

**FINANCE & ICT
DIRECTORATE
ESTIMATES 2013/14**

Finance and ICT

Revenue Budget 2013/14

Introduction

The Finance and 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.

Depreciation

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.

Pension costs

The budget shows the cost of the pension scheme relating to those employees currently in service. Although this cost has increased it is reversed out in the budget summary in the same way as Depreciation.

Revenue Expenditure funded from Capital under statute

Some expenditure incurred by the authority is of a capital nature but does not relate to fixed assets of the Authority. In this situation the expenditure is classified as revenue but can be funded from capital resources the funding side of the transaction like the depreciation reversals is shown in the Revenue Expenditure, Income and Financing Summary after the net operating expenditure is calculated.

Compliance with accounting guidance

The 2013/14 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 have adopted 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.

Finance & ICT

General Fund Estimate Summary

2011/12	2012/13			2013/14		
<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						
509	642	772	Housing Benefits	39,278	38,233	1,045
1,063	1,177	1,136	Local Taxation	1,802	617	1,185
32	(60)	228	Other Activities	(155)	37	(192)
1,604	1,759	2,136	Total (Transferred to GF Summary)	40,925	38,887	2,038
Support and Trading Services						
2,474	2,492	2,385	Finance Support Services	2,482	24	2,458
2,519	3,023	2,951	ICT Services	2,916	0	2,916
(1,862)	(1,921)	(1,859)	Recharged to this Directorate	(1,880)	(8)	(1,872)
(3,131)	(3,594)	(3,477)	Recharged to other Directorates	(3,518)	(16)	(3,502)
0	0	0	Total	0	0	(0)
1,604	1,759	2,136	Directorate Total	40,925	38,887	2,038
1,738	1,694	2,239	Continuing Services Budget			2,027
56	48	48	Continuing Services Budget - Growth			129
(70)	0	(116)	Continuing Services Budget - Savings			(135)
1,724	1,742	2,171	Total Continuing Services Budget			2,021
17	37	90	District Development Fund - Expenditure			148
(137)	(20)	(125)	District Development Fund - Savings			(131)
(120)	17	(35)	Total District Development Fund			17
1,604	1,759	2,136	Directorate Total			2,038

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Development Fund & Growth Items

		Original 2012/13 £000's	Probable 2012/13 £000's	Original 2013/14 £000's
CSB Growth Items				
Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	41	41	104
Housing Benefits	Documents on line Savings		(10)	
Housing Benefits	Limes Farm Area Office	7	7	
Council Tax Collection	Court Costs		(30)	
NNDR	Fees re Enforcement action on Bad Debts			25
External Audit	PKF fees		(26)	(30)
Finance Miscellaneous	Review of salary Budgets - Savings		(27)	(63)
Finance Miscellaneous	Stationery - Procurement savings			(15)
Finance Miscellaneous	Car Leasing review		(11)	(24)
Directorate Savings	General		(12)	(3)
		48	(68)	-6

		Original 2012/13 £000's	Probable 2012/13 £000's	Original 2013/14 £000's
Development Fund Items				
Concessionary Fares	New National Scheme - Costs	5	15	
Concessionary Fares	Contribution from ECC re admin costs of issuing passes		(23)	
Insurance Services	Additional income re Uttlesford Insurance work	(6)	(6)	(3)
ICT	GCSX connection	(2)	(3)	
Council Tax Collection	Legal Fees re Bailiffs in Liquidation		5	
Council Tax Collection	Additional Temporary Staffing			98
Council Tax Collection	Additional Temporary Staffing ECC Contribution			(98)
Housing Benefits	Staff restructuring not funded by specific grant	20	20	
Housing Benefits	Atlas Project Funding	(3)	(3)	
Housing Benefits	Atlas Project Expenditure	3	7	
Housing Benefits	Local Council Tax Support		40	44
Housing Benefits	Localisation of Council Tax Support - Grant		(84)	
Housing Benefits	Housing Benefit Admin - Additional Admin Subsidy			(30)
NNDR	New Burdens Small Business Rate Relief Costs	9	3	6
Procurement	Essex Procurement Hub	(9)	(6)	
		17	(35)	17

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Housing Benefits

Rent Rebates

The budget for the probable outturn 2012/13 reflects a 5% increase in claims for rent rebates and related subsidy, over 2011/12. The 2013/14 estimate includes a rent increase of 4.36% with case load remaining at the same level as the current year.

The increase in net cost of rent rebates of £139,000 in the revised 2012/13 and estimate 2013/14 relates to a lower subsidy to total cost ratio resulting from a change in the level of eligible overpayments and error and administrative delay, where subsidy paid by the DWP is lower.

Council Tax Benefits

Case load numbers and Council Tax Benefits expenditure in 2012/13 have reduced by around 1% with the related grant entitlement re-assessed on the basis of the latest mid year subsidy claim and information available. The reduced net surplus of £80,000 in the revised estimate 2012/13 relates to a lower subsidy to total cost ratio resulting from a change in the level of eligible excess benefit where the subsidy paid by the DWP is lower. From 1 April 2013 Council Tax Benefit is being replaced with a new system of Local Council Tax Support. The new Local Council Tax Scheme is designed to achieve cost neutrality- defined as being that there will be reductions in the amount of financial support given to local people sufficient to cover the cut in Government funding. The expenditure and related subsidy is therefore deleted from the budget from 2013/14. The new scheme has been modelled on the current caseload and expenditure and will achieve the necessary savings of 14% ensuring that the scheme is cost neutral.

Rent Allowances

The budget for the probable outturn 2012/13 reflects a 4% increase in caseload for rent allowances and related subsidy, over 2011/12. Grant entitlement has been assessed on the basis of the latest mid year subsidy claim and information available. The improved net position of £98,000 relates to a higher subsidy to cost ratio resulting from changes in the levels of overpayments identified.

Non HRA Rent Rebates

This relates to homeless people placed in Bed and Breakfast accommodation. Figures since 2009/10 have shown a reduction resulting from proactive advice and management procedures resulting in shorter stays prior to establishing placements in permanent accommodation.

Benefits Administration

The budget relates to the cost of administration for all the benefits above, and is partly offset by subsidy from the Government. The main administration subsidy for the current year is £41,000 down on 2011/12 actual equivalent to 5%, and the Government has made a further reduction for 2013/14 of £74,000 in total, equivalent to a further cut of 10% on the current year subsidy. The total loss of subsidy is therefore £104,000 which is shown in the CSB growth list. These figures do include additional administration subsidy of £30,400 (£64,680 2012/13) which will be received for assisting in processing claims related to the economic downturn.

Grant of £84,000 for Localising Council Tax Support has been received in the current year for assisting with additional administration costs relating to the new local tax scheme. The additional costs relating to this grant is split between 2012/13 and 2013/14.

Fraud Investigation

This budget includes the cost and overheads of investigating potential fraudulent benefit claims. The reduction in the probable outturn for 2012/13 relates to maternity leave.

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Housing Benefits

2011/12	2012/13			2013/14		
Actual £000	Original Estimate £000	Probable Outturn £000		Gross Expend £000	Gross Income £000	Net Expend £000
1	(106)	33	Rent Rebates	16,593	16,560	33
(113)	(150)	(70)	Council Tax Benefit	0	0	0
(372)	(220)	(318)	Rent Allowances	20,633	20,951	(318)
34	28	22	Non-HRA Rent Rebates	99	77	22
(450)	(448)	(333)	Total Benefits	37,325	37,588	(263)
810	876	945	Benefit Administration	1,654	565	1,089
149	214	160	Fraud Investigation	299	80	219
959	1,090	1,105	Total Administration	1,953	645	1,308
509	642	772	Total (Transferred to Summary)	39,278	38,233	1,045
483	574	754	Continuing Services Budget			927
25	48	48	Continuing Services Budget - Growth			104
0	0	(10)	Continuing Services Budget - Savings			0
508	622	792	Total Continuing Services Budget			1,031
14	23	67	District Development Fund - Expenditure			44
(13)	(3)	(87)	District Development Fund - Savings			(30)
1	20	(20)	Total District Development Fund			14
509	642	772	Directorate Total			1,045

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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 probable outturn for 2012/13 includes A CSB income item of £30,000 relating to an increase in court costs. With the implementation of local council tax support and technical changes, agreements have been reached with the major preceptors to fund additional staff. The agreements will fund two additional staff on one year fixed term contracts to minimise losses from local council tax support. The agreements also cover two further staff on three year fixed term contracts to maximise the income from the technical changes to council tax. A DDF item of £98,000 with full reimbursement of £98,000 is included in the estimate for 2013/14.

NNDR

CSB growth of £25,000 is included in the estimated outturn 2013/14 for professional fees for enforcement action on bad debts. DDF of £9,000 for new burdens small business rate relief in the original estimate 2012/13 has been rephased £3,000 probable outturn 2012/13 and £6,000 estimate 2013/14.

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Local Taxation

2011/12	2012/13			2013/14		
Actual	Original	Probable		Gross	Gross	Net
£000	Estimate	Outturn		Expend	Income	Expend
	£000	£000		£000	£000	£000
1,031	1,133	1,092	Council Tax Collection	1,527	418	1,109
32	44	44	NNDR Collection	275	199	76
1,063	1,177	1,136	Total (Transferred to Summary)	1,802	617	1,185
1,073	1,168	1,158	Continuing Services Budget			1,154
31	0	0	Continuing Services Budget - Growth			25
0	0	(30)	Continuing Services Budget - Savings			0
1,104	1,168	1,128	Total Continuing Services Budget			1,179
3	9	8	District Development Fund - Expenditure			104
(44)	0	0	District Development Fund - Savings			(98)
(41)	9	8	Total District Development Fund			6
1,063	1,177	1,136	Directorate Total			1,185

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Other Activities

Concessionary Fares

From 30 September 2012 concessionary fare functions were entirely transferred to Essex County Council. The actual for 2011/12 includes a contribution of £45,000 for undertaking the administrative functions up to 31 March 2012. A further DDF income item of £22,500 is included in the probable outturn 2012/13 for the final contribution from the County for the six months to 30 September 2012.

The Epping Forest District travel usage has been less than that previously identified by the Government and a DDF item of £15,000 is included in the probable outturn for 2012/13. If no further costs are identified, this amount will be available to return to the DDF reserve.

The ongoing budget relates to London Transport blind passes where the Council has a responsibility for the costs until the passholders retire or move out of the District.

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 2012/13 probable outturn and 2013/14 estimate relate to additions 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.

CSB savings are included in 2013/14 for the General fund effect of £63,000 in respect of a review of salary budgets and vacant posts, £15,000 for procurement savings on stationery, and £24,000 for changes to the car leasing scheme.

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.

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 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 £360,000 in 2013/14, which is equivalent to 2.5% of Non-HRA salaries. The vacancy allowance for 2012/13 original estimate was also 2.5%. A credit is also included for a £100,000 vacancy allowance in the probable outturn 2012/13. 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 2011/12, there is no requirement to add to the current provision for bad and doubtful debts which is considered to be adequate.

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Other Activities

2011/12	2012/13			2013/14		
Actual £000	Original Estimate £000	Probable Outturn £000		Gross Expend £000	Gross Income £000	Net Expend £000
(31)	16	6	Concessionary Fares	21	10	11
(35)	114	165	Finance Miscellaneous	6	0	6
20	20	20	NNDR Discretionary Relief	20	0	20
141	150	137	Non-Distributed Costs	158	27	131
95	300	328	Total Other Activities	205	37	168
0	(360)	(100)	Vacancy Allowance	(360)	0	(360)
(63)	0	0	Provision for Bad & Doubtful Debts	0	0	0
(63)	(360)	(100)	Total Contingency Items	(360)	0	(360)
32	(60)	228	Total (Transferred to Summary)	(155)	37	(192)
87	(65)	274	Continuing Services Budget			(90)
0	0	0	Continuing Services Budget - Growth			0
(10)	0	(38)	Continuing Services Budget - Savings			(102)
77	(65)	236	Total Continuing Services Budget			(192)
0	5	15	District Development Fund - Expenditure			0
(45)	0	(23)	District Development Fund - Savings			0
(45)	5	(8)	Total District Development Fund			0
32	(60)	228	Directorate Total			(192)

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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 for the Director and Assistant Directors of Finance and ICT, and the Executive Assistant.

The increase in the budget for 2013/14 relates to current service pension costs which are reversed out of the budget after the net operating expenditure is calculated, therefore having no impact on the level of council tax.

Accountancy

The reduction in the probable outcome for 2012/13 relates to vacancies and reduced costs brought about by a Flexible retirement.

Accounts Payable

The reduction in the probable outcome for 2012/13 and the estimate for 2013/14 relates to a re-allocation of central overhead support services.

Insurance and Credit control

The increase in the probable outcome for 2012/13 and the estimate for 2013/14 relates to a re-allocation of central overhead support services.

Treasury Management

The increase in the probable outcome for 2012/13 and the estimate for 2013/14 relates to a re-allocation of central overhead support services and an increase in consultant fees payable to Arlingclose to advise on Treasury management matters relating to the loan portfolio. This is recharged to the HRA.

Cashiers

The reduction in the probable outcome for 2012/13 and the estimate for 2013/14 relates to the effects of closing the cash desk at Waltham Abbey Town Hall.

Audit and Bank Charges

The costs here relate to charges made by PKF for external audit of the annual accounts, grant claims and statutory returns. The budget also includes the cost of maintaining the Council's bank accounts.

A CSB saving of £26,000 is included in the probable outcome for 2012/13 for a reduction in fees payable to PKF for external audit, and also a further £30,000 in 2013/14.

Finance Administration & Procurement

The reduction in the probable outcome for 2012/13 relates to the vacancy of the Senior Finance Officer responsible for finance administration and procurement.

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Finance Support Services

2011/12	2012/13			2013/14		
Actual £000	Original Estimate £000	Probable Outturn £000		Gross Expend £000	Gross Income £000	
			Net Expend £000			
463	474	470	Finance Policy Group	490	0	490
605	639	608	Accountancy	659	0	659
199	204	168	Accounts Payable	177	0	177
183	185	199	Insurance and Credit Control	222	12	210
152	55	72	Treasury Management	76	0	76
360	404	386	Cashiers	390	12	378
237	237	212	Audit / Bank Charges	178	0	178
275	294	270	Finance Admin & Procurement	290	0	290
2,474	2,492	2,385	Total (Transferred to Summary)	2,482	24	2,458
2,488	2,507	2,423	Continuing Services Budget			2,491
0	0	0	Continuing Services Budget - Growth			0
0	0	(26)	Continuing Services Budget - Savings			(30)
2,488	2,507	2,397	Total Continuing Services Budget			2,461
0	0	0	District Development Fund - Expenditure			0
(14)	(15)	(12)	District Development Fund - Savings			(3)
(14)	(15)	(12)	Total District Development Fund			(3)
2,474	2,492	2,385	Directorate Total			2,458

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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 reduction in the probable outturn for 2012/13 relates to savings in salary costs resulting from vacancies. The budget for 2013/14 includes a reduction in asset depreciation charges relating to capital equipment and software purchases.

Telephones

This budget relates to the Council's main telephone systems and related networks, and includes all support staff and telephonists. The small reduction in the probable outturn relates to lower call and internet charges.

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 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. The reduction in the budget relates to a re-allocation of charges from the central computer budget.

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ICT Support Services

2011/12	2012/13			2013/14		
<i>Actual</i> £000	<i>Original</i> <i>Estimate</i> £000	<i>Revised</i> <i>Estimate</i> £000		Gross Expend £000	Gross Income £000	Net Expend £000
1,828	2,273	2,221	ICT	2,190	0	2,190
529	569	555	Telephones	568	0	568
162	181	175	Website	158	0	158
2,519	3,023	2,951	Total (Transferred to Summary)	2,916	0	2,916
2,568	3,025	2,954	Continuing Services Budget			2,916
0	0	0	Continuing Services Budget - Growth			0
(28)	0	0	Continuing Services Budget - Savings			0
2,540	3,025	2,954	Total Continuing Services Budget			2,916
0	0	0	District Development Fund - Expenditure			0
(21)	(2)	(3)	District Development Fund - Savings			0
(21)	(2)	(3)	Total District Development Fund			0
2,519	3,023	2,951	Directorate Total			2,916

