

<b>SUBJECT:</b>	Portfolio Budgets 2017/18
<b>REPORT OF:</b>	<i>Councillor Trevor Egleton – Resources Portfolio Holder</i>
<b>RESPONSIBLE OFFICER</b>	<i>Jim Burness – Director of Resources</i>
<b>REPORT AUTHOR</b>	<i>Victoria Green – Senior Accountant Jacqueline Ing – Senior Accountant Rodney Fincham – Head of Finance Joanna Swift – Head of Legal &amp; Democratic Services Chris Marchant – Head of Environment Nicola Ellis – Head of Customer Services Sim Dixon – Head of Business Support</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

## 1. Purpose of Report

- 1.1. To provide Members with information on the draft revenue budget for 2017/18, 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 2017/18 revenue budget
- the 2017/18 fees and charges.

## 2. Context to the 2017/18 Budget

- 2.1. As a result of the Government's deficit reduction strategy, local authority funding is subject to continuing significant reductions particularly from 2018/19 onwards. Local authorities also face constraints on the level of council tax increases. For South Bucks DC the position is set out in detail in the recently updated Medium Term Financial Strategy<sup>1</sup>.
- 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 vast majority of teams covered by this Portfolio area are now joint teams with Chiltern DC. In the coming years the teams will be looking at ways to improve efficiency and customer

---

<sup>1</sup> Cabinet October 2016

service by changing ways of working as part of the Stronger in Partnership phase of joint working.

### 3. Budget Assumptions

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

- Salaries inflation from April 2017 of 1%
- Contracts inflation 2% (unless different rate specified within contract)
- Business rates 2.5%
- Gas 4.0%, Electricity 4.0% and Water 4.0%
- Insurance 0.5%
- 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.

<b>Actuals 2015/16 £'000</b>	<b>Budget 2016/17 £'000</b>	<b>Draft Budget 2017/18 £'000</b>
3,911	3,534	3,218

4.4. The decrease from the current year's approved budget to the 2017/18 draft budget is £316k (8.9%). The main changes are detailed below:

	<b>£'000</b>	<b>Comment</b>
<b>2016/17 Budget</b>	<b>3,534</b>	
<b>Change in Salaries</b>		
- Provision for pay increase	10	
- Non Distributed Costs	6	NI Apprenticeship Levy new for 17/18
<b>Inflation</b>		
- On expenditure	22	
<b>Unavoidable Increases</b>		
- Car Parking	8	Increase in NNDR costs
- Corporate Management	4	Bank Charge budget aligned with likely spend

	£'000	Comment
<b>Transfers</b>		
- Customer services taking waste calls	30	
- Homelessness Housing Benefit	-250	Loss on HB subsidy for homeless cases now shown in homelessness cost centre
<b>Savings</b>		
- Stoke Place	-5	Increase in rent income
- Bath Road Depot	-5	Reduction in repairs and utilities
- Housing Dwellings	-2	Reduction in repairs budget
- Offices – Capswood	-120	Increase in Rent - assumes letting of first floor Capswood 1
	-4	Reduction in offsite storage costs
	-12	NDR reduction
- Car Parking	-106	Increase in income
	-3	reduction in contract costs
- Joint Business Support	-19	External support for Reviews ceasing
- Council Tax & NNDR Collection	-5	Increased income from court costs
- Joint Legal	-5	Increased income
- Chairman's expenses	-6	
<b>Other Changes</b>		
- Police Site	-18	Net income from rent for Police Site
- Facilities & Property	68	Salary no longer charged to Capital
	23	Increased cost share arising from budgeting for the full establishment
- Joint Human Resources	23	Increased cost share arising from increased salary costs and software costs now being included in the recharge
- Joint Finance	19	Increased cost share as software costs are now included in the recharge
- Business Support	25	Increased cost share as now includes Microsoft license costs previously charged to capital
- Other	6	
<b>2017/18 Draft Budget</b>	<b>3,218</b>	

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 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, estimated to be £1.1m in 2017/18.
- 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. The contribution to the deficit will be reviewed in the light of actuarial advice.
- 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 the Pension Fund Committee. Annual monitoring of the deficit position 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 2017/18 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. In the coming year it is planned to expand the main car park in Gerrards Cross which will increase the Council's income. A strategic asset review is underway with external advisers to look at ways to improve the return on the Council's property assets. The next phase of joint working is focused on transforming ways of working and will seek to improve efficiency and customer service.

## **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 2017/18 budget for the Authority.

<b>Background Papers:</b>	None
---------------------------	------