

To: Resources – 20 November 2003

Agenda Item No: 21

Title: Policy Priorities and Budgets 2004/05

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Summary

- 1 This report outlines the Committee's initial draft General Fund revised estimated direct costs and income for 2003/04 and estimates for next year, 2004/05, prepared on the basis of existing approved levels of service. Also included in the report and in Appendix 2 is information regarding the Budget Review Items identified at the previous meeting of this Committee. Information in this report, together with any issues raised by this Committee will be included in the overall Policy Priorities and Budget Strategy report that can be found elsewhere on this agenda.

Background

- 2 At its previous meeting on 18 September, this Committee was informed of the Council's difficult financial position for 2004/05 and also the Council's decision in July 2003, to set an indicative budget target equating to a 7.5% Council Tax increase. Since that meeting, the Government have indicated a possible cap on Council Tax increases that makes close scrutiny of the Budget Review Items already identified even more important.
- 3 This Committee on 18 September asked for Budget Review Items to be considered regarding their contribution to the Quality of Life Plan, legal or contractual necessity, delivery of increased efficiency or support from customers or the public generally, and to be accompanied by a rigorous risk analysis. It gave particular emphasis to a robust approach to increasing income from fees and charges.
- 4 The intention is this Committee will recommend to Council Committee cash limits and Committees will then be required to finalise their budgets and Service Plans for consideration in the January Committee cycle.

Revised 2003/04 Budgets

- 5 The process of revising budgets undertaken in this cycle takes the place of more routine budgetary control reports, with the summarised position being:

	£	£	£
BASE ESTIMATE 2003/2004			3,194,830
<u>Add</u> Internal Charges			<u>1,151,670</u>
BASE DIRECT COSTS			4,346,500
Transferred from Development Control Committee:-			
Photocopier Rental			4,500
Adjusted Base Direct Costs			4,351,000
Previously Reported Variations			
<u>Changed pattern in use of Reserves</u>			
			-44,000
<u>Use of Earmarked Reserves:-</u>			
<u>Plus</u>	Community Strategy	12,410	
<u>Plus</u>	Case Management System	10,000	
<u>Plus</u>	Interim Director	80,000	
<u>Plus</u>	Consultants –Risk Management	9,800	
<u>Plus</u>	Consultants – Job Evaluation	<u>12,000</u>	124,210
<u>Other</u>			
<u>Plus</u>	Water Rates – arising from leak	27,000	
<u>Plus</u>	Communications and PR Officer	13,410	
<u>Plus</u>	Reprographics Contract	<u>10,000</u>	50,410
Variations funded from Reserves			
<u>Plus</u>	Benefits Cost Risk Management (<i>note 1</i>)	55,000	
<u>Plus</u>	Verification Framework (<i>note 2</i>)	<u>14,180</u>	69,180
Other Variations - Expenditure:-			
<u>Plus</u>	Audit Fees (<i>note 3</i>)	64,270	
<u>Plus</u>	Insurance Premiums	13,980	
<u>Plus</u>	Premises Costs (net)	4,420	
<u>Plus</u>	WIBS 2003-04 Est. Overstated (<i>note 4</i>)	13,230	
<u>Plus</u>	Council Tax Benefits (<i>note 5</i>)	14,500	
<u>Plus</u>	Other (net)	<u>-450</u>	109,950
Other Variations - Income			
<u>Less</u>	Fee Income – Legal Services	-15000	
<u>Plus</u>	Fee Income – Land Charges	<u>4000</u>	<u>-11,000</u> 98,950
Total Variation from Adjusted Base			298,750
Revised Estimate 2003/2004 – Direct Costs			4,649,750

Notes on the key variations:

1. Benefits Cost Risk Management

Volatile demand, the introduction of Tax and Pension Credits and changed legislative requirements for the homeless make it increasingly difficult to predict benefit paid to claimants and subsidy receivable. At the close of the 2002-03 accounts an earmarked reserve was created to accommodate possible increases in the cost of Housing Benefits. Using £55,000 of this reserve in 2003-04 leaves £15,000 for future use. Consideration should be given to earmarking a further sum to meet increases that may be experienced in the future.

2. Verification Framework

In order to meet the higher costs of operating the VF in its first year 2003-04, an element of Weekly Incorrect Benefit Savings (WIBS) income received in 2002-03 was put into an earmarked reserve. The use of this reserve is reflected in the 2003-04 Revised Estimate.

3. Audit Fees

The Council has been advised by the Audit Commission of a change in the pattern of their charges leading to increased costs in 2003-04. This is one off adjustment and the charges revert to a normal level in 2004-05.

4. Weekly Incorrect Benefit Savings (WIBS) Income

Recent notification from the Department for Work and Pensions (DWP) indicate that the level of subsidy will be at a lower level than expected.

5. Council Tax Benefits

Whilst the proportional relationship between benefit paid and reclaimed is expected to be at the level experienced in 2002-03, this has led to an increase in the absolute difference. This is largely due to the increase in overall Council Tax bills experienced in 2003-04.

Draft Budgets 2004/05

- 6 The detailed budgets have been prepared at estimated outturn prices and therefore they include provision for agreed future pay awards and other price increases. Prior to any further growth or savings proposals being approved by the Council, the detailed figures have been prepared at the existing approved levels of service. The summarised position for this Committee is as follows:

	£	£	£
BASE DIRECT COSTS			3,194,830
<u>Add</u> Internal Charges			1,151,670
Transferred from Development Control Committee:- Photocopier Rental			4,500
Previously Reported Items:-			
<u>One Off Use Of Earmarked Reserves</u>			
<u>Less</u> Member Training		-22,000	
<u>Less</u> Corporate Training		-15,000	
<u>Less</u> Best Value Satisfaction Survey		-7,500	
<u>Less</u> District Plan Enquiry		-50,000	
<u>Less</u> District Elections		-47,000	
<u>Other</u>			
<u>Plus</u> Communications and PR Officer		30,680	
			-110,820
Adjusted Base Direct Costs			4,240,180
Funded from Reserves			
<u>Plus</u> Financial Management System Implementation			10,000
Inflation:-			
<u>Plus</u> 2004 Pay Award	80,580		
<u>Plus</u> Other Inflation	42,650	123,230	
Other Variations - Expenditure:-			
<u>Plus</u> Staffing – Annual Increments	25,240		
<u>Less</u> Staffing – Other (net)	-34,340		
<u>Plus</u> Insurance Premiums	24,550		
<u>Plus</u> CPA – Implement Recommendations	10,000		
<u>Plus</u> Corporate Plan – Focus Groups	6,000		
<u>Plus</u> Council Tax Benefits (net)	31,500		
<u>Plus</u> Housing Benefits (net)	20,000		
<u>Plus</u> WBS 2003-04 Estimate Overstated	13,230		
<u>Less</u> Other Revenues and Benefits Items (net)	-7,070		
<u>Less</u> Other (net)	2,850	91,960	
Other Variations - Income			
<u>Less</u> Fee Income – Legal Services	-7500		

<u>Plus</u>	Fee Income – Land Charges	2,000	-5,500
Total Variation from Adjusted Base			209,690
Draft Estimate 2004/05 – Direct Costs			4,459,870

Notes on the key variations

1. Comprehensive Performance Assessment

Provision has been made to meet the cost of implementing changes and recommendations arising from the forthcoming inspection.

2. Corporate Plan – Focus Groups

Provision has been made to meet the cost of staging meetings of four groups on four occasions per year.

3. Council Tax Benefits

See note 5 regarding the Revised Estimates. The 2004-05 Estimates assume further significant tax increases particularly in respect of the County Council and Police Authority.

4. Housing Benefits

The uncertainties over benefits paid and Subsidy received as outlined in note 1 of the Revised Estimates still apply. An underlying uplift of 10% has been assumed based on previous year on year movements.

Revised 2003/04 and draft 2004/05 budgets are contained at Appendix 1 to this report.

7. Budget Review Items

At its meeting on 18 September this Committee recommended sixteen Budget Review Items for further investigation. Two further items are being brought forward to Members, Membership of the Essex Marketplace and a saving in postage costs in Revenues Administration.

		Estimated Cost/Income p.a	Proposal
1	Democratic Representation- increase in Member training budget	12,000	Implement

2	Cost of move to Area Committees	Not know	Await further consideration
3	Review of self-funding as part of Risk Management Strategy	Not known	Awaiting further development of Risk Management Strategy
4	Land Charges Income – Review of income	Nil	Current year budget is down based on reduced transactions so no increase likely next year
5	Airport Campaign – reduced budget	(50,000)	Implement
6	Legal Fees – savings on budget requirement	Saving reflected in Base Budget	Implement
7	Personnel Services – consider shared training with County Council	Not known	Discussions ongoing
8	Central Services – Invest in new technology and save ongoing call costs	8,500 re new equipment (11,000) p.a. savings	Implement
9	Central Services – Printing efficiencies	Not known	Defer pending Council branding discussions
10	Energy Efficiency – being looked at by Environment & Transport Committee as wider issue than Council buildings	Not known	Await further research for Environment & Transport Committee
11	Internal Audit Partnership – more value for money reviews	Not known	Further discussion required re effect on Audit Plan and budget
12	ICT income generation and partnership possibilities	No budget effect	Possibilities continue to be examined

13	Review of Saffire Grant	(3,500) ongoing saving if £8,000 project related expenditure approved	Implement
14	Revenues Administration		
	Bankruptcy petitions – cost income	(4,000)	Implement
	Weekly Incorrect Benefits savings	Not known yet	Await outcome of first full quarter of Verification Framework compliance at 31/12/03
	Pension credit computer software charges – possible cost savings	Possible saving of (£8,250) in 2004/05	Awaiting further details
	Department of work and pensions funding – possible bid for funding	Not known yet	Consider as part of Best Value Improvement Plan
	Benefits Subsidy	Not known	Awaiting analysis of 2002/03 claim
	Review of structure of Benefits team	Not know	Awaiting analysis of effect of pension credit on workload
15	Council tax on second houses	(£7,800)	Implement
16	NNDR joint working	No effect in 2004/05	Possibility for 2005/06
17	Additional item – membership of Essex Marketplace	8,000 in 2004/05	Implement
18	Additional item-reduction in postage budgets following increase in direct debit take up	(3,500)	Implement
	TOTAL ONGOING COST/INCOME	(68,050)	
	After funding of one-off costs of £16,500 = Net Budget saving of £51,550 in 2004/05		

Other Issues

- 8 The work being undertaken on the Quality of Life Plan and the Budget Prioritisation exercise continues, and any financial implications or direct service effects will be submitted to this Committee in the budget and Service Plan report presented at your next meeting.
- 9 The corporate review regarding the First Point of Contact (previously described as the Access to Services Review) also continues, including the review of administrative functions within the Council. Any impact on the work or budget of this Committee will again be reported at your next meeting.

RECOMMENDED that this Committee

- 1 Approves and comments as appropriate on the revised 2003/04 budget and draft 2004/05 budget.
- 2 Gives officers further guidance on the Budget Review Items.
- 3 Instructs officer to prepare, Service Plans and draft budget proposals for consideration at the next meeting of this Committee on 22 January.

Background Papers: Base Budget Working Papers and Budget Review Item working papers.

APPENDIX 2

Uttlesford District Council – Budget Review Item Report – Item 12

	Details Required	Officer Responses
1.	Committee	Resources Committee
2.	Review Item Description, background and origins	ICT income generation & partnership possibilities to be examined.
3.	Potential net budget effect 2004/2005. Please also specify budget items affected e.g. Salaries, Premises costs etc	No effect on revenue budget. All income generation opportunities are capital-related. Partnership working will help to avoid budget growth, rather than reduce revenue expenditure.
4.	Does this item provide potential ongoing effects? If so please state the yearly net effect and budget items as in 3 above.	No – see above.
5.	Details of any legal or contractual necessity to implement this item.	None.
6.	Relevance of item to Quality of Life Plan	Income generated will help fund ICT projects in support of the Quality of Life Plan.
7.	Effects on efficiency e.g. better interdepartmental working	ICT projects should aid efficiency improvements across the Council. Performance targets will need to be set.
8.	Implementation timescale if approved	On-Going.
9.	Major benefits, including effects on the quantity and quality of service	Partnership working & income generation will help the Council meet the Government target of having all services online by 31/12/2005.
10.	Major risks that may prevent the achievement of the Review Item.	Funding applications are unsuccessful or the amounts awarded are inadequate. Suitable partners cannot be identified.

11.	Likelihood of achievement e.g. certain, possible	Probable that some capital funding will be achieved in 2004/05. Possible that new partnership working opportunities will be identified.
12.	Views of Stakeholders (users/customers/Members/staff/others)	An early draft of an E-Government Strategy is currently being considered by senior managers and the E-Government Task Group – will be considered by committee early in 2004.
13.	Staffing/workload effects	The growth in ICT usage & costs will only be partially off-set by partnership working. It is estimated that, in order to meet all the aims of the draft E-Government Strategy, the following revenue growth in 2004/05 is required: £10,000 ~ Revenue effects of capital programme. £34,000 ~ additional member of staff within ICT.
14.	Partnership possibilities identified	Expansion of the activities of the Essex Online partnership. Joint ICT training opportunities with Basildon BC (possibility only at this stage) – could be extended to other Essex councils. On-going discussions with North Herts District Council.
15.	Details of any further work/consultation required.	Bids are being prepared under the IEG3 modernising fund & the Housing Benefits Improvement Fund. Other opportunities will be identified in due course.
16.	Links to other Budget Review items, as part of a re-packaging of services (if any).	None identified.
17.	Other Comments	None.
18.	Officer Recommendation e.g. implement/do not implement	Implement (i.e. continue to identify funding & partnership opportunities).

Uttlesford District Council – Budget Review Item Report – Item 13

	Details Required	Officer Responses
1.	Committee	Resources Committee
2.	Review Item Description, background and origins	Review of Saffire Website Grant
3.	Potential net budget effect 2004/2005. Please also specify budget items affected e.g. Salaries, Premises costs etc	Reduction in budget Net Effect (£) - £3,500 Comprising: - Reduction in annual grant. Please note: this is dependent upon one-off project related expenditure of £8,000 being approved,
4.	Does this item provide potential ongoing effects? If so please state the yearly net effect and budget items as in 3 above.	Net Effect (£) - £3,500 Comprising: - Ongoing reduction in grant.
5.	Details of any legal or contractual necessity to implement this item.	Existing agreement has expired. It is proposed to enter into a two-year agreement with Saffire's author, Dr S Willoughby.
6.	Relevance of item to Quality of Life Plan	The new website will contain facilities (such as car share & home working schemes) that support the strategic aim of 'protecting the environment'.
7.	Effects on efficiency e.g. better interdepartmental working	N/A – Grant to external partner.
8.	Implementation timescale if approved	Savings would be effective from 1 April 2004.
9.	Major benefits, including effects on the quantity and quality of service	An improved community website which more closely aligns with the broad aims of the Council.
10.	Major risks that may prevent the achievement of the Review Item.	No major risks – the technological solutions have been proven in a pilot project. Some risk that the individual initiatives may suffer from poor take-up. Appropriate marketing will be required.
11.	Likelihood of achievement e.g. certain,	Highly likely.

	possible	
12.	Views of Stakeholders (users/customers/Members/staff/others)	Users of the Saffire website have been consulted by Dr Willoughby.
13.	Staffing/workload effects	Minimal additional effect on staff workloads.
14.	Partnership possibilities identified	This is a partnership between the Council and the local community.
15.	Details of any further work/consultation required.	None.
16.	Links to other Budget Review items, as part of a re-packaging of services (if any).	None that have been identified.
17.	Other Comments	Options for the future of Saffire have been considered by the E-Government Task Group. This is the Group's preferred option.
18.	Officer Recommendation e.g. implement/do not implement	Implement

Uttlesford District Council – Budget Review Item Report – Item 14

	Details Required	Officer Responses
1.	Committee	Resources
2.	Review Item Description, background and origins	The Revenues Recovery Team, in conjunction with the Legal services section, has been piloting the use of bankruptcy to enforce payment of arrears of Council Tax. This has so far proved to be successful and it is estimated that costs income of approximately £4 000 will be achieved in future.
3.	Potential net budget effect 2004/2005. Please also specify budget items affected e.g. Salaries, Premises costs etc	Reduction Net Effect £4 000 Comprising: - Extra costs income as a result of instigating bankruptcy proceedings.

4.	Does this item provide potential ongoing effects? If so please state the yearly net effect and budget items as in 3 above.	Net Effect £4 000 Comprising: - Additional costs income.
5.	Details of any legal or contractual necessity to implement this item.	None.
6.	Relevance of item to Quality of Life Plan	Improving access to value for money services.
7.	Effects on efficiency e.g. better interdepartmental working	None.
8.	Implementation timescale if approved	April 2004
9.	Major benefits, including effects on the quantity and quality of service	Will be a deterrent for non-payers council tax. More efficient alternative than summoning for committal to prison.
10.	Major risks that may prevent the achievement of the Review Item.	None.
11.	Likelihood of achievement e.g. certain, possible	Probable.
12.	Views of Stakeholders (users/customers/Members/staff/others)	Anticipated resistance from non-payers. Support from the majority that pay.
13.	Staffing/workload effects	None.
14.	Partnership possibilities identified	N/A
15.	Details of any further work/consultation required.	None.
16.	Links to other Budget Review items, as part of a re-packaging of services (if	None.

	any).	
17.	Other Comments	Will improve collection of council tax arrears.
18.	Officer Recommendation e.g. implement/do not implement	Implement.

Uttlesford District Council – Budget Review Item Report – Item 18

	Details Required	Officer Responses
1.	Committee	Resources
2.	Review Item Description, background and origins	Reduction in budget for postage charges.
3.	Potential net budget effect 2004/2005. Please also specify budget items affected e.g. Salaries, Premises costs etc	Reduction Net Effect £3 500 Comprising: - Reduction in number of reminder and final notices being issued due to increased take-up of Direct Debit.
4.	Does this item provide potential ongoing effects? If so please state the yearly net effect and budget items as in 3 above.	Net Effect £3 500 Comprising: - As above.
5.	Details of any legal or contractual necessity to implement this item.	None.
6.	Relevance of item to Quality of Life Plan	Protecting the environment.
7.	Effects on efficiency e.g. better interdepartmental working	Fewer items of mail being handled.

8.	Implementation timescale if approved	April 2004.
9.	Major benefits, including effects on the quantity and quality of service	Reduces net budget of service.
10.	Major risks that may prevent the achievement of the Review Item.	Higher than average increase in postage charges.
11.	Likelihood of achievement e.g. certain, possible	Probable.
12.	Views of Stakeholders (users/customers/Members/staff/others)	Anticipated to be favourable as reduction in budget.
13.	Staffing/workload effects	None.
14.	Partnership possibilities identified	N/A
15.	Details of any further work/consultation required.	None.
16.	Links to other Budget Review items, as part of a re-packaging of services (if any).	None.
17.	Other Comments	None.
18.	Officer Recommendation e.g. implement/do not implement	Implement.