



## **SPECIAL CENTRAL RESOURCES COMMITTEE**

15 FEBRUARY 2006

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### Report of the Director of Central Resources **2006/07 DRAFT DEPARTMENT REVENUE AND CAPITAL BUDGET**

#### **purpose of report**

1. To inform Members of the draft departmental Revenue and Capital budgets for 2006/07 and to seek Member approval to progress the draft budgets to Policy and Strategic Development Committee for consideration.

#### **background**

2. Members will be aware of the Council's budget setting process that has developed in recent years. In particular, Members will be aware of:
  - (i) The need to invest in Council priorities as outlined in the Council Plan.
  - (ii) The need to create room for manoeuvre within existing departmental resources in order to fund priorities and service improvements. This has been achieved through exerting continued downward pressure on fixed and unit costs.
  - (iii) The need to invest in the capital infrastructure of both the Council and Wear Valley in pursuance of corporate objectives.
3. This report sets out the department's draft 2006/07 revenue and capital budgets including cost improvements and service development bids. Cost improvement and service development bids have been assessed by an inter-departmental group of Officers who have followed an agreed scoring process. This process takes into account issues such as links to corporate objectives and corporate themes, degree of external funding, impact upon performance etc. The capital schemes have followed a similar process.

#### **draft 2006/07 revenue budget**

4. The table below shows the draft departmental budget for 2006/07 prior to consideration of service development and cost improvement bids. It has been produced after taking into account the following:
  - (i) Known and anticipated pay awards, based on existing establishment levels.
  - (ii) Increases in contractual payments where appropriate.

- (iii) Increases in fees and charges based on expected levels of service activity against expected charging levels.
- (iv) Known external funding.

<b>Cost Centre Description</b>	<b>Estimate 2006/07 (£000)</b>
Corporate Management & Democratic Support	967
Treasury Management	13
Council Tax Administration	460
NNDR - Administration	(15)
Land Charges	(111)
Support to Community Organisations	102
Local Elections	16
Electoral Registration	102
Concessionary Travel	773
Housing Advances	1
Housing Benefit Administration	440
Benefit Investigation Unit	72
Housing Benefit Rent Allowance	(15)
Housing Benefit - Rent Rebates	(15)
Asset Management Revenue Account	(229)
Precepts and Levies	82
Personnel	222
Central Postage	72
Legal Services	219
Main Copier	50
On Floor Copiers	9
Reception / First Stop Shop	137
Telephone	67
Rent Accounting	33
Cashiers	189
Exchequer Services	197
Accountancy	256
Internal Audit	82
IT	516
Central Resources - Departmental Overheads	65
Pension Costs	294
Minor Receipts plus Provisions	21
Investment Income	(744)
Debt Repayments	(250)
<b>Total</b>	<b>4,078</b>

5. The gross costs of support services shown in the table e.g. legal, personnel, accountancy, IT etc. are recharged to other departments. These costs will be included within the draft budgets for those departments.

## fees and charges

6. The proposed fees and charges for 2006/07 for the department are shown at Annex A. They have been constructed around the following principles:
- (i) A general increase of 5%.
  - (ii) Increases above this amount where it is considered appropriate in terms of maintaining service demand within the context of the "Price is Right" principles.
  - (iii) The need to generate increased income in order to maintain the efficiency of the service provided.

## cost improvements

7. The following cost improvements are proposed as the departmental contribution to all creating scope for priorities as well as improving the efficiency of the department. Each cost improvement is considered in turn.

<b>Scheme</b>	<b>£000</b>	<b>Commentary</b>
Telephones	10	Contract re-negotiated for land lines and mobile calls
Personnel staff advertising	4	Advertising funded from reduced salary costs arising from staff vacancies
Personnel interview expenses	4	Costs funded departmentally as opposed to centrally
Banking contract	2	Re-negotiated by receiving information electronically as opposed to through the post
Cash collection contract	7	Savings achieved on contract due to fewer collections at offices and leisure centres and allowing collection to be made at different times of the day
Increased court costs	5	Proposed increase in summons costs for non payment of council tax and non domestic rates from £40 to £45. This is in line with the charges applied by neighbouring Councils
NNDR IT licence fees	2	Reduced charge made by supplier
Discretionary rate relief	1	Changes to Council policy on discretionary rate relief
Land Charges – IT software maintenance	2	Reduced charge made by supplier
Local Elections – printing	1	Reduced costs
Local Elections – postage	1	Reduced costs
Housing Benefit administration – software purchase	2	Budget no longer required

<b>Scheme</b>	<b>£000</b>	<b>Commentary</b>
Main copier – lease payments	12	Replacement copier purchased therefore no lease payments
Central Resources - various	8.5	Minor reductions in various budgets
<b>Total</b>	<b>61.5</b>	

### service development bids

8. The following service development bids are proposed in order to improve the achievement of both departmental and corporate aims and objectives. Each service development bid is considered in turn.

<b>Scheme</b>	<b>£000</b>	<b>Commentary</b>
Accountant	5	To support achievement of a “good” score or better under the Use of Resources assessment conducted by the Audit Commission. The role will include embedding the medium term financial plan within the Council's budgeting and policy framework as well as supporting the pursuit of value for money
Benefit Investigation Officer	27	To assist in improving performance within benefit fraud which due to lack of resources is currently poor and support the stated aim of all BVPI's being amongst the top 25% in the country
P/T Asset Management Officer – joint working	10	To work jointly with other authorities to provide a dedicated resource for asset management. Current activity is patchy, unco-ordinated and there is insufficient expertise to carry out the function effectively
Benefit Visiting Officer	14.2	To assist in meeting top quartile performance for the number of visits undertaken. Would allow a more comprehensive welfare service to housing benefit customers through assistance in completing forms, providing information and encouraging take up of benefit
Information Technology Auditor	4.5	The Audit Commission has been critical on a number of occasions about the extent and quality of IT audit. It is a very specialised area and there is currently no in-house provision to carry it out effectively
Audit/Accountancy Assistant	26	To support creation of a post that

<b>Scheme</b>	<b>£000</b>	<b>Commentary</b>
		would be mainly based within the Internal Audit Section. Our external auditors have been critical about our failure to meet auditing standards with the current level of resources
<b>Total</b>	<b>86.7</b>	

### capital programme

9. The following table shows the proposed capital programme for the department for 2006/07.

<b>Scheme</b>	<b>£000</b>	<b>Commentary</b>
IBS migration	21.25	The technology used to provide the computer systems that are used by the revenues, benefits and housing services will soon be no longer supported by the supplier. Consequently, the Council has to transfer to different technology which is supported by the supplier. Failure to carry this out would create serious difficulties in paying housing benefit and collecting council tax and rental income
PC Replacement Programme	90	It is important that staff have access to sufficiently powered PC's in order for them to carry out their duties. Failure to replace pc's will result in them becoming increasingly slow due to age and the introduction of new software thus leading to reduced staff efficiency
IT Server replacement	14	A number of servers have reached the end of their maintenance agreements and require replacement. These servers provide the lotus notes intranet service used by all staff and the facility to provide electronic links to provide homeworking
Council Chamber – sound system microphones	24	The acoustics in the Council Chamber are poor and complaints have been received from Members and the public that they find it difficult to hear the debate. It is proposed that a portable system be purchased which can be moved to other venues in the District
Human Resources and	67	The current system does not have an

Payroll System		adequate reporting facility nor able to provide BVPI information without manual input. The purchase of the relevant hardware and software would be done in conjunction with neighbouring authorities to achieve economies of scale
<b>Total</b>	<b>216.25</b>	

## conclusions

10. The above proposals represent the department's anticipated resources for 2006/07. They have been subject to scrutiny by a cross section of the Authority's officers and are considered adequate with which to deliver the Council's priorities. The cost improvements are considered achievable and the revenue and capital bids are considered deliverable.
11. The delivery of the above will be subject to regular monitoring at both Officer and Member level throughout 2006/07.

## RECOMMENDED

1. Members submit the fees and charges detailed in Annex A of the report to Policy and Strategic Development Committee for consideration.
2. Members submit the cost improvements, service development bids and capital programme proposals detailed within the report to Policy and Strategic Development Committee for consideration.

<b>Officer responsible for the report</b>	<b>Author of the report</b>
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