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| SUBJECT: | Portfolio Budgets 2016/17 |
| REPORT OF: | Councillor Luisa Sullivan – Environment Portfolio Holder |
| RESPONSIBLE OFFICER | Jim Burness – Director of Resources |
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| WARD/S AFFECTED | All |

1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2016/17, including the context of the overall financial position facing the Council for the coming year.
- 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 2016/17 revenue budget
- the 2016/17 fees and charges.

2. Context to the 2016/17 Budget

- 2.1. As a result of the Government's deficit reduction strategy, local authority funding is subject to continuing significant reductions. Local authorities also face constraints on the level of council tax increases.
- 2.2. It would therefore be prudent at this stage not to include any funding for new recurring expenditure to improve or expand services. The Authority also needs to identify measures to compensate for the reductions in resources referred to. Part of these measures will be the benefits from joint working with Chiltern DC.
- 2.3. The progressing work with Chiltern DC is resulting in more services being provided by joint teams. Where this affects budgets in this Portfolio area it is highlighted in the detailed information. Note: At present when a service is hosted at CDC then the detailed budget information is held at CDC, and the SBDC budgets only show the appropriate expenditure contribution. For next year the Finance team will be reviewing the presentation of shared service budgets in order to allow greater scrutiny of the detailed budgets at the non host authority.

- 2.4. The SBDC Overview & Scrutiny Committee established a Financial Savings Panel to look at potential savings options. This Panel reported back to the Overview & Scrutiny Committee on 11th November 2015 and recommended that a number of saving options are progressed. None of these options have yet been built into the draft budgets.

3. Budget Assumptions

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

- Salaries inflation from April 2016 of 1%
- Contracts inflation 1.9% (unless different rate specified within contract)
- Business rates 1.9%
- Gas 1.8%, Electricity 9% and Water 1.9%
- Insurance 3.5% - as Insurance Premium Tax has gone up from 6% to 9.5%.
- Other expenditure heads 0%
- Income 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 service charges 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 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.

| Actuals 2014/15 £'000 | Budget 2015/16 £'000 | Draft Budget 2016/17 £'000 |
|--------------------------------------|-------------------------------------|---|
| 2,560 | 2,384 | 2,322 |

- 4.4. The decrease from the current year's approved budget to the 2016/17 draft budget is £62k (2.6%). The main changes are detailed below:

| | £'000 | Comment |
|------------------------------|--------------|----------------|
| 2015/16 Budget | 2,384 | |
| Change in Salaries | | |
| - Provision for pay increase | 3 | Increments |
| - Waste Contract Management | 1 | |
| Inflation | | |
| - On expenditure | 2 | |

| | £'000 | Comment |
|-----------------------------------|--------------|---|
| Savings / Income Increases | | |
| - District Cleansing | -14 | Saving on Biffa Contract |
| - Refuse Collection | -8 | Saving on Biffa Contract |
| - Refuse Collection | -6 | Increased income for bulky items collection |
| - Refuse Collection | -5 | Increased income for refuse container hire |
| - Recycling | -2 | Savings on building repairs |
| - Recycling | -25 | Saving on Biffa Contract |
| - Recycling | -6 | Increased income for recycling credits |
| - Recycling | -9 | Increased income for green waste items |
| Other Changes | | |
| - Waste Contract Management | 3 | Increase in mileage and phone costs |
| - Increase in Insurance cover | 4 | |
| 2016/17 Draft Budget | 2,322 | |

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.

- The refuse, recycling and street cleansing contract with Biffa Municipal Ltd is the Council's largest single contract. It changes annually in line with the indices chosen by the Council at the tendering stage.
- This year the indices have been lower than predicted, particularly in the case of the cost of fuel, which has decreased significantly and offset the labour increase.
- However Members are asked to note that some of the contract savings are because two Easter Holidays fall in 2015/16 and none in 2016/17. The cost of Easter 2016 is therefore being borne this financial year and not in 2016/17 so is not a true contract saving.
- We also have a new vehicle fleet and the current lower maintenance costs reflect this.

Budget Priorities

5.2. The budget reflects the following Council priorities.

- Provide great value services
- Conserve the environment
- Promote sustainability

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:
- Changing levels of recycling volumes of paper, glass and cans.
 - The cost of the refuse, recycling and ancillary services contract.
- 5.4 The actions taken to mitigate or monitor these risks are as follows.
- The contract costs are agreed in September/October for the following year in line with indices agreed at the tendering stage. Therefore the risk of a sudden increase is unlikely. Risks such as inclement weather are covered by internal procedures to reduce the likelihood of services being affected.
- 5.5. An overall review of the main risk issues for the 2016/17 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.

Opportunities and Plans for Improvement

- 5.5. Having recently rolled out a new refuse and recycling collection service, introduced a chargeable garden waste service district-wide and replaced our entire fleet, there are no large scale changes proposed at present.
- 5.6. A different charging structure for bulky collections, which offers subsidised rather than free collections to residents on means-tested benefits has been proposed, as well as reducing the number of items collected from 5 to 3. Options for charging for containers will be investigated in 2016/17 and discussed with the Environment PAG as appropriate.

6. Fees and Charges

- 6.1. The Budget Booklet also contains the list of proposed fees and charges. All of the proposed fee increases have been built into the draft revenue budgets.
- 6.2. Where fees and charges which are determined by the Council have changed other than to reflect cost increases, the rationale is as follows.
- The charge for bulky collections has changed as described above. This is to better reflect the cost of the service and to align it better with that offered by CDC for consistency.
- 6.3. The Portfolio Holder is asked to consider the list of fees and charges and consider whether to approve these. Income may be in some service areas an important factor in reducing expenditure.

7. 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.

8. 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 2016/17 budget for the Authority.

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| Background | None |
| Papers: | |