

# AGENDA



For a meeting of the
<b>RESOURCES POLICY DEVELOPMENT GROUP</b>
to be held on
<b>THURSDAY, 29 MARCH 2012</b>
at
<b>2.30 PM</b>
in
<b>THE WITHAM ROOM, COUNCIL OFFICES, ST. PETER'S HILL, GRANTHAM. NG31 6PZ</b>
Beverly Agass, Chief Executive

Group Members:	Councillor Jean Bevan, Councillor Michael Cook, Councillor Nick Craft (Chairman), Councillor Phil Dilks, Councillor Bob Sandall, Councillor Trevor Scott (Vice-Chairman) and Councillor Jacky Smith
Portfolio Holders:	Councillor Teri Bryant (Housing) Councillor Mike Taylor (Resources)
Support Officer:	Jo Toomey      01476 40 61 52 <a href="mailto:j.toomey@southkesteven.gov.uk">j.toomey@southkesteven.gov.uk</a>

**Members of the Group 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 Group's discretion.

**2. MEMBERSHIP**

The Group to be notified of any substitute members.

**3. APOLOGIES**

**4. DECLARATIONS OF INTEREST**

Members are asked to declare an interest in matters for consideration at the meeting.

**5. ACTION NOTES FROM 19 JANUARY 2012**

**(Enclosure)**

**6. UPDATES FROM PREVIOUS MEETING**

**7. FEEDBACK FROM THE EXECUTIVE**

**8. FEES AND CHARGES UPDATE**

Report number HOF195 by the Head of Finance.

**(Enclosure)**

**9. LOCALISATION OF COUNCIL TAX BENEFIT**

Report number HOF194 by the Head of Finance.

**(Enclosure)**

**10. BUDGET MONITORING**

Report number HOF193 by the Head of Finance.

**(Enclosure)**

**11. ICT STRATEGY**

The PDG will be given a presentation on the draft ICT strategy

**12. REPORTS FROM WORKING GROUPS**

**13. WORK PROGRAMME**

**14. ANY OTHER BUSINESS, WHICH THE CHAIRMAN, BY REASONS OF SPECIAL CIRCUMSTANCES, DECIDES IS URGENT.**

## MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 19 JANUARY 2012 2.30 PM



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### GROUP MEMBERS PRESENT

Councillor Jean Bevan  
Councillor Michael Cook  
Councillor Nick Craft (Chairman)  
Councillor Phil Dilks

Councillor Bob Sandall  
Councillor Trevor Scott (Vice-Chairman)  
Councillor Jacky Smith

### OFFICERS

Strategic Director: Corporate Focus  
(Daren Turner)  
Head of Finance (Richard Wyles)  
Head of Legal and Democratic Services  
(Lucy Youles)  
Benefits Manager (Lee Sirdifield)  
Property Development Manager (Neil  
Cucksey)  
Research and Policy Officer (Sam  
McManus)  
Principal Democracy Officer (Jo Toomey)

### PORTFOLIO HOLDER

Councillor Mike Taylor (Resources)

### OTHER MEMBERS PRESENT

Councillor Bob Adams  
Councillor Mrs Frances Cartwright

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### 43. APOLOGIES

An apology for absence was received from Councillor Bryant.

### 44. DECLARATIONS OF INTEREST

No declarations of interest were made.

### 45. ACTION NOTES FROM 24 NOVEMBER 2011

The action notes from the meeting held on 24 November 2011 were noted.

### 46. QUESTION REFERRED FROM COUNCIL

PDG members considered a question referred to them by full Council at its

meeting on 8 December 2011 and their response:

Question: *In light of the changes planned by the Government to housing benefit, can South Kesteven District Council provide a full breakdown of the number of housing benefit recipients in council and private accommodation who would be affected by the housing benefit changes including the percentage reduction/increase in benefit to be displayed in financial and percentage terms.*

Response: A full breakdown could not be provided. The Council did not know the full details of the categories of recipients who the government did not want to be affected.

Question: *Please also provide the numbers of claimants affected by the differing percentages given changes will vary according to circumstances under Government proposals.*

Response: This would not be possible until the first question was resolved.

Question: *Can the information be broken down so that the figures are clear for each town/s associated rural area/villages?*

Response: No – this information was considered irrelevant as all parts of the district were treated in the same way. Councillors suggested there was a political motive behind this question.

Question: *Can the Council confirm that all landlords and claimants have/will be notified of the changes to housing benefits in adequate time for plans to be made?*

Response: The Council would notify all affected claimants and housing association landlords once details of the changes were finalised.

Question: *How will the information be conveyed?*

Response: Various information channels would be used including: letters, SKDC's website, council publications, newsletters, tenants' groups and landlord groups.

PDG members commented providing answers to the questions would be a significant amount of work for officers, which it was not prepared to recommend at this time.

#### **47. UPDATE ON WELFARE REFORM - COUNCIL TAX BENEFIT**

The Benefits Manager gave a presentation on updates to welfare reform and council tax benefit. The Government had asked councils to introduce local

schemes, which would replace a single, national scheme. Localised schemes would be introduced from April 2013. A 10% reduction in expenditure was required; this would be realised through a reduced level of grant. Based on 2010/11 SKDC spent £7.25m a year on council tax benefit.

Initial consultation documents indicated that pensioners (defined as those in receipt of a state pension) were a protected group, however recent correspondence stipulated the protection would not apply to all pensioners; those who could afford to pay would pay. Other protected groups would need defining locally.

Based on research undertaken locally and nationally, (taking account of the 10% cut to expenditure and protecting certain vulnerable groups), projections indicated that non-protected groups could be required to contribute an additional 25% (approximately £340 based on current council tax levels) a year.

The service had seen an increase in the number of cases it administered. This trend was expected to continue and lead to increases in expenditure. When it set its policy, the Council would need to consider whether it would top up the grant or whether it would work within the grant, stopping benefits when the grant was spent.

The PDG was shown a projection of the numbers of people from specific vulnerable groups in receipt of council tax benefit. The groups typically classed as vulnerable in relation to council tax benefit were: passported (those in receipt of certain benefits who automatically had their council tax paid), lone parents, those in receipt of war pensions (one Councillor advised that from his experience of working with SSAFA, the number of claimants of war pensions had increased), carers and people with a disability. Projecting the caseload was complicated because there were overlaps between each group, which was not highlighted in the data.

Challenges were identified: defining vulnerable/protected groups (guidance was awaited regarding pensioners), the budget position was unknown, modelling different expenditure scenarios, deciding whether to 'top-up' the scheme, sourcing and procuring software to administer council tax and council tax benefit and promoting changes to those affected.

Members of the PDG discussed the presentation. Councillors were advised that if the Council did not adopt a local scheme, it would automatically enter a national scheme and face a further reduction in grant funding. It was unclear how funding would be distributed; one possible channel was through the county council. It was also unclear whether the grant would be paid in a lump sum or over several instalments.

One risk associated with changes was an increase in non-payment leading to an increase in council tax and rent arrears. The council would need to work with Lincolnshire County Council and Lincolnshire Policy Authority to develop a

policy that took account of any losses should the council tax collection rate decreased. There was an expectation that schemes within the county should mirror each other as closely as possible.

The PDG agreed to consider policy options in more detail at a future meeting following discussions with Lincolnshire County Council and Lincolnshire Police Authority, and the release of further guidance clarifying the principles behind the new approach.

#### **48. LOCAL AUTHORITY MORTGAGE SCHEME**

Report number HOF186 by the Head of Finance on the Local Authority Mortgage Scheme (LAMS) was circulated with the agenda. It asked the PDG to consider a local policy for scheme eligibility. The Cabinet had made an 'in principle' decision to proceed with a local scheme and asked the PDG to determine the criteria and policies in which the scheme would operate. Recommendations would be considered by Cabinet at its meeting on 6 February 2012 before being forwarded for the consideration of Council on 1 March 2012.

The Research and Policy Officer provided a summary of the information appended to the report, highlighting details of the rate of property sales, prices and property types. To achieve the best interest rates, based on the average property selling price, a deposit in the order of £27.5k would be required.

Members considered all of the policy areas highlighted in the report.

*The area of the district, determined by postcode, to be covered by this scheme.*

Councillors agreed that the scheme should apply to all properties that were defined, by postcode, to be within the boundary of South Kesteven. Concern was raised over confusion that could be created when using postcodes to determine a property's eligibility; examples were given of postcodes in certain areas that straddled local authority boundaries. It was suggested that maps could be used to support and clarify the scheme's boundaries.

#### ***Recommendation:***

***The scheme should be open to first time buyers looking to purchase properties where the property is located with the boundary of South Kesteven district.***

*The maximum loan size to be supported*

Councillors proposed capping the property price to which the scheme applied. They considered income levels across the district. An initial suggestion of a cap at £140,000 was made, however after discussion Councillors felt this ceiling would open the scheme to too wide an audience. A further suggestion was

made that the top price should be set at £125,000. This was the expected level of stamp duty for first-time buyers from 1 April 2012.

***Recommendation:***

***The scheme should be available for properties priced up to and including £125,000.***

*Confirmation of first time buyers only*

The PDG agreed that the scheme should be open to first time buyers only.

***Recommendation:***

***The scheme should only be available to first time buyers.***

*The size of the initial scheme*

Councillors discussed the size of the scheme. They considered it appropriate that an initial 'pilot' phase should run, with £1m in funding committed to it.

***Recommendation:***

***The scheme should run for a period as a pilot, with available funding of £1m.***

*Preferred initial partners*

Councillors considered different partner options. The potential partner most experienced in operating LAMS was Lloyds, however their scheme could not be used for the purchase of new build properties. PDG members felt this would dovetail with the scheme run by the government, which solely provided support for the purchase of new build properties. A further advantage of Lloyds was its national standing. This would make it easier for people not resident within the district and looking to move to South Kesteven to access the scheme.

Several local building societies had approached the council and asked how they could be part of the scheme. In order for them to be involved, they needed to apply to Sector (an independent financial organisation supporting the scheme's implementation). Other organisations were already registered, however Councillors considered these options were limited by availability of local branches within the district.

***Recommendation:***

- ***The scheme should not be available for the purchase of new build properties.***
- ***For the pilot phase, SKDC should partner with Lloyds, as the most***

***experienced provider of LAMS. It was further recommended that cash should be deposited with the lender in order to maximise the return on the investment.***

PDG members considered whether there should be a charge for administration. This could cover the costs associated with publicising the scheme. After discussion, Councillors agreed that the majority of the administration work would fall to the provider. Councillors also felt it was not appropriate for the Council to provide advice, suggesting this would be better coming from an independent mortgage adviser. They were concerned about the potential risks to which the Council would be exposed if it provided an advice service.

***Recommendation:***

- ***That there should not be a charge for administration.***
- ***That the Council should not provide an advice service***

Further discussion of the scheme ensued. Councillors questioned whether there would be opportunity for people to access the scheme when they could afford to buy a property, consequently blocking access for people to whom it could make a difference. They noted the government's First Buy scheme limited applications to those with a household income below £60,000.

***Recommendation:***

***Negotiations should be undertaken with the scheme provider about whether it would be possible to refuse applications from households with an income over an agreed level.***

The scheme would be advertised on the Council's website. Further awareness of the scheme, particularly on a national level, could be generated by the provider. Committee members felt strongly that the scheme should only be for owner-occupiers, rather than the buy-to-let market.

***Recommendation:***

***That the scheme should be reviewed fully after the initial £1m is exhausted.***

*16:05-16:08 – meeting adjourned.*

#### **49. UPDATE AND PROGRESS WITH ASSET MANAGEMENT PLAN**

The Council's Property Development Manager gave a presentation on the Asset Management Plan. He explained the plan was a suite of documents and gave a summary of their respective contents:

- Property Strategy

- Why the Council has assets
  - What the assets are
  - Vision and objective – previously there had been no vision about how the Council’s assets should be working
  - Policy framework
- Property Organisational Framework
    - Overview of the council’s approach to asset management planning
    - Strategic fit with corporate business planning
    - Key roles and responsibilities
    - Asset management organisational arrangements – internal structure/governance
    - Corporate decision-making
    - Consultation and engagement
    - Challenge and review process
    - Data and its management
    - Property asset management practices and procedures

Mr Cucksey highlighted externally focused work based on ‘Leaner and Greener II: Putting Buildings to Work’, emphasising efficient operation to meet economic and environmental challenges while improving service delivery, working in partnership to determine locally appropriate delivery models and running successful property partnerships.

The Property Services Manager also suggested provision should be included for a Local Strategic Property Forum and a Pooled Property Partnership Board.

- Property Performance Management Framework and Reports
  - Outline of performance management framework
  - Rationale for performance indicators and process used to adopt performance indicators
  - Property Performance Management Framework
  - Analysis of performance
  - Headline performance
  - Key activities and projects
  - Monitoring and review arrangements
- Property Asset Management Plan
  - What the assets are
  - What is expected of them
  - How the assets are performing
  - Performance shortfalls – issues

- Reasons for performance shortfalls
- Priorities for intervention
- Resources analysis
- Action plan
- Monitoring and review arrangements

Delivery models for consideration:

- Strategic joint venture partnership for property rationalisation – by developing an incentivised strategic joint venture property partnership, public sector organisations could achieve better results from a wider skill set whilst deferring the costs incurred until the point at which real savings were being delivered.
- Local Asset Backed Regeneration Vehicle – Assets could provide an equity stake in a Local Asset Backed Regeneration Vehicle or Joint Venture to realise a revenue return on the asset value until such times as the market conditions were right to achieve the best consideration reasonably obtainable from disposal.

The Localism Bill required councils to produce a register of Assets of Community Value. A second register would be kept listing those assets for which applications were submitted but they were not added to the register. These provisions gave communities a right to identify a building or other land they believe to be important to their community's social well-being. If the asset came up for sale, they would be given a fair chance to make a bid to buy it on the open market. Provisions would not restrict the owner of a listed asset, nor did they confer a right of first refusal to community interest groups.

Summary:

- Documents needed updating to reflect current roles, responsibilities and governance structures.
- The council needed to define a vision to which it was committed and identify suitable vehicles to deliver that vision.
- External governance arrangements for the whole public estate were required.

Brief discussion ensued around partnership use of key assets. Members felt arrangements worked particularly well when a range of community and voluntary sector organisations were based in the same venue.

**Action Point:**

***PDG members were asked to feedback comments to the Property Development Manager by Friday 17 February 2012.***

## 50. FINANCIAL REPORTS 2011/12 - MONITORING INFORMATION AND BUDGET PROGRESS REPORT

The Head of Finance summarised his report HOF187, which contained financial monitoring information to the end of November 2011 and Budget progress for 2012/13. There had been few changes since the last report to the PDG. An underspend was still forecast against the general fund revenue budgets

The 2012/13 draft budget took account of a projected decrease in income from Development Control and Building Control. Further information was awaited on the deregulation of development control fees, which could provide an opportunity for the district council to set its own fees. New fees could only be set on a cost-recovery basis.

Councillors queried variance changes from the previous report in Housing and Neighbourhoods and Legal and Democratic Services. The variance had changed in respect of Housing and Neighbourhoods because part of the spend was government funding. Accounting rules meant this had to be shown as expenditure above the budget. Variance in the Legal and Democratic Services staffing budget was consequent of the appointment of a new member of staff.

### ***Action point:***

#### ***Include variance from previous update report to assist in comparison***

The HRA was in a similar position to that previously reported. Some savings were delivered through re-tendering.

There was a deliberate pause on the HRA capital programme because the packaging of programme had changed. Remodelled work packages for delivery of the housing programme gave financial benefits to the authority.

There was no update on the outcome of a planning appeal lodged against the Council.

PDG members briefly discussed special expense areas and whether they could be used to support economic development in Grantham. Legislation would not allow a localised charge for a service if it would not ordinarily be provided by town or parish councils.

The Cabinet would be presented with the draft Budget at its meeting on 6 February 2012. Cabinet would make recommendations to Council, who would consider the draft Budget at its meeting on 1 March 2012. The provisional settlement for the Council had been announced as £7.5m - £824k less than 2011/12. Councils were also made an offer if they agreed to freeze their council tax for 2012/13 then a one-off payment would be made. Councils that froze their council tax in 2011/2 received reimbursement for a four-year period.

**51. CLOSE OF MEETING**

The meeting was closed at 16:51

## REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF195**

**DATE: 29 MARCH 2012**

<b>TITLE:</b>	Fees & Charges Strategy - Update	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Resources and Assets Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles – Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council’s website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

### 1. RECOMMENDATION

Members are asked to note the contents of the current fees and charges strategy and identify the key areas that will require reviewing and updating to reflect the proposed new strategy.

## **2. PURPOSE OF THE REPORT**

Resources PDG are developing a coherent charging strategy that compliments and supports the Council in its delivery of it's priority themes and underpins the medium term financial plan. It is anticipated that the review will be complete by summer 2012 and will therefore be incorporated into the budget proposals from 2013/14.

Members are reminded that the Council currently has a fees and charges strategy (appended to the report). This will require a review to ensure it complements the proposed changes as identified by the work undertaken by the PDG and Deloitte's.

## **3. DETAILS OF REPORT**

Resources PDG has reviewed fees and charges as a key element of their 2011/12 workplan and commissioned Deloitte's to undertake an income review benchmarking study which compared fees and charges across a number of East Midlands' councils. This review has also given exposure to over 50 local authorities charging regimes outside of the geographical boundaries of the East Midlands.

Following this work, a number of key objectives were identified which need to be considered when developing the new Fees & Charges Strategy for 2013/14:

- A clear corporate charging policy – subsidised service or cost recovery, concessions policy, correlation of charges to wider corporate priorities and impact of completion for similar services provided by the private sector
- Clarity over full cost recovery and subsidy
- A perspective on fairness in charging – impact charges have on specific groups or individuals
- Adopting a commercial approach – trading, flexible pricing structure to stimulate demand
- An approach to premium charging – to reflect either additional demand or an enhanced service
- Charges linked to environmental objectives
- Clear and consistent process for reviewing all charges
- All charges reviewed and amended at least annually
- A clear statement, baseline and intended position on full cost recovery is established for all key areas:
  - A service to be universally subsidised from council tax
  - A service to be partially paid for by the users, partially supported from council tax

- A service to be fully paid for by the users
- There is equity and fairness in charging across different groups
- Charges are used to drive behaviours towards certain desired outcomes, not just used to raise revenue
  - Poverty reduction / ability to pay
  - Social exclusion
  - Health improvement
  - Economic development
  - Environment and green issues

Charging is not primarily concerned with raising revenue but identifying and influencing behaviours to help the Council achieve its priority outcomes. Strategies should consider service users and their motivation for using the service and their ability to pay.

When making local charging decisions, the following considerations were highlighted as a guide that could support councillors:

- How could the charges be used as a policy driver in the key areas?
- What customer group(s) does charging policy affect?
- Does / should ability to pay be a factor in setting the charge?
- Could / should the Authority incentivise different payment methods (e.g. discounts for direct debit customers)?
- Does the Council want to use the charge to encourage or discourage use of a service
- What unintended consequences could lowering or raising the charges have?
- Who are the main beneficiaries of the service and who therefore is be responsible for paying for the service (service user or general tax payer)?

A working group has been established by Resources PDG and initial work has been undertaken to consider the report provided by Deloitte and also to explore the potential charging opportunities that may arise. Among the initial opportunities highlighted were licensing fees and charging for pre-application planning advice. The report produced by Deloitte also highlighted the importance of a defined corporate strategy around raising fees and charges. Any strategy should address how the charging policy contributes to achieving district council priorities, supporting local business and raising income. Deloitte highlighted a number of areas to incorporate within the strategy.

The current Fees & Charges Strategy compiled in 2008/09 can be found in Appendix A which can also be used as a basis for developing the new strategy.

**4. OTHER OPTIONS CONSIDERED**

None applicable

**5. RESOURCE IMPLICATIONS**

None applicable

**6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

None applicable

**7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

None applicable

**8. CRIME AND DISORDER IMPLICATIONS**

None applicable

**9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

**10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

The Council has the power to charge for the delivery of discretionary services in accordance with s.93 of the Local Government Act 2003. The power to charge is available provided the income received does not exceed the cost of the provision of the service.

**11. APPENDIX: Appendix A – 2008/09 Fees & Charges Strategy**

### **FEES AND CHARGES STRATEGY 2008/09**

#### **1. Introduction and Purpose**

- 1.1 The Council provides a wide range of services to the local community and visitors for which it is able to make a charge – either under statutory powers (set by the Government) or discretionary (set by the Council).
- 1.2 Income from fees and charges is an important source of revenue for the authority. In 2007/08, fees and charges raised £6.3m compared with £6.5m from Council Tax. Income from fees and charges as a percentage of total service expenditure is approximately 12% and this is broadly in line with many other similar sized councils. The main areas of income and details of current practice are set out in Appendix A. Details of individual fees can be found in the gold section of the 2008/09 budget book.
- 1.3 The purpose of this Strategy is to provide a framework and set out the key principles to be adopted in the annual review and setting of General Fund Fees and Charges. It is important for this Strategy to become embedded and linked to the Council's Medium Term Financial Plan (MTFP). It should also compliment the Council's key objectives and priorities, i.e. as reflected in specific subsidies and concessions where there is a need to ensure comprehensive participation by the local community.
- 1.4 The Strategy is drawn up under the framework provided by the Local Government Act 2003 and associated regulations. It also addresses the recommendations contained within the Audit Commission report entitled "Positively Charged – Maximising the Benefits of Local Public Sector Charges", published in January 2008.
- 1.5 The main focus of this strategy is on discretionary charges, i.e. where the Council can exercise some degree of control. The aim is to ensure that the Council makes optimum use of its charging powers having regard to its core priorities and objectives. This will help to fulfill its place-shaping responsibilities.

### 2. Background and Context

2.1 Broadly, fees and charges fall into one of two categories:

- Non-discretionary (statutory) – these are set by the Government and include planning, licensing, etc.
- Discretionary (there is no legal obligation) – these are set by the Council in line with the current policy for services such as Leisure, Arts and Car Parking. In most cases, the Council is restricted to recovering no more than the full cost of service provision (including overheads), i.e. the Council cannot make a profit taking one year with another.

2.2 Each year, fees and charges are reviewed as part of the Council's budget setting process – usually to reflect an increase in line with inflation.

2.3 Charges do more, however, than just raise income and lower the burden on the general council tax payer. They play a significant role in the achievement of a range of Council priorities from social inclusion to the contribution towards the health of the local community. In addition, they play a key role in:

- service delivery
- raising income and helping to deliver a balanced budget
- controlling access to services
- responding to competition – setting prices higher or lower than market rates,
- funding investment in new/existing services
- affecting (and influencing) public behaviour, i.e. to influence the level and timing of use, e.g. use of transport

2.4 Increasingly, there is a need to demonstrate the costs of chargeable services and the extent of any subsidy or concession. To achieve this, activity based costing models will need to be introduced and phased in order to capture the costs (including overheads) associated with providing the service.

2.5 From 2009, the Use of Resources assessment will take account of the extent to which the Council is using charging to further its aims and objectives. In line with best practice, the Council will be required to demonstrate that it is making the best use of its resources.

### 3. **General Principles Underpinning the Setting of Discretionary Charges**

- i. Charges should be: fair and equitable; transparent, easy to understand; and applied consistently.
- ii. In some circumstances, the Council will offer subsidies to all users or concessions to specific user groups where this is consistent with achieving its core objectives. However, it will not provide subsidy to commercial operators from the council taxpayer.
- iii. Aligned with budget setting, the annual review of fees and charges is a Member led process with particular focus on delivering service priorities and dealing with potentially sensitive or contentious issues. It may also help to close any funding gap.
- iv. The appropriateness of charges should be regularly reviewed as part of a 3 year rolling programme (linked to MTFP and supporting strategies) in order to consider issues relating to cost recovery, income generation, concessions, etc.
- v. Where appropriate, specific strategies for significant income streams should be developed, e.g. car parking.
- vi. Where appropriate, relevant partners and stakeholders should be consulted as part of any significant review of charges.
- vii. All charges should undergo an equality and diversity impact assessment to ensure they fully comply with any legislative requirements.

### 4. **Budgetary Principles**

- i. Any fee or charge should look to cover the full cost of the service, including the cost of capital except where Members have agreed otherwise.
- ii. Where less than full cost is being recovered, the justification for the decision is reviewed at least every 3 years to ensure it remains valid and that significant income is not being lost.
- iii. Where there is a policy to provide a subsidy level or concession this should be clearly documented and the level of subsidy/concession calculated, together with the financial implications.
- iv. Where increases to current charges are being proposed then income profiling models should be completed in order to accurately predict future income levels.

## APPENDIX A

- v. Where leases contain rental profiles these should be documented and incorporated into the budget setting process.
- vi. Where appropriate, benchmarking data from other providers of the service (including private sector) should be included in the service plan and explanations for significant differences should be provided. However, it should be recognized that local variations in charging is an inevitable consequence of flexibility to use charges in ways that meet local circumstances.
- vii. As a minimum, once the charge has been set, it should be increased annually in line with inflation unless this conflicts with agreed policy.
- viii. Material fluctuations in charges year on year (+/- 5%) will be highlighted as part of the annual review process.
- ix. The setting of fees and charges should be made in accordance with the current VAT regulations.
- x. Where appropriate, the cost of administering the charge, including debt collection should be proportionate to the income generated.

Appendix B gives details of the roles and responsibilities of members and officers engaged in the review and setting of fees and charges.

### **5. Audit Commission Report 2008 – “Positively Charged”**

- 5.1 This is a follow-up to their report published in 1999 that recognized the significance of user charges as a source of income for local authorities. It looked at how well charges were managed and whether they were being used to their full potential in delivering local priorities. It also described charging legislation as complex and confusing; a situation that has, to some extent been addressed by new legislation – principally the Local Government Acts 2000 and 2003.
- 5.2 The latest report concludes that “there is little evidence that Councils have made much use of the greater autonomy made available to them to develop new discretionary services funded by charges. However, 3 in 5 Councils report introducing new charges within the last 2 years for services where they previously provided at no charge. In 7 out of 10 cases these new charges have been introduced to recover the costs of service provision. Additionally, 4 in 10 of the new charges were introduced to minimize increases in council tax; 1 in 3 was

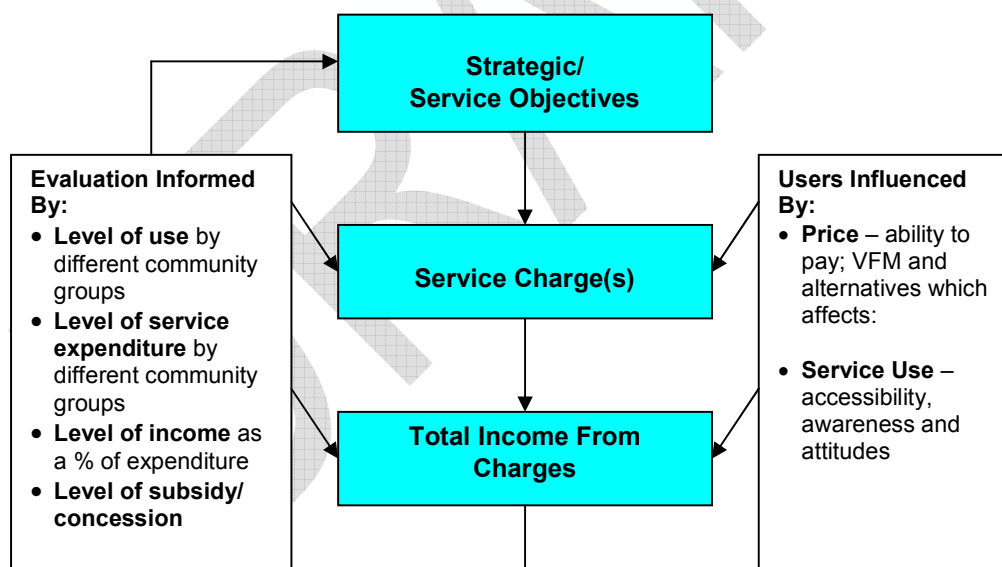
## APPENDIX A

intended to enable Councils to maintain or improve service levels in the face of budget pressures which might otherwise have necessitated service cuts; and 1 in 3 was designed to manage demand for the service”.

- 5.3 The summary and recommendations of the report are set out in Appendix C, together with a list of questions for Members and details of on-line tools provided by the Audit Commission.

### 6. Setting the Right Level and Structure of Charges

- 6.1 This is crucial because it has a significant effect on how well the Council achieves its financial, service and core objectives. To illustrate, the brief diagram below outlines the charging system and highlights the key factors where the Council can focus to ensure that the optimal balance is achieved. This acknowledges that charges work within a system of choices exercised by individuals and the Council.



### 7. Implementing This Strategy – 3 Year Plan

- 7.1 In accordance with the above key principles and factors and having regard to the recommendations of the Audit Commission report, the Council will, over the next 3 years:
- Carry out a full zero-based review of all discretionary charges as part of a rolling programme in order to

## APPENDIX A

- determine if the current level and basis of charging is appropriate.
- ii. Seek to identify the full cost of service provision (including overheads), any subsidy or concession (and the basis of that concession), the Council priority the charge supports and the criteria to be used for future setting of the charge.
  - iii. Ensure that Members fully understand the way in which charges are set, the relationship to expenditure and how they contribute towards the achievement of corporate objectives.
  - iv. Engage service users and local council tax payers, where appropriate, in decisions about whether and at what level to charge for services.
  - v. Collect and use information on service use and the take up of concessions and examine the impact of charges on individual households or user groups to assess whether equality and diversity objectives have been met
  - vi. Identify new sources of income arising from service/budget reviews
- 7.2 The Policy Development Group will agree the annual programme of work according to service area and priorities and the criteria for reviewing specific charges. This work will commence as part of the budget setting process for 2009/10. This process will ensure that the annual review of fees and charges is given a higher profile compared with previous years.
- 7.3 The criteria for determining priorities and which charges to review on a phased basis over the 3 year period should include:
- i. Level of income and impact on council tax and delivering a balanced budget, e.g. raise additional income and/or shift the burden on council tax payers
  - ii. Latest trends/fluctuations in income/usage, i.e. falling demand/income, e.g. car parks
  - iii. Latest comparisons with other councils and service providers
  - iv. Need to focus on achieving wider strategic objectives, e.g. encouraging healthy lifestyles, promote greater choice or manage demand for the service
  - v. Need to recover full cost or higher proportion of cost
  - vi. Current resistance or concerns of users, including adverse publicity

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- vii. Need to address Member concerns, e.g. any evidence of inequality of pricing, affordability and treatment of vulnerable groups, etc.

7.4 The following is a list of some of the issues and questions that will need to be addressed / answered in relation to the review of specific charges and in recommending any change in policy. Therefore, this information is particularly important for Members. Some of these questions are similar to those set out in Annex 1 to Appendix C.

- i. What category of charges have been introduced and why
- ii. What is the current policy and how do they relate to strategic objectives in terms of income generation, service provision, service improvement, demand, behaviour, value for money, etc.
- iii. What barriers, if any, were overcome before the charges were introduced
- iv. How are the charges determined, i.e. the basis of the charge, e.g. full cost recovery
- v. How difficult is it to calculate the full cost of the service, including overheads and cost of collection
- vi. What concessions or subsidies apply
- vii. What information is available on service use, cost, concessions, income levels and how has this fluctuated between years
- viii. How do charges compare with other councils and where appropriate, other service providers – use relevant comparatives as suggested in the 2008 Audit Commission report
- ix. What mechanisms are available for paying and collecting charges – how cost effective are these and what proportion is collected (%)
- x. Gather any intelligence on what local people think of current charges and review the results of previous consultation or market research

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### SCHEDULE OF FEES & CHARGES – MAIN AREAS OF INCOME

SERVICE/AREA OF CHARGE	CATEGORY/ TYPE OF CHARGE	CONCESSION Yes/No	CORP. PRIORITY	Policy	BUDGETED INCOME 2008/09 (£k)
<b>Sustainable Communities:</b>					
Building Control	Statutory – with discretionary element				533
Planning	Statutory - prescribed				940
Local Land Charges	Discretionary with Statutory element				246
Markets	Discretionary				356
Helpline	Discretionary				859
Bus Stations	Discretionary				24
Cycle Centre	Discretionary				-
Fair Charges	Discretionary				43
<b>Finance &amp; Resources:</b>					
Car Parks	Discretionary				1,521
<b>Healthy Environment:</b>					
Art Centres	Discretionary				795
Bulky Waste Collection	Discretionary				40
Gypsy Caravan Site	Discretionary				30
Hackney Licenses	Discretionary				99
Gambling	Discretionary within limits set by the government				14
Liquor Licenses	Statutory				117
Other Licenses	Discretionary and statutory				38
Air Pollution	Statutory – some cost related				40
Corn Exchange	Discretionary				53
<b>Special Expenses:</b>					
Cemetery	Discretionary				91
Outdoor Recreation Areas	Discretionary				9

### **Roles and Responsibilities**

**Service Managers and Corporate Heads of Service** – active involvement in reviewing fees and charges as an integral part of annual service planning and budget setting. In accordance with this revised strategy, a more business-like approach will be required.

**Financial Services** – support and advice to service managers on issues such as: cost recovery including overheads, cross subsidies, overheads, profiling, benchmarking, etc. Also, to ensure full integration with budget setting process and prepare and maintain full list of fees and charges.

**Members** – to approve the Fees and Charges Strategy and the implementation of charges for discretionary services (annual review and budget setting). Also, regular liaison with service managers on issues arising during the year.

**Partners and Stakeholders** – consultation as part of any significant review of fees and charges and during the annual budget setting process.

**Local Community/Individuals** – public consultation as part of any significant review of fees and charges and during the annual budget setting process.

### **Positively Charged - Maximising the benefits of local public service charges**

© Audit Commission 2008

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#### **1. Background**

- 1.1. Positively Charged is a recent Audit Commission report which presents the findings from research undertaken in 2007 into councils' use of their powers to charge for services. Housing rents were not considered within the scope of this report.

#### **2. Key Findings**

- 2.1. Charging revenue is an important source of income for local councils. It represents around 8% of their total income and about half as much as is raised in council tax.
- 2.2. County councils collect the most income but the greatest contribution to service delivery is made in District Councils; equal to one fifth of total service expenditure.
- 2.3. Councils use charging to influence individuals' choices and behaviours to bring benefits to their community e.g. setting charges to encourage or discourage the use of a service, rationing services where overuse is deemed undesirable, encouraging local objectives such as recycling.
- 2.4. Disparities between charges set for the same services by different councils cause concern to the residents. This can be mitigated by communicating the reasons and involving local people in the decision making process.
- 2.5. No clear relationship was found between levels of income from charging and either overall council performance or levels of local deprivation.
- 2.6. Councils do not always make the most effective use of their charging powers. Nearly half have no agreed policy to guide decisions on the use of charges.
- 2.7. Decisions on charging are most often driven by income targets, historic charges and level in neighbouring councils rather than knowledge of the likely impact on use of service.
- 2.8. Councils are limited by centrally imposed restrictions in the setting of charges. The rationale of these restrictions is not always clear to councils or the public. Concerns about the geographical variation of charges also constrain their decisions.

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- 2.9. Councils' perceptions of local opposition to charges are not always backed up with robust evidence.
- 2.10. The public are more receptive to charging where they can see what they are getting for their money and have a degree of choice.
- 2.11. Lack of public understanding about levels of subsidy councils provide or the purposes of charges undermines public confidence in charging levels.
- 2.12. In order to meet financial and strategic objectives councils need to change their approach to charging.
- 2.13. They need to communicate better about the purpose of charging and be accountable for the decisions they make.
- 2.14. The Audit Commission have suggested a number of questions which Councillors can work through and produced on-line resources to assist the process (see annex 1 & 2)

### 3. Recommendations

- 3.1. Regular reviews of the approach to charging, both within service areas and across the whole council should be undertaken.
- 3.2. Finance managers should ensure income from charges and the level of subsidy this provides service areas can clearly be identified and is available to inform the decision making process.
- 3.3. Service managers should, where possible, use benchmarking to assess both charging levels and the cost of service delivery, levels of cost recovery, priorities, impact achieved and local market variations.
- 3.4. Councillors and managers should have a better understanding of the non-financial impact of their charging structure.
- 3.5. Service users and taxpayers need to be engaged in the decision making process.
- 3.6. Information on service usage and take-up of concessions should be collected and used to examine the impact of charges on individual households in order to assess whether equality and diversity objectives have been achieved.
- 3.7. Central government should periodically review the rationale for national charging frameworks, including nationally set fees.
- 3.8. From 2009 the Audit Commission will take account of how well individual councils are using their powers to charge as part of its annual use of resources assessment.

### 4. Summary

- 4.1. Charging income is an important source of income for local councils and is increasingly being used to help fund the modernisation and improvement of services. Charging policy also provides an effective method of managing demand for services and helps in the pursuit of strategic objectives.
- 4.2. Councils must ensure they understand the contribution charges make to overall expenditure and review their approach to charging using benchmarking to see how they compare to other councils.
- 4.3. A transparent approach with the involvement of the local community is needed if a meaningful review of charging policy is to be achieved.

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**The report includes the following list of questions for councillors.**

#### **What do we want to achieve?**

- What objectives are we supporting with charges?
  - How much income are we trying to generate, and why?
  - Whose use of services do we want to subsidise, and by how much?
  - Whose behaviour are we hoping to influence, and in what ways?
  - How will charges help improve value for money, equity and access to services?
- How do these objectives relate to other council objectives?
- What principles should underpin our approach to charging?

#### **What's the current picture?**

- What targets have been set for charges and what assumptions are these based on?
- How do charges compare to:
  - Similar councils?
  - Neighbouring councils?
  - Other service providers?
- How are charges structured, and why?
- Are cost effective mechanisms available for paying and collecting charges?
- Are the charging objectives being met?
  - Are income targets being achieved?
  - What is the impact, intended or unintended, of charges on local people?
  - Which people are using services and which aren't?
  - Which users are paying for services and which aren't?
  - Are concessions being taken up by the people at whom they are targeted?
  - Are we maximising the take up of related benefits in this area?
- How does the impact of charging on behaviour and budgets compare to:
  - Similar councils?
  - Neighbouring councils?
  - Other service providers?

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### **What do local people think of our charges?**

- Have we consulted service users and the public about:
  - The current and proposed charges for the service?
  - The value for money of the service?
- Do service users and taxpayers understand our objectives and how the structure of our charges contributes to achieving them?

### **Where do we go from here?**

- What changes, if any, should we make to the level and structure of charges?
- How will we evaluate the impact of charges?
  - What data will we need?
  - Can we collect this data cost effectively?
  - When should we next review our approach?

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#### Audit Commission Resources

The following resources have been developed by the Audit Commission to accompany their report and are available at [www.audit-commission.gov.uk/charging](http://www.audit-commission.gov.uk/charging)

- **Charging directory** – gives practical examples from a range of councils of how they are using charges in pursuit of their objectives.
- **Household charges calculator** – helps councils to model the total expenditure per household on council services and relates this to household disposable income.
- **Charging income comparison tool** – helps councils compare the income they generate from charges with that of other councils and consider whether it is consistent with their strategic objectives.

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## REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF194**

**DATE: 29 MARCH 2012**

<b>TITLE:</b>	Localised Council Tax Support Scheme - Update	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Resources and Assets Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles – Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council's website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>		

### 1. RECOMMENDATION

Members are asked to note the contents of the report with respect to the current situation of the localisation of council tax benefit support.

## **2. PURPOSE OF THE REPORT**

As part of the spending review 2010 the Government announced it would localise support for council tax from 2013/14, reducing expenditure by 10%. This is a key element of both the localism agenda and the welfare reform bill.

### Establishing local schemes

Localisation of support for council tax will mean a significant change in the role of local authorities. Currently local authorities administer council tax benefit in accordance with national criteria set by DWP (Department of Work and Pensions). In future local authorities will need to design schemes for working age claimants, taking into account available funding for preserving current levels of pensioner claimants.

- To put a scheme into operation the Council will need to:
- Know the indicative grant allocation in advance of the budget setting process
- Have designed, consulted and agreed the local scheme in advance of the budget setting process
- Taken account of the value of discounts to be offered under the local scheme as part of the process of establishing the tax base
- Ensure the scheme delivers work incentives to the individual to ensure they are not better off on benefits

The purpose of the report is to provide members with an update with respect to the Government proposals for the localisation of council tax benefit.

## **3. DETAILS OF REPORT**

### **Risk sharing with major precepting authorities**

The Government intends for local Council Tax Support schemes to be fully integrated with the Council Tax system, with support being offered in the form of a Council Tax reduction. Where demand for support increases above or falls below local forecasts, billing authorities will collect less or more Council Tax than had been estimated at the beginning of the financial year.

Where demand for support increases or falls below local forecasts the billing authority will collect more or less council tax than estimated, and this could result in a surplus or deficit. This surplus or deficit will need to be shared between the billing authority and all major precepting authorities at

the beginning of the following year (by adjustment to precept payments between billing authorities and precepting authorities)

As the major precepting authorities will be sharing the risks within the new localised scheme then a consultation process must be undertaken to allow the precepting authorities to influence the design of the local scheme.

## **Grant Allocation**

### Current arrangement

For 2011/12 South Kesteven District Council will receive around £7.5 million in central government subsidy grant to cover the cost of the Council Tax Benefit scheme. The current scheme is a "demand led" scheme which means the actual funding received will always meet the actual expenditure incurred. The payments are made monthly to LA's, and any in year adjustments to the total amount of subsidy to be paid are made in September, followed by a final payment adjustment once the Annual Subsidy Claim has received a final audit.

### New arrangements

The government have stated that a Technical consultation paper on grant distribution is planned for "spring 2012". Latest indications are that the consultation document will be issued in May 2012.

### What we know as at March 2012

The Government is proposing to set grant allocations on an annual basis for the first two years of the localised scheme, allowing new allocations to be set for 2014-15 if required.

These are the main points of the new scheme known at this time:-

- A non ring fenced grant is to be paid to billing and major precepting authorities at the start of each financial year.
- As it will be a "fixed" budget scheme, so an accurate forecast of expenditure is required in order to match the expenditure to the funds allocated.
- Precepting authorities will receive a share of the grant in proportion with their share of council tax. This ensures precepting authorities share a proportion of the risk associated with any decrease in council tax revenue
- First two years of grant funding will be set by DCLG on an annual basis. Funding will be based on the Office of Budget Responsibility forecast for spending on council tax in 2013/14 and 2014/15.
- DCLG have promised to provide provisional grant allocations in time for LA budget preparations in the autumn of 2012, with the final

grant allocations to be published before local scheme is formally adopted.

- The government have suggested a fixed allocation for 4 years in future, to provide for “certainty” and “incentives to reduce spending” for LA’s. Any decisions on the allocation levels in future will be taken as part of the normal spending review process.
- Billing authorities will be able to vary the amount of precept paid to the major precepting authorities in year to reflect any fluctuations in collection rates.
- It is anticipated that the government will carry out another review later where the question of multi-year funding will be revisited.
- Local authorities will be required to design a scheme that protects vulnerable groups. Little clarification has been provided on this, but it is understood to include some pensioners.
- Local authorities are encourage to protect other groups which could include those with disabilities, war pensioners, lone parents or those with caring responsibilities to name but a few. No guidance will be provided as to which groups outside of pensioners should be protected.
- The caseload in South Kesteven has a split of 49.5% pension age and 50.5% working age.
- Expenditure for working age claimants is projected to increase, whilst expenditure for pension age is expected to reduce slightly. However, overall expenditure is expected to increase.

Further analysis work will be undertaken as details are released in respect of the full operation of the new scheme. Members will therefore be updated on a regular basis in order to determine the impact on both the community and the Council.

#### **4. OTHER OPTIONS CONSIDERED**

None applicable

#### **5. RESOURCE IMPLICATIONS**

None applicable

#### **6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

None applicable

**7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

None applicable

**8. CRIME AND DISORDER IMPLICATIONS**

None applicable

**9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

**10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

The report is for noting the current position relating to the proposed localised council tax support scheme. The Welfare Reform Act received royal assent on the 8<sup>th</sup> March 2012. The various provisions will be enacted in due course.

**11. APPENDIX: None**

## REPORT TO RESOURCES PDG

**REPORT OF: HEAD OF FINANCE**

**REPORT NO: HOF193**

**DATE: 29 MARCH 2012**

<b>TITLE:</b>	Financial reports for 2011/12 – Monitoring Information	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	N/A	
<b>PORTFOLIO HOLDER: NAME AND DESIGNATION:</b>	Councillor Mike Taylor Resources and Assets Portfolio Holder	
<b>CONTACT OFFICER:</b>	Richard Wyles – Head of Finance 01476 406210 Email: <a href="mailto:r.wyles@southkesteven.gov.uk">r.wyles@southkesteven.gov.uk</a>	
<b>INITIAL IMPACT ASSESSMENT:</b>	Carried out and Referred to in paragraph (7) below:	Full impact assessment Required:
<b>Equality and Diversity</b>	N/A	
<b>FREEDOM OF INFORMATION ACT:</b>	This report is publicly available via the Your Council and Democracy link on the Council’s website: <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>BACKGROUND PAPERS</b>	HOF141, HOF171, HOF182	

### 1. RECOMMENDATION

Members are asked to note the comments and figures contained in this report.

## **2. PURPOSE OF THE REPORT**

In order to ensure effective budget management it is important that the members are updated with budget monitoring information. This serves the purpose of ensuring members are kept informed of actual spend compared to budget and the forecast outturn position. The report provides a summary position of the Year to Date (YTD) position against original budget and the forecast position of the outturn and covers the following areas:

- General Fund Revenue Budget
- Housing Revenue Account Revenue Budget
- Capital Programme
  - General Fund
  - HRA

Forecast outturn work is undertaken during the course of the year by the service areas in order to anticipate the outturn position. This important process enables options to be considered in respect of the spending proposals for the remainder of the year or alternatively it is used to identify emerging financial issues that can be then investigated and mitigating actions put in place. This report provides the financial information up to and including 31 January 2012 and therefore 10 months of actual expenditure is included.

## **3. DETAILS OF REPORT**

### **General Fund Revenue Budgets**

The original net cost of service budget for 2011/12 was set at £16.950m. The financial position as at 31<sup>st</sup> January 2012, shows expenditure of £13.21M compared with year to date (YTD) budget of £14.252M. This is shown in the table below:

## General Fund Revenue Summary

Corporate Area	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000
Community Assets	3,085	902	773
Corporate	1,476	1,184	1,091
Property Development	278	416	178
Development & Growth	2,081	1,156	1,180
Environmental Services	5,608	3,300	3,196
Finance	1,641	4,002	3,912
Housing & Neighbourhoods*	940	894	715
People, Projects & Performance**	(56)	1,105	1,047
Legal & Democratic	1,333	975	825
Special Expense Areas	564	318	314
<b>Net General Fund Charge</b>	<b>16,950</b>	<b>14,252</b>	<b>13,231</b>

\*Government grant income of £285k has been excluded from Private Sector Housing due to the new accounting treatment of grants.

\*\*People, Projects & Performance Corporate Area comprises of support services and will be fully recharged out at the end of the financial year.

Work is now underway to identify key spending proposals that can be put in place in the current financial year in order support the delivery of priority projects. This will be a combination of capital and revenue expenditure items and the details of these proposals will be provided at a later date.

### Key Forecast Variances by Corporate Area

#### **Community Assets**

- There has been an increase in film admission income at Stamford Arts Centre and ticket sales for shows held at The Meres leisure centre Grantham. However, based on the year to date position, there has been a decrease in room hire income at Bourne Corn Exchange.

#### **Corporate**

- Operational and Strategic Management budget headings are forecast to achieve a salary saving due to the shared service

arrangement in place with a neighbouring authority for two senior posts.

### **Property Development**

- Following a Service Review of the grounds maintenance service, discussions have taken place with the contractor and savings are forecast to be achieved.
- Income is forecast to be higher than budgeted for Stamford Car Parks as analysis has shown a 4% increase in usage across all sites compared to the same period last year. Grantham Car Parks are not forecast to achieve the income budget by £29k due to changes in customer usage patterns, primarily at Welham Street Car Park.
- Work has been undertaken with the Energy Officer which has highlighted an under spend of approx. £75k is forecast across utilities budget headings.
- Building Control is forecasting income to be down by £45k compared to budget based on the YTD position being less than the same period in 2010/11.

### **Development & Growth**

- A planning appeal is currently lodged which, if upheld, is an unforeseen cost that will be financed utilising the insurance reserve.
- Planning Policy is forecasting an under spend which relates to slippage on the Local Development Framework.
- Land charges income is forecast to be £30k higher than budgeted levels based on the YTD position.
- Building Control are forecasting income to down by £28k compared with budget based on the YTD position being less than the same period in 2010/11.
- Development Control is forecasting an income reduction of £34k compared with budget as the categories of planning applications received is largely concentrated on the lower value work and there is no higher fee work pending at the present time.
- The Partnerships programme of work will be financed in 2011/12 from second homes money held on the balance sheet from previous financial years.
- Planning Policy and Development Services are forecasting an under spend on salary related budgets due to vacancies.

## **Environmental Services**

- Waste & Recycling Services have negotiated a lower payment for recycling gate fees until the end of the 2012/13 financial year. This has resulted in a forecast saving of £66k in 2011/12.
- Environmental Health and Waste & Recycling are forecasting under spends on salary related budgets due to vacancies.
- Recycling Credit income is forecast to be down by £20k for the year following tonnages lower than anticipated in December and January. MOT income is forecast to be lower than budget, however this has been offset by income for additional street cleaning undertaken.

## **Finance**

- An under spend is forecast on salary related budgets due to vacancies across the corporate area.
- Drainage rates are forecast to be under spent due to the precept being lower than anticipated.
- A saving on the telephony contract for 2011/12 has been negotiated resulting in a forecast saving of approx £25k.

## **Housing & Neighbourhoods**

- Private Sector Housing is forecasting an under spend due to a slower than anticipated demand in the Rent Deposit scheme and expenditure has been less than predicted for Better Warmer Homes surveys.
- An under spend is forecast on salary related budgets due to vacancies across the corporate area.
- The income forecast for lifeline monitoring has been reduced this month based on the YTD position.

## **People, Projects & Performance**

- An under spend is forecast on salary related budgets due to vacancies and mid-year recruitment of posts.

## **Legal & Democratic**

- An under spend is forecast on salary related budgets due to a vacancy within the service area.
- Expenditure on elections is less than the budgeted level.

The workforce efficiency target of £354k for the General Fund is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £364k is forecast on salary related budgets as outlined above.

### **Housing Revenue Account Budgets**

The financial position as at 31<sup>st</sup> January 2012, shows a forecast under spend of £434k which is summarised in the table below:

Area	Annual Budget £'000	YTD Budget £'000	Total Spend To Date £'000	Forecast Outturn £'000	Forecast Variance £'000
Housing Management	2,783	1,432	1,213	2,584	(199)
Supported Housing	392	823	717	330	(62)
Repairs & Maintenance	6,182	4,582	4,420	6,172	(10)
Dwelling Rents	(21,174)	(17,645)	(17,678)	(21,210)	(36)
Rents & Payments	327	261	190	256	(71)
Other Income	(342)	(239)	(251)	(342)	0
Other Expenditure	12,380	6,713	6,666	12,324	(56)
<b>(Surplus)/ Deficit</b>	<b>548</b>	<b>(4,073)</b>	<b>(4,723)</b>	<b>114</b>	<b>(434)</b>

### **Key Forecast Variances**

- The workforce efficiency target of £103k is forecast to be achieved by the end of the financial year. In addition to this, a further under spend of £205k is forecast on salary related budgets.
- Lower tender prices and forecast re-profiling of a small number of repairs and maintenance programmes has resulted in a forecast under spend of £105k compared to budget.
- £50k forecast under spend in relation to Choice Based Lettings as no longer going ahead.
- Forecast income increased for Dwelling Rents due to a reduction in the void rate.

## **Capital Budgets**

The capital programmes include a number of significant capital projects for 2011/12. The current financial position is outlined in the table below;

Programme	Annual Budget £'000	YTD Budget £'000	Total Spend to Date £'000	Forecast Outturn £'000	Slippage £'000
General Fund	4,582	2,155	1,947	2,057	2,080
HRA	6,755	4,511	4,462	5,112	200

### **General Fund Key Variances**

- Slippage of £2.08m has been identified on the 2011/12 General Fund Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
  - Bourne Core Area £1.5m
  - Station Approach £200k
  - Better Homes Grants £200k
  - Area Offices Customer Service Centre Upgrade £150k
  - ICT Replacements & Delivery £30k
- Public Realm – Works will not begin until 2012/2013.
- Retail Enhancement – a delay in the programme is resulting in a forecast under spend of £70k.
- Empty Homes Grants – Forecast under spend of £60k against a budget of £100k. Only one further case anticipated.
- Housing Improvement Grants (Better Homes Grants) – Forecast under spend of £50k against latest budget of £250k (after slippage of £200k identified). Reduction reflects lower grant values currently being needed to remove hazards and make properties decent.
- Street Scene Vehicle Procurement - An on-street hot pavement washer has been purchased for £116k in response to service requirements. This will be financed by the Capital Reserve at the end of the financial year.
- Cemetery Works - The forecast outturn for this scheme has been increased by £15k compared to the original budget due to unforeseen essential works required at the cemetery. The cost of this work will be met from the Grantham Special Expense

Area. There is an ongoing dispute with the contractor regarding the works which is being reviewed at present.

- The Box Office System is forecast to cost £20k less than budget.

#### HRA Key Variances

- Slippage of £200k has been identified on the 2011/12 HRA Programme and has therefore been included in the 2012/13 Capital Programme. This is made up of;
  - Upgrading Sheltered Housing £100k
  - Passenger Lifts £60k
  - Bin Store £40k
- Disabled Adaptations – Forecast under spend of £65k against £100k budget owing to occupational therapy referrals on major works.
- The forecast for DDA Compliance/ Fire Risk Assessments had been reduced by £203k as it is anticipated the programme cannot be completed before the end of the financial year.
- Property Refurbishments – Forecast over spend of £14k against £100k budget as additional properties have been refurbished in excess of the plan.
- Hard Wiring of Fire Alarms – Forecast outturn reduced by £80k as the contractor will not be onsite until the beginning of March 2012 and will therefore only be partially complete.
- In response to a re-profiling of the capital works in order to ensure financial efficiencies, the schemes outlined below are not due to commence until February 2012 and therefore will not be completed in the current financial year.

Scheme	Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Roofing	590	93	(497)
Electrical Rewires	420	270	(150)
Chimney Works	145	10	(135)
Wall Finishes	190	12	(178)
Essential Works	295	153	(142)
<b>Total</b>	<b>1,640</b>	<b>538</b>	<b>(1,102)</b>

## **Headcount and Budgets**

The position as at 31<sup>st</sup> January 2012 shows that against an original FTE budget of 629.3 the actual FTE (including agency and wages staff) is 592.8 which equates to a variance of (36.5) FTE.

## **Collection Performance (as at 31<sup>st</sup> January 2012)**

	YTD Target £'000	YTD Actual £'000	YTD Target %	YTD Actual %
Council Tax	56,708	56,701	96.20	96.12
NDR	36,505	36,287	95.09	94.36
Rents	17,987	18,142	83.37	84.09

### **4. OTHER OPTIONS CONSIDERED**

None applicable

### **5. RESOURCE IMPLICATIONS**

None applicable

### **6. RISK AND MITIGATION (INCLUDING HEALTH AND SAFETY AND DATA QUALITY)**

None applicable

### **7. ISSUES ARISING FROM EQUALITY IMPACT ASSESSMENT**

None applicable

### **8. CRIME AND DISORDER IMPLICATIONS**

None applicable

### **9. COMMENTS OF FINANCIAL SERVICES**

Financial considerations are included in the report.

### **10. COMMENTS OF LEGAL AND DEMOCRATIC SERVICES**

As part of good governance it is important members are kept updated in respect of the financial position of the Council expenditure during the course of the year.

### **11. APPENDIX: None**