

SUBJECT:	Portfolio Budgets 2019/20
REPORT OF:	Councillor Luisa Sullivan – Environment Portfolio Holder
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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 2019/20, 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 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.

Actuals 2017/18 £'000	Budget 2018/19 £'000	Draft Budget 2019/20 £'000
1,566	1,710	1,831

- 4.4. The increase from the current year’s approved budget to the 2019/20 draft budget is £122k (7.1%). The main changes are detailed below:

	£'000	Comment
2018/19 Budget	1,710	
Change in Salaries		
- Salary inflation	1	
- Change in staffing at SMPG	1	
Inflation		
- Waste Contract	135	Largely from waste contract that is linked to RPI and fuel indices
- On other expenditure	11	e.g. NNDR, electricity, grounds maintenance etc
- On Income	-9	Waste Contract income
Unavoidable increases		
- Waste Contract	61	Waste retender costs
- Car Park Business Rates	37	Reduction in transition relief received after rates revaluation
Transfers		
- Insurance	-9	Insurance costs moved to central pot
- Transfer to Customer Services	-5	Transfer from Waste
Savings / Income Increases		
- Waste contract	-29	Increased income from hire of refuse containers
- Stoke Poges Memorial Garden	-58	Saving from new Grounds Maintenance contract & increased sales
- Cemeteries	-20	Increase in sales of plots

	£'000	Comment
Other Changes		
- Other minor changes	5	
2019/20 Draft Budget	1,831	

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 budget also includes the management of three cemeteries and Stoke Poges Memorial Gardens.
- 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 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.	Fees & charges have been reviewed.	
Review opportunities to bring in revenue from advertising across all Council assets http://communitypartners.co.uk/	A number of advertising companies have been contacted to assess the level of interest and determine potential income. Three of those contacted said they may be interested subject to the advertising being able to be placed by busy roads, ideally where vehicles queue or facing traffic lights. The general theme is there is little interest for advertising within the car parks.	
Review the green waste fee.	Proposal to increase to £40	Work has been undertaken to look at the risk of increasing the garden waste charge resulting in a reduction in the number of subscriptions. Evidence has

<u>Recommendation</u>	<u>Action Taken</u>	<u>Risks to Implementation</u>
		shown that the proposed £1 increase should not result in a drop off and that there is still room for further increases before this should take place., with a charge higher than £45 possibly being the tipping point for this.
Consider having a single long term joint waste contract with all three District councils to obtain economies of scale.	In progress to procure new 3 way contract	There will be significant competition as a high number of waste contracts are due for tendering during this period but these risks are mitigated by having a single joint waste contract with the three districts as this will present a more attractive opportunity to the market place.
Actively explore scope to increase cemetery charges and burial capacity, including facilities for the non Christian communities and marketing these outside of the area and the use of Stoke Poges Memorial Gardens.	Budgets have been increased to reflect increased out of area fees. Included budgetary provision for non-Christian burials. Expansion is longer term plan once existing capacity is reached.	
Review the car park charging strategy, particular focusing on whether evening and Sunday charges would be appropriate.	See separate car park report	
Consider car parking expansion, where there is a clear service need and a business case for doing so, including additional car parking such as the one proposed for Gerrards Cross.	Business case for GX car park approved by Cabinet.	
Review underutilised car parks e.g Burnham as these assets could be more effectively used	Apr to Oct 2018 average usage figures:	

<u>Recommendation</u>	<u>Action Taken</u>	<u>Risks to Implementation</u>
for the Council’s objectives.	Summers Road 77% Jennery Lane 51% pikes at 77% In the monitoring period the usage has been above 50%, 52% of the time. Neville Court 62%	
Review the use of recycling facilities in car parks as this space could generate extra income.	Report going to PAG	Delay to decision making; aim to complete review before end of Quarter 4.

Opportunities and Plans for Improvement

5.8. Officers are in the process of reletting a new 3 way waste contract with CDC and WDC.

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 2019/20 budget for the Authority.

Background Papers:	None
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