

STEVENAGE BOROUGH COUNCIL AND EAST HERTS COUNCIL

EAST HERTS COUNCIL AND STEVENAGE BOROUGH COUNCIL JOINT
REVENUES AND BENEFITS COMMITTEE – 24 JANUARY 2012

REPORT BY HEAD OF REVENUES AND BENEFITS SHARED SERVICE

5. BUDGET

WARD(S) AFFECTED: All.

Purpose/Summary of report

- To receive the draft budget proposal for the shared revenues and benefits service, for 2012/13.

<u>RECOMMENDATIONS FOR DECISION:</u> that	
(A)	The indicative total shared budget for 2012/13, in respect of the shared service, be approved; and
(B)	Each of the Member Authority's contributions to the budget be approved.

1.0 Background:

- 1.1 The shared revenues and benefits service was created by decisions of the Councils respective Executives in June 2011.
- 1.2 Following that, a formal Partnership Agreement was signed by the Strategic Director (Resources) from Stevenage and the Director of Internal Resources at East Herts. The Partnership Agreement sets out the financial arrangements for the shared service, including details of how the Member authorities' contributions to future budgets are to be set and savings shared. This takes effect from April 2012.
- 1.3 During the period from August 2011 to March 2012, when separate service budgets were already set, one-off interim financial arrangements have been put in place. These have been based on a part-year base budget, the costs of which have been shared by way of a monthly payment made by Stevenage Borough Council to East Herts Council.

1.4 From April 2012, a single shared base budget is needed, comprising of the elements and contributions set out in the terms of the Partnership Agreement.

2.0 Report:

2.1 Between August and December 2011, when the interim financial arrangements have been in place, budgets have been split to reflect sole and partnership activity. From December an interim partnership 'year 0' budget has been applied, recognising the new staffing structure and set up costs. This will continue to the end of this financial year. Adjustments will be made to reflect the implementation profile of the project.

2.2 For the year 2012/13, the indicative expenditure is detailed in **Essential Reference Paper B**. That indicative expenditure is made up of the costs of administration and operation, including direct and support service costs. The budget has been increased from the indicative base to reflect incremental drift in salaries, and indexation of costs.

2.3 The value of indexation and increments amounts to £87,917, but is reduced by the effect of salary increments to a saving of £48,775. This is consistent with new salary structures where staff commence posts at the bottom of salary scales. More mature structures are under less pressure from incremental drift.

2.4 The total indicative shared base budget is £ 3,521,595 plus retained costs at Stevenage Borough Council of £382 266. Total £3,903,861.

2.5 The contribution from East Herts is £2,264,242 (58%)
The contribution from Stevenage is £1,639,619 (42%), of which £1,257,360 is payable to East Herts.

The contribution levels were determined by the relationship between the full 2011/12 operational service budgets for each authority, as detailed in the partnership agreement.

2.6 Once a budget is approved, the amount of a cash payment in respect of Stevenage Borough Council's contribution to the budget will be calculated. This will take account of any savings achieved and any additional costs arising from necessary changes to the service.

- 2.7 At the end of 2012/13, a net cash adjustment will be calculated, based on actual expenditure, and any difference due from or to Stevenage Borough Council will be determined.
- 3.0 Key considerations:
- 3.1 Certain operational costs will continue to be provided for separately by each Member authority. A full list of these is included in the Partnership Agreement.
- 3.2 Retained costs are those arising from support services, which were previously charged to the revenues and benefits service by Stevenage Borough Council. Such retained costs are included in the indicative shared budget for 2012/13 for the purposes of calculating the contributions due from each authority.
- 3.3 It is recognised that reducing the retained residual costs would make a significant contribution to the achievement of savings from the shared services. Opportunities to reduce these costs will be investigated by Stevenage during the coming year.
- 3.4 There is a potential risk that the cost of postage may increase substantially from April, but this has not been confirmed by the appropriate sources at the time of preparing the budgets. If this increase materialises, it will be necessary to mitigate the impact by seeking cheaper alternative service delivery and or seek additional budget approval

4.0 Implications/Consultations:

4.1 None.

Background Papers:

None.

Contact Member: Councillor M Tindale, Executive Member for Finance.

Contact Officer: Su Tarran – Head of Revenues and Benefits Shared Service, Extn: 2075.

Report Author: Su Tarran – Head of Revenues and Benefits Shared Service, Extn: 2075.

ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives (delete as appropriate):</p>	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p> <p>Pride in East Herts <i>Improve standards of the neighbourhood and environmental management in our towns and villages.</i></p> <p>Caring about what's built and where <i>Care for and improve our natural and built environment.</i></p> <p>Shaping now, shaping the future <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
<p>Consultation:</p>	<p>None</p>
<p>Legal:</p>	<p>None</p>
<p>Financial:</p>	<p>None</p>
<p>Human Resource:</p>	<p>None</p>
<p>Risk Management:</p>	<p>None</p>