

SUBJECT:	Portfolio Budgets 2018/19
REPORT OF:	Councillor Luisa Sullivan – Environment Portfolio Holder
RESPONSIBLE OFFICER	Jim Burness – Director of Resources
REPORT AUTHOR	Jacqueline Ing – Principal Accountant 01494 732292 jing@chiltern.gov.uk Chris Marchant – Head of Environment
WARD/S AFFECTED	All

1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2018/19, 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 2018/19 revenue budget; and
- the 2018/19 fees and charges.

2. Context to the 2018/19 Budget

- 2.1. At the start of the process to set the 2018/19 budget and council tax it is helpful to be aware of the context within which we will be taking decisions over the coming months. The Council’s Medium Term Financial Strategy, which was approved by the Council in autumn 2016, identifies eight priority issues to address over the coming years, in order for the Council to progress its aims and objectives and at the same time balance over the period its income and expenditure. The priorities are set out below.

Priority	Pressure/Issue
Financial Stability & Resilience	Ending of Government grant from 2017/18, payment of tariff from 2019/20. Forecast funding gap by 2020 of £1.6m+ Funding coming totally from local resources from 2017/18 makes SBDC more vulnerable to impact of economic recession. Major capital projects exceed available capital

Priority	Pressure/Issue
	resources
Local Housing Needs	At end of 2016/17 60+ families in temporary accommodation. Increasing numbers on local housing waiting list. Affordability issues have led to RSL development largely ceasing in the area.
Parking Strategy	Capacity issues in car parks in Gerrards Cross and Beaconsfield. Parking issues in Iver.
Maximising use of Property Assets	Need to generate additional income to help bridge funding gap. Need to identify housing sites Car parking issues
Leisure needs, including Farnham Park	GLL contract renewal in 2020. Potential impact of closure of Evreham Centre in 2020. Evreham operation is subsidised by SBDC. Issues from Open Spaces needs review. Improving the financial position of the Farnham Park site. Financial performance of Academy site leads to need to redevelop the site
Supporting local businesses	Expanding and improving broadband quality and coverage in the area. With increased reliance on business rates funding important to sustain and grow tax base.
The local environment	Concern over impact of major developments in Iver area. Implications of Local Plan and any green belt release.
Joint Working including Transformation	Need to address funding gap forecast to arise by 2020 from ending of Government grant. Responding to changing needs of residents and customers. Need to maintain drive for efficiency in service delivery.

- 2.2. The Medium Term Financial Strategy in the autumn of 2016 identified a potential funding gap in the coming years. 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.
- 2.3. 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. This included projects such as

property acquisitions and/or leasing schemes, and the Bath Road redevelopment and planning application for this site is due to be submitted later this year.

- Develop new income streams by acquiring and managing residential properties, and appropriate commercial property investments, via a company (Consilio) wholly owned by the Council. The Property company has now been established and the Council will be asked to approve the first business plan during this financial year. 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, including vacating and renting out one building at Capswood, and through the Customer Experience Strategy which is aiming to improve customer service and increase efficiency.

- 2.4. If these projects and programmes are progressed as planned over the next two years then the Council should be able to continue to balance its finances and avoid significant frontline service reductions.
- 2.5. The draft budgets do not include any proposals to expand services that would increase the Council's cost base.
- 2.6. All services are now provided by joint teams with Chiltern DC.
- 2.7. 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.

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.

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.

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

	Customer and Business Support £'000	Environment £'000	Healthy Comm £'000	Planning £'000	Resources £'000	Total impact to SBDC £'000
Change to Cost Share	104	35	64	-141	-71	-9

3. Budget Assumptions

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

- Salaries inflation of 1%
- Contracts inflation 3.3% (unless different rate specified within contract)
- Business rates 3.3%
- Gas 0%, Electricity 7% and Water 3.3%
- Insurance 2%
- 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.

4.4.

Actuals 2016/17 £'000	Budget 2017/18 £'000	Draft Budget 2018/19 £'000
1,724	1,628	1,811

4.5. The increase from the current year's approved budget to the 2018/19 draft budget is £183k (11.2%). The main changes are detailed below:

	£'000	Comment
2017/18 Budget	1,628	
Change in Salaries - Salary inflation - Change in staffing at SMPG	18 -5	Share of costs from joint waste team Retirement of Cemetery Superintendent partially offset with establishment of an additional admin post
Inflation - On expenditure	91	Largely from waste contract that is linked to RPI and fuel indices

	£'000	Comment
Unavoidable increases		
- Waste Contract	44	MRF costs not fully covered
	30	Less income received from the sale of paper
- Car Parks	13	RingGo fees not previously budgeted for
Savings / Income Increases		
- Waste contract	-9	Increased income recycling credits
	-22	Increased green waste income
	-17	Additional income from Schedule 2 properties
Other Changes		
- Changes to Cost Share	35	Cost share split between CDC and SBDC adjusted per Joint Committee 24 th July 2017
- Other minor changes	5	
2018/19 Draft Budget	1,811	

4.6. 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 budget also includes the management of three cemeteries and Stoke Poges Memorial Gardens. The main challenges here are increasing income to help offset costs.
- Income and expenditure relating to the pay and display car parks. Note that the budget has not provided for any increase in pay and display fees. A further report will be presented to Councillors at a future meeting.

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.
 - Achievement of income targets.
- 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 2018/19 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 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. Officers are beginning to explore the options after the current waste contract ends in 2021 and a further report will be presented to Councillors in due course

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. The Portfolio Holder is asked to consider the list of fees and charges and consider whether to approve these. Income in some service areas may be an important factor in reducing net 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 2018/19 budget for the Authority.

Background Papers:	None
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