

<b>SUBJECT:</b>	Draft Revenue Budget 2018/19
<b>REPORT OF:</b>	Support Services Portfolio Holder – Cllr Mike Stannard
<b>RESPONSIBLE OFFICER</b>	Jim Burness – Director of Resources
<b>REPORT AUTHOR</b>	Jacqueline Ing <a href="mailto:jing@chiltern.gov.uk">jing@chiltern.gov.uk</a> 01494 732292
<b>WARD/S AFFECTED</b>	All

## 1. Purpose of Report

- 1.1 To present the draft revenue budget for 2018/19.

### RECOMMENDATIONS

1. To note the draft revenue service budget for 2018/19.

## 2. Context of the 2018/19 Budget

- 2.1 The background to the Council's revenue budget position for the coming years can be summarised as follows:
- The Chancellor announced on the 5<sup>th</sup> October 2015 the intention for local authorities to retain 100% of Business Rates by the end of the current parliament. However, the timetable and impact this may have on other funding streams is currently unknown, and therefore no assumptions about what changes may arise are made in the budgets at this stage. This will be revisited as further announcements are made.
  - Current understanding is that as a Shire District, Chiltern's Council tax rises will be limited to the higher of 2% or £5 otherwise a referendum is triggered.
  - The Council will be undertaking a number of large investment projects funded by borrowing and the costs of which are factored into budgets.
- 2.2 As part of the 2015 Autumn Statement it was announced that Chiltern District Council would no longer receive Revenue Support Grant (RSG) from 2017/18. A transitional scheme was in place to minimise the impact of this in 2017/18, however from 18/19 onwards there is support grant available to the Council. In 2016 the Council took up the Government's four year funding offer which means that its

financial position in respect of RSG and Tariff payments will not worsen from the that published by the Government in 2015.

- 2.3 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.
- 2.4 All services are now provided by joint teams with South Bucks DC. Where Chiltern DC is the accounting authority for the joint team this results in the whole costs being shown in the Chiltern budgets, with the share of the service to South Bucks DC shown as a recharge.
- 2.5 The Chiltern & South Bucks Joint Committee on 24th July 2017 agreed that from 2018/19 the standard cost split should be amended to CDC 58% / SBDC 42%, and this should be used for all joint services apart from Revenues & Benefits and Waste.
- 2.6 The reason for this change was to make the cost splits more logical, and by standardising the vast majority of cost splits this will simplify the administrative process of allocating costs between the two Councils.
- 2.7 Furthermore amending the standard cost split to 58%/42% brings this in line with the original cost sharing intention, of the costs being shared broadly in line with population.
- 2.8 This change has an impact on individual areas, in that the cost shares will be different between 2017/18 and 2018/19, however the effect on the budgets overall is minimal as demonstrated by the following table

	Leader £'000	Healthy Communities £'000	Customer Services £'000	Environment £'000	Support Services £'000	Sustainable Development £'000	<b>Total impact to CDC £'000</b>
Change to Cost Share	50	-64	-117	-87	87	141	<b>10</b>

### **3. Draft Revenue Budget 2018/19**

- 3.1 A summary of the draft Revenue Budget for 2018/19 is presented for consideration and approval at Appendix 1. The overall position is an increase in Net Cost of Services of 2.3%.
- 3.2 The budgets presented at this stage represent the direct costs of the services – i.e. they exclude all internal support recharges (e.g. accommodation, facilities, finance etc).
- 3.3 As part of the budget preparation process, 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. This, alongside proposals put

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forward by budget holders, resulted in budget reductions or additional income of over £525k.

- 3.4 A summary of the movements between the 2017/18 and the 2018/19 net cost of services is shown in Appendix 2.

#### Subjective Analysis

- 3.5 As has been referred to previously there have been a number of changes to the classification of expenditure in the overall subjective expenditure analysis in Appendix 1 as a result of shared service implementation. Where Chiltern is the accounting authority for a joint service 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 ("Recharge to SBDC").

#### Further Breakdowns

- 3.6 Further breakdowns by Portfolio area are included as follows:

- Appendix 3** Leader Portfolio
- Appendix 4** Customer Services Portfolio
- Appendix 5** Community, Health & Housing Portfolio
- Appendix 6** Environment Portfolio
- Appendix 7** Support Services Portfolio
- Appendix 8** Sustainable Development Portfolio

- 3.7 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 2016/17 actual expenditure and the 2017/18 original budget figures are included as an aid to comparison.

## **4. Inflation Estimates**

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

- Salaries inflation of 1% <sup>1</sup>
- Contracts inflation 3.3% (unless different rate specified within contract)
- Business rates - based on draft revaluation figures
- Gas 0%

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<sup>1</sup> For 2018/19 the level of any pay award will be determined locally. This will be determined by the Joint Staffing Committee before the start of the financial year.

- Electricity 7%
- Insurance 2%
- Other expenditure heads 0%
- Income 0%.

## **5. Investment Income and Borrowing**

- 5.1 Investment income will continue to be constrained as CDC is proposing significant capital expenditure reducing available cash reserves and interest rates continue at an all-time low.
- 5.2 Borrowing taken on to fund large capital projects (i.e. AMSCP) in year has required a budget of £356,000 for interest repayments.
- 5.3 The likely achievable level of investment income for 2018/19 has currently been estimated at £60,000 however this will be reviewed as part of the Treasury Management Strategy for 2018/19 which will be reported to Members in February.

## **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 43,918 to 44,369 (1.03%).

## **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 2018 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, Government Grant, and New Homes Grant.
- 8.2 These figures will be reviewed in the budget setting process once central Government have provided information for 2018/19 which is anticipated to be just before Christmas.

## **9. Council Tax**

- 9.1 The Government has announced that the limit to the increase in Council Tax will remain the same as in 2017/18 (i.e. the greater of 2% or £5 for a Band D property).

Therefore the Council has a budgeted increase of £5 for a Band D equivalent property.

## 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 attributable to Chiltern for Council Tax will be the same as in 2017/18, and net growth on business rates will be approximately £300,000. These figures will be reviewed later in the budget setting process.

## 11. Fees and Charges 2018/19

- 11.1 A review of discretionary fees and charges has been carried out and the proposed fees and charges for 2018/19 are attached as **Appendix 9**.

## 12. Corporate Implications

- 12.1 This report proposes an initial draft Revenue Budget for 2018/19. It is a legal requirement that this budget is balanced, and has been scrutinised by members.

## 13. Links to Council Policy Objectives

- 13.1 The budget is essential to achieving all of the Council's objectives and priorities.

## 14. Next Step

- 14.1 Subject to the comments of the Resources Overview Committee, the Cabinet will make its final decisions and set the Council's budget and 2018/19 Council Tax requirement at its meeting on 6<sup>th</sup> February 2018 prior to recommending these to the full Council on 28<sup>th</sup> February 2018.

<b>Background Papers:</b>	None
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