

		Executive 4 th February 2009	Agenda Item No.
Title		Retrospective approval of budget virement - Benefits Service	
For further information about this report please contact		Andrew Jones	
Service Area		Revenues and Customer Services	
Wards of the District directly affected		All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No	
Date and meeting when issue was last considered and relevant minute number		N/A	
Background Papers			

Contrary to the policy framework:	Yes/No
Contrary to the budgetary framework:	Yes/No
Key Decision?	Yes/No
Included within the Forward Plan? (If yes include reference number)	Yes/No

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	19/01/09	Bill Hunt
Chief Executive	19/01/09	Chris Elliott
CMT	19/01/09	All
Section 151 Officer	19/01/09	Mary Hawkins
Legal	16/01/09	Peter Oliver
Finance	16/01/09	Mike Snow
Portfolio Holder(s)	19/01/09	Cllr Les Caborn
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The report requests retrospective approval of a budget virement of £17,000 from Warwickshire Direct – Kenilworth Salaries and £8,000 from Customer Service Centre Salaries to Benefits Salaries to pay for agency staff. The virement has been approved by the Chief Executive in consultation with the Council Leader and Deputy Chief Executive (Living, Lifestyles and Resources) but it is a requirement for the Executive to retrospectively approve the action.

2. RECOMMENDATION(S)

- 2.1 Members give retrospective approval to a budget virement of £17,000 from Warwickshire Direct – Kenilworth Salaries and £8,000 from Customer Service Centre Salaries to Benefits Salaries to pay for agency staff.

3. REASONS FOR RECOMMENDATION(S)

- 3.1 During the course of the last four months, through a combination of retirement, promotion, maternity leave, voluntary reduced time and sickness, the Benefits Service has found itself fifty per-cent down in Benefits processing staff.
- 3.2 Although the Service was aware of many of these issues and had planned for them, a series of internal promotions and “acting-ups” has meant that the service has four full time vacancies.
- 3.3 Three of the four posts have people at various stages of the recruitment process and it is to be hoped that all the posts will be filled by the end of the financial year. However, this will mean that by March the Service will have been operating well below a full complement of processing staff for a significant period. Consequently it has been necessary to use expensive agency staff to ensure that Benefit claims are still being processed.
- 3.4 The vacancies on the Benefits Service have created some underspend in the Benefits budget to use against the agency costs but this was never going to be enough to cover the costs of specialised agency staff. Consequently after consulting with the Council Leader and Deputy Chief Executive (Living, Lifestyles and Resources) the Chief Executive approved the virement of budgets from budget codes with underspends.
- 3.5 The virements from Warwickshire Direct – Kenilworth Salaries and Customer Service Centre Salaries are possible due to staffing turnover in those respective service areas.
- 3.6 Members will be aware of the leadership role the council is taking in addressing the effects of the economic downturn (see earlier Executive Report on Countering the Economic Downturn). As a frontline service, it is essential that Benefits has the resources to deal with the significant increase in benefit claims and requests for service.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The delivery of a responsive Benefits Service is a crucial function of the Council. Given the downturn in the economy, it is essential that the Council is in a position to respond to local need. The changes affecting the Benefits Service happened so

quickly that it was imperative that resources were found to ensure that the Service could cope with claimant demand.

- 4.2 To pay for the agency staff, the Service could have overspent the current budget; however, this would have meant that the budget would have been seen in isolation.
- 4.3 By requesting a formal virement from one budget to another, the Council is much clearer about its budgetary position and ensures that the budget code from which the budget is transferred is managed within its new estimate.

5. BUDGETARY FRAMEWORK

- 5.1 The virement of £17,000 from Warwickshire Direct – Kenilworth Salaries will reduce the estimate on this code to £60,900.
- 5.2 The virement of £8,000 from Customer Service Centre Salaries will reduce the estimate on this code to £378,200.
- 5.3 The aggregate of the virements to Benefits Salaries totaling £25,000 will increase the estimate on this code to £565,300

6. POLICY FRAMEWORK

- 6.1 The report supports the Council's corporate strategy objective of providing, "effective management of resources whilst delivering responsive public services in an open and transparent manner."
- 6.2 The number of Benefit claims is at its highest for over ten years. With 9,000 current claims, nearly 15% of the Council's households are in receipt of Benefit. The Council is committed to providing high quality services and therefore it is essential that the frontline services respond to the growing demand.

7. BACKGROUND

- 7.1 The Benefits Service has provided consistently good service either in the top or second quartile nationally. This has been achieved at extremely low cost and with the benchmarked cost per claim in the lowest third. When the Service experiences staffing turn-over it is extremely vulnerable if it cannot fill vacancies quickly.
- 7.2 During the autumn of 2008 a number of changes occurred in quick succession which meant that the Service was critically short of processing staff. This situation was then compounded by long-term sickness.
- 7.3 It is commonly acknowledged that to replace and train a Benefits Assessor to the required standard can take up to 12 months. Therefore filling the vacancies with the usual clerical staff is not an option: It is necessary to use highly trained agency staff which unfortunately means that a premium needs to be paid.
- 7.4 The vacancies on the Service did mean that the consequent underspend could be used to pay for some of the agency personnel costs, however, this would not be adequate to cover the costs until fulltime replacements had been recruited and trained.

- 7.5 As staffing turnover in other Revenues and Customer Services teams had led to significant underspends, it was recommended to the Chief Executive that a virement be made from these areas to the Benefits salaries budget.