

SUBJECT:	Portfolio Budgets 2014/15		
REPORT OF:	Officer Management Team -	Director of Resources	
	Prepared by	-	Head of Finance

1. Purpose of Report

1.1. To provide members with information on the draft revenue budget for 2014/15, 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 (Appendix A),, and that any material risks are assessed.

3. Context to the 2014/15 Budget

3.1. Given the challenge faced by the Government in achieving its deficit reduction targets, local authority funding is subject to continuing significant reductions in funding, and constraints on the level of council tax increases.

3.2. Investment income will fall significantly from the current level as older investments at higher rates mature, and rates achievable on new investments are much lower. There does not seem to be any real prospects of rates improving before 2015. The Resources Portfolio Holder and his PAG continually monitor the investment position, and the likely achievable level of investment income for 2014/15 will be reviewed as part of the Treasury Management Strategy for 2014/15.

3.3. Clearly with all the uncertainties around the 2014/15 budget it would 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.

3.4. The progressing work with Chiltern DC is resulting in a number of services being provided by joint teams. Where this affects budgets in this Portfolio area it will be highlighted in the detailed information.

4. Budget Assumptions

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

- Salaries inflation from April 2014 of 1%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates 2.8%
- Gas, Electricity and water 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. In addition at its November meeting the Cabinet proposed a number of savings measures with the objective of reducing the forecast funding gap for the next two years. The proposals relevant to this Portfolio area are appended to this report (Appendix B).
- 4.5. The Cabinet will consider the outcome of the PAG discussions at its February meeting when it will formulate a final draft of the overall 2014/15 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 2012/13 £'000	Budget 2013/14 £'000	Draft Budget 2014/15 £'000
3,911	3,954	3,986

- 6.4. The increase from the current year's approved budget to the 2014/15 draft budget is £33,000 (0.8%). The main changes are detailed below:

	£'000	Comment
2013/14 Budget	3,953	
Change in salaries - Cost of living increase & increments	48	
Inflation - On expenditure - On fees & charges	35 -1	
Unavoidable increases - Reduction in HB / CTS admin Grant	8	
Shared Services - Project officers - Shared Principal Officer - Personnel - Joint Finance system	28 31 -15	Now have 2 project officers Team structure is being reviewed
Saving - Exec & Support - Pension Gratuities - Business Support - Northgate contract - Council Tax Support Hardship Fund	-12 -5 -10 -79 -15	Various miscellaneous savings Number of claimants reduces over time Savings on website / intranet No longer include provision for bonus Demand has been lower than anticipated
Other Changes - NDR Discretionary Relief - Change to recharges to Trust - Other changes	-19 30 9	Accounting change to how shown in accounts Net effect of appointment of Business Mgr
2014/15 Draft Budget	3,986	

6.5. Further details of the budgets for each area are shown within the booklet.

6.6. The Portfolio Holder is asked to consider the 2014/15 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 2014/15 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

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

- the 2014/15 revenue budget.
- the 2014/15 fees and charges.

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Background Papers:	None