

FINANCE & ICT
ESTIMATES 2010/11

Finance & ICT
Revenue Budget 2010/11

Introduction

The Directorate is responsible for the following services.

Housing Benefits including Fraud Investigation
Local Taxation
Other Activities
Finance Support Services
ICT Services

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

Reporting Changes

In previous years the budget has been reported on a Portfolio by Portfolio basis, this has now been changed following discussions with the Leader and the groupings within the budget report are based on the Directorate that is responsible for the delivery of the services. This has required a recasting of the 2008/09 Actual and the 2009/10 Original Estimate, so whilst the Net Cost of Services figure within the General Fund Estimate Summary remains unchanged the directorate budget summary totals and indeed the directorate CSB/DDF schedules cannot be directly compared to those reported previously.

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 2009. 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.

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

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 Directorates . In order to be transparent about the costs associated with these areas, they have been included in the relevant Directorates . However the net cost of these services is recharged to the direct and regulatory functions, either within the same Directorate or across a number of Directorates . Therefore to avoid double counting the costs are reversed out so as to arrive back at the true net cost of the Directorate..

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.

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General Fund Estimate Summary

| 2008/09 | 2009/10 | | | 2010/11 | | |
|-------------------------------------|-----------------|-----------------|--|---------------|---------------|---------------|
| <i>Actual</i> | <i>Original</i> | <i>Revised</i> | | Gross | Gross | Net |
| <i>£000</i> | <i>Estimate</i> | <i>Estimate</i> | | Expend | Income | Expend |
| | <i>£000</i> | <i>£000</i> | | £000 | £000 | £000 |
| Direct Services | | | | | | |
| 846 | 735 | 677 | Housing Benefits | 42,750 | 42,081 | 669 |
| 1,273 | 1,217 | 1,063 | Local Taxation | 1,661 | 555 | 1,106 |
| 300 | 384 | 815 | Other Activities | 930 | 236 | 694 |
| 2,419 | 2,336 | 2,555 | Total (Transferred to GF Summary) | 45,341 | 42,872 | 2,469 |
| Support and Trading Services | | | | | | |
| 2,174 | 2,253 | 2,305 | Finance Support Services | 2,433 | 106 | 2,327 |
| 2,523 | 2,687 | 2,821 | ICT Services | 2,999 | 73 | 2,926 |
| (633) | (666) | (691) | Recharged to this Directorate | (732) | (24) | (708) |
| (4,064) | (4,274) | (4,435) | Recharged to other Directorates | (4,700) | (155) | (4,544) |
| 0 | 0 | 0 | Total | 0 | 0 | 0 |
| 2,419 | 2,336 | 2,555 | Directorate Total | 45,341 | 42,872 | 2,469 |
| 2,675 | 2,305 | 2,703 | Continuing Services Budget | | | 2,301 |
| 118 | 130 | 145 | Continuing Services Budget - Growth | | | 133 |
| (265) | (30) | (34) | Continuing Services Budget - Savings | | | 0 |
| 2,528 | 2,405 | 2,814 | Total Continuing Services Budget | | | 2,434 |
| 406 | 197 | 223 | District Development Fund - Expenditure | | | 152 |
| (515) | (266) | (482) | District Development Fund - Savings | | | (117) |
| (109) | (69) | (259) | Total District Development Fund | | | 35 |
| 2,419 | 2,336 | 2,555 | Directorate Total | | | 2,469 |

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Development Fund & Growth Items

| | | Original 2009/10 £000's | Revised 2009/10 £000's | Original 2010/11 £000's |
|---------------------------------|---|--|---------------------------------------|--|
| CSB Growth Items | | | | |
| Finance Miscellaneous | Increase in Employers Pension Conts (Act Val 2007) | 93 | 92 | 92 |
| Accountancy | Staff costs Post FAC/14 | (10) | (10) | |
| ICT | Network maintenance | (20) | (20) | |
| ICT | Mobile telephones - contract increases | | 5 | 2 |
| Bank Charges | Banking & Cash collection contract savings | | (4) | |
| Housing Benefits/Local Taxation | Replacement Revenues & Benefits System | 4 | 4 | |
| Housing Benefits | Housing Benefit Admin Subsidy settlement reductions | 33 | 33 | 39 |
| Insurance Services | Insurance Commission | | 5 | |
| Procurement | Essex Procurement Hub | | 6 | |
| | | 100 | 111 | 133 |
| Investment Income | Reduction interest income* | 217 | 217 | |
| | | 317 | 328 | 133 |
| | | Original 2009/10 £000's | Revised 2009/10 £000's | Original 2010/11 £000's |
| Development Fund Items | | | | |
| Finance Miscellaneous | Asset Register | | 13 | |
| Finance Miscellaneous | Asset Register - HRA contribution | | (9) | |
| Finance Miscellaneous | Finance System Outstanding Commitments | | 6 | 5 |
| Finance Miscellaneous | Transfer of excess Reserves on Insurance Fund | (25) | | |
| Finance Miscellaneous | Area Based Grant Expenditure | 44 | | |
| Insurance/Risk Management | Implementation of Risk Management Strategy | | 2 | |
| Housing Benefits | Hit squad to improve performance | 12 | 40 | |
| Housing Benefits | Combined increased volume costs | | 17 | |
| Housing Benefits | Additional Admin grant re unemployed | (66) | (66) | |
| Housing Benefits | Additional costs for unemployed admin grant | 66 | 66 | |
| Housing Benefits | Additional Admin subsidy re economic downturn | | (43) | |
| Housing Benefits | Temporary Accommodation Subsidy - Grant | | | (6) |
| Housing Benefits | Temporary Accommodation Subsidy - Costs | | | 6 |
| Housing Benefits | In & Out of work processes - Grant | | (4) | |
| Housing Benefits | In & Out of work processes - Implementation | | 4 | |
| Housing Benefits | HB/CTB Subsidy re 07/08 & 08/09 | | (85) | |
| Council Tax Collection | Court Cost Shortfall from 2008/09 | | (100) | |
| NNDR | Business Rates Deferral Scheme - Grant | | (15) | |
| NNDR | Business Rates Deferral Scheme - Costs | | 15 | |
| Concessionary Fares | New National Scheme - Costs | 141 | 141 | 141 |
| Concessionary Fares | New National Scheme - Grant | (241) | (241) | (111) |
| | | (69) | (259) | 35 |

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

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Housing Benefits

Rent Rebates

In 2009/10 the rent increase was originally set by members at 4%, however following an amending subsidy determination the Department for Communities and Local Government (CLG) set the increase to 3%. The Council therefore reduced its rents from 14 September 2009. Hence expenditure will be lower than originally predicted. In 2010/11 it is expected that rent restructuring will be back on target as the CLG are assuming a similar increase.

Council Tax Benefits

The estimate for Council Tax Benefits granted in 2009/10 has increased by around 18% over 2008/09, with the related grant entitlement re-assessed on the basis of the latest information available. The current economic downturn has contributed to the increase in caseload.

Rent Allowances

The estimate for Rent Allowances granted in 2009/10 has increased by around 16% over 2008/09 with the related grant entitlement reassessed on the latest information available. The current economic downturn has contributed to the increase in caseload.

Non HRA Rent Rebates

This relates to homeless people placed in Bed and Breakfast accommodation. The figures for 2009/10 revised and 2010/11 estimate show a further reduction on 2008/09 actual, which is due to proactive advice and management procedures resulting in shorter stays prior to establishing placements in permanent accommodation.

Benefits Administration

The budget includes the costs of Benefit Administration, and is partly offset by subsidy from the Government. The DWP recognises that the economic downturn has resulted in an increase in caseload and has issued specific grants to fund the additional work. The total of the additional grants received is £48,000 for 2009/10 and £50,200 for 2010/11. The implementation of the new Revenues and Benefits system has resulted in reduced computer recharges for 2010/11.

Fraud Investigation

This budget includes the cost and overhead of investigating fraudulent benefit claims. The increased cost in the revised 2009/10 budget is a result of higher recharges from the Housing Benefits Group.

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Housing Benefits

| 2008/09 | 2009/10 | | | 2010/11 | | |
|---------------|-----------------|-----------------|---|---------------|---------------|---------------|
| <i>Actual</i> | <i>Original</i> | <i>Revised</i> | | Gross | Gross | Net |
| £000 | Estimate | Estimate | | Expend | Income | Expend |
| | £000 | £000 | | £000 | £000 | £000 |
| (118) | (99) | (133) | Rent Rebates | 14,317 | 14,446 | (129) |
| (118) | (133) | (139) | Council Tax Benefit | 9,897 | 10,027 | (130) |
| (220) | (296) | (276) | Rent Allowances | 16,480 | 16,698 | (218) |
| 59 | 90 | 45 | Non-HRA Rent Rebates | 105 | 59 | 46 |
| (397) | (438) | (503) | Total Benefits | 40,799 | 41,230 | (431) |
| 1,049 | 972 | 956 | Benefit Administration | 1,646 | 756 | 890 |
| 194 | 201 | 224 | Fraud Investigation | 305 | 95 | 210 |
| 1,243 | 1,173 | 1,180 | Total Administration | 1,951 | 851 | 1,100 |
| 846 | 735 | 677 | Total (Transferred to Summary) | 42,750 | 42,081 | 669 |
| 598 | 688 | 713 | Continuing Services Budget | | | 630 |
| 26 | 35 | 35 | Continuing Services Budget - Growth | | | 39 |
| 0 | 0 | 0 | Continuing Services Budget - Savings | | | 0 |
| 624 | 723 | 748 | Total Continuing Services Budget | | | 669 |
| 254 | 12 | 61 | District Development Fund - Expenditure | | | 6 |
| (32) | 0 | (132) | District Development Fund - Savings | | | (6) |
| 222 | 12 | (71) | Total District Development Fund | | | 0 |
| 846 | 735 | 677 | Directorate Total | | | 669 |

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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

The 2008/09 budget included £100,000 of income for court costs settlement which was delayed and has been carried forward into 2009/10 reducing the overall net budget. The further reduction between the original estimate and the revised relates to the new Revenues and Benefits computer system which has now been fully implemented, with ongoing running costs appearing in the 2009/10 revised and 2010/11 estimate.

The Estimate for 2010/11 reflects court cost income at the previous level updated for growth and inflation, and computer recharges based on the new Revenue and Benefits system.

NNDR

The reduction in costs from the original estimate 2009/10 to the estimate for 2010/11 relate to revised computer recharges which are now based on the operational costs of the new Revenue and Benefits system.

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Local Taxation

| 2008/09 | 2009/10 | | | 2010/11 | | |
|----------------|-----------------|-----------------|---|----------------|---------------|---------------|
| Actual | Original | Revised | | Gross | Gross | Net |
| £000 | Estimate | Estimate | | Expend | Income | Expend |
| | £000 | £000 | | £000 | £000 | £000 |
| 1,217 | 1,151 | 1,026 | Council Tax Collection | 1,424 | 341 | 1,083 |
| 56 | 66 | 37 | NNDR Collection | 237 | 214 | 23 |
| 1,273 | 1,217 | 1,063 | Total (Transferred to Summary) | 1,661 | 555 | 1,106 |
| 1,178 | 1,215 | 1,161 | Continuing Services Budget | | | 1,106 |
| 0 | 2 | 2 | Continuing Services Budget - Growth | | | 0 |
| 0 | 0 | 0 | Continuing Services Budget - Savings | | | 0 |
| 1,178 | 1,217 | 1,163 | Total Continuing Services Budget | | | 1,106 |
| 100 | 0 | 0 | District Development Fund - Expenditure | | | 0 |
| (5) | 0 | (100) | District Development Fund - Savings | | | 0 |
| 95 | 0 | (100) | Total District Development Fund | | | 0 |
| 1,273 | 1,217 | 1,063 | Directorate Total | | | 1,106 |

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Other Activities

Asset Register

This budget previously included the overheads relating to maintaining a manual Asset Register, new software has recently been purchased, and as a result the overhead will no longer be incurred.

Concessionary Fares

The Transport Act 2000 introduced a national minimum standard for local authority concessionary travel schemes for elderly and disabled people, with the budget of 2006 changing the statutory minimum, to free off-peak local bus travel to anywhere in England from 1 April 2008. The concessionary travel start time was amended in the Epping Forest District from the statutory time of 9.30am to the earlier time of 9am.

In accordance with the Department for Transport recommendations Epping Forest District Council is now issuing passes that will expire on 31 March 2013.

Estimates for 2009/10 and 2010/11 include DDF items for specific government grant of £241,000 and £111,000 respectively relating to the national scheme for anticipated additional costs of increased concessionary travel usage. The Epping Forest District travel usage has been less than that identified by the Government and costs of £141,000 are included in 2009/10 and 2010/11, showing an overall DDF saving of £100,000 in 2009/10 but a shortfall of £30,000 in 2010/11.

Finance Miscellaneous

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

The main changes in the 2009/10 revised and 2010/11 estimate relate to increases 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.

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 Local Government 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

Non Distributed Costs

Non distributed costs comprise the elements of cost which are excluded from the definition of total cost of a service. The budget in this case relates to charges for unused shares of depot and office accommodation space, which occur as a result of empty and unallocated space which cannot be identified to a service. The costs vary from year to year depending upon the unallocated revenue element of those fixed assets.

Vacancy Allowance

A credit is included here for a vacancy allowance of £295,000 in 2010/11, which is equivalent to 2% of Non-HRA salaries. The General Fund provision relating to next years staff salary budget and establishment is included centrally in this budget.

Provision for Bad and Doubtful Debts

Taking into consideration the current economic climate and the actual write-offs for 2008/09, the provision is set at £100,000 for both 2009/10 and 2010/11.

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Other Activities

| 2008/09 Actual £000 | 2009/10 Original Estimate £000 | 2009/10 Revised Estimate £000 | | Gross Expend £000 | 2010/11 Gross Income £000 | Net Expend £000 |
|---------------------------|---|--|---|-------------------------|------------------------------------|-----------------------|
| 63 | 58 | 12 | Asset Register | 0 | 0 | 0 |
| 517 | 571 | 567 | Concessionary Fares | 815 | 120 | 695 |
| (511) | (98) | 5 | Finance Miscellaneous | 66 | 0 | 66 |
| 27 | 25 | 27 | NNDR Discretionary Relief | 27 | 0 | 27 |
| 94 | 98 | 104 | Non-Distributed Costs | 217 | 116 | 101 |
| 190 | 654 | 715 | Total Other Activities | 1,125 | 236 | 889 |
| 0 | (290) | 0 | Vacancy Allowance | (295) | 0 | (295) |
| 110 | 20 | 100 | Provision for Bad & Doubtful Debts | 100 | 0 | 100 |
| 110 | (270) | 100 | Total Contingency Items | (195) | 0 | (195) |
| 300 | 384 | 815 | Total (Transferred to Summary) | 930 | 236 | 694 |
| 929 | 372 | 811 | Continuing Services Budget | | | 567 |
| 92 | 93 | 92 | Continuing Services Budget - Growth | | | 92 |
| (258) | 0 | 0 | Continuing Services Budget - Savings | | | 0 |
| 763 | 465 | 903 | Total Continuing Services Budget | | | 659 |
| 15 | 185 | 162 | District Development Fund - Expenditure | | | 146 |
| (478) | (266) | (250) | District Development Fund - Savings | | | (111) |
| (463) | (81) | (88) | Total District Development Fund | | | 35 |
| 300 | 384 | 815 | Directorate Total | | | 694 |

Finance & ICT

Finance Support Services

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

Financial Policy Group

This budget relates to the salary and overheads relating to the Director and Assistant Directors of Finance and ICT. The reduction in the budget from the original estimate 2009/10 relates to revised allocations for central computer costs.

Accountancy

The original and revised budgets include a CSB saving relating to the deletion of a half a full time post.

Accounts Payable

The reduction in the budget from the original estimate 2009/10 relates to a revision in the charges for support services, in particular managerial and professional and office services.

Insurance and Credit control

The changes in this budget relate to an increase in the allocation of central computer costs, additions for inflation on employee costs, and a reduction in commission credited to the account.

Treasury Management

The reduction in the budget from the original estimate 2009/10 relates to a revision in the charges for support services, in particular managerial and professional.

Cashiers

The increase in the budget for 2010/11 relates to depreciation charges for the replacement cash-receipting and income management systems. This has no overall effect on the Councils budget.

Audit and Bank Charges

This budget comprises the fee payable to PKF (UK) LLP for the provision of external audit services the 2009/10 budget includes a CSB saving of £4,000 for the retendered banking and cash collection contract.

Finance Administration & Procurement

The increase in this budget relates to a re-allocation of costs from ICT relating specifically to the procurement process. Also the centralisation in this budget of non specific Finance Directorate stationery budgets.

Finance & ICT

Finance Support Services

| 2008/09 | 2009/10 | | | 2010/11 | | |
|-----------------------|-------------------------------------|------------------------------------|---|-------------------------|-------------------------|-----------------------|
| <i>Actual</i> £000 | <i>Original</i> Estimate £000 | <i>Revised</i> Estimate £000 | | Gross Expend £000 | Gross Income £000 | Net Expend £000 |
| 427 | 475 | 455 | Financial Policy Group | 465 | 0 | 465 |
| 592 | 604 | 604 | Accountancy | 602 | 0 | 602 |
| 166 | 167 | 147 | Accounts Payable | 153 | 0 | 153 |
| 86 | 96 | 107 | Insurance and Credit Control | 219 | 106 | 113 |
| 61 | 61 | 51 | Treasury Management | 51 | 0 | 51 |
| 317 | 326 | 328 | Cashiers | 362 | 0 | 362 |
| 259 | 256 | 263 | Audit / Bank Charges | 235 | 0 | 235 |
| 266 | 268 | 350 | Finance Admin & Procurement | 346 | 0 | 346 |
| 2,174 | 2,253 | 2,305 | Total (Transferred to Summary) | 2,433 | 106 | 2,327 |
| 2,137 | 2,263 | 2,308 | Continuing Services Budget | | | 2,327 |
| 0 | 0 | 11 | Continuing Services Budget - Growth | | | 0 |
| 0 | (10) | (14) | Continuing Services Budget - Savings | | | 0 |
| 2,137 | 2,253 | 2,305 | Total Continuing Services Budget | | | 2,327 |
| 37 | 0 | 0 | District Development Fund - Expenditure | | | 0 |
| 0 | 0 | 0 | District Development Fund - Savings | | | 0 |
| 37 | 0 | 0 | Total District Development Fund | | | 0 |
| 2,174 | 2,253 | 2,305 | Directorate Total | | | 2,327 |

Finance & ICT

ICT Support Services

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

ICT

The reduction in costs for the revised estimate relate to the re-allocation of specific procurement costs to the budget for Finance Administration and Procurement. The 2009/10 revised budget also includes a CSB saving of £20,000 relating to a reduction in equipment maintenance.

Telephones

This budget relates to the Council's main telephone systems and related networks, and includes all support staff and telephonists. The increase in this budget relates to a complete re-assessment and re-allocation of charges from the main ICT account.

Website

The costs relating to the Website are almost entirely support service costs comprising recharges from the central computer budget and managerial and professional charges for Public Relations and Democratic Services. For the revised estimate 2009/10 the full costs of operating the Website are shown in this budget, the total is allocated to services based on time allocations for the PR officers, and website activity for the other overheads.

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ICT Support Services

| 2008/09 | 2009/10 | | | 2010/11 | | |
|----------------|-----------------|-----------------|---|----------------|---------------|---------------|
| Actual | Original | Revised | | Gross | Gross | Net |
| £000 | Estimate | Estimate | | Expend | Income | Expend |
| | £000 | £000 | | £000 | £000 | £000 |
| 2,072 | 2,191 | 2,154 | ICT | 2,290 | 73 | 2,217 |
| 405 | 449 | 513 | Telephones | 535 | 0 | 535 |
| 46 | 47 | 154 | Website | 174 | 0 | 174 |
| 2,523 | 2,687 | 2,821 | Total (Transferred to Summary) | 2,999 | 73 | 2,926 |
| 2,530 | 2,707 | 2,836 | Continuing Services Budget | | | 2,924 |
| 0 | 0 | 5 | Continuing Services Budget - Growth | | | 2 |
| (7) | (20) | (20) | Continuing Services Budget - Savings | | | 0 |
| 2,523 | 2,687 | 2,821 | Total Continuing Services Budget | | | 2,926 |
| 0 | 0 | | District Development Fund - Expenditure | | | 0 |
| 0 | 0 | 0 | District Development Fund - Savings | | | 0 |
| 0 | 0 | 0 | Total District Development Fund | | | 0 |
| 2,523 | 2,687 | 2,821 | Directorate Total | | | 2,926 |

