

SPECIAL EXPENSES BUDGET 2015/16

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Wards affected: All High Wycombe Town

PROPOSED RECOMMENDATION TO CABINET

That the Committee notes and recommends an option for the Special Expenses budget for 2015/16 and the effect of the new Council Tax Reduction Scheme grant on precept budgets for Special Expenses, and gives consideration to a separate reserve for future play areas equipment replacement.

NB: The High Wycombe Town Committee is an advisory body only. In the main, its decisions are recommendations to Cabinet or to Council.

Corporate Implications

1. The financial implications have been set out in this report. Under section 35(2) (d) of the Local Government Act 1992 any expenses incurred by the Authority in performing in a part of the District functions performed elsewhere in the District by a Parish Council are Special Expenses unless a contrary resolution is in force. The Council passed a resolution on 4 January 1993 making all such expenses a general expense, with the exception of certain items detailed in the resolution, which are treated as Special Expenses.
2. The government has extended the Council Tax Freeze scheme to encourage local authorities to deliver a council tax freeze in 2015/16. The key principles are a) that the scheme is voluntary, and b) that the authority sets a basic amount of council tax for 2014/15 at a level which is no more than its 2014/15 level, after excluding parish precepts.
3. Should the authority do that, it will then receive a grant of £93k, effectively equivalent to a 1% increase in council tax.
4. Therefore in order to receive this grant the authority has to maintain its 2015/16 basic amount of council tax at no greater than its 2014/15 level, after excluding parish precepts. Under the scheme, parish precepts are excluded but Special Expenses are included.
5. A recommendation to set the Band D equivalent rate at or above the 2014/15 level of £17.80 would preclude the Council's claim on the Freeze Grant for 2015/16 of approximately £93k which will be baselined into future Revenue Support Grant settlements.

Executive Summary

6. This report sets out the proposed budget for 2015/16 for Special Expenses and the impact on the precept. Details of the estimates for 2015/16 are attached at Appendix A.
7. Options for the setting of the Special Expenses precept 2015/16 are outlined in this report.
8. The Council Tax precept is based on the tax base calculated in terms of Band D equivalent properties. The tax base for 2015/16 is 21,213.59 (20,564.43 in 2013/14).
9. The Council Tax Reduction Scheme (CTRS), which resulted in a reduction in the Council Tax base for the High Wycombe Town area from 2013/14, has been baselined into the Council's overall settlement which has seen a reduction of 15.4% in 2015/16. Following a Cabinet decision to reduce CTRS to Parishes and Special Expenses by 15.4% for 2015/16, the grant allocated to High Wycombe Town Special Expenses will be £45,200. This is a reduction from the 2013/14 level of £53,400.

Background and Issues

10. A separate fund is maintained for Special Expenses. Income is raised by a precept on the town's inhabitants and interest is credited on the fund balance.
11. Central Government has extended its Council Tax Freeze Grant payment to Councils into 2015/16. For the purposes of calculating entitlement to Council Tax Freeze Grant the Special Expenses precept must be included within the district-wide calculation. The average Band D Council Tax Rate must be equal to, or lower than 2014/15, to qualify.

2015/16 Budget Overview (Appendix A)

12. For 2015/16 the estimated Net Cost of Services is £419,600. The precept of £374k (£366k in 2014/15), shown at Appendix A, has been calculated using a Band D tax rate of £17.65. After adjusting for the capital charge credit, CTS grant and working balance interest there is an annual surplus of £19k.
13. The most significant change for 2015/16 relates to allotments. Salary budgets allocations have increased by £8,500 following anticipated additional work arising partly from the allotments feasibility study (a separate provision is made for the study itself). Income budgets of £5,800 have also been removed as work now falls under the main grounds maintenance contract.

Options for Setting Precept

14. Options for setting the Council Tax precept are set out in Table 2 below and show the impact to the annual surplus/deficit and to working balances, after adjusting for the capital charge credit, CTS grant and interest.

Working Balances

15. The current recommended minimum level of working balances is £150k. Column H in Table 2 above shows the level of estimated working balances above the minimum of £150k.
16. The estimated £473k working balance surplus for the end of financial year 2015/16, shown at Appendix A, equates to more than one year's worth of precept.
17. The Committee may wish to consider setting up a specific reserve from within the working balance for re-provision of play area equipment which need to be replaced on a 15 year cycle. A £342k requirement is estimated to be needed as outlined below. Committee should note the agreed minimum level of working balances of £150k when considering their recommendation.

**Table 1: Play Programme Replacements due in next 16 years
(based on 15 year lifecycle)**

Year of replacement	Site due for replacement	Estimated Cost of replacement
2022/23	Shelley Recreation Ground (LEAP)	£54,000
2025/26	Totteridge Rec over 8's (part of NEAP when combined with under 8's)	£72,000
2025/26	Booker Rec (NEAP)	£144,000
2026/27	Totteridge Rec under 8's (part of NEAP when combined with over 8's)	£72,000
	Total	£342,000

Next Steps

18. These proposals and the Committee's comments and recommendations will be considered by Cabinet at its meeting on 9th February 2015. Council tax for 2015/16 will be set by full Council at its meeting on 26th February 2015.

Background Papers

Papers held by Financial Services.

Table 2: Council Tax Precept Options for 2015/16, excluding CTS Grant and Interest of Working Balances

A	B	C	D	E	F	G	H
Option	Reduction	Band D	Precept	Impact of new Band D precept against 2014/15 Band D tax band	Annual 2014/15 (surplus)/deficit against 2015/16 budget*	Working Balance for year ending 31st March 2016	Level above minimum working balance of £150k
1	0.00%	£17.80	£377,600	£0	(£22,500)	(£519,500)	(£369,500)
2**	0.84%	£17.65	£374,400	£3,200	(£19,300)	(£516,300)	(£366,300)
3(a)	2%	£17.30	£366,900	£10,700	(£11,800)	(£508,800)	(£358,800)
3(b)	4%	£16.94	£359,400	£18,200	(£4,300)	(£501,300)	(£351,300)
3(c)	6%	£16.59	£352,000	£25,600	£3,100	(£493,900)	(£343,900)
3(d)	8%	£16.24	£344,500	£33,100	£10,600	(£486,400)	(£336,400)
3(e)	10%	£15.89	£337,000	£40,600	£18,100	(£478,900)	(£328,900)
Tax Base		21,213.59					

*Column F: The Annual Budget (Net Cost of Services) is shown in Appendix A at £419,600. The (surplus)/deficit is shown after adjusting for the capital charge credit, CTS Grant and interest.

** The draft budget at Appendix A has been based on minimum reduction to qualify for freeze grant