections, funded from election reserve	76	429
Savings / Budget Reductions / Additional Income – Leader Chief Executives - training	-5	-5
Savings / Budget Reductions / Additional Income – Healthy Communities Portfolio		
Health and Housing – training	-4	
Contaminated Land – sampling	-1	
Pest Control – stray dog/dog nuisance contractor fees	-5	
Joint Licensing	-2	
Health Education – health fairs/promotions	-2	
Community Team – Head of Community post	-56	-70
Savings / Budget Reductions / Additional Income – Waste and Property Services Portfolio		
Waste contract – Serco contingency	-5	
Waste – advertising/sundry expenses	-39	
Waste – recycling credits	-339	
Parking – general savings	-12	
Parking – savings from shared service	-27	
Parking – additional parking charges income	-19	
Great Missenden Cemetery – general savings	-5	
Crematorium – additional recharge	-20	
Traffic - street naming income	-3	
Parks and open spaces – grounds maintenance/woodlands	-8	
Engineers – mobile communications/broadband	-2	
Offices – additional BCC recharge & additional rental income	-154	-633
Savings / Budget Reductions / Additional Income - Sustainable Development		
Development Control – general expenses	-31	
Development Control – planning application fees/advice	-40	
Joint Building Control	-34	-105
Savings / Budget Reductions / Additional Income - Customer		

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	£'000	£'000
Services		
Council Tax/NNDR Cost of Collection – summons income	-23	
Housing Benefits - bailiff	-1	
Revenues – casual staff/postages/advertising	-7	
Customer Services – general expenses	-1	-32
Savings / Budget Reductions / Additional Income - Support Services Portfolio		
Corporate – possible reduction in external audit fee	-15	
Business Support – WAN support/training/software maintenance	-23	
Joint Finance – general expenses	-9	
Joint Legal	9	
Member Services – Members' expenses/advertising	-2	
Electoral Registration and Elections	-1	
Land charges – postages	-1	
Land charges – land charges income	-10	-52
Savings / Budget Reductions / Additional Income - Trading Undertakings		
Depot – rental income, mainly new Serco lease	-122	-122
Support Adjustment / Other adjustments		
Waste capitalised vehicles adjustment	13	
Share of Joint Waste client savings with WDC	230	
Change in funding from LDF	76	
Other	39	358
2015/16 Net Cost of Services		9,096

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 / additional income of over £1,019k 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 1.5%.

Subjective Analysis

2.6 There have been a number of changes to the classification of expenditure in the subjective expenditure analysis in Appendix 1 as a result of Shared Service implementation. For example, salary costs within Legal were classified as salary costs in 2014/15 budgeted expenditure but in 2015/16 the service will be hosted at South Bucks so all Legal costs will be classified as Supplies and Services. Where a joint service is now hosted at Chiltern the expenditure shown in the various subjective categories reflects the total cost of the joint team. Income from South Bucks District Council towards shared service costs is shown on a separate income line. A summary of the major movements in the subjective analysis in Appendix 1 is shown below:

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	£000	£000
2014/15 Net Cost of Services		9,237
Other Employee Costs		
Development Control - casual workers to deal with increased applications	70	
General employee cost savings eg training expenses	-16	
Transport Related Costs		
Joint Housing – employee travel expenses	10	
Development Control – travel expenses for more site visits as a result of increased applications	7	
Joint Waste Client – employee travel expenses	15	
Parking – vehicles to support service	10	
Licensing – employee travel expenses	-5	
Supplies and Services		
Joint Housing – Housing Quality Network, Rough Sleeper outreach	20	
Business Support – software licenses	40	
Registration of Electors – cost of District elections	76	
Development Control – dual screens, Adobe and Arc GIS	13	
LDF – legal/consultant fees/draft neighbourhood areas	93	
Joint Waste Client – advertising, sundry expenses	-39	
Car parking – pay by phone charges and mobile charges	13	
Third Party Payments		
Joint Waste Contract	101	
Transfer Payments		
Housing Benefit payments (offset by additional grant income)	1,500	
Fees and Charges and Other Income		
Licensing – additional licence fee income	-35	
Land charges – income	-5	
Development control – planning application fees/advice	-40	
Depot - rental income, mainly new Serco lease	-122	
Waste – recycling credits	-339	
Waste – IAA income	100	
Offices – additional BCC recharge & additional rental income	-154	
Parking – additional parking charges income	-19	
Offices – additional BCC recharge & additional rental income	-154	
Grant Income		
Housing Benefit Subsidy/Admin Grant	-1,444	
Other	10	
2015/16 Net Cost of Services		9,096

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2.7 Further breakdowns by Portfolio area are included as follows:

Appendix 2 Leader Portfolio

Appendix 3 Healthy Communities Portfolio

Appendix 4 Sustainable Development Portfolio

Appendix 5 Waste and Property Services Portfolio

Appendix 6 Customer Services Portfolio

Appendix 7 Support Services Portfolio

Appendix 8 Trading Undertakings

2.8 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 2013/14 actual expenditure and the 2014/15 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 2015 of 1%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates 2.3%
- Gas -10%
- Electricity 12%
- Water 5%
- Other expenditure heads 0%
- Income 2%.

4. Investment Income

4.1 Investment income will continue to be constrained as interest rates continue at an all-time low. For Chiltern investment income in the 2014/15 budget was £110,000, therefore any variance is unlikely to have a major impact on the overall budget funding position.

4.2 The likely achievable level of investment income for 2015/16 will be reviewed as part of the Treasury Management Strategy for 2015/16 which will be reported to Members in February.

5. Payment to Parishes in respect of Council Taxes

5.1 The Support Services PAG on 1 October 2014 considered the question of how much support to continue to pay to parishes.

5.2 The current proposal is to scale back the payment amount to £78,000 - as central Government has cumulatively cut the CDC Revenue Support

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Grant by 47% so on the basis of consistency with previous years and proportionality the initial £148,000 has also been scaled back by 47%.

5.3 The effect on the Parishes (assuming they request the same amount of funding as last year) is detailed in **Appendix 9**.

5.4 Members are requested to agree how much support should be paid to the parishes council taxes in 2015/16. 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 and precept setting processes, where they have until the end of January to notify the Council of their precept 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 42,809 to 43,144 (0.78%).

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 issues around level and composition of reserves will be reviewed in February 2015 when final budget setting decisions are taken.

8. Retained Business Rate Income and Government Grant Payments

8.1 At this stage in the process provisional estimates have been included for retained Business Rate income and central Government Grant.

8.2 These figures will be reviewed in the budget setting process once central Government have provided grant figures for 2015/16, which is not expected until mid December.

9. Council Tax Freeze Grant

9.1 The Government has not yet announced its proposals to limit council tax increases for 2015/16. Once information on this is known the Council will need to take this 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.

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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 attributable to Chiltern will be approximately £100,000. This figure will be reviewed later in the budget setting process.

11. Fees and Charges 2015/16

- 11.1 A review of discretionary fees and charges has been carried out and the proposed fees and charges for 2015/16 are attached as **Appendix 10**.

12. Next Steps

- 12.1 Subject to the comments of the Resources Overview Committee and the outcome of the budget / council tax consultation the Cabinet will make its final decisions and set the Council's budget and 2015/16 Council Tax requirement at its meeting on 10 February 2015 prior to the full Council Tax resolution at full Council on 25 February 2015.

Background Papers: None
