

SUBJECT:	Draft Revenue Budget 2019/20
REPORT OF:	Support Services Portfolio Holder – Cllr Mike Stannard
RESPONSIBLE OFFICER	Jim Burness – Director of Resources
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WARD/S AFFECTED	All

1. Purpose of Report

- 1.1 To present the draft revenue budget for 2019/20.

RECOMMENDATIONS

1. To note the draft revenue service budget for 2019/20.

2. Context of the 2019/20 Budget

- 2.1 The background to the Council's revenue budget position for the coming years can be summarised as follows:
- The announcement of the decision to create a unitary authority in Buckinghamshire from 2020/21 does not affect the requirement on the Council to set a legal and prudent budget for 2019/20 that addresses the Council's aims and objectives. It will be necessary at a corporate level to make provision for the initial transition costs to the new unitary authority that will be incurred in 2019/20. This will be done when setting the final budget in February 2019 when there is more clarity around the transition process.
 - On 19th December 2017, the then Communities Secretary Sajid Javid announced that Council's will retain 75% of its business rates by 2020/21. This is a reduction from the 100% retention previously announced. The Council has applied to be a pilot for this new level of funding for 2019/20, however whether our application will be successful and the 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.

- The current understanding is that as a Shire District, Chiltern's Council tax rises will be limited to the higher of 3% 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 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 that published by the Government in 2015.
- 2.3 With the ongoing 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 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 CDC 58% / SBDC 42%. This cost share split is used for all joint services apart from Waste as this service is also shared with Wycombe District Council.

3. Draft Revenue Budget 2019/20

- 3.1 A summary of the draft Revenue Budget for 2018/19 is presented for consideration and approval at Appendix 1.
- 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 forward by budget holders, resulted in budget reductions or additional income of over £315k.
- 3.4 A summary of the movements between the 2018/19 and the 2019/20 net cost of services is shown in Appendix 2.

Subjective Analysis

- 3.5 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 2017/18 actual expenditure and the 2018/19 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 2%
- Contracts inflation 2.8% (unless different rate specified within contract)
- Business rates 2.8%
- Gas 0%
- Electricity 6.5%
- Insurance 0%
- 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 to be low.
- 5.2 Borrowing taken on to fund large capital projects (i.e. AMSCP) has required a budget of £561,000 for interest repayments.

5.3 The likely achievable level of investment income for 2019/20 has currently been estimated at £40,000 however this will be reviewed as part of the Treasury Management Strategy for 2019/20 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 44,369 to 44,716 (0.8%).

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 issues around level and composition of reserves will be reviewed in February 2019 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 2019/20 which is anticipated to be early December.

9. Council Tax

9.1 It is not expected that Government will make any changes to the limit to the increase in Council Tax from 2018/19 (i.e. the greater of 3% or £5 for a Band D property). Therefore the Council has a budgeted increase of 3% for a Band D equivalent property.

9.2 For information the current Council Tax rates for the other Bucks District are:

- AVDC £149.06
- SBDC £158.00
- WDC £136.99

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 £60,000, 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 2019/20

11.1 A review of discretionary fees and charges has been carried out and the proposed fees and charges for 2019/20 are attached as **Appendix 9**.

12. Corporate Implications

12.1 This report proposes an initial draft Revenue Budget for 2019/20. 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 2019/20 Council Tax requirement at its meeting on 5th February 2019 prior to recommending these to the full Council on 26th February 2019.

Background Papers:	None
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