



AGENDA

For a meeting of the
RESOURCES DEVELOPMENT AND SCRUTINY PANEL
to be held on
THURSDAY, 24 NOVEMBER 2005
at
2.30 PM
in
COMMITTEE ROOM 1, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM
Duncan Kerr, Chief Executive

Panel Members:	Councillor Robert Conboy, Councillor Dorrien Dexter, Councillor Brian Fines, Councillor Kenneth Joynson, Councillor John Kirkman (Vice-Chairman), Councillor Reg Lovelock M.B.E. (Chairman), Councillor Andrew Roy Moore, Councillor Gerald Taylor and Councillor John Wilks
Scrutiny Officer:	Paul Morrison 01476 406512 p.morrison@southkesteven.gov.uk
Scrutiny Support Officer:	Rebecca Chadwick 01476 406297 r.chadwick@southkesteven.gov.uk

Members of the Panel are invited to attend the above meeting to consider the items of business listed below.

- 1. COMMENTS FROM MEMBERS OF THE PUBLIC**
To receive comments or views from members of the public at the Panel's discretion.
- 2. MEMBERSHIP**
The Panel to be notified of any substitute members.
- 3. APOLOGIES**
- 4. DECLARATIONS OF INTEREST**
Members are asked to declare any interests in matters for consideration at the meeting.
- 5. ACTION NOTES**
The notes of the meeting held on 29th September 2005 are attached for information.
(Enclosure)

6. **FEEDBACK FROM THE EXECUTIVE**
7. **INTERNAL AUDIT**
Report by Pricewaterhousecoopers, the Council's internal auditors. A presentation will be made at the meeting.

(To follow)
8. **BUDGET UPDATE**
 - Notes from the meeting of the Budget Working Group on 26th October 2005.

(Enclosure)
 - Update report by the Director of Finance and Strategic Resources.

(To follow)
9. **TREASURY MANAGEMENT ACTIVITY 2005/2006**
Report FIN247 by the Director of Finance and Strategic Resources.

(Enclosure)
10. **MOVING TOWARDS A CASHLESS OFFICE**
Report by the E-Government Working Group.

(Enclosure)
11. **CUSTOMER SERVICE CENTRE**
The Director of Operational Services to give an update report.
12. **BUSINESS RATE COLLECTION RATES 2005/2006**
Report FIN251 by the Revenues Manager.

(Enclosure)
13. **REVIEW OF DISCRETIONARY RATE RELIEF SCHEME**
Report FIN252 by the Revenues Manager.

(Enclosure)
14. **SOUTH KESTEVEN CITIZENS' ADVICE BUREAUX FUNDING**
The Director of Community Services to report.
15. **BEST VALUE PERFORMANCE INDICATORS**

(Enclosure)
16. **WORK PROGRAMME**

(Enclosure)
17. **REPRESENTATIVES ON OUTSIDE BODIES**
Representatives on outside bodies to give update reports.
18. **ANY OTHER BUSINESS, which the Chairman, by reasons of special circumstance, decides is urgent.**



MEETING OF THE RESOURCES DEVELOPMENT AND SCRUTINY PANEL

THURSDAY, 29 SEPTEMBER 2005 2.00 PM

PANEL MEMBERS PRESENT

Councillor Conboy
Councillor Mrs Dexter
Councillor Fines
Councillor Kirkman (Vice-Chairman)

Councillor Lovelock M.B.E. (Chairman)
Councillor Moore
Councillor G Taylor
Councillor Wilks

OFFICERS

Scrutiny Officer
Director of Finance and Strategic Resources
Corporate Manager Human Resources &
Organisational Development
Scrutiny Support Officer

OTHER MEMBERS PRESENT

Councillor Bryant
Councillor Mrs Cartwright
Councillor Hewerdine
Councillor Joynson
Councillor M Taylor

21. MEMBERSHIP

It was noted that Councillor O'Hare had, with immediate effect, resigned from all committees and panels of the Council.

22. APOLOGIES

An apology for absence was received from Councillor Craft, as a member of the Budget Working Group.

23. DECLARATIONS OF INTEREST

None declared.

24. ACTION NOTES

Noted.

25. FEEDBACK FROM THE EXECUTIVE

Nothing to report.

26. REVENUE AND CAPITAL BUDGETS 2006/07 ONWARDS

The Resources DSP welcomed Councillors Bryant, Joynson and Mike Taylor from the Budget Working Group for this item.

Working Group Notes

The notes of the two working group meetings held on 15th August 2005 and 12th September 2005 had been circulated with the agenda. The group was concerned that there had not been feedback on the conclusions from the meetings. They acknowledged that the group was only advisory but members considered communication important and therefore requested that this be improved. The Corporate Director of Finance and Strategic Resources and the Portfolio Holder informed the Committee on progress with each conclusion from the working group.

The group proceeded to discuss progress with submission of senior managers' service plans. Members wanted assurance that the new deadline of 14th October 2005 would be met. The Portfolio Holder was confident that this was achievable and discussed briefly with the group methods of monitoring progress.

Conclusion:

Feedback on conclusions be circulated with meeting agendas where possible.

Value for Money Trend Analysis

An updated copy of the Chief Executive's Cabinet Briefing Paper on this issue had been circulated previously. A few minor alterations were suggested and these were noted. Clarification was sought on paragraph 4.9 concerning the council's low level of expenditure not correlating with its score on the deprivation index. The Corporate Director explained that this could indicate that there was insufficient investment in reducing deprivation. Members were encouraged, however, by paragraph 4.6, which evidenced that success could be achieved without excess expenditure. Members focussed on the waste collection and recycling comparison analysis with other similar authorities. The performance rating was not high, especially as the cost per head was above mid-point. Members were sure, however, that the service delivered at the current cost given the rurality of the district was good. It was noted that members received good feedback from residents on the waste management service. The limitations of comparisons with other authorities were discussed, as expenditure was not a measure of effectiveness, but it was noted that comparison analysis could be used as a good starting point for service improvement.

The Value for Money assessment would take place shortly with initial draft feedback expected in December and a formal submission included in the Auditor's management letter in March 2006. Members were concerned that

customer satisfaction, which was paramount to service delivery, was not considered in the assessment. Low council tax, prioritisation and capping were discussed in the context of the assessment.

Budget Preparation

In addition to the previous discussion on service plans, the Portfolio Holder reminded members that his intention was still to delegate scrutiny of service plans to all members to be submitted to the DSP for final recommendation to the Portfolio Holder. It was noted that DSP meetings may be split up to undertake this work.

Conclusion:

The DSP to scrutinise service plans at future meetings.

Lincolnshire's Missing Millions Campaign

The Corporate Director of Finance and Strategic Resources had circulated a briefing paper on the ODPM consultation paper for Lincolnshire Local Authorities. This had been commissioned from Rita Hale & Associates for Lincolnshire as part of the Missing Millions Campaign. This was being considered by a meeting of the Lincolnshire Finance Officers Group and a member meeting the following week. Relevant to South Kesteven were the Environmental sections of the paper. It had been suggested that there should be a separate section of the Revenue Support Grant for waste management and Corporate Director stated his support for this. He explained, however, that the Missing Millions campaign was a joint effort of district councils, the county council and the Lincolnshire Police Authority to pursue the benefits for Lincolnshire; separate campaigns may jeopardise an overall benefit for residents throughout Lincolnshire.

A few specific sections of the briefing paper and issues including macro-economic and council tax revaluation were discussed. Members were very pleased with the work of Rita Hale & Associates.

Conclusion:

To support the joint approach undertaken by the Lincolnshire's Missing Millions Campaign.

Internal Audit Final Report 2004/2005

One member noted that the DSP had recommended to Cabinet at its last meeting to investigate the number of outstanding recommendations documented in the previous internal auditor's final report for 2004/2005. The Chairman agreed to speak with the Leader on this matter. The Corporate Director added that the current internal auditors would be meeting with this DSP later in the year and that this may be an appropriate issue to raise with them.

27. DRAFT SCRUTINY HANDBOOK

This had been circulated with the agenda. It was suggested that subtitles should be larger for the section on Balancing Inquiry and Advocacy to reflect the meaning of the subsections. The section on Types of Questioning was commended and it was thought that questionnaires produced by the Council should embrace a questioning approach without leading, closed or double-headed questions.

Conclusion:

To recommend acceptance of the Draft Scrutiny Handbook subject to the change in subtitle size for pages twenty-two to twenty-five.

28. BEST VALUE PERFORMANCE INDICATORS

Updated figures had been circulated with the agenda. There were indicators identified as below target. The Corporate Manager of Human Resources and Organisational Development was present to explain the indicator concerning the number of leavers from the organisation. He first clarified that the number was cumulative and therefore only two members of staff had left in August. This was below the target suggested by CPA. The Corporate Manager explained the theory behind monitoring staff turnover within tight and loose labour markets. The market was presently tight and therefore low turnover was not detrimental to the organisation. These comments received a mixed reaction.

It was suggested that quality of staff, not quantity, was important and therefore a judgement could not be made on the performance indicator as submitted.

The Revenues Manager was present to speak on the indicator for the collection of Non-Domestic Rates, which was also below target. He explained that the August result was only 1.55% down on the target and that this was an improvement from the previous month. He also explained that as payments could be large, it may only take a few large accounts to fall behind and the collection rates would sway significantly. He then gave specific reasons for the performance. The revaluation and a system error had created a backlog of work. The officer explained the proactive approach undertaken for collection and he was confident that the target would be met by the end of the financial year.

Members were concerned that the system error had not been noticed earlier. It was stated in response that this had only caused a delay in collection, not a failure of collection. Revaluation appeals was an issue raised by members and the officer stated that it could take a number of years for these to resolve. There were a number of other issues raised and the Revenues Manager agreed to submit a report on Non-Domestic Rate collection at the next DSP meeting.

Conclusions:

(1) To request that the performance indicator for staff turnover be no

longer submitted as a target but an indicator of percentage turnover compared with the national average.

- (2) To request the Revenues Manager submits a report on Non-Domestic Rate Collection to the next meeting of the DSP.*

29. WORK PROGRAMME

The Scrutiny Officer presented the work programme. Items to be added were Non-Domestic Rates and a six-monthly visit from Pricewaterhousecoopers. He added that the DSP should expect regular reports on Stock Option Appraisal and that this was being raised at the forthcoming Scrutiny Co-Coordinating Group. The Portfolio Holder commented that Grants to Outside Organisations was currently being considered by the Council's Legal Services, because it may require a dispensation from the Standards Committee for those members on outside bodies.

30. NEW COMPREHENSIVE PERFORMANCE ASSESSMENT GUIDANCE

The Panel considered report CEX299, presented on behalf of the Chief Executive by the Corporate Director of Finance and Strategic Resources. The options for the next Comprehensive Performance Assessment for district councils were set out in the appended consultation document from the Audit Commission.

Members were concerned that Group A options, which included re-categorisation of all Councils, would be costly and impact on the tax-payer unnecessarily. Group B options, however, would not necessarily provide an inspection as fair and equitable for this authority as those under Group A. There was no consensus on the consultation document and it was agreed that more time was required for its consideration.

Conclusion:

- (1) Given the financial implications of the Audit Commission's proposals, the Budget Working Group be delegated authority from the DSP to make recommendations direct to Cabinet on the framework for Comprehensive Performance Assessment for District Councils.*
- (2) The Budget Working Group meet on Wednesday 26th October, 2pm to consider report CEX299 by the Chief Executive.*
- (3) The Chief Executive be required to attend the meeting.*

31. REPRESENTATIVES ON OUTSIDE BODIES

The Chairman spoke on his attendance at the Lincolnshire Local Government Association, which had put a lot of work into the Lincolnshire's Missing Millions Campaign. There was an article in the County News magazine, which may have been of interest to members. The Association had also considered a paper by the County Council of Supporting People. A representative from the Council for this was an item on the next district council agenda.

Councillor Gerald Taylor spoke about his attendance at the Lincolnshire Council for Protection of Rural England, on behalf of Councillor Bryant. He requested support from the DSP for the Council's grant to this organisation.

Councillor Bryant informed the panel that Kesteven Blind Society had merged with the Boston Society. The panel supported Councillor Bryant's continued membership of the merged society. For information, he also spoke about current progressions with the South Kesteven Citizens' Advice Bureau. A new budget report had been produced and the service improved.

Conclusion:

To request the Chief Executive to submit a report on funding for the South Kesteven Citizens' Advice Bureau at the next meeting.

32. LINCOLNSHIRE "MEALS ON WHEELS" SERVICE

One member requested the DSP to consider whether or not it take any action to help re-instatement of the meals on wheels service within the district. Members sympathised with the situation and this was discussed. It was concluded that the issue would be better considered via submission of a motion at the next full Council meeting.

33. CLOSE OF MEETING

The meeting closed at 4.35p.m.

BUDGET WORKING GROUP

Meeting date: Wednesday 26th October 2005

Members Present: Councillor Bryant
Councillor Conboy
Councillor Craft
Councillor Fines
Councillor Joynson
Councillor Kirkman
Councillor Lovelock
Councillor Moore
Councillor Gerald Taylor

Officers Present: Duncan Kerr
John Blair
Chris Sharp
Joyce Slater
Rebecca Chadwick

16. Apologies

Apologies for absence were received from Councillor Mrs Cartwright.

17. Framework for District Council CPA

Members had before them reports CEX299 and CEX301 by the Chief Executive, which presented a consultation document from the Audit Commission on Comprehensive Performance Assessment (CPA) for district councils from 2006. The following recommendations were made; reasons for each are given below where appropriate.

Recommended Responses to Consultation Questions:

- 1.1 That an additional guidance principle be that the cost of an inspection be proportionate to expenditure.***
- 1.2 If South Kesteven District Council was subject to a CPA inspection, the use of peers in the assessment process would be supported. Peers could be appointed from the private sector, providing they had relevant experience of a similar local authority.***

[The Chief Executive spoke about his experience of peer review. There was some concern that the use of peers would impact on the authority having to release officers and members. It was considered that the benefits outweighed this cost. The majority of peers were professional and able to apply their skills and knowledge practically. Although peers from similar authorities might appreciate better the conditions in which this authority operated, it was suggested that new thinking and approaches would be put forward through a peer review from a different type of authority. It was thought that even peers from the private sector could be appointed for this purpose.]

2.1	Service Assessments:	60%
	Use of Resources:	25%
	Corporate Assessments:	10%
	Direction of Travel:	5%

[Members considered that the key to a Council's performance was the delivery of services and this should therefore form the bulk of an inspection. The risks in so doing were acknowledged, as CPA might concentrate on only a few services for the inspection. Members also suggested that use of resources and value for money were vitally important to a Council's performance. However, it was considered that quality of services and value for money would be considered as part of a service assessment. The apportionment for use of resources did not need to be higher as it was already an integral part of the inspection.]

3.1 The preferred approach is Group B.

[It was suggested that as South Kesteven was aspiring to the higher levels of CPA, it would be fairer if all authorities were inspected (Group A). Some members agreed with this but the majority considered that CPA was not essential for performance improvement, because the Council should be improving anyway. CPA could therefore be selective (Group B).]

3.2 The preferred option from Group B is Option 4.

[Option 5 did not include service assessments and as members had considered service performance to be intrinsic to general performance, option 4, which did include service assessment, was the preferred option of the members.]

3.3 No response.

3.4 That greater weighting be placed on peer review with assessments eventually carried out only by peers overseen by the Audit Commission. This framework would require the appropriate transfer of resources.

[The value of peer review was considered as part of consultation question 1.2. Members were fixed on ensuring that if peer review did become the focus of CPA, that resources were transferred accordingly.]

4.1 No comments.

5.1 The average taxpayer is not interested in the process or outcome of CPA. The public are only concerned with the delivery of basic services. CPA should therefore be abandoned without delay.

[Members were not aware of any benefits of the CPA inspection, to the Council or the public. They suggested that CPA should be stopped quickly.]

18. Integration of Service Planning and Budget Development – Including Gateway Reviews

The Corporate Director of Finance and Strategic Resources gave a presentation on the integration of services and corporate planning, the aim of which was to achieve excellence in financial management, according to CPA guidance. He summarised previous approaches to budget planning and improvements being implemented: service issues were being linked early with corporate priorities; service plans were forming the basis of the budget; service plans will be amended following resource allocation; performance data would be used to feedback on use of resources. The Director then clarified in further detail the new budget process, which was being supported by two other CMT members: the Corporate Director of Operational Services and the Corporate Manager of Human Resources & Organisational Development. Involvement from members, an area covered by CPA, included the working group, member champions and work by the Portfolio Holder. The role of service managers was to take ownership of their service. The Director explained the issues concerning this and the challenges to be faced.

The Director also spoke on the budgeting process chart, which had been circulated prior to the meeting. He added that it might be necessary for the working group to split into three smaller groups to scrutinise the service plans. Members welcomed this idea and confirmed that they were fully committed to the service planning process as part of the budget preparation. The Director also spoke briefly on the Service Plan Control chart, which had also been distributed.

Gateway Reviews

Members discussed the Gateway Review checklists that had been circulated. The officers present gave explanations to queries on these checklists. It was suggested, for Gateway 1, that current contracts be reviewed to ensure that they were still appropriate to the service. There were various comments made on how the service plans would become working documents, thereby reducing work in future years. Members were very supportive of the approach.

19. Human Resources & Corporate Employee Services Plan

The Corporate Manager of Human Resources and Organisational Development presented the HR & Corporate Employee Services Plan with appended budgets. Members focussed on the service and corporate employment budget. It was noted that the increase in the HR & OD service cost was lower than salary inflation. Salary costs had also had to be shown at 100% due to the new system, rather than 98% as previously to account for interregnums. This was because now that salary costs were budgeted for each section, rather than corporately, budgeting at 98% was no longer appropriate.

The Corporate Manager was asked for his opinion on the Gateway 1 Checklist. He replied that it worked in the main but a particular challenge for his section was identifying key areas three years in advance. During discussion with the members, he also clarified the situation with pensions and gave HR staff per employee ratios. South Kesteven had less HR staff than the average local authority but more than the general market. The Corporate Manager explained that local authorities tended to be more risk averse than the private sector, especially concerning employee relations.

20. Car Parking Service Plan

The Management Accountant presented his service plan on car parking and responded to each of the Gateway 1 checks. He confirmed the following:

1. There was a clear relationship between the service and the priorities of the Council, with car parking contributing greatly to the category A priority of town centre development.
2. Some key areas had been identified for the next three years.
3. The balance score card was complete, subject to completion of graphic work.
4. The 'swot' analysis was complete in the plan.
5. More work was still required on Gershon efficiencies, which would likely arise from the current cash collection scrutiny review.
6. Risks were identified in the plan.
7. A zero based budget approach had been undertaken and a few more issues needed accounting for in the plan.
8. No indicative figures for income were included as a decision on charging was pending.
9. There had been no planned deviations to the current year's budget.
10. Capital projects had been identified in the action plan.
11. Consultation with users could be easily evidenced but not so for staff, even though they had been consulted and kept well informed.
12. Addressing equalities issues had been challenging. The Corporate Manager suggested that the plan include the undertaking of an impact assessment.
13. Consultation had been undertaken.

21. Car Parking Charges – Grantham and Stamford

Members were given an updated version of report DOS294 by the Management Accountant on proposed changes to car parking charges in Grantham and Stamford. He reminded members of the policy to review the charges every two years and to bring Stamford's charges in line with Grantham's by 2008. Each section of the report was summarised.

When asked why East and West Lindsey Councils' charges were not included in the benchmarking exercise, the officer replied that it was because their schemes were quite complex and worthwhile comparisons would not be achievable. Members also suggested that information should have been included on how many people paid excess charge notices within seven days.

Three options had been outlined in the report for changing the car parking charges and there was much debate on them. Discussion focussed mainly on the impact of increasing charges in Stamford and there was mixed opinion on this matter. Some thought that an increase would be detrimental to the town, especially as Bourne did not charge for car parking. Others disagreed. The Corporate Director of Finance and Strategic Resources reminded members that investment in town centre development projects would be partly funded by car park income. Members discussed increases of 5 pence and most did not accept the officer's advice that 5 pence coins were little used.

Parking for disabled people was also discussed and a member suggested that the main issue here was manoeuvrability in car parks, rather than charging. He asked that

this be considered. The placing of short and long stay sites in towns was also discussed.

With regard to charging, there was no consensus on a recommendation to Cabinet but the majority came to the following conclusion:

Conclusion:

To recommend that Cabinet implements Option 3 but with only an increase in charge for the first hour at Stamford Short Stay car parks to 60p.

22. Missing Millions

The Chairman spoke on his attendance at the most recent campaign meeting. The Corporate Director had also attended meetings. He informed members of the local publicity and the intensive lobbying campaign. Lincolnshire as a whole was losing significant money from under-funding from the Revenue Support Grant (RSG). This was mainly because rural authorities were not being compensated for the greater cost in delivering services. 2001 Census figures were also still being used to calculate the RSG.

23. Capital Programme

The Capital Programme monitoring statement of current projects had been circulated. The capital programme working group, which included the Chairman and Vice-Chairman of the DSP and the Leader of the Council, had met to discuss the programme format. There had not been such a formal programme previously and it was imperative that one be fixed. Members discussed a few issues from the programme with the officers present.

Conclusion:

To accept the capital programme monitoring statement.

REPORT TO RESOURCES DSP

REPORT OF: DIRECTOR OF FINANCE AND
STRATEGIC RESOURCES

REPORT NO: FIN247

DATE: 17th OCTOBER 2005

TITLE:	TREASURY MANAGEMENT ACTIVITY 2005/2006 HALF YEARLY REPORT
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COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CORPORATE GOVERNANCE
CORPORATE PRIORITY:	CORPORATE HEALTH
BACKGROUND PAPERS:	FIN240 26 JULY 2005

Introduction

1. Treasury Management is the term used to cover the Council's borrowing and investment strategies. The Chartered Institute of Public Finance and Accountancy (CIPFA) issue a Code of Practice on Treasury Management which is designed to ensure that responsibilities are clearly understood and that reporting mechanisms are in place to provide evidence of prudential management.
2. South Kesteven's borrowing and investment strategies are tightly managed. One officer is identified as the manager of the Council's treasury activity, and guidelines set the operational boundaries the officer can work within. All strategic decisions are made by the Chief Finance Officer. All day to day decisions are reviewed by the Head of Financial Services.
3. The Council's Treasury Management Policy is in line with the revised CIPFA Code of Practice. A copy of our policy is available on request.

Borrowing and Investment Activity 2005/2006 (April to September)

4. The Council, as a tax collecting authority, sees significant switches in cash flow depending upon collection and payment profiles. This requires, on occasions, participation both as a lender and borrower in short term loans and investments.

5. All loans associated with the long term tenancy of the Council's assets have been obtained from the Public Works Loan Board. The current target of debt free status has meant fewer re-financing transactions have been required in recent years.
6. Financial reserves are held by the Council to fulfil long term capital objectives. These reserves are invested in managed cash funds which are operated by Tradition (UK) Ltd and Sterling International Brokers Ltd.

Interest Rates

7. In July the bank base rate was reduced by ¼% to 4.5%. This is the current rate.

Activity

8. In the first six months of 2005/06 short term deposits were made on 31 separate occasions for amounts of £150,000 to £4.4 million with £7.5 million of deposits being lent out as at 30 September 2005. Deposits are restricted to National Westminster Bank, HBOS, Alliance and Leicester, and the Principality Building Society. There were no short term borrowing transaction.
9. During this period, following the base rate change the rate on the Nat West Special Interest Bearing Account, where small amounts of funds for immediate access are placed, dropped to 4%. The account stood at £1.06 million at 30 September.
10. In July an additional £1 million was placed into the managed cash funds. These stood at £28 million at 30 September. The net returns on the investments for the six months were 5.07% on Tradition and 4.94% on Sterling. The Council continued to be a net-investor in the first six months of 2005/06.
11. No long term loans have been required. £1 million of long term debt was repaid on maturity in May. £6 million of debt remains outstanding at 30 September 2005, all of which is with the Public Works Loan Board.

Conclusion

12. The report has given an overview of Treasury Management Activity during the first six months of 2005/2006.

I recommend the Committee to note this report on Treasury Management Activity.

J Blair
Head of Financial Services

Moving Towards a Cashless Office **Paper by the E Gov. Working Group**

The E Gov. Working Group have studied the above subject and have produced the attached report for further consultation.

Their meeting of the 12th October made the following recommendations:

- (1) To recommend to the Engagement DSP that they recommend to Cabinet that:**
 - **Cash payments stop before the opening of the Customer Services Centre;**
 - **Allpay be introduced and direct debit payment dates be increased;**
 - **A Council decision be made on this by mid December 2005.**
- (2) This recommendation be presented by the Working Group to the DSP at its meeting on 17 November 2005.**
- (3) The Resources and Assets Portfolio Holder be involved in the preparation of this recommendation when final Gershon savings are calculated.**
- (4) The Corporate Director of Communications and the Communications Manager be invited to the next meeting of the Working Group to consider potential consultation and communication requirements.**

MOVING TOWARDS A CASHLESS OFFICE

Paper by the E Government Working Group:

Councillor John Kirkman

Councillor Mike Williams

Councillor Mano Nadarajah

Councillor John Wilks

Moving towards a cashless office

1. Introduction

- 1.1 In May 2005, a cash payment discussion paper was presented to the e-Government Steering Group outlining the current position on cash payments at South Kesteven District Council. It was agreed the E-government Working Group (EWG) should be asked to develop and bring back an appropriate strategy for payments in the future.
- 1.2 In July 2005 the EWG and officers visited High Peak Borough Council and Derbyshire Dales District Council, two Councils who have moved to a cashless office. Appendix 1 includes notes from that meeting.
- 1.3 Investigations have included:
 - accurate analysis of cash payment costs at present
 - alternatives for car park revenue collection
 - alternatives to cash payments at Council offices
 - increased number of direct debit payment dates
 - cost benefit analysis.

2. Current position

- 2.1 Currently the Council provides a number of methods for the payment of council tax, rent, business rates and other associated income. These include direct debit, standing order, debit / credit card and bank giro, automated telephone payment, on-line payment and cash payment.
- 2.2 Approximately £22 million (cash and cheques) is collected and processed by our cash payment facilities at Grantham, Bourne, Stamford and Market Deeping. This represents:
 - 115,000 Council Tax and Business Rate payments
 - 61,000 Rent payments
 - about 18% out of a total revenue of approximately £90 million.
- 2.3 Automated telephone and on line payments were introduced in March 2004. £1.1 million was paid by these methods for the financial year 2004/2005.
- 2.4 Currently 33,000 customers pay their council tax, business rates and rent by direct debit. For council tax this represents nearly 65.2% of those customers who pay council tax (certain customers do not pay due to benefits and exemptions). For business rates 43.4% is paid by direct debit and 17.8% for rent.

3. Alternatives available

Car Parking

- 3.1 Currently South Kesteven District Council staff empty car park tins at the 12 car park sites in Grantham and Stamford. 6,240 tins are emptied each year. Two quotes have been received for collecting car park cash but both would result in higher costs than currently incurred – at least an extra £15,000 per annum. Quotes can be found in Appendix 2.
- 3.2 An alternative method to reduce the amount of cash being handled would be to introduce machines that would accept debit / credit cards. These cost £3,000 each and therefore to introduce these to all our car parks would cost £72,000. This has been included in the service plan for car parks and the car parking manager will investigate the feasibility and demand for such a change.

Advantages	Disadvantages
<ul style="list-style-type: none">▪ Reduced health and safety liability▪ More secure▪ Staff time saved could be better deployed in more productive enforcement activities	<ul style="list-style-type: none">▪ More expensive.

- 3.3 Should we stop cash payments at Council offices, it would be advisable to contract out car park cash collection. The security contract could then be cancelled.

Cash Payments

- 3.4 In 2004/05 across the four offices we received on average 2,662 cash payments and 1,561 cheque payments per week. **Based on 2004/05 figures transactions cost £1.90 for Council Tax and £1.89 for rent.** These costings include variable and fixed costs.
- 3.5 Alternative methods in place to encourage customers to pay their bills without cash include:
- Internet payments – 24 hours – uptake has increased by 264% over last year
 - touch telephone – 24 hours – uptake has increased by 228% over last year
 - postal payments by cheque
 - direct Debit – current performance detailed in paragraph 3.10 (undertaking take up campaign to increase awareness of this payment method)
 - standing Order.

- 3.6 Some customers will want to pay cash. These customers could make payments using a service such as **allpay**. They would require a separate card for council tax and rents. Transaction costs are 45p for council tax (based on volumes of 50,000 to 100,000 per annum) and 45p for rents (based on volumes of 50,000 to 100,000 transactions per annum).
- 3.7 In 2004/05 only 972 cash payments were made for business rates. Therefore, there is not a business case to issue **allpay** cards for payment of business rates. This is likely to affect less than 100 businesses who will be asked to pay by direct debit, cheque or credit card.
- 3.7 Based on this the likely set up costs will be £4,500 for council tax and £2,600 for rents. A new or replacement card would cost 72p and the cards last for between three years.
- 3.8 **allpay** make their money by holding payments for ten working days. However, the day after the customer has made the payment at their local shop or Post Office a file is transmitted to the Council so records can be updated.
- 3.9 If all cash payers moved to paying by **allpay** there would be a significant savings. These are detailed in paragraph 7 onwards.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Numerous outlets for customers to pay their bills – approximately 40,000 across the country (within South Kesteven 70 outlets) ▪ Longer opening hours ▪ Payments can be made on holiday in the UK ▪ Cheaper costs per transaction ▪ Customers can pay all their bills at one outlet ▪ Miscellaneous payments can be made using barcode technology ▪ Quick and easy ▪ Staff time saved could be better deployed in more customer services activities 	<ul style="list-style-type: none"> ▪ Potential reconciliation issues ▪ Less flexible in terms of issuing bills ▪ Potential staff redundancies

Direct Debit – additional dates

- 3.10 Direct Debit is the cheapest method of collecting council tax. Our current direct debit rate is 65.2%. Our neighbours, North Kesteven, have a direct debit rate of 71.6% and four payment dates. If we increased our direct debit

payers by 6.4% (3,152 taxpayers) this would equate to over 31,000 transactions.

3.11 Currently we have one payment date (1st of each month). The vast majority of East Midlands Councils have more than one payment date. In the case of Lincoln City Council they offer five payment dates.

3.12 We believe it is unlikely that current direct debit payers will move to the alternative dates offered. The following calculations give an indication of the interest that would be lost should council tax payers move to alternative dates. Although there is a risk current direct debit payers may move to a later date in the month we do not believe this will be significant; is it more likely new direct debit payers will opt for these new dates.

No of Council Tax payers	Monthly Council Tax	Payment date	Lost interest per annum
500	£100	15 th	£1,036
500	£100	25 th	£1,775
1,000	£100	15 th	£2,071
1,000	£100	25 th	£3,551
1,500	£100	15 th	£3,107
1,500	£100	25 th	£5,326
2,000	£100	15 th	£4,143
2,000	£100	25 th	£7,101
3,000	£100	15 th	£6,214
3,000	£100	25 th	£10,652

3.13 Should 3,152 taxpayers move from cash / cheque to direct debit payments a marginal saving of £44,000 per annum would be made when comparing our existing transactional costs of £1.90 and £0.50 respectively.

3.14 The advantages and disadvantages of increasing the number of direct debit payment dates are detailed below.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Increase number of direct debit payers ▪ Improve flexibility for customers / customer service ▪ Increase collection rates ▪ Reduce number of cash payers ▪ Lower transaction costs 	<ul style="list-style-type: none"> ▪ Risk of loss of interest (should current direct debit payers move from 1st of the month)

4. Sundry Debtors

- 4.1 An alternative to using **allpay** cards is to print a bar code on invoices, which can then be presented at **allpay** outlets with payments.
- 4.2 Cheques and card payments could still be accepted at Council offices.
- 4.3 Small amounts of cash payments (under £5) may be still required for sundry items such as photocopying.
- 4.4 A large amount of time is spent on selling green bags in the cash offices. There is no minimum quantity and these are sold at rural shops and post offices. It is suggested that these are sold in minimum quantities of ten and alternative outlets advertised.

5. Consultation

- 5.1 During the first two weeks in October we will be consulting with existing banking hall and area office users. A questionnaire has been handed out to each customer after they have made a payment. This included questions about alternative methods of payments they can use. The results will be available shortly.
- 5.2 If the Council would like to move to **allpay** we may need to consult with each secure tenant before a decision is made.

6. Human Resources implications

- 6.1 Currently six full time equivalent members of staff work on cashier related duties in the Grantham office. Should we move to all cash payments through **allpay**, a human resource strategy would be required to manage the staff implications in respect of such a change. Consultations with staff and the Unison are already taking place.
- 6.2 It is assumed area office personal would be assimilated into customer service advisors positions due to geographical reasons but this would be subject to further negotiation.

7. Cost benefit analysis

- 7.1 The total costs for cash collection & banking hall activities in 2004/05 was £617,000. The allocation of these costs is as follows:

	Actual £	%
Employees	366,000	59
Premises	126,000	20.5
Transport	3,000	0.5
Supplies & Services	68,000	11.0
Support	54,000	9.0

7.2 The table below shows the changes in the key cost drivers both for the option to outsource all cash, cheque and car parking collections (option1) and for the option to only outsource the cash payments (option2).

	Option1 £	Option 2 £
Employees	247,000	208,000
Premises	0	0
Transport	3,000	0
Supplies & Services	25,000	5,000
Support	0	0
Total reduction	275,000	213,000

7.3 Based on current transactions, the costs for moving to alternative methods of payment collection are summarised in the table below.

	Option1 £	Option2 £
<i>Allpay</i>	50,000	50,000
Car park cash collection	45,000	0
Cheque processing	53,000	0
Admin Contingency	15,000	15,000
Lost interest	6,000	6,000
Total cost	169,000	71,000
Total reduction	275,000	213,000
Net Cashable saving	106,000	142,000

7.4 The above analysis indicates that moving to a cashless office would generate cashable savings of over £100,000 per annum. There are however other real benefits that this move would be generated in terms of non-cashable efficiency savings.

7.5 The move to expand the level and quality of customer services at the area offices will require new and larger premises specifically at Stamford. These are estimated at an additional cost of £30,000 per annum. Also an extra 6 members of staff would be required at a cost of over £120,000. The move to a cashless office removes the need for the additional accommodation and allows for the overall savings to be re-invested in improved front line services. Likewise the provision of the new customer service centre in Grantham is being provided on the area currently occupied by the Banking Hall. The move to outsource cash payments results in a smaller requirement in physical build costs of around £90,000 (est). Carefull consideration needs to be given to exactly how these non-cashable savings are calculated but in any event they are substantial.

7.6 This leads us to re-state the benefits and drawbacks of changing payment options for our customers:

- increased payment outlets across district and nationwide
- longer opening hours for customers to make payments
- increased convenience because customers can pay all their bills at one outlet
- increased focus on Council's main business activities (less queuing at peaks)
- enhanced customer services centres across the district rather than cash offices in the South
- potentially increase council tax collection rates (direct debit)
- reduce Council liabilities on health and safety
- improved security on car park collection
- resistance to change
- customers may feel they haven't got the same level of confidentiality in shops

8. The way forward

We have three options for cash payments:

- stay as we are – however our new Customer Services Centre would require careful re-designing.
- accept cash payments at our offices and introduce **allpay**. This would duplicate processes and some costs.
- plan to stop cash payments before the opening of the customer services centre. **allpay** would need to be introduced and direct debit payment dates increased. To deliver this a Council decision will be required by mid December 2005. Move to 3 options of payment date for Council Tax direct debit payments

9. Conclusion

This study has highlighted alternatives to accepting cash at our own offices. This was looked at due to the introduction of the new customer services centre however potential savings of over £100,000 have been found as a result of this.

Officer contacts

Kevin Legg – Revenues Manager extension 6224
Marion Fox – Best Value Officer extension 6577
27 September 2005

Notes of visits to Derbyshire authorities

High Peak Borough Council – Population 90,000

1. Same service level a three offices: Buxton, Chapel-en-le-frith, Glossop
2. 75% of demand = Telephone
3. Call centre opened March 2003, Cash Office Closed March 2004.
4. Widened number of places where cash payments could be made.
5. Housing managed by High Peak Community Housing (ALMO), although telephone calls are taken by the Council's Customer Services Centre.
6. Customer Advisors advised customers of the changes in payment arrangements and the alternatives they were offering (on the customer side). This included helping customers complete direct debit forms.
7. Competitions/draws were used to encourage people to move to direct debit.
8. Sold benefits – for example: you don't have to come in...
9. Use Paypoint and Payzones – customer has a swipe card and is given a receipt. Customers can call in/telephone to obtain their balance
10. Cheques go to processing centre.
11. The only people who were upset were those that pay yearly as they missed the campaign detailing the changes. In hindsight, they could have been sent a letter.
12. Do take credit cards and petty cash up to £5 at customer services desks for services such as photocopies of plans.
13. Changed parking tickets and fines to make clear to customers cash not taken at Council offices.
14. Initially they had a few problems reconciling payments.
15. Changes have led to them having more time for recovery.
16. Issue rent payers with a payment calendar.
17. Generally, smooth transition to cashless office.
18. Opening times 8 – 8 from November 2005.
19. Customer Services deal with 80% of calls without referral.
20. CRM – Lynx Very customer friendly.

Derbyshire Dales District Council – Population 70, 000

1. 12 satellite points
2. In 2002 disposed of council houses - transactions reduced by 55%
3. Allpay introduced – available in over 130 outlets.
4. Stopped cash payments from April 2005.
5. 62% customers on direct debit - in May 2005 increased by 4%.
6. Have 3 payment dates 1, 15, 25th of each month.
7. No redundancies – natural reductions.
8. Allpay – people pay in village shops etc. Allpay charge the Council a flat rate per transaction (about 50p). Takes approx 10 days for money to be credited to relevant account.
9. No complaints.
10. Car park collection - done by Security Plus. Have 48 locations - charge £4 per box to empty. Company launder money (all used change) and money credited to council next day and notes recycled also. Asked for innovation proposals from potential contractors. Also collect from satellite points.
11. Cheques and notes also processed by Security Plus.
12. Saved £17k per annum including reduced insurance premiums.
13. No longer use local bank branch - cuts down their costs.
14. Rise in rent arrears at first. However, now they are lower than before.
15. Statement sent to tenants each year.
16. Rent paid fortnightly. Council Tax paid monthly.
17. Bills have barcodes on them, which can be scanned at payment points (shops etc).
18. Paperwork returned from satellite points two times per week – reconciled with bank statements.
19. Keeps local shops open.
20. Consulted with OAPs, community groups. Workshops and drop in sessions. Customer contact team, citizens' panel.
21. Transactions through area office: June 2004: 6000, June 05: 2500

22. Fear of change/unknown – communication starts in house.

23. PR very important. Didn't use incentives

Appendix 2

Details of quotes received and comparison with current costs

G4S Cash Services (UK) Ltd £10.93 per tin	Annual cost	£68,000
Securitas £9.60 per tin	Annual cost	£60,000
South Kesteven District Council staff (figure includes potential lost revenue from fines).	Annual cost	£45,000

Current Situation

Table to show Number of Payment by Type and Account

	Rent	Council Tax	Total
Cash	51,968	53,626	105,594
Cheque	9,474	55,504	64,978
Credit Card	148	2,160	2,308
Debit Card	1,482	5,284	6,766
Total	63,072	116,574	179,646

Proposal

Table to show estimated costs per annum for proposed cheque and car parking handling

£	Outsource	In-house
		-
Cheque	53,000	40,000
Car parking	60,000	45,000
Total	113,000	85,000

REPORT TO RESOURCES DSP

REPORT OF: Revenues Manager

REPORT NO: FIN 251

DATE: 24 November 2005

TITLE:	BUSINESS RATE COLLECTION RATES 2005/2006
FORWARD PLAN ITEM:	NOT RELEVANT
DATE WHEN FIRST APPEARED IN FORWARD PLAN :	NOT RELEVANT
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	NONE

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	CORPORATE FINANCE
CORPORATE PRIORITY:	Y
CRIME AND DISORDER IMPLICATIONS:	NONE
FREEDOM OF INFORMATION ACT IMPLICATIONS:	NONE
BACKGROUND PAPERS:	NONE

1. **INTRODUCTION**

- 1.1 Businesses and other occupants of non-domestic property pay business rates, which are sometimes referred to as Non Domestic rates (NDR). The money paid directly contributes to the costs of Local Authority services such as roads, police and the fire brigade. NDR replaced General Rates in 1990.
- 1.2 The income from all business rates collected is paid into a national pool administered by Central Government and it is then redistributed between Local Authorities in proportion to the number of people in their area. This means that areas with very few businesses will not be disadvantaged.
- 1.3 Non-domestic properties are business properties such as shops, offices, warehouses and factories, and any other property that is not classed as a domestic property. In some cases, properties may be used for both domestic and non-domestic use, in which case both Council Tax and business rates will be charged, for example a public house.
- 1.4 The occupier of a non-domestic property normally pays the business rates – usually this is the owner-occupier or leaseholder. If a property is empty, the owner or leaseholder will have to pay a reduced rate. In some cases empty property such as listed buildings, factories and warehouses, and those with a low rateable value are exempt from paying empty rates.
- 1.5 Apart from properties which are exempt from business rates, each non-domestic property has a rateable value. The valuation officers of the Valuation Office Agency (VOA) set the rateable values. The VOA is part of the Inland Revenue. It draws up and maintains a full list of all rateable values. Every five years there is a re-valuation of all business properties and the last one took effect from 1st April 2005.
- 1.6 The local authority calculates the business rates bill by multiplying the rateable value by the multiplier or 'poundage', which the government sets from 1st April each year for the whole of England. There is a transitional relief scheme, which in some cases can affect the amount payable.
- 1.7 Business rates must be paid in accordance with the instalments outlined on the bill to avoid recovery action. When one instalment is missed a reminder notice will be issued. If the reminder is paid within the time period specified and future instalments are kept up to date, no further action will be taken. If a subsequent instalment is missed a second reminder is issued. If the reminder is paid within the time period specified and future instalments are kept up to date, no further action will be taken.
- 1.8 If a third instalment is missed a final notice is issued which requests the full outstanding balance to be paid within 7 days. If this is not paid in full within 7 days a Summons may be issued for which £30.00 costs are incurred. At the Magistrates Court we will apply for a Liability Order in respect of the total debt. If a Liability Order is obtained further costs of £10.00 are incurred.
- 1.9 The Liability Order gives us the power to send a bailiff to seize goods. The bailiff can then auction the goods to pay the bill, and the bailiff's fees. There are other options such as liquidation and bankruptcy.

2. CURRENT POSITION

- 2.1 We bill and collect from 4,167 NDR properties (388 are currently empty), which have a total Rateable Value of £87,181,864.
- 2.2 There is a national Best Value Performance Indicator (BVPI 10) for NDR. This indicator measures the amount NDR collected in year.
- 2.3 The table below shows our performance at 31 October 2005. The net collectable debit is currently £31,660,696.51 and at 31 October 2005 we have received cash receipts totalling £22,126,660.48 – 69.89%.

Target	Target	Actual	Difference In cash terms	
	% 2005-2006	% 2005-2006	% 2005-2006	£000 2005-2006
Red	69.88%	69.89%	N/A	N/A
Amber	69.89%	69.89%	0.00%	0
	70.17%	69.89%	-0.28%	89,650
Green	70.18%	69.89%	-0.29%	92,816

- 2.4 By October 2005 we have moved out of the red and into the amber. We are currently 0.30% down against the green target or in cash terms £92,816.
- 2.5 The table below shows our monthly performance since 2001/02. Overall there has been a steady increase in annual collection rates even though there have been some monthly fluctuations. In July 2005 we were 2.68% off the green target and this has reduced to 0.29% or £92,816 in cash terms at 31 October 2005.

Month	NDR	Target –	Diff	NDR	NDR	NDR	NDR
	% 2005-2006	(Green) % 2005-2006	% 2005-2006	% 2004-2005	% 2003-2004	% 2002-2003	% 2001-2002
April	12.82%	13.11%	-0.29%	11.50%	13.20%	11.57%	11.00%
May	23.26%	24.52%	-1.26%	23.74%	24.31%	24.48%	24.00%
June	32.26%	33.09%	-0.83%	32.66%	33.78%	33.41%	33.00%
July	40.30%	42.98%	-2.68%	41.67%	42.64%	42.34%	40.00%
August	49.60%	51.15%	-1.75%	51.22%	50.81%	50.77%	50.00%
September	59.00%	60.27%	-1.27%	60.21%	61.06%	60.01%	59.86%
October	69.89%	70.18%	-0.29%	70.11%	71.08%	69.22%	68.45%
November		80.05%		79.97%	80.23%	79.49%	78.99%
December		88.83%		88.74%	88.54%	88.93%	88.17%
January		96.93%		96.83%	96.73%	96.98%	95.83%
February		97.85%		97.75%	98.06%	97.83%	97.22%
March		98.90%		98.40%	98.59%	98.44%	97.86%

- 2.6 The table below shows the number of recovery documents year by year. There has been a slight increase in the number of reminders issued.

Year	Reminders	Final Notices	Summonses	Liability Orders
2000/01	2129 (177)	433 (36)	378	215
2001/02	2656 (221)	995 (83)	334	195
2002/03	1955 (163)	774 (65)	246	175
2003/04	1856 (155)	721 (60)	324	222
2004/05	1658 (138)	624 (52)	258	162
2005/06	1332 (190)	472 (39)	177	122

Note – figures in brackets are monthly average over the year

- 2.7 The table below shows arrears outstanding year by year. There is no national BVPI for the collection of arrears but all arrears are actively pursued. One ratepayer owes £109,000 (31.4% of the total arrears), which was caused by a large rateable value increase back dated several years.

Year	Arrears outstanding 31 March 2005 £000	Arrears outstanding 31 October 2005 £000	Collected %
Upto 1999/2000	22,851	22,550	1.3
2000/2001	95,118	92,151	3.1
2001/2002	107,160	36,449	66.0
2002/2003	44,123	29,014	34.2
2003/2004	89,499	33,764	62.3
2004/2005	456,587	162,621	64.4
Total	815,338	376,549	53.8

- 2.8 There has been a software problem, which resulted in 170 accounts being given instalments to March 2006 instead of February 2006. This will result in delayed payments of approximately £117,000 (or 0.37%). The problem was detected in May 2005 and corrected by the software supplier in June 2005. There are no financial implications to the Council.

3. COMMENTS FROM REVENUES MANAGER

- 3.1 We have set challenging targets and want top quartile performance. Due to the large amounts involved the percentage collected may vary each month. This is because one business ratepayer not paying an instalment or a change in the rateable value can be the difference between achieving and missing the target.
- 3.2 There has been a steady improvement in annual collection rates and since July 2005 we have moved closer to the set target. The current performance is now at amber.
- 3.3 The number of reminders has increased slightly over previous years.
- 3.4 A software problem has resulted in 170 accounts being given instalments to March 2006 instead of February 2006.
- 3.5 I am still confident that we should meet our target of 98.9%

4. RECOMMENDATIONS

- 4.1 That the DSP consider contents of this report and continues to monitor closely the NDR collection rates for 2005/06.

REPORT TO RESOURCES DSP

REPORT OF: Revenues Manager

REPORT NO. FIN252

DATE: November 2005

TITLE:	Review of Discretionary Rate Relief Scheme
FORWARD PLAN ITEM:	N/A
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	N/A
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Policy Framework Proposal

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	Councillor Teri Bryant
CORPORATE PRIORITY:	Area for disinvestment
CRIME AND DISORDER IMPLICATIONS:	N/A
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A
BACKGROUND PAPERS:	None

1. INTRODUCTION

This report asks Members to consider an alternative Discretionary Rate Relief scheme.

2. RECOMMENDATIONS

That members consider adopting a new scheme with effect from 1 April 2006.

That all awards for Discretionary Rate Relief and Mandatory are delegated to the Revenues Manager.

Appeals are dealt with by the Corporate Director of Finance in conjunction with the Portfolio Holder for Finance.

3. DETAILS OF REPORT

Background

The Council decided to disinvest in its discretionary grants including Discretionary Rate Relief and set a budget of £10k per annum being 1st April 2006 for the award of Business Rate Relief. Given that decision the remainder of the report focuses on developing a scheme that can achieve that objective.

The Council is not in a position to deny applications for Business Rate Relief therefore the Cabinet must review the criteria of awarding Discretionary Rate Relief and any issues as a result keeping within a budget of £10k per annum.

Section 47 of the Local Government Finance Act 1988 empowers local authorities to grant Discretionary Rate Relief to ratepayers under certain circumstances.

Awards of Discretionary Rate Relief can be made to various categories of ratepayers.

These include:

- Charitable organisations
- Organisations which are not established or conducted for profit, whose main objectives are charitable and are either:-
 - (i) Established for philanthropic or religious purposes;
 - (ii) Concerned with education, social welfare, science, literature, or the fine arts.
 - (iii) Occupation of the property as a club or society.

Rate relief takes two forms:

Mandatory Relief – This part of the scheme allows 80% rate relief where the applicant is registered as a charity with the Charity Commission, Industrial and Provident Society, or sports clubs registered as Community Amateur Sports Clubs (CASC) with the Inland Revenue. Local Authorities are obliged to award relief in these cases, there is no discretion to refuse or vary the mandatory award. In these cases the Local Authority does not contribute to the cost of providing the rate relief, it is funded by Central Government through the National Non-Domestic Rating Pool.

Discretionary Relief – There are two elements of this part of the scheme:-
 Top-Up Relief applies where the Council decides to “top-up” the 80% mandatory relief, usually to 100%. In these cases, the Council has to contribute 75% of the “topped-up” amount. In the case of non-profit organisations, the Council is obliged to determine applications where the applicant is not a registered charity, but satisfies some or all of the criteria, i.e. philanthropic, religious use etc. In such cases, the Council funds 25% of the relief awarded with the remaining balance being provided by the National Non-Domestic Rating Pool.

In summary:

Level of Relief	South Kesteven Council Tax funded	Central Government NNDR pool funded
Mandatory relief of 80%	0%	100%
Upto 20% additional discretionary relief to charitable organisations	75%	25%
Upto 100% discretionary relief to other eligible organisations	25%	75%

Based on our current figures the Discretionary Rate Relief of approximately £93k per annum is awarded each year. If we don't have a scheme ratepayers would pay approximately an extra £150k in Business Rates per year and affect nearly 250 organisations including village halls and some schools.

Appendix A shows a proposed scheme and our guidance for calculating Discretionary Rate Relief. There is a clear linkage to the Council priorities.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

None.

5. COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

None - report complied in conjunction with Director of Finance and Strategic Resources.

6. COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

No comments other than to note that this relates to the Council's discretionary powers made under the Local Government Finance Act 1998. The Cabinet is therefore entitled to consider and devise a policy in this regard.

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER

None - report complied in conjunction with Service Manager.

8. CONCLUSIONS

None.

9. CONTACT OFFICER

Kevin Legg – Revenues Manager

Direct dial: 01476 406224

Email: k.legg@southkesteven.gov.uk



SOUTH KESTEVEN DISTRICT COUNCIL

Promoting Pride in our Communities

Business Rates Charitable Rate Relief Application Guidance

What is Charitable Rate Relief?

It is a relief scheme that allows rates bills to be reduced for charitable and non-profit making organisations.

What organisations may Qualify?

If your organisation is a registered charity, and the property concerned is used wholly or mainly for charitable works, then you may be entitled to 80% relief.

If your organisation is not a charity, but is another type of non-profit making organisation, the Council still has discretion to award relief. To qualify, your organisation must be charitable, religious or concerned with education, social welfare, science, literature, or the property must be used by a non-profit making organisation and used wholly or mainly for recreation purposes.

How do I Apply?

Complete an application form and return to South Kesteven District Council.

If there is insufficient space on the form and you would like to add additional information then you can attach additional sheets if you wish.

Factors Considered when Assessing your Application

- (a) **Whether the application satisfies the legal requirements.**

The Authority cannot award relief to any organisation that does not meet the legal requirements of Section 47 of the Local Government Finance Act 1988.

(b) **Which aspects of the Council's Priorities would be met by the award of Discretionary Rate Relief?**

Relief will only be awarded to organisations that show they are helping the Authority to achieve its ambitions. These are: -

- Anti-social behaviour (a local priority)
- Access to Council services (a future issue)
- Recycling (a national priority)
- Street Scene (a local priority)
- Town-Centre regeneration and the development of Grantham as a sub-regional centre (a local priority).

(c) **Whether the ratepayer is in direct competition with other ratepayers in the immediate vicinity or outside the District**

The Authority would not wish to give any organisation a competitive advantage by the award of rate relief.

(d) **The benefit the ratepayer brings to the residents of the District**

The Authority needs to ensure that the award of Discretionary Rate Relief is to the benefit of the wider population of the South Kesteven District. Any ratepayer who is customer based or whose membership comes from largely outside the District's boundaries is unlikely to qualify for relief unless they can prove a sound case for a specific and unequivocal benefit to residents of the District.

(e) **The cost to the Council Tax payer**

The cost to the Council Tax payer of awarding relief varies from 25% to 75% of the relief granted. The Authority will need to be satisfied that value for money is being provided, bearing in mind the subsidy from the General Fund which an organisation will receive.

(f) **Whether the ratepayer is a local organisation, or a branch of a national organisation**

The Authority will need to consider the overall benefit to the community of the organisation and what effect the award of rate relief will have upon the organisation.

If the benefit of the rate relief is kept locally, the relief is more likely to be awarded than if it goes to a national organisation which is based elsewhere.

(g) **Membership costs**

The cost of membership should not be used as a means to restrict membership.

(h) **Whether the organisation actively promotes representation from disadvantaged or under-represented groups in the community**

Organisations which do so are more worthy of rate relief.

(i) **Whether membership is determined by the votes of existing members**

Where an organisation determines membership based on the election by existing members this could be construed as restriction. Such organisations will need to be carefully evaluated as to whether they should receive rate relief.

(j) **Whether the organisation provides training or education for its members**

An organisation which provides training packages or educational aspects for its members is more worthy of relief than one which does not.

(k) **Is the organisation or the facilities provided being funded largely by self-help rather than relying on full external funding?**

Whilst many organisations do depend on grant-aid and awards from statutory bodies, those which undertake fundraising themselves by various methods are probably more worthy of rate relief than those who do not make additional efforts.

(l) **Whether the organisation operates a bar**

An organisation which operates a bar is generating income, although this should not be confused with the self-help detailed in (k) above. There is no reason why discretionary rate relief should be awarded to give additional subsidy.

What if our Circumstances Change?

If the aims and objectives of the organisation, or the use in which the premises are used for, change then the Council needs to be notified of this immediately.

All successful applications will be subject to a review every two years to ensure relief is still applicable.

Further Information

If you require further information then contact the Business Rates Section on (01476) 406256. Email ndr@southkesteven.gov.uk

Where to send your Application Form

South Kesteven District Council
Business Rates Section
Council Offices
St Peter's Hill
GRANTHAM
Lincs
NG31 6PZ

Appendix A

DISCRETIONARY RATE RELIEF AWARD MATRIX

Type of Organisation	Mandatory Relief	Criteria/Comments	Alignment to Council priorities	Rate of Discretionary Relief
<p>Charity Shops</p> <p>(a) Registered Charity</p> <p>(b) Not registered</p>	<p>80%</p> <p>0%</p>	<p>All registered charity shops receive 80% Mandatory Relief. The Authority would have to finance 75% of any Discretionary Relief awarded, some may also be in competition with other retailers who pay full business rates.</p>	<p>None</p>	<p>(a) 0%</p> <p>(b) 0%</p>
<p>Social Clubs / Sporting Clubs</p> <p>(a) Registered Charity</p> <p>(b) Not registered</p>	<p>80%</p> <p>0%</p>	<p>Account needs to be taken of whether clubs should provide relevant training, education or recreational activities. In addition, many clubs have bars, which generate profits for the club. If a club is not registered they can apply to Inland Revenue as a CASC (Community Amateur Sports Club) if accepted they would be entitled to 80% Mandatory Relief.</p>	<p>Must demonstrate a link to Council priorities</p>	<p>(a) No enhancement from 80% Mandatory Relief</p> <p>(b) 75% or a maximum £500, which ever is lower.</p> <p>(c) Reduced to 0% if a bar is provided or if gross profit exceeds £10k</p>
<p>Any organisation which has high levels of membership fees and/or election by existing members</p> <p>(a) Registered Charity</p> <p>(b) Not registered</p>	<p>80%</p> <p>0%</p>	<p>Organisations will not be awarded Discretionary Rate Relief.</p>	<p>None</p>	<p>(a) 0%</p> <p>(b) 0%</p>

Type of Organisation	Mandatory Relief	Criteria/Comments	Alignment to Council priorities	Rate of Discretionary Relief
Community Centres & Village Halls (a) Registered Charity (b) Not registered	80% 0%	Community Centres provide facilities for residents and fulfil a social need.	(i) Anti-social behaviour (ii) Access to services	(a) No enhancement from 80% Mandatory Relief (b) 75% or a maximum £500, which ever is lower. (c) Reduced to 0% if a bar is provided or if gross profit exceeds £10k
Sports Clubs/Youth Clubs (a) Registered Charity (b) Not registered	80% 0%	Sports Clubs and Youth Clubs provide a valuable resource to the community and often have few grant-aided resources. Some have a social club function whereby a bar is also provided to generate income. In such cases a 20% reduction will be applied to any relief awarded. If membership is also restricted due to the high level of fees and/or election by existing members, then no relief should be granted.	(i) Anti-social behaviour (ii) Access to services	(a) No enhancement from 80% Mandatory Relief (b) 75% or a maximum £500, which ever is lower. (c) Reduced to 0% if a bar is provided or if gross profit exceeds £10k

Type of Organisation	Mandatory Relief	Criteria/Comments	Alignment to Council priorities	Rate of Discretionary Relief
<p>Others</p> <p>(a) Registered Charity</p> <p>(b) Not registered</p>	<p>80%</p> <p>0%</p>	<p>Any applications which do not fall under the previous headings will need to be assessed on the details supplied on the application form and supporting documents as to whether they are cases worthy of Discretionary Rate Relief.</p>	<p>They must demonstrate a link to Council priorities</p>	<p>(a) No enhancement from 80% Mandatory Relief</p> <p>(b) 75% or a maximum £500, which ever is lower.</p> <p>(c) Reduced to 0% if a bar is provided or if gross profit exceeds £10k</p>

REVISED GUIDANCE AND POLICY FOR THE AWARD OF
DISCRETIONARY RATE RELIEF

General Operational Guidelines

1. Applications must be submitted on a form which will be supplied by the Authority on request. It will also be available, along with guidance notes, for downloading from the internet.
2. Where there is insufficient details to enable the determination to be made, the Revenue Services (RS) will write to the applicant requesting that the information is forwarded within 28 days of the issue of the request letter. Where information is not supplied within the 28 day timescale, the RS reserves the right to treat the application as withdrawn and will advise the applicant of this decision in writing.
3. The RS may extend the 28 day period as it deems necessary where all the information required is not available immediately from the applicant. This extension period will not exceed a total of 90 days from the date of the original request for information was made.
4. The RS will write to the applicant after the 90 day period has expired advising that the application is considered to be withdrawn. This will not prevent the applicant from submitting a fresh application in the future.
5. When the level of Discretionary Rate Relief is assessed, an evaluation sheet will be completed and authorised by the Revenues Manager. The application form, plus any additional information such as trading accounts and the general guidance shown later in this appendix, will be the basis on whether or not rate relief is awarded.
6. When the Authority has made a determination on the application for rate relief, it will issue details of the award in writing to the applicant. If appropriate, a revised Business Rates bill will also be issued.
7. If the application for rate relief is refused, a statement of reasons for the refusal will be given to the applicant in writing by the Authority.
8. Appeals with by dealt with by the Corporate Director of Finance.
9. All applications for Discretionary Rate Relief will be reviewed on a yearly to ensure that the objectives and aims of the organisation remain the same as they were when the rate relief was granted.

Resources DSP - Performance Monitoring 2005/06

Those indicators with a number in the PI column are from the Government's Best Value Performance Indicators suite used by many Councils. The remaining indicators are local to SKDC and may be relatively simple measures/indicators only. The reader is asked therefore to exercise an element of caution when interpreting any data attached to them.

Key: C=cumulative; A=average; N=number; %=percentage; CA=cumulative average; Q=quarterly; blank=monthly

PI	SKDC Priority Area and PI Description	IND Type	Reporting	2004/05 SKDC Outturn	2003/04 Upper Quartile	2005/06 SKDC Target	April	May	June	July	August	Sept	Are We Improving Yr on Yr?	2006/07 SKDC Targets	2007/08 SKDC Targets	Apr	May	Jun	July
	COUNCIL TAX COLLECTION Priority B																		
9	Council Tax collected	C		97.97%	98.5%	98%	11%	20.85%	30.41%	39.83%	49%	59%	Y	98.2%	98.5%				
Local	% of CT payers paying by direct debit/self serve	C				56%	55.23%	55.81%	58.39%	58.5%*	65%	66%	N/A	58%	60%				
	OTHER BVPIS - CORPORATE HEALTH BASED																		
8	Invoices paid on time	C		98.64%	96.74%	99%	100%	100%	100%	99.72%	100%	100%	Y	99.2%	99.4%				
10	NDR collected	C		98.46%	99.12%	98.9%	12.82%	23.26%	32.26%	40.17%	49.60%	59%	N	99.5%	99.5%				
12	Days sick per member of staff	A		8.82	8.93	8.5	6.98	7.29	8.16	7.47	7.45	7.92	Y	8.30	8.3				
15	Ill health retirements / staff	C		0.81%	0%	0.6%	0%	0%	0%	0%	0%	0%	Y	0.4%	0.4%				
Local	Number of FTE staff employed by SKDC	N				560	536	548	539	549	553	555	N/A	560	560				
Local	Number of leavers from SKDC in month	C				60	7	10	12	15	17	21	N/A	60	60				

DEVELOPMENT AND SCRUTINY PANELS (DSPs) WORK PROGRAMME 2005/6

INTRODUCTION

This Work Programme is partly derived from the Cabinet's Forward Plan, but also contains items that have been brought forward by the DSPs themselves. Such items are in *italics*.

Where the item has appeared on the Forward Plan, the anticipated date of the key decision is listed in the second column. The third column shows the last available date that the full DSP can consider this item before the key decision is due to be taken (unless a special meeting is called). This does NOT necessarily mean that the item will appear on the DSP agenda, this will only happen if this is requested by the Chairman or members of the DSP. There will also be instances where there is no DSP meeting before a decision is due to be taken; in these cases the next meeting date after the decision date is shown.

As Cabinet meets monthly and the DSPs meet bi-monthly it is not possible *within* the current timetable of meetings for the DSPs to consider every single Cabinet or Cabinet Member decision. Scrutiny members are therefore encouraged to read this Work Programme and bring forward items for consideration where they think that an item should be considered by the DSP.

**DEVELOPMENT AND SCRUTINY PANELS (DSPs)
WORK PROGRAMME 2005/6**

RESOURCES DSP

<u>ISSUES FOR CONSIDERATION</u>	<u>DATE OF KEY DECISION (IF APPROPRIATE)</u>	<u>DSP MEETING</u>
Grants to Outside Organisations	N/A	Identified as an issue for consideration by Scrutiny Liaison Group on 8.11.04
Budget 2006/7 - preliminary projections for 2006/7 budget	07.11.05	24.11.05 Cross DSP Working Group is meeting
LSVT – financial aspects	Ongoing until May 2006	Ongoing
LSVT – identification of potential new landlord	Not before November 2005	24.11.05
Council Tax on second homes – to decide on use of proceeds	Not before November 2005	24.11.05
Revenue and Capital Budgets 2006/7 onwards and approval of service plans	09.01.06	24.11.05