

Report to the Resources Select Committee

Date of meeting: 7 February 2017

Subject: Cost of Member and Corporate Services



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Committee Secretary: Adrian Hendry - (01992 - 56 4246)

Recommendations/Decisions Required:

That members note the report and comment as appropriate

Report:

1. This report provides information on the Cost of Member and Corporate Services, how it is calculated and what is included and what is not included within the definition.
2. The Council accounts for the cost of the services it provides in two main accounts, the General Fund (GF) and the Housing Revenue Account (HRA). The latter is concerned with the Management and Maintenance of Council Dwellings and related assets the former with other remaining council services. The GF is funded primarily by the Council Tax and Business Rates, the HRA by Housing rents and other related charges.
3. There is a requirement for the Council to report to Central Government on estimated and actual expenditure on the cost of GF services. Whilst there are mandatory reporting headings such as Environmental Protection the Council has discretion to and indeed does break costs down further for management purposes. The two areas that this report is concerned with is Corporate Management which is made up of two cost centres and Member Activities which is made up of six cost centres. The former falls within the Office of the Chief Executive budgets and the Latter Governance.
4. Corporate Management sometimes referred to as Corporate Policy Making is the cost of managing the authority as a whole and includes the cost of the Chief Executive, management board meetings, production of the accounts, external audit, Cost of maintaining a corporate bank account and a number of other similar costs. There is a popular misconception that a service area that provides support to all areas of the Council is a charge to Corporate Management, this is not the case as the definition is rather more narrow than that and the costs of these functions should be apportioned out to all Council services.
5. Member activities are sometimes referred to as Democratic Representation and as the name suggests is concerned with the cost to the authority of having elected members. It includes Members Allowances, the holding of committee meetings and provision of agendas, the cost of attendance at external meetings where the member is representing the Council, officer advice to members and the provision of member admin services.
6. As regards the total cost of both of these services the HRA should bear a proportion of the cost as members and officers carrying out this work clearly make decisions that affect both the HRA and GF. This is assessed based on the amount of business that relates to the HRA for each cost centre and is currently around 25%. The table below shows the total costs and

the amount then charged to the HRA, for 2014/15 and 2015/16, and estimates for both 2016/17 and 2017/18.

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's
Corporate Management	1,516	1,477	1,446	1,459
Member Activities	1,187	1,290	1,312	1,350
Total	2,703	2,767	2,758	2,809
Total charged to HRA	632	651	649	655

7. As regards Corporate Management a significant proportion of the cost relates to Officer time and as previously stated all of the cost of the Chief Executive. Also a proportion of the designated statutory officers, (Chief Finance Officer and Monitoring Officer) are charged here along with other officers who either deputise for these roles or are involved in the overall management of the Authority.

8. As regards Member Activities, much of the cost is of a fixed nature in that the costs are incurred regardless of the number of meetings held. A proportion relates to office space including the Council Chamber, Members Room and committee rooms. The majority of the Democratic Services team are also charged here along with support provided to members by other officers in the various directorates. The officer attendance allowance is not directly charged here but borne as a cost within the relevant directorate. But by virtue of the recharging system a proportion of the cost would end up here.

9. The additional cost of providing for an extra meeting is relatively insignificant when compared with the overall cost. However if the number of meeting were to be reduced or increased by a significant number this would have an effect as potentially fewer or more staff would be required to support meetings. Again though the cost of the Council Chamber would still exist and be relatively static if it was used once a month or indeed every day.

10. In summary the costs of Corporate Management and Member Activities are quite significant and based on the 2017/18 original estimate represent 12% of the General Fund 'Net Cost of Service' of £17.959 million. However in common with a number of other services there is a significant fixed element to the costs which would only vary when large scale changes are made.

Reason for decision:

The report looks at the cost of Corporate Management and Member Activities and seeks member comments and observations on this.

Options considered and rejected:

Report for noting and comment

Consultation undertaken:

Consultation with spending officers during budget process

Resource implications:

Budget provision: Existing
Personnel: Existing
Land: N/A

Community Plan/BVPP reference:
Relevant statutory powers:

Background papers:

Environmental/Human Rights Act/Crime and Disorder Act Implications:

Key Decision reference: (if required)