

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Resources, Staffing, Information and Customer Services Portfolio 24 January 2007

AUTHOR/S: Chief Executive / Principal Accountant (Finance & Systems)

REVENUE ESTIMATES FOR THE RESOURCES, STAFFING, INFORMATION AND CUSTOMER SERVICES PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2007-08, for all services of this Portfolio except for the Finance and Resource Services and Administrative Buildings, whose capital and revenue estimates were approved by the Cabinet within the Staffing and Central Overhead estimates. There is no other capital expenditure relevant to this portfolio.

Background

2. The estimates for the Resources, Staffing, Information and Customer Services Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:

Resources and Staffing

- Benefits Holding Account
- Corporate Management
- Performance Plan/Comprehensive Performance Assessment
- Land Charges
- Treasury Management
- Cost of NNDR Collection
- Discretionary NNDR Relief
- Cost of Council Tax Collection
- Miscellaneous

Information and Customer Services

- Elections
- Register of Electors
- Democratic Representation
- Public Relations, Library and Information
- Conferences

3. The Cabinet approved the Staffing and Central Overhead Estimates on 14 December 2006. The recharges approved at that meeting are recharged to all services, as appropriate. These are termed as Central, Departmental and Support Services in the detailed estimates and reflect the new corporate manager structure, in that recharges are now analysed in terms of the new services with effect from the revised estimates 2006-07 onwards, rather than in the old department structure. As these recharges have already been approved, they cannot be amended by individual portfolio holders.

4. The estimates for each portfolio are being reported to the relevant Portfolio Holder. Subsequently, it is intended that all the portfolio estimates will then be examined by a scrutiny panel consisting of the Leader of the Council, together with the Chairman and Vice-Chairman of the Scrutiny and Overview Committee and the Resources, Staffing, Information and Customer Services Portfolio Holder. The summary estimates will then be considered by the Cabinet on 8 February and finally, by the Council on the 22 February for confirmation of the estimates and levels of the Council Tax and Rents.
5. **Appendix A** (Revenue Summary) has been included within the main body of the agenda to concentrate attention on the overall position. The detailed estimates will be available to the Portfolio Holder and the Scrutiny Panel and, in due course, to all Members for information.
6. Provisions for increased expenditure of 2.5% have been applied throughout the estimates for general inflation. However, additional provision was made for staff salaries and wages, to account for the rising cost of pension contributions.
7. Where applicable, the estimates of each portfolio incorporate the approved savings and additional expenditure proposals that were agreed by Council in October and November 2006. They also take account of any virement made during the year and rollover of budget from the previous year.
8. All the estimates exclude the 'Precautionary Items', which were reduced to just eight items last year; these are listed at the back of the current estimate book. They are specific, exceptional items of expenditure that may or may not occur during the budget period, but if they did the Council would be required to meet them. An updated list will be presented to the Cabinet on 8 February 2007. However, none has been identified within this Portfolio.

Considerations

REVENUE ESTIMATES: REVISED 2006-07 AND ESTIMATES 2007-08

9. A summary of the revenue estimates for this Portfolio is shown at **Appendix A**. The total estimates have been analysed between direct costs, capital charges and recharges, so that the direct costs can be identified for comparison. This is considered appropriate because the direct costs are specifically within the control of the relevant cost centre manager. By contrast, the Staffing and Overhead Estimates determine the recharges, and capital charges are notional charges that do not affect the overall expenditure of the Council. Compared with the 2006-07 original estimates, the net direct costs decreased by £325,820 in the Revised Estimates and by £255,940 in the 2007-08 Estimates. The reductions are mainly within Council Tax Benefit, Corporate Management (being the reallocation of senior management and project manager costs to Staffing accounts) and, some slippage and reduction of costs relating to the business process review, and Council Tax Cost of Collection.
10. The Appendix A also shows a net direct costs comparison for 2007-08, between the target expenditure and the new estimates that have been compiled for this meeting; the target was arrived at by taking the total direct costs in the original 2006-07 estimates and adjusting for the approved savings, approved expenditure, staffing cost virement and inflation. The result is that the 2007-08 is under the target by £57,270.

11. Council Tax Benefit (from Benefits Holding Account)

- a) Overall, compared with the original 2006-07 estimates, the Benefits Holding Account shows reductions of £131K in the 2006-07 revised estimates and £177K in the 2007-08 estimates, which are split between Rent Allowances, Rent Rebates, Bed and Breakfast and Council Tax Benefit. There are three main reasons for the lower estimates.
- (i) Recharges to benefits are lower, even though the £72K administration grant income for verification framework has been taken out of the staffing estimates. Apart from the general reduction in recharges caused by the change in the treatment of capital charges, there is also a recharge reduction of £79K in 2006-07 and £76K in 2007-08 in the allocation of contact centre costs to benefits. This is due to proportionally fewer calls than originally anticipated being received in respect of benefits matters.
 - (ii) The Department for Work and Pensions has combined administration and anti-fraud measure funding to give one fixed administration grant. This results in increases in the Holding Account administration grant of £78K in the revised and £142K in the 2007-08 estimate figures. However, the net overall gain is only £6K and £70K respectively, due to the verification framework element of the grant being taken out of the staffing accounts (as above). The saving was included in the 2007-08 savings approved by Council. It should be noted that this fixed grant removes the potential to gain further grant by means of greater fraud detection.
 - (iii) There are reductions of £62K each year on Bed and Breakfast benefits payments. However, these are not a saving to the Council, as the payments are made to the Council itself.
- b) Additional legal costs of £11K are being incurred in the current year, as the legal division did not have sufficient resources to meet the demand for legal services, which varies from year to year.
- c) In respect of the charge to Council Tax Benefit only, compared with the original 2006-07 estimates, there are reductions of £37K in 2006-07 and £64K in 2007-08. This generally reflects the overall changes described above, except that the transfer payment grant is marginally less favourable than previously estimated.
- d) The costs of Rent Allowances, Rent Rebates and Bed and Breakfast benefits are recharged to the Housing Portfolio.

12. Corporate Management

When compared to the original 2006-07 estimates, Corporate Management shows a decrease of £117,830 in the revised estimates and an increase of £4,710 in the 2007-08 estimates.

- a) The decrease is primarily within the Transformation Project where Senior Management and Project Manager costs have now been reallocated to the relevant Staffing accounts and, the Business Process review where the combination of a reduction in expected costs and slippage in implementation have

resulted in savings of £100,000 and £57,000 in 2006-07 and 2007-08 respectively. These savings have been offset in part by additional expenditure on the training and development of senior management and the development of customer satisfaction surveys for Service First, identified as spending pressures in 2007-08 and included within the Medium Term Financial strategy as agreed by Cabinet, and an increase in External Audit charges reflecting the increased complexity of the Housing and Council Tax Benefit Subsidy Claim.

- b) The present five-year contract with the Council's current bankers, HSBC Bank plc, expires on 31 March 2007, as agreed in the Banking Services Report (Cabinet, 14 December 2006) the sum of £1,000 has been included in the 2006-07 Revised Estimates for consultants to benchmark the proposed banking charges from HSBC to provide a basis of negotiation to ensure the renewed contract terms are competitive.

13. Performance Plan/Comprehensive Performance Assessment

In the 2006-07 original estimate £30,000 has been included for the three yearly Customer Satisfaction Survey; through successful tendering a saving of £5,000 has been achieved.

In 2006-07 Consultants were engaged with regard to developing a community strategy and for service reviews within the Housing Revenue Account. The costs of the latter will be recharged directly to the service concerned, thereby reducing the net expenditure shown within the Performance Plan/Comprehensive Performance Assessment estimates.

External Audit and Inspection fees are set by the Audit Commission for the audit and inspections relating to the Comprehensive Performance Assessment and performance indicators; notification of the actual charge for the year shows an under-estimation of the original estimate.

14. Land Charges

The number of County Council searches has increased in 2006-07 resulting in an increase in the revised estimate; however, this level is not considered sustainable, and the estimate for 2007-08 has, therefore, been set to reflect an inflation increase of 2.5% and an estimated number of searches. The increase in the revised estimate for land charge fees reflects increased demand in 2006-07 that again is expected to fall in 2007-08.

The Land Charges division is currently implementing a new computerised land charges programme; it is considered there is a potential risk of loss of income during this period of implementation. The Head of Legal Services, therefore, considers it prudent to retain the current land charge fees at the present level; the situation will be kept under review.

15. Cost of NNDR and Council Tax Collection

The summons charges for NNDR and Council Tax have been increased in the 2007-08 estimates in accordance with the levels previously agreed (Council, 23 November 2006), to accrue additional income of £5,610 and £25,000 respectively.

A reduction in Giro bank charges since July 2006 has further increased annual savings by approximately £5,000 per annum. A review of council tax provisions has enabled a reduction in the provision made for arrest warrants, and has been shown separately under income in the accounts.

16. Miscellaneous

Provision has been made in the revised 2006-07 estimates for the revaluation of the Cambourne office building by the District Valuer in accordance with prudent accounting practice as required by the CIPFA Code of Practice on Local Authority Accounting 2006, Statement of Recommended Practice.

17. Elections and Register of Electors

The estimates exclude County Council and Government elections, as all these elections are administered by means of a separate elections account, outside the main District accounts. Therefore, the 2006-07 and 2007-08 expenditure figures consist of the cost of sundry district and parish by-elections. Estimate variations include:

- a) A change in statute requires additional personal identifiers (signature and date of birth) for all those registered for a postal vote. For 2006-07 the Government will fund the Council at 85 pence per postal voter, which will cover the cost of printing the required identifier forms, posting and reminders. In 2007-08, the costs incurred in the checking of information at receipt and the authentication of information at the time of voting is supported by the Government at 99 pence per postal voter. The Register of Electors estimates have been adjusted to reflect both the additional expenditure and income.
- b) There are no changes to the election fees and charges as specified in the Representation of the People Regulations 2001.

18. Democratic Representation

When compared to the original 2006-07 estimates, Democratic Representation shows a decrease of £101,850 in the revised estimates and £46,820 in the 2007-08 estimates, the decrease being attributable to a reduction in recharges of £135,140 and £128,620 respectively. Estimate variations include:

- a) The overall reduction is compensated by increased expenditure within the Standards Committee estimate (Council, Medium Term Financial Strategy, 23 November 2006), to provide Code of Conduct training, legal advice and to facilitate investigations relating to breaches of the Code of Conduct.
- b) A successful bid for grant funding from Building Capacity East (BCE) has enabled £8,310 to be included in both 2006-07 and 2007-08 for Member mentoring and Leadership Academy training.
- c) With regard to the fees and charges in respect of the sale of minutes and agendas, primarily relating to the Planning Committee, it is proposed to increase charges by 2.5% to cover the increase in postal charges, the charges to be as follows:

	2006-07 £	2007-08 £
Agendas	72.00	73.80
Minutes	15.00	15.38

19. Recharges from Staffing and Overhead Accounts – Central, Departmental and Support Services (see estimates report to Cabinet 14 December 2006):
- The estimated recharges from Staffing and Overhead Accounts to this portfolio increased by £1,710 (0.04%) from £4,485,030 in the original 2006-07 Estimate to £4,486,740 in the 2007-08 Estimate. The 2006-07 Revised Estimate of £4,303,200 is £181,830 (4%) lower than the original estimate. This may be compared with the Council's overall recharges to services, as below.
 - In general, the level of recharges depends on the cost of the service and support officers' time, ICT, administrative buildings (mainly Camborne Offices), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged have reduced from £16.8m in the Original Estimates 2006-07 to £15.9m in the Revised Estimates 2006-07 and £16.6m in the Estimates 2007-08. These are reductions of £0.9m (5.4%) and £0.2m (1.2%) respectively. The biggest factor in these reduced recharges in both years was the change in the application of capital charges (which in fact has no effect on Council Tax). Without this change, the recharges would have increased In 2007-08, mainly due to the salary costs of individual officers increasing by 4.6% (pay award and pension costs) and a further 3.4% if a salary increment applies.
 - The costs being recharged to each portfolio, however, depend on how the above sums are allocated across services. Most central overhead costs are distributed per head to each officer, whose total cost is then allocated according to the officer's latest estimate of time spent on each service.

CAPITAL ESTIMATES: REVISED 2006-07 AND ESTIMATES 2007-08

20. The only items in the capital programme relating to the Resources and Staffing Portfolio are the new Camborne office that includes a rollover of £323,220 from 2005-06 relating to retention, equipment and legal fees, which were reported to Cabinet on the 14 December 2006.

BALANCES IN RESERVE

21. There are currently no reserves in respect of the Resources and Staffing Portfolio.

Implications

22. Financial
- The estimates for the General Fund Services of the Resources, Staffing, Information and Customer Services Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios.
 - The Capital estimates for this Portfolio will be included in the Council's Capital Programme.

23. Financial	No additional implications. The estimates show the financial effect of decisions that have already been made.
Legal	As above
Staffing	As above
Risk Management	As above
Equal Opportunities	As above

Consultations

24. The relevant cost centre managers, who are responsible for setting the level of their respective budgets and controlling the expenditure within them, have been consulted in the compilation of the estimate figures.

Effect on Annual Priorities and Corporate Objectives

25.	Affordable Homes	To determine detailed Resource, Staffing, Information and Customer Service budgets to provide the resources for the Council to continue and improve its services to achieve its corporate objectives as far as possible within the current financial constraints
	Customer Service	
	Northstowe and other growth areas	
	Quality, Accessible Services	
	Village Life	
	Sustainability	
	Partnership	

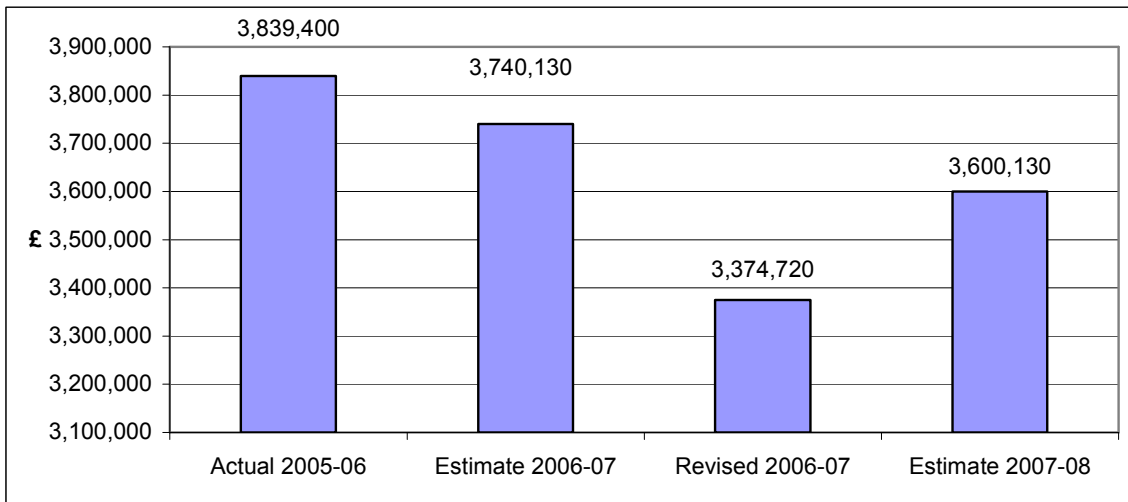
Conclusions/Summary

26. The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage change between budgets.

Year	Amount £	Change £	Change %
2005-06 Actual	3,839,400		
		- 99,270	- 2.59%
2006-07 Estimate	3,740,130		
		- 365,410	- 9.77%
2006-07 Revised	3,374,720		
		-140,000	-3.74%
		+ 225,410	- 6.68%
2007-08 Estimate	3,600,130		

These are shown diagrammatically below:

Resources, Staffing, Information and Customer Services Portfolio



27. The decrease in expenditure from 2005-06 to the 2006-07 original estimate of £99,270 arose from expenditure relating to the non-recurring Provision for Management Team changes and the associated recharge to the Housing Revenue Account during 2005-06, and planned reductions in discretionary rate relief and increase in income as agreed capping savings.
28. The reduction of £365,410 in the revised 2006-07 estimates compared to the original estimate in 2006-07 was due to net direct cost savings and slippage of £325,820 mainly on Council Tax Benefit, Corporate Management (Transformation Project), and Council Tax Cost of Collection.
29. There is a decrease of £140,000 in 2007-08 compared with the original estimate in 2006-07. Savings in net direct costs of £225,940 and £64,110 Council Tax Benefit Holding Account have been offset by a decrease in recharges to other accounts, particularly council tax benefit, rent allowances and rebates (see paragraph 10).
30. It can be seen from the comparison of estimates of direct costs with the savings target on **Appendix A**, that the estimated direct costs in the 2007-08 Estimates have exceeded the required target after applying the approved savings; similarly, the Revised Estimate for 2006-07.

Recommendations

31. The Portfolio Holder for Resources, Staffing, Information and Customer Services is requested to:
 - a) endorse the Revenue Estimates as shown at **Appendix A** and recommend them for consideration by the Cabinet.
 - b) endorse the proposal to increase charges for the sale of minutes and agendas.
 - c) to note the continuance of the current charges for elections and land charges.

Background Papers: the following background papers were used in the preparation of this report:

Estimate files within the Accountancy Service of the Finance and Resources Service.

Contact Officer: Sally Smart – Principal Accountant (Finance & Systems)
Telephone: (01954) 713076