

<b>SUBJECT:</b>	<b>Portfolio Budgets 2013/14</b>	
<b>REPORT OF:</b>	<b>Officer Management Team -</b>	<b>Director of Resources</b>
	<b>Prepared by</b>	<b>- Head of Finance</b>

## 1. Purpose of Report

1.1. To provide members with information on the draft revenue budget for 2013/14, including the context of the overall financial position facing the Council for the coming year. The report will seek approval for the:

- draft revenue budget
- fees and charges

## 2. Links to Council Policies & Plans

2.1. 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.

## 3. Context to the 2013/14 Budget

3.1. 2013/14 will be the third year of the current Spending Review period during which the Government has set out to reduce the national deficit. As with previous years there are planned to be further reductions in Government funding for local authorities. The details of the funding for 2013/14 will not be known until mid December 2012 following the Autumn Statement on 5th December.

3.2. Given the challenge faced by the Government in achieving its deficit reduction targets in the light of the recession being experienced by the UK economy, it is possible that local authority funding could be reduced further than original planned in 2013/14.

3.3. 2013/14 will see a number of major changes to the way in which local authorities are funded. In summary these are:

- Authorities will be able to retain a proportion of the business rates they collect. If the retained business rates exceed the Government grant the authority would have received in 2013/14 under the current arrangements then the authority will pay over the difference to the Government, and if it is less then they will receive a payment from the Government.
- All the major unringfenced grants received by the authority for council tax freeze, council tax support, and local services support grant will be combined into a single revenue support grant (RSG) payment.

3.4. All of the factor combine to make it difficult to predict with any certainty the likely level of external funding available to the Council in 2013/14.

3.5. The draft budget for 2013/14 reflects the savings achieved to date from the phase 1 joint arrangements with Chiltern DC, which are approximately £265k. In addition there will be the saving from the removal from the budget of the costs of the 2012 Games, £109k.

- 3.6. 2013/14 will be the third year of the New Homes Bonus (NHB) funding scheme, and based on past performance the authority is guaranteed to receive £535k in 2013/14. This is based on the net number of new properties on the council tax base as at October each year. As with the other funding sources, the Council will not know its position until the middle of December.
- 3.7. Investment income will continue at the current level, with little prospect of any material increase in the coming years as the economic situation will keep rates at the current low levels. The Resources Portfolio Holder and his PAG continually monitor the investment position, and the likely achievable level of investment income for 2013/14 will be reviewed as part of the Treasury Management Strategy for 2013/14.
- 3.8. Clearly with all the uncertainties around the 2013/14 budget it would be prudent at this stage not to include any funding for new recurring expenditure to improve or expand services.

#### **4. Budget Assumptions**

- 4.1. The budgets have been prepared in accordance with the following inflation assumptions:
- Salaries inflation from April 2012 of 2%
  - Contracts inflation 3% (unless different rate specified within contract)
  - Business rates 3%
  - Gas 5%
  - Electricity 5%
  - Other expenditure heads 0%
  - Income 2%.
- 4.2. In respect of pay settlements the Council will decide the final figure for any salary increase for next year based on the advice of Personnel Committee.
- 4.3. The Cabinet has decided that in the light of the uncertain external funding position for the Council, that there will be no discretionary growth allowed in the draft budgets.
- 4.4. The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2013/14 budget for the Authority.

#### **5. Budget Booklet**

- 5.1. This report provides summary information on the budgets and highlights issues for consideration. The attached booklet presents the detailed information to assist Members in their decision making and includes sections on the following:
- revenue budgets
  - fees and charges.

#### **6. Revenue Budgets**

- 6.1. 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.

- 6.2. The budgets have been reviewed by the appropriate service manager for any material volume or changes related to maintaining current service standards.
- 6.3. The net budget figures for the Portfolio are shown below. A more detailed breakdown by service is shown on page 3 of the booklet.

Actuals 2011/12 £'000	Budget 2012/13 £'000	Draft Budget 2013/14 £'000
4,122	4,032	3,955

- 6.4. The decrease from the current year's approved budget to the 2013/14 draft budget is £77,000 (1.9%). The main changes are detailed below:

	£'000	Comment
<b>2012/13 Budget</b>	<b>4,032</b>	
Change in salaries - Cost of living increase & increments	31	
Inflation - On expenditure	46	
Unavoidable increases - Cut in NNDR grant - Cut in CTax/HB grants - Council Tax Support Hardship Fund	10 41 30	Estimated figures - will update once actual figure known Relates to new local CT Support scheme
Transfer - Training - Bad debt provision - Dem Services/Elections Officer	5 5 -8	Creation of centralised training budget Compensating adjustment in H&H Compensating adjustment in Community
Saving - Shared management arrangements - Transformation Support - Saving on audit costs - ICT - Ordnance Survey - Legal Overtime - Legal reduction in hours	-230 34 -18 -12 -9 -20	Phase 1 savings To be funded from reserves Net reduction in audit fees No longer being charged for data Reduction in overtime provision
Other Changes - Lower charges to Trust - Minor changes	22 -4	Recharges have been reviewed
<b>2013/14 Draft Budget</b>	<b>3,955</b>	

- 6.5. Full details of the budgets and the changes from the current year for each service are shown within the booklet.
- 6.6. The Portfolio Holder is asked to consider the 2013/14 draft revenue budget and consider whether to approve this.

#### Risk Assessments

- 6.7. 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 implementing and then operating the new 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.
- For property leases there are risks if void levels are higher than budgeted.

6.8. The Portfolio Holder may wish to review what actions are proposed to attempt to manage and mitigate these risks.

6.9. An overall review of the main risk issues for the 2013/14 budget will be undertaken once the 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.

### Service Reviews

6.10. As part of the joint working arrangements with Chiltern District Council, it is proposed that over time all services will be subject to detailed service reviews. It is anticipated that these reviews will improve quality and resilience, and reduce cost.

## 7. Fees and Charges

7.1. Included within the booklet are the list of proposed fees and charges for the Portfolio. All of the proposed fee increases have been built into the draft revenue budgets.

7.2. The fees and charges which are determined by the Council have mainly been increased by 2% unless a specific level of charge has been identified by Cost Centre Managers.

7.3. 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.

## 8. Conclusion

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

- the 2013/14 revenue budget
- the 2013/14 fees and charges.

<b>Officer Contact:</b>	<b>Rodney Fincham- Ext 7268 email: rodney.fincham@southbucks.gov.uk</b> <b>Jim Burness - Ext 7217 email: Jim.burness@southbucks.gov.uk</b>
<b>Background Papers:</b>	