

FINANCE & PERFORMANCE MANAGEMENT PORTFOLIO

ESTIMATES 2009/10

Finance & Performance Management

Revenue Budget 2009/10

Introduction

The Portfolio is responsible for the following services.

Housing Benefits and Fraud Investigation
Local Taxation
Finance Support Services
Performance Management Unit

Further detail of the services and the related CSB growth and DDF items are shown on the appropriate budget page.

Management & Portfolio Changes

A Corporate restructuring was agreed and implemented early in 2008. The new structure effected a saving in costs of £500,000 for the Council, being based on six Directorates headed by a Chief Executive with a Deputy.

The number of Portfolios has seen an increase from eight to nine, with services such as Concessionary Fares moving from Community Wellbeing to Civil Engineering & Maintenance, and Licensing moving from Environmental Protection to Corporate Support Services & ICT. For Direct Services the actuals for 2007/2008 and the Original Estimate 2008/2009, have been changed to fall in line with the new Portfolio structure.

Capital Charges

Accounting standards require that local authority fixed assets are accounted for on a consistent basis whereby proper provision for depreciation is made within service revenue accounts to reflect the cost of fixed assets used in the provision of services. The depreciation charge is based on the valuation of each asset, which is updated as necessary, or the historic cost of the asset as appropriate and the period over which each asset is depreciated is based on the useful life of the asset. Impairment charges would also be chargeable in the event of an asset suffering damage and/or the loss of economic benefits (eg storm damage). No impairment charges, however, are anticipated within the budgets. To ensure that capital charges do not impact on the level of Council Tax, these charges are reversed out in the Revenue Expenditure, Income and Financing Summary after the net operating expenditure is calculated.

Compliance with CIPFA Standards

The budget has been prepared in accordance with the latest CIPFA guidance, in particular the Best Value Accounting Code of Practice 2008. The code of practice has the status of statutory "proper practice". It is also expected that members of CIPFA will comply with all the requirements of the Code as it defines best professional practice in terms of financial reporting. The only divergence from the code in these budget papers occurs where the portfolio service groupings differ from those required by the Code of Practice. The portfolio groupings are given precedence in these papers.

Budget format

The format of the attached budget papers is the same as that adopted last year. The summary page is split into three groups: Direct Services, Regulatory Services and Support & Trading Services. Not all portfolios will have all three types of service grouping.

Direct Services – These reflect the headline services provided by the portfolio.

Regulatory Services – The Cabinet has no part to play in the exercise of regulatory functions such as planning and licensing. However the Cabinet is responsible for the totality of the Council's budget. The costs of the regulatory functions therefore have been included in the appropriate portfolio budgets.

Support and Trading Services – Responsibility for support services and trading type arrangements has been split across a number of portfolios. In order to be transparent about the costs associated with these areas, they have been included in the relevant portfolios. However the net cost of these services is recharged to the direct and regulatory functions, either within the same portfolio or across a number of portfolios. Therefore to avoid double counting the costs are reversed out so as to arrive back at the true net cost of the portfolio.

The summary page then includes the traditional re-analysis of the budget in terms of its' opening Continuing Services Budget, CSB growth and savings, and District Development Fund expenditure and savings.

Finance & Performance Management

General Fund Estimate Summary

2007/08	2008/09			2009/10		
Actual	Original	Revised		Gross	Gross	Net
£000	Estimate	Estimate		Expend	Income	Expend
£000	£000	£000		£000	£000	£000
Direct Services						
444	760	828	Housing Benefits	38,740	38,004	736
1,086	1,143	1,225	Local Taxation	1,761	544	1,217
(313)	66	(549)	Other Activities	(367)	25	(392)
1,217	1,969	1,504	Total (Transferred to GF Summary)	40,134	38,573	1,561
Support and Trading Services						
1,495	1,557	1,597	Finance Support Services	1,780	111	1,669
229	240	238	Internal Audit	248	0	248
177	222	145	Performance Management Unit	155	0	155
(613)	(651)	(843)	Recharged to this Portfolio	(930)	(47)	(883)
(1,288)	(1,368)	(1,137)	Recharged to other Portfolios	(1,253)	(64)	(1,189)
0	0	0	Total	0	0	0
1,217	1,969	1,504	Portfolio Total	40,134	38,573	1,561
1,217	1,883	1,883	Continuing Services Budget			1,472
0	325	155	Continuing Services Budget - Growth			132
0	(300)	(258)	Continuing Services Budget - Savings			(30)
1,217	1,908	1,780	Total Continuing Services Budget			1,574
0	61	372	District Development Fund - Expenditure			12
0	0	(648)	District Development Fund - Savings			(25)
0	61	(276)	Total District Development Fund			(13)
1,217	1,969	1,504	Portfolio Total			1,561

Finance & Performance Management

Development Fund & Growth Items

		Original 2008/09 £000's	Revised 2008/09 £000's	Original 2009/10 £000's
CSB Growth Items				
Finance Miscellaneous	Increase in Ers Pension Conts (Act Val 2007)	92	92	93
Finance Miscellaneous	Restructuring Savings	(300)	(258)	
Finance Miscellaneous	Finance Contingency	175		
Finance Miscellaneous	Parking related cut			(20)
External Audit	Increase in District Audit Fees	20	20	
Accounting Services	Post FAC/15			(10)
Housing Benefits	HB admin subsidy settlement reductions	22	22	33
Housing Benefits/Local Taxation	New Revenues and benefits system	16	16	4
Performance Management Unit	Ten Performance Manager		5	2
		25	(103)	102
Investment Income	Reduction interest income*			217
		25	(103)	319
		Original 2008/09 £000's	Revised 2008/09 £000's	Original 2009/10 £000's
Development Fund Items				
Finance Miscellaneous	Asset Register		20	
Finance Miscellaneous	Asset Register (HRA Contribution)		(10)	
Finance Miscellaneous	Finance System Upgrade	14	19	
Finance Miscellaneous	Transfer of Excess Reserves on Insurance Fund		(460)	(25)
Finance Miscellaneous	Area Based Grant		(22)	
Finance Miscellaneous	Restructuring Savings		(110)	
Housing Benefits	Cover for maternity leave		40	
Housing Benefits	Hit Squad to improve performance		23	12
Housing Benefits	DWP residual grant aided admin costs		8	
Housing Benefits	Electronic document management	7		
Housing Benefits	Local Housing Allowance Implementation Costs		65	
Housing Benefits	HBS/IAD Scan Funding Grant		(14)	
Housing Benefits	HBS/IAD Scan Funding Costs		14	
Housing Benefits	Employment Support Allowance		(30)	
Housing Benefits	Employment Support Allowance Implementation Costs		30	
Housing Benefits	Customer Account Management		(2)	
Housing Benefits	Customer Account Management Implementation Costs		2	
Housing Benefits/Local Taxation	Replacement Revenues & Benefits ICT system	40	122	
External Audit	Increase in District Audit Fees		26	
Insurance/Risk Management	Implementation of Risk Management Strategy		3	
		61	(276)	(13)
Investment Income	Extra interest income*		(264)	
		61	(540)	(13)

* These items do not appear as a separate item on any individual sheet as it does not relate to a specific Portfolio budget.

Finance & Performance Management

Housing Benefits

Rent Rebates

The estimate for Rent Rebates granted in 2008/09 has increased by 5% on 2007/08. A further increase has been applied to 2009/10. This is due to rent increases resulting from rent restructuring as per social rent reform guidelines.

Council Tax Benefits

The estimate for Council Tax Benefits granted in 2008/09 has increased by around 5% on 2007/08, with the related grant entitlement reassessed on the basis of the latest information available.

Rent Allowances

The estimate for Rent Allowances granted in 2008/09 has increased by around 4% on 2007/08 with the related grant entitlement reassessed on the latest information available.

Non HRA Rent Rebates

This relates to homeless people placed in Bed and Breakfast accommodation. The estimates for 2008/09 revised and 2009/10 show a reduction of over 50% on 2007/08 actual, which is due to proactive advice and management procedures resulting in shorter stays prior to establishing placements in permanent accommodation such as Housing Association properties.

Benefits Administration

Administration subsidy is now distributed as a single figure and includes Verification Framework funding. CSB growth items are included for the reduction in specific grant for administration costs (£22,000 2008/09 & £33,000 2009/10). DDF is included for £40,000 in 2008/09 for staff cover for maternity leave. A DDF is also included for a Hit Squad with £23,000 in 2008/09 and £12,000 in 2009/10. A DDF item of £20,000 is included in 2008/09 original and £72,000 in the revised, relating to a replacement ICT system. CSB Growth of £8,000 Revised and £2,000 2009/10 is also included for the new system. DDF grant and related implementation costs of £65,000 are included in 2008/09 for the new Local Authority Housing benefit procedures implemented from April 2008. DDF items and related implementation costs are also included for HBS/IAD scan funding grant, and Employment Support Allowance grant.

The 2008/09 revised and 2009/10 estimate also now include a full recharge for the new computer system.

Fraud Investigation

There is a reduction in the revised budget due to vacant posts. There are no other significant changes.

Finance & Performance Management

Housing Benefits

2007/08	2008/09			2009/10		
<i>Actual</i> £000	<i>Original</i> <i>Estimate</i> £000	<i>Revised</i> <i>Estimate</i> £000		Gross Expend £000	Gross Income £000	Net Expend £000
(80)	(91)	(96)	Rent Rebates	14,191	14,291	(100)
(117)	(88)	(126)	Council Tax Benefit	8,702	8,832	(130)
(226)	(148)	(281)	Rent Allowances	13,742	14,039	(297)
83	110	83	Non-HRA Rent Rebates	158	68	90
(340)	(217)	(420)	Total Benefits	36,793	37,230	(437)
645	773	1,059	Benefit Administration	1,646	674	972
139	204	189	Fraud Investigation	301	100	201
784	977	1,248	Total Administration	1,947	774	1,173
444	760	828	Total (Transferred to Summary)	38,740	38,004	736
444	703	601	Continuing Services Budget			689
0	30	30	Continuing Services Budget - Growth			35
0	0	0	Continuing Services Budget - Savings			0
444	733	631	Total Continuing Services Budget			724
0	27	243	District Development Fund - Expenditure			12
0	0	(46)	District Development Fund - Savings			0
0	27	197	Total District Development Fund			12
444	760	828	Portfolio Total			736

Finance & Performance Management

Local Taxation

Council Tax & NNDR Collection

The budget comprises the administration costs relating to the collection of Council Tax and Non-Domestic Rates.

Council Tax

A DDF item of £50,000 is included in 2008/09 relating to a replacement Local Taxation and Benefits ICT system, of which £30,000 was carried forward from 2007/08

The 2008/09 revised and 2009/10 estimates also now include a full recharge for the new computer system, which has added to the increase in the budget.

CSB Growth of £8,000 Revised and £2,000 2009/10 is also included for the new computer system.

NNDR

The increase in costs relate to the recharge for the new computer system.

Finance & Performance Management

Local Taxation

2007/08	2008/09			2009/10		
<i>Actual</i>	<i>Original</i>	<i>Revised</i>		Gross	Gross	Net
£000	£000	£000		Expend	Income	Expend
				£000	£000	£000
1,031	1,092	1,160	Council Tax Collection	1,492	341	1,151
55	51	65	NNDR Collection	269	203	66
1,086	1,143	1,225	Total (Transferred to Summary)	1,761	544	1,217
1,086	1,115	1,156	Continuing Services Budget			1,215
0	8	8	Continuing Services Budget - Growth			2
0	0	0	Continuing Services Budget - Savings			0
1,086	1,123	1,164	Total Continuing Services Budget			1,217
0	20	61	District Development Fund - Expenditure			0
0	0	0	District Development Fund - Savings			0
0	20	61	Total District Development Fund			0
1,086	1,143	1,225	Portfolio Total			1,217

Finance & Performance Management

Other Activities

Outdoor Youth Facilities

The 2008/09 expenditure includes £64,000 relating to the accumulated grant provision that remains unspent. There is no expenditure expected 2009/10.

NNDR Discretionary Relief

This budget relates to the National Non Domestic Rate relief for charities and organisations not established or conducted for profit. The relief under section 47 of the LG Finance Act gives the Council power to grant up to a further 20% discretionary relief to those receiving mandatory relief.

There has been a small change in the level of relief, based on last years actual outturn

Finance Miscellaneous

This budget comprises various miscellaneous finance activities, provisions and contingencies which are identified independently within this Portfolio for information.

The actual outturn for 2007/08 of (£419,000) relates to underspendings and savings arising from Support Service and Cost Centre overhead accounts where final accounts are closed down on estimates. CSB Growth of £92,000 is included for 2008/09, and £93,000 for 2009/10 relating to an increase in employers pension contributions arising from the 2007 actuarial valuation of the pension fund. A CSB Saving of £258,000 in 2008/09 is included for restructuring savings. A DDF of £20,000 is included in 2008/09 for the costs of preparing an enhanced asset register. A DDF item is included in 2008/09 of £19,000 for the Finance system upgrades. DDF saving is included of £460,000 in 2008/09 and £25,000 for 2009/10 relating to a transfer of excess reserves on the Insurance Fund. A DDF saving is also included for Area based grant of £22,000 which is a non-ringfenced general grant made up of former specific grants from seven Government Departments. A DDF saving is also included for £110,000 relating to savings arising from the management restructuring, where some newly created posts were filled later than expected.

Other changes in the 2008/09 Revised (£520,000) and 2009/10 Estimate (£420,000) relate to reductions arising on Support Service holding accounts. The recharges to services are ascertained based on an initial estimate of costs quite early in the budget process. As the budget progresses figures are firmed up on and various changes occur, with the overhead account totals invariably changing. Because the Support Service allocation system is quite involved it is impractical to re-run the allocations so any differences that occur are shown here.

Vacancy Allowance

Credit for a vacancy allowance of £290,000 in 2009/10, which is equivalent to 2% of Non-HRA salaries, is included centrally in this budget.

Provision for Bad and Doubtful Debts

Due to the improvement in the collection of Sundry Debtors, the provision remains at £20,000.

Finance & Performance Management

Other Activities

2007/08	2008/09			2009/10		
<i>Actual</i> £000	<i>Original</i> Estimate £000	<i>Revised</i> Estimate £000		Gross Expend £000	Gross Income £000	Net Expend £000
73	5	70	Outdoor Youth Facilities	0	0	0
22	30	25	NNDR Discretionary Relief	25	0	25
(419)	331	(664)	Finance Miscellaneous	(122)	25	(147)
(324)	366	(569)	Total Other Activities	(97)	25	(122)
0	(320)	0	Vacancy Allowance	(290)	0	(290)
11	20	20	Provision for Bad & Doubtful Debts	20	0	20
11	(300)	20	Total Contingency Items	(270)	0	(270)
(313)	66	(549)	Total (Transferred to Summary)	(367)	25	(392)
(313)	85	180	Continuing Services Budget			(440)
0	267	92	Continuing Services Budget - Growth			93
0	(300)	(258)	Continuing Services Budget - Savings			(20)
(313)	52	14	Total Continuing Services Budget			(367)
0	14	39	District Development Fund - Expenditure			0
0	0	(602)	District Development Fund - Savings			(25)
0	14	(563)	Total District Development Fund			(25)
(313)	66	(549)	Portfolio Total			(392)

Finance & Performance Management

Finance Support Services

The Support Services for the portfolio are now shown independently in order to give a fair view of all directly related resources for the Portfolio.

Financial Policy Group

As a result of the management restructuring, ICT now falls under the Finance Directorate and as such the Financial Policy Group now includes the Assistant Head post of ICT.

Accountancy

The reduction in the 2008/09 revised budget relates to staff vacancies. A CSB salary saving of £10,000 is included in 2009/10.

Accounts Payable

There are no significant variations.

Insurance and Credit control

The reduction in the 2008/09 revised and the 2009/10 estimate relates to an adjustment in the FRS17 pension costs and an increase in Insurance Commission from the Councils insurers Zurich. A DDF item is included for £3,000 in 2008/09 revised for any outstanding issues relating to the the implementation of Risk Management Strategy.

Treasury Management

There are no significant variations.

Cashiers

The reduction in the 2008/09 revised budget relates to staff vacancies.

District Audit and Bank Charges

CSB growth of £20,000 is included in 2008/09 for the cost of fees. A DDF item of £26,000 is included in 2008/09 for additional audit hours.

Finance General Administration

The increase in this budget relates to a re-allocation of posts from ICT as a result of the management restructuring.

Finance & Performance Management

Finance Support Services

2007/08	2008/09			2009/10		
Actual £000	Original Estimate £000	Revised Estimate £000		Gross Expend £000	Gross Income £000	Net Expend £000
327	345	366	Financial Policy Group	417	0	417
478	492	457	Accountancy	473	0	473
81	82	77	Accounts Payable	79	0	79
49	50	27	Insurance and Credit Control	146	111	35
9	9	10	Treasury Management	10	0	10
209	220	209	Cashiers	220	0	220
221	242	268	District Audit / Bank Charges	247	0	247
121	117	183	Finance General Admin	188	0	188
1,495	1,557	1,597	Total (Transferred to Summary)	1,780	111	1,669
1,495	1,537	1,551	Continuing Services Budget			1,677
0	20	20	Continuing Services Budget - Growth			2
0	0	0	Continuing Services Budget - Savings			(10)
1,495	1,557	1,571	Total Continuing Services Budget			1,669
0	0	26	District Development Fund - Expenditure			0
0	0	0	District Development Fund - Savings			0
0	0	26	Total District Development Fund			0
1,495	1,557	1,597	Portfolio Total			1,669

Finance & Performance Management

Internal Audit

Internal Audit

There are no significant variations, other than inflation.

Finance & Performance Management

Internal Audit

<i>2007/08</i>	<i>2008/09</i>			<i>2009/10</i>		
<i>Actual</i>	<i>Original</i>	<i>Revised</i>		<i>Gross</i>	<i>Gross</i>	
<i>£000</i>	<i>Estimate</i>	<i>Estimate</i>		<i>Expend</i>	<i>Income</i>	
	<i>£000</i>	<i>£000</i>		<i>£000</i>	<i>£000</i>	
					<i>Net</i>	
					<i>Expend</i>	
					<i>£000</i>	
229	240	238	Internal Audit	248	0	248
229	240	238	Total (Transferred to Summary)	248	0	248
229	240	238	Continuing Services Budget			248
0	0	0	Continuing Services Budget - Growth			0
0	0	0	Continuing Services Budget - Savings			0
229	240	238	Total Continuing Services Budget			248
0	0	0	District Development Fund - Expenditure			0
0	0	0	District Development Fund - Savings			0
0	0	0	Total District Development Fund			0
229	240	238	Portfolio Total			248

Finance & Performance Management

Performance Management

Performance Management Unit

As a result of the management restructuring the budget has reduced due to staff and certain running costs transferring to Public Relations & Information.

Finance & Performance Management

Performance Management

<i>2007/08</i>	<i>2008/09</i>			<i>2009/10</i>		
<i>Actual</i>	<i>Original</i>	<i>Revised</i>		<i>Gross</i>	<i>Gross</i>	
<i>£000</i>	<i>Estimate</i>	<i>Estimate</i>		<i>Expend</i>	<i>Income</i>	
	<i>£000</i>	<i>£000</i>		<i>£000</i>	<i>£000</i>	
					<i>Net</i>	
					<i>Expend</i>	
					<i>£000</i>	
177	222	145	Performance Management Unit	155	0	155
177	222	145	Total (Transferred to Summary)	155	0	155
177	222	137	Continuing Services Budget			153
0	0	5	Continuing Services Budget - Growth			2
0	0	0	Continuing Services Budget - Savings			0
177	222	142	Total Continuing Services Budget			155
0	0	3	District Development Fund - Expenditure			0
0	0	0	District Development Fund - Savings			0
0	0	3	Total District Development Fund			0
177	222	145	Portfolio Total			155

**FINANCE & PERFORMANCE MANAGEMENT
SUBJECTIVE ANALYSIS 2009/10**

Cost Centre	Employees	Premises Related Expenses	Transport	Supplies Related Expenses	Transfer Payments	Support Services	Depreciation Charges	Gross Revenue Expenditure	Internal Recharges	Gross Expenditure	Fees & Charges	Rental Income	Government Grant	Other Income	Gross Income	Net Expenditure
	£	£	£	£	£	£	£	£			£	£	£	£	£	£
Rent Rebates					14,191,170			14,191,170		14,191,170			14,290,500		14,290,500	(99,330)
Council Tax Benefit					8,700,510			8,700,510		8,700,510			8,833,130		8,833,130	(132,620)
Rent Allowances					13,742,400			13,742,400		13,742,400			14,038,500		14,038,500	(296,100)
Non-HRA Rent Rebates					157,500			157,500		157,500			67,500		67,500	90,000
Benefit Administration	866,000	790	21,260	38,870		719,400		1,646,320		1,646,320				674,100	674,100	972,220
Verification Framework								-		-					-	-
Fraud Investigation	168,940		4,210	10,820				300,650		300,650			100,000		100,000	200,650
Council Tax Collection	679,910	230	15,370	121,390		675,530		1,492,430		1,492,430			341,000		341,000	1,151,430
NNDR Collection	138,520		3,170	6,280		121,470		269,440		269,440				203,180	203,180	66,260
								-		-					-	-
Outdoor Youth Facilities						450		450		450					-	450
NNDR Discretionary Relief		25,000						25,000		25,000					-	25,000
Finance Miscellaneous				(30,000)		(91,800)		(121,800)		(121,800)				25,000	25,000	(146,800)
Job Evaluation								-		-					-	-
Pension Costs								-		-					-	-
Vacancy Allowance	(290,000)							(290,000)		(290,000)					-	(290,000)
Provision for Bad Debts				20,000				20,000		20,000					-	20,000
TOTAL (Transferred to GF Summary)	1,563,370	26,020	44,010	167,360	36,791,580	1,541,730	-	40,134,070		40,134,070	-	-	37,670,630	902,280	38,572,910	1,561,160
Finance Services																
Financial Policy Group	389,720		26,780	220		58,090		474,810	474,810	416,720					-	-
Accountancy	466,710		4,410	2,030		131,290		604,440	604,440	473,150					-	-
Accounts Payable	78,100			1,130		87,550		166,780	166,780	79,230					-	-
Insurance and Financial Control	141,990		1,680	2,360		60,250		206,280	95,520	146,030	440		110,320		110,760	-
Treasury Management				10,480		50,980		61,460	61,460	10,480					-	-
Cashiers	182,670		820	36,470		105,840		325,800	325,800	219,960					-	-
District Audit / Bank Charges				247,030		8,520		255,550	255,550	247,030					-	-
Finance General Admin	148,180		1,740	38,380		79,620		267,920	267,920	188,300					-	-
Other Support Services																
Performance Management Unit	110,490		420	44,210		76,960		232,080	232,080	155,120					-	-
Internal Audit	241,080		5,130	2,070		48,480		296,760	296,760	248,280					-	-
TOTAL	1,407,370	-	35,430	338,100	-	582,140	-	2,363,040		2,184,300	440	-	110,320	-	110,760	-
PORTFOLIO TOTAL	2,970,740	26,020	79,440	505,460	36,791,580	2,123,870	-	42,497,110		42,318,370	440	-	37,780,950	902,280	38,683,670	1,561,160