

## Operations Committee Spending Pressures

Budget Heading	Spending Pressure Details
Democratic Representation	<p>Increase in Chairman's annual budget. Recent Chairmen have indicated that the current budget of just over £5,000 is inadequate to perform the role fully. Research with other similar councils indicates a need for an increase of <b>£5,000 p.a.</b></p> <p>In May 1647 one of the most significant events in English history took place in Saffron Walden. It has been described as the birth of English democracy and took place shortly after the end of the first Civil War when the soldiers of the New Model Army camped in this area elected spokespersons to speak on their behalf in debates with Oliver Cromwell and his officers in St Mary's Church. Saffron Walden Initiative plans to celebrate the 360<sup>th</sup> anniversary of this event with a number of events the budget for these events is £12,450. The Saffron Walden Initiative has made an application to Awards for All for £10,000 and they will hear the outcome of that shortly. They are looking to UDC for <b>£2,000 one-off</b> to start urgent work on script writing for the re-enactment that will take place in St Mary's Church. A professional script writer has been approached and is able to do the work, but the funds are needed to secure the scriptwriter and start work. The remaining costs will be covered through ticket sales and collections for the various events.</p>
Communication	<p>The increased demands on the Council mean that further investment in this is required. This will cover an upgrade of the Council's website and other measures. <b>£19,000 capital</b> expenditure and ongoing costs of <b>£15,000 p.a.</b></p>
Human Resources	<p>New legislation means that the Council needs to train large numbers of staff on equalities issues. <b>£25,000 one-off expenditure.</b></p>
Central Services	<p>Notwithstanding the move to less use of paper, the prices of recycled paper are increasing. <b>£11,000 p.a.</b></p>
Central Services	<p>The amended charging structure for postal deliveries has increased the Council's annual costs. <b>£2,000 p.a.</b></p>

Offices	The Council has been notified of a significant increase in fuel costs. The Council is part of a consortium to buy gas and electricity and regularly tests the market. However an increase of approximately <b>£30,000 p.a.</b> is expected
Information Technology	There is scope to significantly improve Member efficiency by investment of <b>£70,000 capital and £10,000 p.a. running costs</b> in enhanced provision of IT.
Information Technology	Changed accounting and audit codes mean that expenditure currently charged to the Capital Programme or funded by Implementing Electronic Government Grant each year will in future need to be funded from the revenue budget. Further work is being undertaken to see whether any of this can be avoided, but the preliminary estimate is <b>£50,000 p.a.</b>
Financial Services	Recruitment of 2 new staff. One to be the Council's Capital Accountant, and the other to be the administrator of the Financial Management System. Full details will be contained in the business case brought to the Committee in January 2007, but the main justifications are as follows:
	1) Financial Services are at the centre of the CPA Use of Resources regime. In fact a requirement for level 3 assessment of Use of Resources is that a council regularly reviews the numbers and skills of its finance staff. This is a unique requirement under CPA to look at staffing levels for a particular function.
	2) Benchmarking with other similar councils indicates a very low number of staff are employed in finance at this Council, yet the demands are just as great as elsewhere. In fact no-matter what the size of a district council's budget is, the same function need to be undertaken, merely with smaller size figures.
	3) Technical accounting and auditing requirements are increasing in number and complexity each year. Local government finance has several streams of specialisms (e.g. the Housing Revenue Account, the capital regime, the Collection Fund

etc) and this year the Council had to employ contractors to help with these as the skills and numbers of staff in-house are inadequate. The report just received from the Audit Commission recommends that the Council ensures that 'sufficient permanent staff are recruited by the Council and are available to respond to audit queries'. This is not an endorsement by the Commission that the Council needs more finance staff, but merely a comment on the recruitment difficulties the Council has had with permanent recruitment of its existing staffing establishment. It does however indicate again the crucial importance of having an adequate and settled staffing structure.

4) The increasing internal demand for financial information and advice means that the Council needs a dedicated administrator for its Financial Management System. It is now recognised that proper usage and development of this cannot happen without skilled and dedicated resources.

5) Investment in increased finance staff will partly be self-financing, allowing, for example, better management of the Council's cash flow and investment income, better scheduling of capital spending flows, moves to automated processes that will save time and money ( e.g. BACs payments, which will save over £4,000 p.a.) reduced audit queries and activity (which reduces the audit fees paid), better budgetary control in services (which allows maximisation of the value of budgets in services) quicker completion of government and other returns, better information and advice to officers and members etc.

6) A particular benefit of having a capital accountant will be the chance to examine external funding possibilities which will be crucial in sustaining the Council's Capital Programme. At the moment the Council does the bare minimum on the Capital Programme, but will need new sources of funding as capital receipts dry up and prudential borrowing is undertaken. The inevitable move from debt free status will in-itself add to the enormous complexity of the capital regime and the Council has very little of the knowledge required.

7) External audit reports have indicated that the Council's overall approach to financial reconciliations and controls need improving over a wide number of areas, both within the Financial Services Unit and elsewhere where these functions are undertaken on a devolved basis.

8) Staff at all levels within Financial Services are becoming increasingly pressurised and stressed at coping with the numerous internal and external changes. For many years the Council relied on the long working hours and commitment of 2 or 3 key finance staff to maintain a fairly 'centralised' service, which met the basic needs of the government and the auditors but did little else. This position is no longer sustainable as the demands grow. As the Council's S151 officer, with a statutory power to seek the staffing and other resources he needs, the Executive Manager (Finance and Asset Strategy) reluctantly believes that a minimum of 2 additional staff are required to keep the function viable.

To help offset the cost, rationalisation of the exchequer element of staffing within Financial Services has taken place, saving approximately £5,000 p.a. With this reduction, the net additional cost of the 2 extra staff required is **£60,000 p.a.**

Elections (These include some expenditure in 2006/07 which officers will seek to fund from virements)

Elections – additional payments to polling staff to cover extra statutory polling hours in LG elections and the new requirement for training = **£4,320 in 2007/08**. There may be additional staffing costs associated with undertaking checks of personal identifiers but these cannot presently be quantified.

Purchase of specialist software to enable automated signature checking to be undertaken = **£12,000 (06/07)** and **£4,000 for each year thereafter**.

Database licence for above = **£500 (06/07)**.

Training for above per person £375, therefore total cost of at least **£1,125 (06/07)**.

Cost of 2 scanners to enable checking of personal identifiers (dates of birth will also have to be obtained and stored) = approx £3,500 per scanner  
Total of **£7,000 in 2006/07**

Electoral registration – extra cost in writing to all existing postal voters (approx 4,700) inviting them to return personal identifiers to retain them on the list = **£2,500 (06/07)**.

It is likely that electoral staff will have to send application forms to an additional 1,500 to 2,000 electors who request a postal voting facility during the register canvass.

Additional net staffing costs to meet new statutory duty to make house-to-house inquiries to maintain the registers = **£6,300 (06/07 and each year thereafter)**.

Weighing machines for count 2 x £400 = **£800 one-off**

#### Land Charges

An annual budget for marketing the service in an increasingly competitive environment. **£2000 p.a.**

An addition to the training budget to allow member of staff to further develop. **£1,310 one-off**

