

SUBJECT:	Portfolio Budgets 2018/19
REPORT OF:	Councillor Paul Kelly – Healthy Communities 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 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:

1. the 2018/19 revenue budget
2. 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.

Priority	Pressure/Issue
	Major capital projects exceed available capital 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.

Actuals 2016/17 £'000	Budget 2017/18 £'000	Draft Budget 2018/19 £'000
1,062	1,281	1,315

4.4. The decrease from the current year's approved budget to the 2018/19 draft budget is £34k (2.6%). The main changes are detailed below:

	£'000	Comment
2017/18 Budget	1,281	
Change in Salaries - Provision for pay increase	4	

	£'000	Comment
Savings / Income Increases		
- Grants	-10	Saving on joint Heart of Bucks grants programme
- Temporary Accommodation	-40	Proposals being brought forward to reduce the current use of 40 units of temporary accommodation
-Dog & Pest Contract	-2	Costs to be recovered by contractor
Other Changes		
- Change in Cost Share agreement	64	Cost share split between CDC and SBDC adjusted per Joint Committee 24 th July 2017 (further details in paragraph below)
- Environmental Health	-15	Additional income for work done on behalf of partner authorities
- Housing	33	Additional staff costs to address impact of homelessness and the cost of upgrade of the Bucks Home Choice Locata system
2018/19 Draft Budget	1,315	

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 provision of Corporate advice on Sustainability, Emergency Planning, Corporate Health & Safety, and Business Continuity enables the Council to meet its statutory obligations and to take opportunities to attract funding or invest to save where possible.
- Environmental Health (Food and Health & Safety, Nuisance and Public Health investigation and enforcement, Pollution Control including Air Quality and Contaminated Land interventions, and Dog and Pest Control, Climate Change and Carbon Management). Expenditure to third Party Contracts is mainly through the use of Agency Staff as required, equipment purchases, the provision of free pest control treatments and the collection of Stray Dogs by SDK Environmental. The shared service has reduced staff and equipment costs and enabled the development of the strategic pollution team to attract income from other authorities.
- Enabling Affordable Housing provision, Homelessness and Housing Allocations, Housing Standards Enforcement and the provision of Disabled Adaptations. Third Party costs relate to the provision of Emergency Housing, the allocation of disabled adaptations, the prevention of homelessness and the operation of the housing allocation system 'Buck Home Choice'. Homelessness pressures continue to increase with higher levels of demand. 1st April 2018 the Homelessness Reduction Act comes in

to effect increasing burdens on local housing authorities to prevent homelessness, work with clients to deliver a homeless action plan and provide emergency accommodation pending any decision on the main duty to house. In support of seeking to reduce the cost of emergency housing a range of options will be brought in including a leasing scheme, acquisition of properties, and the development of affordable housing by the council.

- Licensing undertakes the Council's licensing service to protect the public. The service enforces standards in relation to: Taxi and Private Hire; Premises; Animal Health; Scrap Metal; Caravan and Gambling licensing; and the authorisation of street and house to house collections. Through reducing operational costs and managing the licence application fees, the service aims to achieve a balanced budget.
- Community Safety works across the Community Safety Partnership to address crime and disorder, including ensuring the appropriate measures are in place to safeguard the community. Whilst the partnership still focuses on serious and acquisitive crime the impact of safeguarding has increased the range and complexity of partnership working. The council supporting actions to identify and prevent; DV, CSE, gang related violence, modern day slavery, and the prevention of extremism.
- Community and Leisure Provision including the administration of the Leisure contract with Greenwich Leisure Limited. The decision to keep the Evreham Centre operational until 2021, when the User agreement with BCC ends, alongside the Beacon centre will result in a net income of £44,000 to the Council which is forecast to rise to £67,000 by 2020/21. The community team continues to work with the community to enable the voluntary sector to deliver services. Continuation of the matched funded Heart of Bucks and South Bucks grant together with the Chiltern and South Bucks lottery and promotion of trust funding will widen community funding opportunities.

Budget Priorities

5.2. The budget reflects the following Council priorities.

- Cost effective customer focused services
- Work towards safer and healthier communities
- Strive to conserve the environment and 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:

- Homelessness expenditure which is driven by the demand for emergency accommodation. The costs have significantly increased in recent years and there is a limited supply of temporary accommodation available. The Homelessness Reduction Act will increase pressures on the availability of emergency accommodation. In response the Council will seek to end the use of nightly let accommodation by placing people in to private or social tenures through; leasing schemes, acquiring property or developing affordable housing to be managed by a housing association.

- The cost of defending appeals and prosecutions arising from enforcement activity across the service, or from appeals arising from Licensing or Housing decisions. Those appeals/prosecutions which result in court hearing can incur legal representation costs, court costs, and on occasions damages.
- Resourcing the response to major development proposals, within South Bucks, to mitigation the environmental implications.

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

- With a limited supply of emergency accommodation provision is currently managed through use of B&B, temporary tenancy arrangements in the General Needs housing stock and through innovative arrangements with Paradigm Housing and L+Q to bring empty properties in to use. The Council supports a range of initiatives to increase the affordable housing supply through the planning system and the use of its s106 commuted sums funding. Requests for Homelessness advice and assistance have doubled since 2013 requiring additional resources in the Housing Team to meet demand and support families avoid becoming homeless. Weekly monitoring of the both the numbers in Emergency Accommodation and cost to the council is undertaken. A robust debt avoidance and recovery process has been put in place to improve the management of resources.
- In the medium term to address the risks of increases in the cost of homelessness, the council is seeking to develop affordable housing on site, to acquire properties and work with partners to deliver emergency housing schemes in the private rented sector. The aim being to end the use of nightly let emergency accommodation and tenants to make their rental obligation directly to the landlord.
- With an increased number of major transport infrastructure initiatives impacting on South Bucks, staff resources have been redeployed to support the projects and enable income from other authorities utilising the expertise of the team.
- Budget monitoring and regular meetings with the Portfolio Holder.

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 Cabinet on the budget in February.

Opportunities and Plans for Improvement

5.6. The introduction of shared services has improved resilience, service quality and reduced costs. Additional service improvements will result from reviewing the processes and procedures and removing unwanted service demand. The mobile working, customer engagement projects will enable further opportunities for reducing overall costs. The success of the homelessness reduction schemes will have a major impact on the overall budget position of the service

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	None
Papers:	