

SUBJECT:	Draft Revenue Budget 2017/18
REPORT OF:	Support Services Portfolio Holder – Cllr Mike Stannard
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WARD/S AFFECTED	All

1. Purpose of Report

1.1 To present the draft revenue budget for 2017/18.

RECOMMENDATIONS

- Note the draft revenue service budget for 2017/18.

2. Context of the 2017/18 Budget

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

- 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 is in place to minimise the impact of this in 2017/18, however this still represents a significant reduction in funding.
- The Chancellor announced on the 5th 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.
- Investment income will continue to be constrained as CDC is proposing significant capital expenditure and interest rates continue at an all-time low.

2.2 The Government Revenue Support Grant figures are detailed below.

- 2013/14 £1,961,000
- 2014/15 £1,507,000 23% cut
- 2015/16 £1,125,000 further 26% cut.
- 2016/17 £ 406,000 further 64% cut.
- 2017/18 £ 0

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 The progressing work with South Bucks DC is resulting in many services now being provided by joint teams. 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. This leads to the appearance of significant increases in some of the subjective budget headings as for example South Bucks staff costs now form part of the total staff cost of the service. The total estimated recharge of joint services to South Bucks in 2017/18 is £3.5m.

3. Draft Revenue Budget 2016/17

3.1 A summary of the draft Revenue Budget for 2017/18 is presented for consideration and approval at Appendix 1. The overall position is an increase in Net Cost of Services of 2.0%.

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 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. This, alongside proposals put forward by budget holders, resulted in budget reductions or additional income of over £520k.

3.4 A summary of the movements between the 2016/17 and the 2017/18 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

Appendix 9 Trading Undertakings

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 2015/16 actual expenditure and the 2016/17 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%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates - based on draft revaluation figures
- Gas 4%
- Electricity 4%
- Insurance 0.5%
- Other expenditure heads 0%
- Income 0%.

5. Investment Income

5.1 Investment income will continue to be constrained as CDC is proposing significant capital expenditure and interest rates continue at an all-time low.

5.2 The likely achievable level of investment income for 2017/18 has currently been estimated at £100,000 however this will be reviewed as part of the Treasury Management Strategy for 2017/18 which will be reported to Members in February.

6. Payment to Parishes in respect of Council Taxes

6.1 Central Government has consistently cut the CDC Revenue Support Grant so over the last 3 years, the grant paid to Parishes has also been scaled back. In 2017/18, as no Revenue Support Grant will be received by the Council, we propose not to provide any Council Tax Support grant to the Parishes.

6.2 The effect on the Parishes (assuming they request the same amount of funding as last year) is detailed in **Appendix 11**.

7. Council Tax Base

7.1 The Council Tax Base figures (ie the estimated number of Band D equivalent properties in the district) has increased from 43,560 to 43,918 (0.82%).

8. Contributions to Reserves

8.1 At this stage in the process provisional estimates have been included for contributions to / from reserves.

8.2 The issues around level and composition of reserves will be reviewed in February 2017 when final budget setting decisions are taken.

9. Retained Business Rate Income and Government Grant Payments

9.1 At this stage in the process provisional estimates have been included for retained Business Rate income, Government Grant, and New Homes Grant.

9.2 These figures will be reviewed in the budget setting process once central Government have provided grant figures for 2017/18 which are anticipated to be just before Christmas.

10. Council Tax

10.1 The Government has not yet announced its final proposals to limit council tax increases for 2017/18. 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.

11. Collection Fund Surplus

- 11.1 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.
- 11.2 At this point in the budget process it has been assumed that the Collection Fund Surplus attributable to Chiltern for Council Tax will be nil, and growth on business rates will be approximately £300,000. These figures will be reviewed later in the budget setting process.

12. Fees and Charges 2017/18

- 12.1 A review of discretionary fees and charges has been carried out and the proposed fees and charges for 2017/18 are attached as **Appendix 10**.

13. Corporate Implications

- 13.1 This report proposes an initial draft Revenue Budget for 2017/18. It is a legal requirement that this budget is balanced, and has been scrutinised by members.

14. Links to Council Policy Objectives

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

15. Next Step

- 15.1 Subject to the comments of the Resources Overview Committee, the Cabinet will make its final decisions and set the Council's budget and 2017/18 Council Tax requirement at its meeting on 7th February 2017 prior to recommending these to the full Council on 28th February 2017.

Background Papers:	None
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