

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 18th December 2003
AUTHOR: Finance and Resources Director

**CAPITAL AND REVENUE ESTIMATES FOR THE
STAFFING AND CENTRAL OVERHEAD ACCOUNTS**

Purpose

1. To approve the Capital Programme up to the year 2006-07 and the base Revenue Estimates up to 2004-05 for the Staffing and Central Overhead Accounts, subject to additional adjustments which may arise from the consideration of the Continuous Improvement Plans (CIPS).

Background

2. The estimates for all the services of the Council will be presented to the relevant Portfolio Holders in January, for consideration and endorsement. It is intended that estimates will also be presented to the Scrutiny Committee on 12th February, just before the Cabinet considers all the estimates on the 16th February and recommends the levels of Council Tax and Rents to Council on 26th February 2004.
3. Before the above process can proceed, the estimates relating to the Staffing and Central Overhead Accounts need to be determined, so that they may be fully recharged to all the services of the Council.
4. These estimates concern the Staffing and Central Overhead Accounts only. The staffing costs have been categorised according to Portfolio, by assigning each current departmental cost centre to one portfolio only. The Wardens and DLO/DSO operatives continue to be excluded, as they are charged directly to their services.
5. The Revenue Estimates are shown in summary at **Appendix A** and in detail in a pack accompanying the agenda. **Appendix B** summarises the recharges to each portfolio, the Housing Revenue Account and the trading accounts, whilst the relevant Capital Estimates are shown at **Appendix C**.
6. The transitional costs of moving offices to Cambourne, the establishment of the Cambridge Office and the subsequent running costs have been included in these rechargeable estimates. For 2003-04, these costs will not be recharged to services but will remain unallocated as a charge apportioned between the General Fund and Housing Revenue Account summary expenditure. However, from 2004-05, all costs of the new offices will be recharged to services, as they will be fully occupied by staff.

7. These estimates show the base level of expenditure for the current structure, as amended to reflect the new departments from October 2003. They also include the cost implications of the staffing and grading review. However, all proposals being considered in respect of Continuous Improvement Plans are excluded from these estimates. Any CIPS approved at this meeting will be added in to these estimates and recharged to services. Any later adjustments arising from CIPS may be subsequently added to the estimates, but will remain unallocated to services until the Revised Estimates are completed in December 2004.

Considerations

INFLATION AND PAY AWARDS

8. Provision for inflation on expenditure generally of 2½% and pay awards of 3.5% has been applied throughout the 2004-05 estimates. This inflation rate and pay award is consistent with previous years and projections. Further provision is made for increases in national insurance and superannuation costs (see paragraph 15 below).

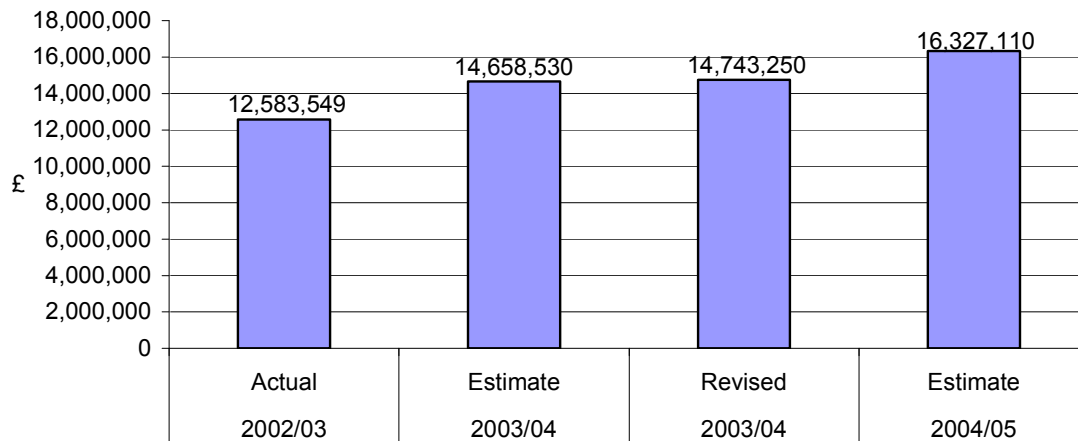
REVENUE ESTIMATES : REVISED 2003-04 AND ESTIMATES 2004-05

9. A summary of the revenue estimates for Staffing and Central Overhead Accounts is shown at **Appendix A**.

TOTAL RECHARGEABLE CENTRAL COSTS (including unallocated costs)

10. All costs of the staffing and central overheads are recharged both between these accounts and to all the services of the Council, with the exception that Cambourne and the Cambridge Office costs are not being recharged until 2004-05 (but Cambourne costs and previously unallocated figures have been included in the following comparisons).
11. The rechargeable expenditure has a significant impact on the total revenue expenditure of each service. The net estimated expenditure to be recharged to services in 2004-05 is £16.327m, which is £1.669m (11%) more than the original estimate for 2003-04 and £3.744 (30%) more than the 2002-03 actual expenditure. The 2003-04 revised figure of £14.743m is £0.085m (0.6%) more than the original estimate and £2.160m (17%) more than the 2002-03 actual expenditure. These comparisons are shown diagrammatically below:

TOTAL RECHARGEABLE CENTRAL COSTS



12. It should be noted from paragraph 11 that the revised estimate for 2003-04 exceeds the original estimate by £84,720. This increase is authorised by rollovers of £190,920 from the previous year, Council approval for additional expenditure of £40,000 on the Contact Centre and £15,000 on a Planning Enforcement Officer, and funding from the Cabinet contingency fund of £30,000 for the relocation of the telephone debit card system and £4,000 for the Partnership Projects Manager. However, £137,000 of the estimate provision for recruitment and retention should be transferred to Sheltered Housing and Commercial Holding Account estimates. The net result of these adjustments is +£142,920, so that the revised budget is £58,200 within the authorised figure.
13. The net costs to be recharged have also been analysed on Appendix A, as a memorandum note, to show that capital charges are higher in both the Revised 2003-04 and Original 2004-05 estimates. Although capital charges must be included in recharges to services, they are reversed out on the General Fund summary. However, it should be noted that the capital charges are generated as a result of capital expenditure, which will reduce interest due on the Council balances. The increases in capital charges arise from ICT and in 2004-05 Cambourne.
14. The Total Central Rechargeable Costs are made up of Staffing Costs, which are referred to in paragraphs 15 to 32, and Central Overheads, which are dealt with in paragraphs 33 to 37.

STAFFING COSTS (including all ICT costs)

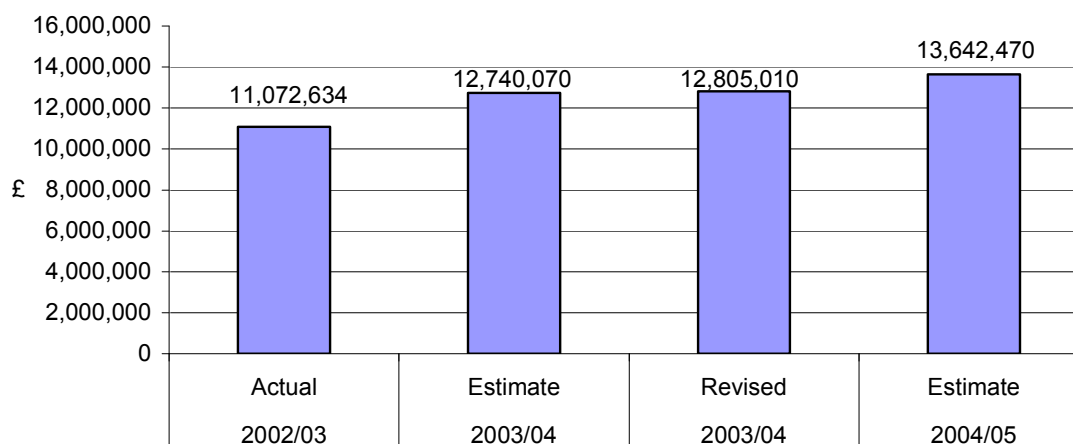
15. Provision was made in the 2003-04 original estimates for the actual national pay award from April 2003 of 4.5% for Chief Officers and 3% for other staff, who had received 1% from October 2002. The estimates for 2004-05 provide for 3.5% for all staff.

22. The staffing costs (including all ICT costs) may also be analysed by Department, to reflect the responsibilities of the Chief Officers. These figures are included as Memorandum Accounts at the back of the estimates pack accompanying the agenda. All figures, including the comparative figures, are adjusted to reflect the new departmental structure.

Departmental Costs by Dept	Actual 2002-03 £	Estimate 2003-04 £	Revised 2003-04 £	Estimate 2004-05 £
Chief Executive	1,009,326	+ 51,194	+ 247,340	+ 153,190
Finance & Resources (exc. ICT)	2,587,134	+ 183,016	+ 193,520	+ 271,950
ICT	1,534,369	+ 351,301	+ 164,440	+ 340,750
Housing & Env. Services	3,099,500	+ 315,500	+ 165,830	+ 26,330
Development Services	2,842,305	+ 16,425	+ 43,810	+ 45,240
Recruitment and Retention	0	+ 750,000	- 750,000	0
Total	11,072,634	+ 1,667,436	+ 64,940	+ 837,460

23. The overall staffing figures are shown diagrammatically below:

STAFFING (DEPARTMENTAL) COSTS



24. Comments on the figures for each portfolio are set out in paragraphs 25 to 32.
25. Resources and Staffing: The increases in both years are mainly due to the salaries review, including the effect of the new post of Head of Policy and Communications and the redundancy of the Commercial Director. In 2003-04, provision has been made for the relocation of the telephone debit card payments system and backfilling for CASCADE within the revenues division.

26. Information and Customer Services: A rollover of £132,000 and Council approval of £40,000 has been authorised for additional ICT expenditure in 2003-04. There were also increases in capital charges in both years arising from capital expenditure. Salaries include the additional Democratic Services Officer and the Cambridge Office staff.
27. Conservation: Reductions in 2003-04 due to two vacancies were partially offset by temporary agency staff and appointment costs.
28. Environmental Health: The increase in 2003-04 is mainly due to the rollover of £44,000 for the House Condition Survey and the temporary employment of three Refuse and Recycling Support Officers, which will be funded by grant from the Department of Environment, Food and Rural Affairs within the Environmental Services estimates. Other savings from vacancies have been used to fund backfilling in respect of CASCADE. The increase in 2004-05 is due to the salary review.
29. Housing: In 2003-04, vacancies for two posts have not been filled in anticipation of CASCADE and provision has been made for backfilling. Various other absences are being covered by agency staff and the effects of the redundancy of the director have also been taken into account. The post of Partnership Projects Officer has been included, partly funded by grant. Provision has also been made to cover for the Head of Housing Strategic Services whilst on maternity leave.
30. Planning and Economic Development: In the current year, vacancies have funded temporary and agency staff and increased provision has been made in Land Charges. Additional temporary provision has been made for an additional Enforcement Officer and two Inquiries Officers funded from Planning Delivery Grant.
31. Sustainability and Community Planning: The small increase in 2003-04 is due to relocation costs and the salary review.
32. Community Development: The restructure resulted in two administrative staff being transferred into this portfolio from Housing and an additional post, the Community Development Manager. The further post of Community Facilities Project Manager, agreed by Cabinet on 30th October 2003 subject to funding, has also been included. The staffing costs of the two Crime and Disorder Partnership Group officers, which are funded partly from Home Office grant and the remainder from the partnership Authorities, have now been included in these estimates.

CENTRAL OVERHEADS

33. South Cambridgeshire Hall, Station Road and Oakington Offices

There are reductions to the telephone and rent and rates estimates at South Cambridgeshire Hall, resulting in savings in the current year. In 2004-05, the costs discontinue after the move to Cambourne.

34. Landbeach Depot

The running costs of the Waterbeach site in its first year of operation were greater than originally estimated, partly due to costs arising from break-ins. In 2004-05, the full cost of the ICT landline connection, which was previously shared with Oakington, and the legal fees for the lease of the site are provided for. All costs are charged to the Commercial Division.

35. Cambourne and Cambridge Offices

In the current year, the cost of ICT networking is included as direct revenue financing and is also shown in the capital programme. This cost is funded from savings arising from these estimates (see the overall result in paragraph 12). The costs of removal and possible additional equipment and printing costs caused by the move to Cambourne have been moved from 2003-04 to 2004-05. In addition, the disturbance travelling scheme costs are included, as well as a capital charge and running costs for eleven months for Cambourne. The costs of the Cambridge Office have been provided from February 2004. The costs will be allocated to services from 2004-05 onwards.

36. Central Expenses

Employee Related Insurance is estimate to cost an extra £36,000 in the current year and a further £15,250 in 2004-05, due to the increase in the payroll cost and higher limits of cover for public and employer's liability insurances.

37. Central Support Services

The recharges to Central Support have increased in both years due to the commencement of the services at the Cambridge Office and the Procurement Officer.

RECHARGES TO SERVICES

38. A summary of draft recharges to services is shown at **Appendix B**. These will be charged to the General Fund Portfolios, the Housing Revenue Account, capital and Commercial holding accounts, subject to changes due to further decisions on CIPS (see paragraph 7).

39. The significant increase in recharges overall in the current year of £0.944m is explained by previously unallocated provisions that have now been allocated, rollovers from 2002-03, Council and Cabinet contingency approvals and increases in capital charges. However, it should be noted that the General Fund will bear all this increase in 2003-04 and the majority in 2004-05. It would appear that, after all the changes and reallocations of staff time, the allocation of costs has tended towards charges to the General Fund rather than the Housing Revenue Account and away from the Capital and Commercial Holding Accounts.

CAPITAL ESTIMATES: REVISED 2003-04 AND ESTIMATES 2004-05 TO 2006-07

40. The Capital Programme relating to the Staffing and Central Overhead Accounts is submitted for approval at **Appendix C**.
41. Comments concerning the items in the programme are included in the notes to Appendix C.

Financial Implications

42. The estimated central costs rechargeable to services, as shown in **Appendix B**, will be shown in all portfolio estimates as Central, Departmental and Support Services and will also be recharged to Commercial holding accounts and capital accounts, as appropriate.
43. The central estimates in **Appendix C** will be included in the Council's Capital Programme. The funding of these initial capital payments will normally be financed from the available capital receipts. In future years, the relevant revenue accounts will be charged additional capital charges for use of the assets purchased.

Legal, Staffing and Sustainability Implications

44. None.

Recommendations

45. Cabinet is requested to:
 - (a) confirm the inflation figure of 2½% generally and 3.5% for pay awards, on which all the estimates are being prepared (paragraph 8)
 - (b) approve the revenue estimates and recharges as presented and shown at **Appendix A and Appendix B**; and
 - (c) approve the capital programme as shown at **Appendix C**;

Background Papers: the following background papers were used in the preparation of this report:

Estimate files within the Accountancy Division of the Finance and Resources Department
Detailed estimates pack.

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