

<b>SUBJECT:</b>	Portfolio Budgets 2019/20
<b>REPORT OF:</b>	Councillor Duncan Smith – Customer Services and Business Support Portfolio Holder
<b>RESPONSIBLE OFFICER</b>	Jim Burness – Director of Resources
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<b>WARD/S AFFECTED</b>	All

## 1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2019/20, including the context of the overall financial position facing the Council for the coming year, and the implications of the establishment of a unitary authority in 2020/21.
- 1.2. This report provides summary information on the budgets and highlights issues for consideration. The accompanying booklet presents the detailed information to assist Members in their decision making.

### RECOMMENDATION:

Members are requested to advise the Portfolio Holder on the approval of the following items for onward submission to Cabinet:

- the 2019/20 revenue budget
- the 2019/20 fees and charges.

## 2. Context to the 2019/20 Budget

- 2.1. At the start of the process to set the 2019/20 budget and council tax it is helpful to be aware of the context within which we will be taking decisions over the coming months.
- 2.2. The most significant recent development is the announcement of the decision to create a unitary authority in Buckinghamshire from 2020/21. This 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.
- 2.3. The Council's objectives that it continues to pursue are set out in the Council's Medium Term Financial Strategy. The key principles of the Strategy are.

- The matching of expenditure and income in the medium term.
  - Optimising the use of Council assets to deliver or help finance Council priorities.
  - Aligning new expenditure to key Council priorities and to continue to provide value for money.
  - Having in place sound financial processes to control and monitor expenditure.
  - Awareness of the financial risks facing the Authority and using this to inform the Authority's level of financial reserves.
- 2.4. The Medium Term Financial Strategy identifies a potential funding gap. There are known issues such as homelessness and potential changes to the New Homes Bonus grant that will increase this figure unless further cost reduction/income generation measures are taken.
- 2.5. In responding to the position the Council recognised that there is no one single solution to deal with these service and financial issues. The Council is currently tackling the issue by embarking on a number of key projects or programmes, principally:
- Increasing the supply of temporary accommodation available to the Council in order to contain and then reduce homelessness costs.
  - Developing new income streams by acquiring and managing residential properties, and appropriate commercial property investments, via a company (Consilio) wholly owned by the Council. It is envisaged that the company will take over and manage the residential properties developed on the Gerrards Cross former Police Station site.
  - Reduce its operational costs by transforming service delivery with Chiltern DC through the Customer Experience Strategy which is aiming to improve customer service and increase efficiency, and through improvements to the Planning Service.
- 2.6. If these projects and programmes are progressed as planned then the Council should be able to continue to balance its finances and avoid significant frontline service reductions in the coming year, and contribute to a stable financial starting point for the new unitary authority in 2020/21.
- 2.7. The draft budgets do not include any proposals to expand services that would increase the Council's cost base.

### **3. Budget Assumptions**

- 3.1. 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% and Water 2.8%
  - Insurance 0%
  - Other 0%

### **4. Summary Revenue Budgets**

- 4.1. The draft budgets presented to Members at this stage represent the net direct running costs of services. They do not contain the apportionment of support services such as

accommodation, IT, finance etc. These will be included in the final approved budgets, once the budgets for these support services have been set. The budgets reflected in this report are therefore the direct costs under the Portfolio Holder's control.

- 4.2. The budgets have been reviewed by the appropriate service manager for any material volume changes or changes related to maintaining current service standards.
- 4.3. The net budget figures for the Portfolio are shown below. A more detailed breakdown by service is shown within the booklet.

<b>Actuals 2017/18 £'000</b>	<b>Budget 2018/19 £'000</b>	<b>Draft Budget 2019/20 £'000</b>
1,226	1,217	1,361

- 4.4. The increase from the current year's approved budget to the 2019/20 draft budget is £144k (11.8%). The main changes are detailed below:

	<b>£'000</b>	<b>Comment</b>
<b>2018/19 Budget</b>	1,217	
<b>Unavoidable</b>		
- Customer Experience Implementation	94	Running costs for customer experience strategy
- Business Support – Software	14	Increase in costs for WAN support and software licenses
- Business Support – Other	10	Staff expenses, equipment maintenance etc
<b>Transfers</b>		
-Revenues Service	-25	Costs of audit previously covered by Northgate, transferred to Corporate Management
-Customer Services	80	Transfers from other service areas for customer experience strategy
-Business Support	21	Costs for Photocopiers centralised
<b>Savings / Income Increases</b>		
-Revenues	-50	Reduction in costs from bringing Revenues service in-house
<b>2019/20 Draft Budget</b>	<b>1,361</b>	

- 4.5. Further details of the budgets for each area are shown within the booklet.

## 5. Commentary on Budgets

### Main Elements of the Budget

- 5.1. The main elements of this budget are as follows.

- Business Support - ICT Infrastructure and Information management support to Members and other Council services.
- Customer Services - Collection of Council Tax and Business Rates, and the award of Housing Benefits and Council Tax Support.

### **Budget Priorities**

- 5.2. The Customer Services and Business Support budget is essential to achieving all of the Council's objectives and priorities.

### **Risks**

- 5.3. When considering the proposed budgets for the coming financial year it is important to be aware of the risks within the budgets. For this Portfolio the main risk areas are:

- Council Tax Support Scheme – The cost of operating the localised Council Tax Support Scheme.
- Housing benefits – the grant should ensure that in most cases 100% of benefit paid is reclaimable however the various incentive areas introduce some variability to this and given the large sums involved there is still a risk that the amount payable may differ from the standard rate as some costs may be ineligible for grant.

- 5.4 The actions taken to mitigate or monitor these risks are as follows.

- Budget monitoring and regular meetings with the Portfolio Holder.
- 5.5. An overall review of the main risk issues for the 2019/20 budget will be undertaken once Cabinet has agreed a proposed budget. This review and proposed actions to mitigate the risks will be part of the final report to the Cabinet on the budget in February.

### **Task & Finish Group**

- 5.6. In response to the budget gaps highlighted by the MTFs, the Overview and Scrutiny Committee formed a Task and Finish group in order to identify actions that needed to be taken.
- 5.7. The following recommendations were made which have been considered when forming these budgets for 2019/20:

<u>Recommendation</u>	<u>Action Taken</u>	<u>Risks to Implementation</u>
All non-statutory fees and charges should be reviewed annually, to ensure that they fully cover the Council's costs, and are in line with the average charge or higher from neighbouring authorities.	The only fees applicable to Customer Services are court fees. We regularly review these fees and have had to reduce fees in line with reduction in fees levied on us from the courts. The fees are reviewed in comparison with other local authorities on a regular basis.	Court fees are closely monitored by the courts and we have to provide a breakdown of how these have been calculated in order to justify.

<u>Recommendation</u>	<u>Action Taken</u>	<u>Risks to Implementation</u>
<p>Note the importance of maintaining the Council Tax base, including regularly reviewing the properties where Single Person Discounts are being given.</p>	<p>Single person discount reviews are completed regularly.</p>	<p>None</p>
<p>Monitor the progress with the</p> <ul style="list-style-type: none"> <li>• Customer Experience /</li> <li>• R&amp;B service /</li> <li>• ICT strategy</li> </ul> <p>as these are key projects to help improve and deliver savings.</p>	<p><u>Customer Experience</u> An update report on the Customer Experience Programme was presented to the Joint Committee on 10 October 18. Customer Experience programme is in implementation for first phase – Robust programme management in place.</p> <p><u>R&amp;B Service</u> Revenues and Benefits Service transition complete and focus will be on improving Council Tax collection rates in future years</p> <p><u>ICT Strategy</u> An update report on the ICT strategy was presented to the Joint Committee on 10 October 18.</p>	<p>All risks considered as part of the programme management methodology and progress to be reported to Joint Overview and Scrutiny and Joint Committees.</p>

**Opportunities and Plans for Improvement**

5.8. From 1<sup>st</sup> November 2018 the Revenues Service has been brought back in house. We have estimated that this will deliver a saving of £50k in 2019/20 with the potential for further savings occurring in future years when the service becomes established. We will also be reviewing processes and strategies to look at increasing Council Tax collection in future years.

**6. Links to Council Policy Objectives**

7.1 One of the primary purposes of the Council’s budget process is to ensure that, as far as possible, resources are aligned to the corporate priorities of the Council and that any material risks are assessed.

**7. Next Step**

8.1 The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2019/20 budget for the Authority.

<b>Background</b>  <b>Papers:</b>	None
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