

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Community Development Portfolio Holder 6th February 2004
Scrutiny Committee 12th February 2004

AUTHOR/S: Finance and Resources Director

**REVENUE AND CAPITAL ESTIMATES
FOR THE COMMUNITY DEVELOPMENT PORTFOLIO**

Purpose

1. To consider the Revenue Estimates up to the year 2004-05 and the Capital Programme up to 2006-07.

Background

2. The estimates for the Community Development Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:

Community Development
Sports Development
Arts
Museums
Milton Country Park
Community Safety (including Racial Harassment)
Illegal Encampments
Travellers Caravan Sites

3. The Staffing and Central Overhead Estimates were approved by the Cabinet on 18th December 2003. The recharges presented at that meeting are recharged to all services, as appropriate. These are shown as Central, Departmental and Support Services in the detailed estimates. The recharge figures for the Revised 2003-04 and 2004-05 Estimates reflect the new departmental structure. However, it should be noted that the original estimate figures relate to the previous structure and are therefore not directly comparable with the current ones. Although some bids included in the Continuous Improvement Plans (CIP) will eventually affect the central rechargeable costs in 2004-05, no adjustment will be made to the recharges until the estimates are considered again next year.
4. The estimates for each portfolio are being reported to the relevant Portfolio Holder. Subsequently, all the estimates will be brought together for final examination on 5th February by a panel consisting of the Leader and Deputy Leader of the Council together with the Chairman and Vice-Chairman of the Scrutiny Committee. The

estimates will then be presented to the Scrutiny Committee on 12th February before being considered by the Cabinet on the 16th February 2004 and, finally, to Council on the 26th February for confirmation of the estimates and levels of the Council Tax and Rents.

5. **Appendices A** (Revenue Summary) and **B** (Capital Programme) only have been included within the main body of the agenda to concentrate attention on the overall position. The detailed estimates will be available to the Portfolio Holder and the Scrutiny Panel and, in due course, to all Members for information.
6. As a significant amount of expenditure within this Portfolio relates to grants to other organisations, the relevant grant details are included in **Appendix C** for additional information. Annual allocations for all these, both capital and revenue, appear in the detailed revenue estimates whilst the capital grant allocations also appear in the capital programme. **However, in 2004-05, some of this expenditure is to be met from capital receipts rather than revenue (see paragraph 18).**
7. Provisions for increased expenditure of 2.5% have been applied generally throughout these estimates for inflation.
8. Where applicable, the estimates of each portfolio incorporate the direct costs of both the non-recurring CIP bids approved at the Cabinet meeting on 8th January and the recurring ones agreed by the special Cabinet meeting on 29th January. However, none of those CIP bids affects the direct costs of this Portfolio.
9. On 8th January, the Cabinet called for permanent savings to be made, starting from the 2004-05 estimates. As a result, reductions were agreed by the Cabinet on 29th January and have been applied in the following areas within this portfolio:

Capital Grants:	
Dual Use	£20,000
Community Facilities	£2,000
Arts	£10,000
Revenue Grants	
Community Development	£5,000
Community Safety (misc.)	£3,000
Citizens Advice Bureaux	£5,000
Grants to Voluntary Organisations	£5,000
Total	£50,000

10. All the estimates exclude the special list of 2004-05 Precautionary Items reported to Cabinet on 8th January 2004. However, none of these precautionary items relates to this portfolio.

Considerations

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

11. A summary of the revenue estimates for this Portfolio is shown at **Appendix A**. The total estimates have been analysed between direct costs, capital charges and recharges, so that the direct costs can be identified for comparison. This is considered appropriate because the direct costs are specifically within the control of the relevant budget manager. By contrast, the recharges are determined by the Staffing and Overhead Estimates and capital charges are notional charges that do not affect the overall expenditure of the Council.
12. Comments on individual services are given in the following paragraphs.

Community Development

13. From 2004-05 onwards, after allowing for inflation, reductions have been applied to grants for Dual Use (£20,000), Community Facilities (£2,000), Community Development (£5,000), Citizens Advice Bureaux (£5,000) and Voluntary Organisations (£5,000). However, the recharges to Community Development have increased from £172,950 in the original 2003-04 Estimate to £240,070 in the 2004-05 Estimate, mainly due to the effect of the new posts of Community Development Manager and Community Facilities Project Manager.

Sports Development

14. A further reduction from 2004-05 has been applied to grants for Dual Use (£20,000), after making allowance for inflation. Also, £20,000 funding has been diverted to Sports Development from Village Sports Facility Grants.

Arts

15. The implementation of the Arts Dual Use Strategy, which was approved by Cabinet in March 2003, necessitated an ongoing transfer of £40,000 budget from Arts Capital Grants to Dual Use Arts Revenue Grants. From 2004-05 onwards, a further reduction of £10,000 has been applied to Arts Capital Grants. However, the overall estimate increase in 2004-05 is due to additional recharge allocations from Community Service staff (see paragraph 17).

Community Safety

16. Provision is included in 2004-05 to meet the commitment of £83,622 to fund the employment of three Police Community Support Officers in South Cambridgeshire, as agreed by the cabinet on 19th September 2003. A further £70,236 will need to be provided in the 2005-06 estimates. The recharges now include the effect of the two Partnership Support Officers. The estimates assume that only part of this cost can be recovered from Home Office and Partnership funding.

Central, Departmental and Support Services (recharges)

17. The estimated recharges to this portfolio increased from £705,110 in the original 2003-04 Estimate to £1,009,350 in the 2004-05 Estimate. The increase is due to significant increases in the overall rechargeable cost of Community Services. This arises partly from the additional posts of the Community Development Manager and the Community Facilities Project Manager. Also the two Partnership Support Officers, with added central overheads, have now been included in the recharges. Over all areas, the salary cost increases arising from the PWC review have also added to the costs in both years. In 2004-05, the anticipated pay awards and higher employer's contributions for national insurance and superannuation, and the extra central costs arising from ICT development and the occupation of the Cambridge and Cambourne offices have also increased staff costs recharged to all services.

Funding of Capital Grants from Capital Receipts in 2004-05

18. On 8th January, the Cabinet decided that the additional revenue cost of the approved non-recurring CIP bids should be met by funding an equivalent amount of capital expenditure from capital receipts instead of from revenue. The expenditure falls mostly in 2004-05. The overall effect of this is that £477,400 of the £564,500 expenditure on capital grants in 2004-05 will be funded from capital receipts. Otherwise, capital expenditure on this portfolio is funded from revenue.

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

19. The capital programme for this Portfolio, which is attached at **Appendix B**, comprises mainly of allocations of grant expenditure relating to the Arts, Dual Use and Village Community Facilities and Village Sports Facilities. As these capital allocations are normally funded directly from revenue, matching figures also appear in the detailed revenue estimates, subject to the special arrangements described in paragraph 18 above for 2004-05.
20. The other capital expenditure, which is in respect of Milton Country Park, is classified as expenditure on fixed assets and has to be accounted for on a different basis. The Milton Country Park revenue account receives an annual "capital charge" for the life of the asset instead of the initial purchase cost.
21. The savings in capital grants of £20,000 on Dual Use, £10,000 on Arts and £2,000 on Community Facilities have been applied from 2004-05.

BALANCES IN RESERVES

22. The uncommitted balances held in reserves in respect of grants are shown in **Appendix C**, for information only. The balances will be reported to the Portfolio Holder early in the new financial year, when it may be possible to carry forward uncommitted balances, but subject to full Council approval in cases over two years old.

Financial Implications

23. The estimates for the General Fund Services of the Community Development Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios and the Capital Estimates will form part of the Council's Capital Programme.

Legal, Staffing and Sustainability Implications

24. None

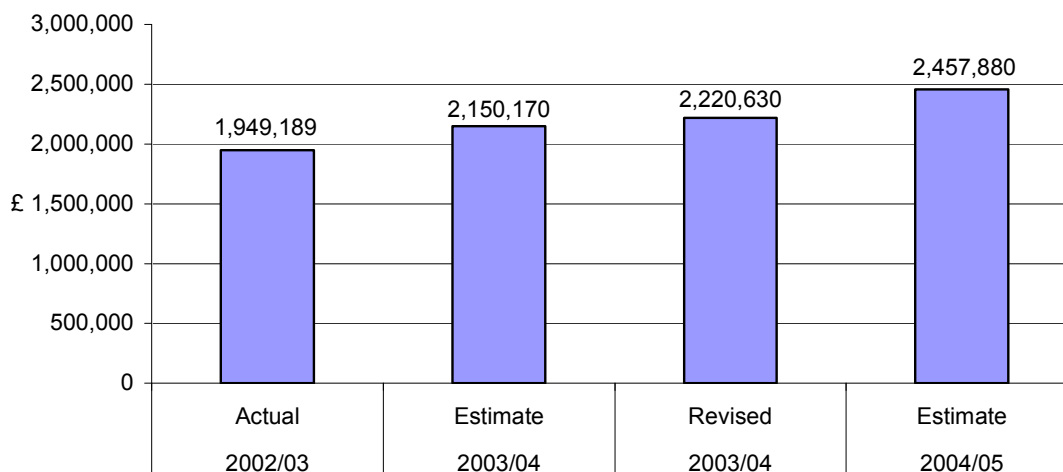
Conclusions

25. The total net expenditure before adjusting for capital grants funded from capital receipts, as shown at **Appendix A**, is reproduced below to show the percentage increase between budgets.

Year	Amount £	£	Increase %
2002-03 Actual	1,949,189		
		+ 200,981	+ 10%
2003-04 Estimate	2,150,170		
		+ 70,460	+ 3%
2003-04 Revised	2,220,630		
		+ 237,250	+ 11%
2004-05 Estimate	2,457,880		

These comparisons are shown diagrammatically below:

COMMUNITY DEVELOPMENT PORTFOLIO



26. There were two main reasons for the lower expenditure in 2002-03 compared with 2003-04. Firstly, last year, one-off savings of £190,000 were offered for 2002-03 on the Village Sports and Community Facilities Grants, whereas from 2003-04 a lower figure of £100,000 permanent savings in capital grants were made. Secondly, the recharges were higher in 2003-04.
27. In 2003-04, the higher revised estimate was caused by increases in recharges (see paragraph 17).
28. The £307,710 increase in 2004-05 compared with the original 2003-04 Estimate arises from the funding of the Police Community Support Officers, much higher recharges (see paragraph 17) and allowances for inflation, partly offset by the permanent savings of £50,000 set out in paragraph 9.

Recommendations

29. The Portfolio Holder for Community Development is requested to endorse the Revenue Estimates and Capital Programme shown at **Appendices A and B** and recommend them for consideration by the Cabinet.
30. The Scrutiny Committee is requested to make comments on the Revenue and Capital Estimates of the Community Development Portfolio, for consideration by the Portfolio Holder and the Cabinet.

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.

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