

SUBJECT:	Portfolio Budgets 2016/17
REPORT OF:	Councillor David Anthony – Resources Portfolio Holder
RESPONSIBLE OFFICER	Jim Burness – Director of Resources
REPORT AUTHOR	Jacqueline Ing – Principal Accountant 01494 732292, jing@chiltern.gov.uk Rodney Fincham – Head of Finance Joanna Swift – Head of Legal & Democratic Services Chris Marchant – Head of Environment Nicola Ellis – Head of Customer Services Sim Dixon – Head of Business Support
WARD/S AFFECTED	All

1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2016/17, 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 2016/17 revenue budget
- the 2016/17 fees and charges.

2. Context to the 2016/17 Budget

- 2.1. As a result of the Government's deficit reduction strategy, local authority funding is subject to continuing significant reductions. Local authorities also face constraints on the level of council tax increases.
- 2.2. It would therefore 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.
- 2.3. The progressing work with Chiltern DC is resulting in more services being provided by joint teams. Where this affects budgets in this Portfolio area it is highlighted in the detailed information. Note: At present when a service is hosted at CDC then the detailed budget information is held at CDC, and the SBDC budgets only show the appropriate expenditure contribution. For next year the Finance team will be reviewing the presentation of shared

service budgets in order to allow greater scrutiny of the detailed budgets at the non host authority.

- 2.4. The SBDC Overview & Scrutiny Committee established a Financial Savings Panel to look at potential savings options. This Panel reported back to the Overview & Scrutiny Committee on 11th November 2015 and recommended that a number of saving options are progressed. None of these options have yet been built into the draft budgets.

3. Budget Assumptions

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

- Salaries inflation from April 2016 of 1%
- Contracts inflation 1.9% (unless different rate specified within contract)
- Business rates 1.9%
- Gas 1.8%, Electricity 9% and Water 1.9%
- Insurance 3.5% - as Insurance Premium Tax has gone up from 6% to 9.5%.
- Other expenditure heads 0%
- Income 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 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.
- 4.2. The budgets have been reviewed by the appropriate service manager for any material volume 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 2014/15 £'000	Budget 2015/16 £'000	Draft Budget 2016/17 £'000
3,578	3,837	3,785

- 4.4. The decrease from the current year's approved budget to the 2016/17 draft budget is £52k (1.4%). The main changes are detailed below:

	£'000	Comment
2015/16 Budget	3,837	
Change in Salaries		
- Provision for pay increase	21	
- Executive & Support	9	Recharge for PA to Heads of Service Increase as per business case
- Joint Legal	37	
Inflation		
- On expenditure	38	

	£'000	Comment
Unavoidable Increases		
- Capswood Offices	22	Increase in service charges
- Capswood Offices	10	Reduction in rental income from Northgate
- Car Parking	50	Reduction in excess charge income
- Non Distributed Costs	22	Additional pension deficit contributions
- Council Tax Collection	5	Estimated cut in CTS admin grant
- Housing Benefit	20	Estimated cut in HB admin grant
- Local Land Charges	10	Loss of income based on historical levels
Savings		
- Capswood Offices	-10	Saving due to better energy usage
- Council Tax Collection	-2	Saving on legal fees
- Joint Business Support	-140	Saving on termination of Steria contract
- Electoral Services	-70	Removal of budget for 15/16 elections
- Democratic Services	-12	Saving on administration costs
Other Changes		
- Joint Facilities & Property	-35	Savings generated on joint service
- Joint Human Resources	-16	Savings generated on joint service
- Joint Legal	-7	Savings generated on joint service
- Joint Business Support	-6	Savings generated on joint service
- Joint Customer Services	-4	Savings generated on joint service
- Joint Finance	14	Additional joint service charge
- Savings on Insurance costs	-8	
2016/17 Draft Budget	3,785	

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.

- Investment Properties – rental income and expenditure relating to the Council's non-operational investment property portfolio, including the Beaconsfield offices, Stoke Place, and the Bath Road depot.
- Environment / Operational properties - includes the cost of the joint property and facilities teams, the cost of the main Council offices at Capswood, and income and expenditure relating to the pay and display car parks.
- Exec & Support – the Chief Exec and Directors, and the joint HR and Comms teams.
- Corporate Management Costs – bank charges, external audit fees, and other corporate costs.
- Non Distributed Costs – Contribution to the historical pension fund deficit, and other historical pension costs.
- Finance and Internal Audit – Joint Finance team and contract with TIAA for internal audit services.

- Business Support - ICT Infrastructure and Information management support to the Members and other Council services.
- Customer Services - Collection of Council Tax and Business Rates, and the award of Housing Benefits and Council Tax Support.
- Legal, Elections and Democratic Services – Joint Legal Team and dealing with local land charges, organising local and national elections, and member and committee services.

Budget Priorities

5.2. The Resources budget is essential to achieving all of the Council's objectives and priorities.

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:

- For property leases there are risks if void levels are higher than budgeted.
- Income from car parking.
- In line with most authorities there is a historical deficit on the pension scheme and the Authority is required to make this good over future years.
- Council Tax Support Scheme – The cost of operating the 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.

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

- Budget monitoring and regular meetings with the Portfolio Holder.
- Monitor performance of the Pension Fund via Pension Fund Consultative Group, and also deficit position annually as part of final accounts process. Assess implications of increasing contribution levels as part of financial planning.

5.5. An overall review of the main risk issues for the 2016/17 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

5.6. A shared Business Support service will commence on 1st January 2016. By pooling the resources and abilities of the two services, this is providing the ability to extend staff skillsets, reduce overheads e.g. bringing the management of the ICT infrastructure in-house and share the cost of IT hardware and software. Joint Customer Services will also go live on 1st April 2016.

6. Fees and Charges

6.1. The Budget Booklet also contains the list of proposed fees and charges. The Portfolio Holder is asked to consider the list of fees and charges and consider whether to approve these.

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 2016/17 budget for the Authority.

Background	None
Papers:	