

**FINANCE & ICT
DIRECTORATE
ESTIMATES 2011/12**

Finance & ICT

Revenue Budget 2011/12

Introduction

The Finance & ICT Directorate is responsible for the services listed on the summary page, opposite.

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

Directorate Savings

Within each directorate, a saving line has been included within the Growth listing that has been achieved through the budget process. This saving is the result of identifying scope to reduce budgets, based on the averaging of the last three years actuals.

Capital Charges

Where a service employs fixed assets in service delivery, depreciation on those assets is charged to the relevant service. This however does 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 accounting guidance

The 2011/12 budget has been prepared in accordance with the latest guidance, in particular the Service Reporting Code of Practice for Local Authorities (SeRCOP). The code of practice replaced the Best Value Accounting Code of Practice and 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 Directorate service groupings differ from those required by the Code of Practice. The Directorate groupings are given precedence in these papers.

In order to increase the degree of consistency across all sectors of the economy when presenting financial information, central government has adopted International Financial Reporting Standards (IFRS). Local Authorities are to adopt this for financial years beginning on 1 April 2010. IFRS is more concerned with the presentation of financial information in the Statutory Statement, but there is a minor impact on the budget figures.

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 Directorates will have all three types of service grouping.

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 Directorate 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 Directorate. 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

2009/10	2010/11			2011/12		
<i>Actual</i> £000	<i>Original Estimate</i> £000	<i>Probable Outturn</i> £000		Gross Expend £000	Gross Income £000	Net Expend £000
Direct Services						
631	669	683	Housing Benefits	46,146	45,534	612
925	1,106	1,135	Local Taxation	1,643	517	1,126
693	768	593	Other Activities	130	157	(27)
2,249	2,543	2,411	Total (Transferred to GF Summary)	47,919	46,208	1,711
Support and Trading Services						
2,189	2,327	2,328	Finance Support Services	2,476	88	2,388
2,678	2,926	2,999	ICT Services	3,069	0	3,069
(1,513)	(1,633)	(1,656)	Recharged to this Directorate	(1,931)	(31)	(1,900)
(3,354)	(3,620)	(3,671)	Recharged to other Directorates	(3,614)	(57)	(3,557)
0	0	0	Total	0	0	0
2,249	2,543	2,411	Directorate Total	47,919	46,208	1,711
2,126	2,420	2,186	Continuing Services Budget			1,699
133	133	193	Continuing Services Budget - Growth			34
(45)	(45)	(48)	Continuing Services Budget - Savings			(34)
2,214	2,508	2,331	Total Continuing Services Budget			1,699
152	152	202	District Development Fund - Expenditure			72
(117)	(117)	(122)	District Development Fund - Savings			(60)
35	35	80	Total District Development Fund			12
2,249	2,543	2,411	Directorate Total			1,711

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Development Fund & Growth Items

		Original 2010/11 £000's	Probable 2010/11 £000's	Original 2011/12 £000's
CSB Growth Items				
Finance Miscellaneous	Increase in Employers Pension Conts (Act Val 2007)	92	92	
Finance Miscellaneous	Decrease in Employers Pension Conts (Act Val 2010)			(10)
ICT	Mobile telephones - contract increases	2	10	
Housing Benefits/Local Taxation	Replacement Revenues & Benefits System			
Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	39	60	25
Housing Benefits	Limes Farm Area Office			7
Council Tax Collection	Reduction in court cost income		21	
NNDR	Reduction in court cost income		10	2
Insurance Services	Savings on Premium	(45)		
Directorate Savings	General		(48)	(24)
		88	145	
Investment Income	Reduction in interest income*		292	278
		88	437	278
		Original 2010/11 £000's	Probable 2010/11 £000's	Original 2011/12 £000's
Development Fund Items				
Concessionary Fares	New National Scheme - Costs	141	116	72
Concessionary Fares	New National Scheme - Grant	(111)	(99)	
Concessionary Fares	Contribution from ECC re admin costs of bus passes			(50)
Council Tax Collection	Legal Fees re Baliffs in Liquidation		30	
Finance Miscellaneous	Asset Register		4	
Finance Miscellaneous	Asset Register - HRA contribution		(2)	
Finance Miscellaneous	Finance System Outstanding Commitments	5		
Housing Benefits	Hit squad to improve performance		34	
Housing Benefits	Temporary Accommodation Subsidy - Costs	6	0	
Housing Benefits	Temporary Accommodation Subsidy - Grant	(6)	0	
NNDR	Business Rates Deferral Scheme - Costs		9	
NNDR	Business Rates Deferral Scheme - Grant			
NNDR	New Burdens Small Business Rate Relief Costs		9	
NNDR	New Burdens Small Business Rate Relief Grant		(9)	
Procurement	Essex Procurement Hub		(12)	(10)
		35	80	12

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

* The cost in 2011/11 relates to the reduction in interest rates as advised by Butlers the Council's specialists prior to Arlingclose.

* The additional cost shown in 2011/12 is related to the transfer of commercial properties from the Housing Revenue Account.

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Housing Benefits

Rent Rebates

In 2010/11 the rent increase was set by members at an average increase of 3.1%. The Government had originally advised that the average guideline for 2010/11 would be 6.1%. Following consultation the Department for Communities and Local Government (CLG) set the increase to 3.1%. For 2011/12 it is proposed to increase rents by 7.2% from 1 April 2011.

Council Tax Benefits

Gross expenditure for Council Tax Benefits granted in 2010/11 has increased by around 6% over 2009/10, with the related grant entitlement re-assessed on the basis of the latest information available. The ongoing current economic downturn has contributed to the increase in caseload, and cost of benefits granted.

Rent Allowances

The estimate for Rent Allowances granted in 2010/11 has increased by around 13% over 2009/10 with the related grant entitlement reassessed on the latest information available. There will be a reduction in subsidy resulting from amendments to the HB overpayment regulations. 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 2010/11 probable outturn and 2011/12 estimate show a significant reduction on previous years, which is due to proactive advice and management procedures resulting in shorter stays prior to establishing placements in permanent accommodation. Changes from April 2010 to the HB Overpayment Regulations now mean that there is a loss of subsidy, which has meant a small increase in costs over previous years.

Benefits Administration

The budget includes the costs of Benefit Administration, and is partly offset by subsidy from the Government. The DWP had recognised that the economic downturn resulted in an increase in caseload and issued specific grants of £44,000 in 2010/11 to fund the additional work. This specific subsidy has been extended for a further year in the sum of £69,395. The administration subsidy has not suffered the reduction originally envisaged, and has been reduced by 6% for 2011/12.

Fraud Investigation

This budget includes the cost and overheads of investigating fraudulent benefit claims.

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Housing Benefits

2009/10	2010/11			2011/12		
<i>Actual</i> £000	<i>Original</i> <i>Estimate</i> £000	<i>Probable</i> <i>Outturn</i> £000		Gross Expend £000	Gross Income £000	Net Expend £000
(12)	(129)	(128)	Rent Rebates	15,284	15,421	(137)
(135)	(130)	(125)	Council Tax Benefit	9,600	9,725	(125)
(198)	(218)	(230)	Rent Allowances	19,350	19,580	(230)
24	46	32	Non-HRA Rent Rebates	80	48	32
(321)	(431)	(451)	Total Benefits	44,314	44,774	(460)
784	890	925	Benefit Administration	1,537	665	872
168	210	209	Fraud Investigation	295	95	200
952	1,100	1,134	Total Administration	1,832	760	1,072
631	669	683	Total (Transferred to Summary)	46,146	45,534	612
592	630	589	Continuing Services Budget			580
39	39	60	Continuing Services Budget - Growth			32
0	0	0	Continuing Services Budget - Savings			0
631	669	649	Total Continuing Services Budget			612
6	6	34	District Development Fund - Expenditure			0
(6)	(6)	0	District Development Fund - Savings			0
0	0	34	Total District Development Fund			0
631	669	683	Directorate Total			612

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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 actual for 2009/10 was lower than 2010/11 and 2011/12 as it included the settlement of delayed court costs due for 2008/09, and a collection fund adjustment relating to previous years.

The probable outturn for 2010/11 includes A CSB growth item of £21,000 relating to a reduction in court cost income. A DDF item of £30,000 is included in the probable outturn 2010/11 for legal fees relating to the liquidation of a company providing bailiff services to the Council.

NNDR

The increase in the 2010/11 probable outturn relates to a DDF item of £9,000 for new burdens small business rate relief costs, and a reduction in income from court costs.

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Local Taxation

2009/10	2010/11			2011/12		
Actual	Original	Probable		Gross	Gross	Net
£000	Estimate	Outturn		Expend	Income	Expend
£000	£000	£000		£000	£000	£000
893	1,083	1,090	Council Tax Collection	1,411	320	1,091
32	23	45	NNDR Collection	232	197	35
925	1,106	1,135	Total (Transferred to Summary)	1,643	517	1,126
925	1,106	1,065	Continuing Services Budget			1,124
0	0	31	Continuing Services Budget - Growth			2
0	0	0	Continuing Services Budget - Savings			0
925	1,106	1,096	Total Continuing Services Budget			1,126
0	0	48	District Development Fund - Expenditure			0
0	0	(9)	District Development Fund - Savings			0
0	0	39	Total District Development Fund			0
925	1,106	1,135	Directorate Total			1,126

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Other Activities

Concessionary Fares

The reduction in costs for 2011/12 relates to the transfer of functions to Essex County Council from 1 April 2011, with certain aspects of the service being contracted back to this Council. A DDF income item of £50,000 is included in 2011/12 for charges to be made to ECC for performing this function.

The Epping Forest District travel usage has been less than that identified by the Government and costs of £116,000 are included in 2010/11 and £72,000 in 2011/12 showing an overall DDF cost of £17,000 in 2010/11, and a cost of £72,000 in 2011/12.

Estimates for 2010/11 include a DDF item for specific government grant of £99,000 relating to the national scheme for anticipated additional costs of increased concessionary travel usage.

Finance Miscellaneous

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

The reason for the main changes in the 2010/11 probable outturn and 2011/12 estimate relate to reductions arising on Support Service and Cost Centre 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 confirmed 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. The increase for 2011/12 has been brought about by moves from Langston Road Depot relating to the external letting to the WRVS and Museum storage which is transferring to Brooker Road Industrial Estate.

Vacancy Allowance

A credit is included here for a vacancy allowance of £370,000 in 2011/12, which is equivalent to 2.5% of Non-HRA salaries. A vacancy allowance of £92,500 is also included in the probable outturn for 2010/11 where generally the salary estimates allow for known staff vacancies. 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 2009/10, the provision is set at £80,000 for both 2010/11 and 2011/12.

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Other Activities

2009/10	2010/11			2011/12		
Actual £000	Original Estimate £000	Probable Outturn £000		Gross Expend £000	Gross Income £000	Net Expend £000
2	0	2	Asset Register	0	0	0
520	695	689	Concessionary Fares	123	57	66
(14)	161	(212)	Finance Miscellaneous	28	0	28
21	27	23	NNDR Discretionary Relief	23	0	23
79	100	104	Non-Distributed Costs	246	100	146
608	983	606	Total Other Activities	420	157	263
0	(295)	(93)	Vacancy Allowance	(370)	0	(370)
85	80	80	Provision for Bad & Doubtful Debts	80	0	80
85	(215)	(13)	Total Contingency Items	(290)	0	(290)
693	768	593	Total (Transferred to Summary)	130	157	(27)
566	641	482	Continuing Services Budget			(39)
92	92	92	Continuing Services Budget - Growth			0
0	0	0	Continuing Services Budget - Savings			(10)
658	733	574	Total Continuing Services Budget			(49)
146	146	120	District Development Fund - Expenditure			72
(111)	(111)	(101)	District Development Fund - Savings			(50)
35	35	19	Total District Development Fund			22
693	768	593	Directorate Total			(27)

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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.

Accountancy

The increase in 2011/12 net expenditure on this budget relates to allocations for central overheads from the finance policy group, and for an increase in pension fund service costs.

Accounts Payable

The increase in the 2011/12 net expenditure on this budget relates to re-allocations of central computers charges and central overhead support services.

Insurance and Credit control

The increase in 2011/12 net expenditure on this budget relates to a reduction in commission credited due to the overall fall in premiums paid.

Treasury Management

The increase in the budget relates to renewal of the contract relating to treasury management services, where Arlingclose have been appointed for three years from 1 May 2010.

Cashiers

The increase in the budget for 2011/12 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

Reductions in this budget relate to additional costs in 2009/10.

Finance Administration & Procurement

Reductions in the 2011/12 estimate relate to savings of £15,000 on staff advertising, where the budget has been deleted, and reductions of £7,000 on stationery and £10,000 on costs relating to the Essex Procurement hub.

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Finance Support Services

2009/10	2010/11			2011/12		
<i>Actual</i> £000	<i>Original</i> <i>Estimate</i> £000	<i>Probable</i> <i>Outturn</i> £000		Gross Expend £000	Gross Income £000	Net Expend £000
407	465	465	Financial Policy Group	472	0	472
594	602	602	Accountancy	637	0	637
145	153	153	Accounts Payable	175	0	175
95	113	112	Insurance and Credit Control	213	88	125
49	51	51	Treasury Management	58	0	58
308	362	363	Cashiers	371	0	371
270	235	235	Audit / Bank Charges	235	0	235
321	346	347	Finance Admin & Procurement	315	0	315
2,189	2,327	2,328	Total (Transferred to Summary)	2,476	88	2,388
2,234	2,372	2,340	Continuing Services Budget			2,398
0	0	0	Continuing Services Budget - Growth			0
(45)	(45)	0	Continuing Services Budget - Savings			0
2,189	2,327	2,340	Total Continuing Services Budget			2,398
0	0	0	District Development Fund - Expenditure			0
0	0	(12)	District Development Fund - Savings			(10)
0	0	(12)	Total District Development Fund			(10)
2,189	2,327	2,328	Directorate Total			2,388

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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 increases in the ICT budget relate to additional depreciation charges for capital expenditure on new software and systems equipment, and a CIPFA Service Reporting Code of Practice accounting change in 2011/12 relating to the treatment of deferred grants which has reduced the credit to this account, but has no overall effect on the Council's budget.

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 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. The budget from 2010/11 now includes the full costs of operating the Website, with the total cost 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

2009/10	2010/11			Gross	2011/12	Net
Actual	Original	Revised		Expend	Gross	Expend
£000	Estimate	Estimate		£000	Income	£000
	£000	£000			£000	£000
2,044	2,217	2,251	ICT	2,308	0	2,308
486	535	568	Telephones	579	0	579
148	174	180	Website	182	0	182
2,678	2,926	2,999	Total (Transferred to Summary)	3,069	0	3,069
2,676	2,924	2,989	Continuing Services Budget			3,069
2	2	10	Continuing Services Budget - Growth			0
0	0	0	Continuing Services Budget - Savings			0
2,678	2,926	2,999	Total Continuing Services Budget			3,069
0	0		District Development Fund - Expenditure			0
0	0	0	District Development Fund - Savings			0
0	0	0	Total District Development Fund			0
2,678	2,926	2,999	Directorate Total			3,069

