

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Resources and Staffing Portfolio Holder	5 th February 2004
	Scrutiny Committee	12 th February 2004
	Cabinet	16 th February 2004
AUTHOR/S:	Finance and Resources Director	

**REVENUE ESTIMATES
FOR THE RESOURCES AND STAFFING PORTFOLIO**

Purpose

1. To consider the Revenue Estimates up to the year 2004-05.

Background

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

Benefits Holding Account
Corporate Management
Best Value Performance Plan
Land Charges
Treasury Management
Cost of NNDR Collection
Discretionary NNDR Relief
Cost of Council Tax Collection
Miscellaneous

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. **Appendix A** (Revenue Summary) has been included within the main body of the agenda to concentrate attention on the overall position. The detailed estimates are included as a separate document, which is being sent to Members for information.
6. Provision for increased expenditure of 2.5% has been applied throughout the estimates for inflation.
7. 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 recommended to the special Cabinet meeting on 29th January. However, none of these CIP bids affect the direct costs of the Resources and Staffing Portfolio estimates.
8. On 8th January, the Cabinet called for permanent savings to be made, starting from the 2004-05 estimates. No savings have been identified within the Resources and Staffing Portfolio.
9. All the estimates exclude the special list of 2004-05 Precautionary Items reported to Cabinet on 8th January 2004. None of these precautionary items relates to this portfolio. However, the Precautionary Items list for 2003-04 included a provision relating to the CPA consultation within Best Value. This has been taken up during the current year, with the approval of the Resources and Staffing Portfolio Holder. Subsequently, reductions in expenditure in other areas of consultation have enabled the proposed CPA consultation to be undertaken within the existing budget.

Considerations

REVENUE ESTIMATES: REVISED 2003-2004 AND ESTIMATES 2004-2005

10. A summary of the revenue estimates for this Portfolio is shown at **Appendix A** and comments are given in the following paragraphs.

Council Tax Benefit (from Benefits Holding Account)

11. In 2003-04, an increase in the recharges from central accounts should be offset by greater success in utilising the fraud incentive grant scheme and higher income from overpayments recovered. The increase in bed and breakfast benefit expenditure, which was authorised as a precautionary item, is charged to the Housing Portfolio. In 2004-05, a new subsidy regime is being introduced, whereby the standard subsidy rate is increased from 95% to 100% for Council Tax Benefit and Rent Allowances; also,

the Rent Rebate Scheme will fall under the General Fund, rather than the Housing Revenue Account. With other changes being made in the reduced subsidy rates on various categories of benefit, the government suggests that the overall improvement in direct benefit grant should be 5.5%, which has been assumed in these estimates. However, the gain in subsidy income is not a saving for the Council as a whole compared with the previous year, because this has been taken into account by the Government in reducing the Revenue Support Grant Settlement for 2004-05. Increased recharges of £218,670 from the Finance and Resources Department in 2004-05 were due to additional ICT costs, including specific allocations for the development of the new revenue and benefits system, increased accommodation and other central costs, pay awards and pension increases and the effect of the new Compliance Officer. The overall net decrease in the cost of Council Tax Benefits in 2004-05 is £84,940.

Corporate Management

12. In 2003-04, expenditure of £42,000 for consultants includes the sum of £21,500 (total rollover £40,000) rolled over from 2002-03 to examine the whole structure and remuneration of the establishment; the estimated expenditure for 2004-05 returns to £20,500. The increase in the revised estimate for external audit is due to an increase in fees from RSM Robson Rhodes which has been reported to the Audit Panel.

Best Value Performance Plan

13. The costs of consultants on Best Value reviews are initially charged to the General Fund; consultants employed on services within the Housing Revenue Account (HRA) are then recharged to housing. The increase in expenditure in 2004-05 is more than offset by the charge of £11,100 that will be levied on the Housing Revenue Account. The additional 'one-off' cost of £35,000 for a Customer Satisfaction Survey requested as part of the service Continuous Improvement Plan, as agreed by Cabinet on 12th December 2002, has been revised to £25,000 due to a reduction in the cost of consultants. External Audit and Inspection fees are set by the Audit Commission for the audit and inspections relating to Best Value and Comprehensive Performance Assessment; notification of the actual charge for the year shows an over-estimation of the original estimate.

Land Charges

14. Net expenditure has increased by £69,620 in 2003-04 resulting in a revised estimate net expenditure of £25,640; this is due to the increase in Central, Departmental and Support Service recharges and a reduction in the estimated fee income.

Treasury Management

15. With effect from 1st April 2003 the basis of the bank charges levied was changed from an agreed quarterly charge to a transactional basis; enabling specific costs to be reflected against the service provided. The increase in treasury management bank charges reflects the charges incurred by the service.

Miscellaneous

16. The revised estimate 2003-04 is reduced due to the change in the allocation of identification badge costs; this will be a permanent reduction. The CIPFA (Chartered Institute of Public Finance) Statement of Recommended Practice requires the Council to have all General Fund land, buildings and investment properties re-valued every five years; the last valuation was carried out as at the 1st April 1999. Miscellaneous expenditure for 2004-05 includes £2,000 for the valuation of assets held at 1st April 2004.

Central, Departmental and Support Services (recharges)

17. The estimated recharges to this portfolio increased from £2,404,300 in the original 2003-04 Estimate to £3,128,550 in the 2004-05 Estimate. The increase is partly due to additional posts resulting in an increase in the estimated proportion of staff time charged to services within the Resources and Staffing Portfolio. Overall, 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 pensions, 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.

CAPITAL ESTIMATES: REVISED 2002-03 AND ESTIMATES 2003-04

18. The only items in the capital programme relating to the Resources and Staffing Portfolio are the new Cambourne offices, the network costs of the new Cambridge office and a rollover of £13,820 from 2002-03 for works on the Waterbeach Depot, which were reported to Cabinet on the 18th December 2003.

BALANCES IN RESERVE

19. There are currently no reserves in respect of the Resources and Staffing Portfolio.

Financial Implications

20. The estimates for the General Fund Services of the Resources and Staffing Portfolio will be included in the General Fund Summary along with the expenditure of the other Portfolios.

Legal, Staffing and Sustainability Implications

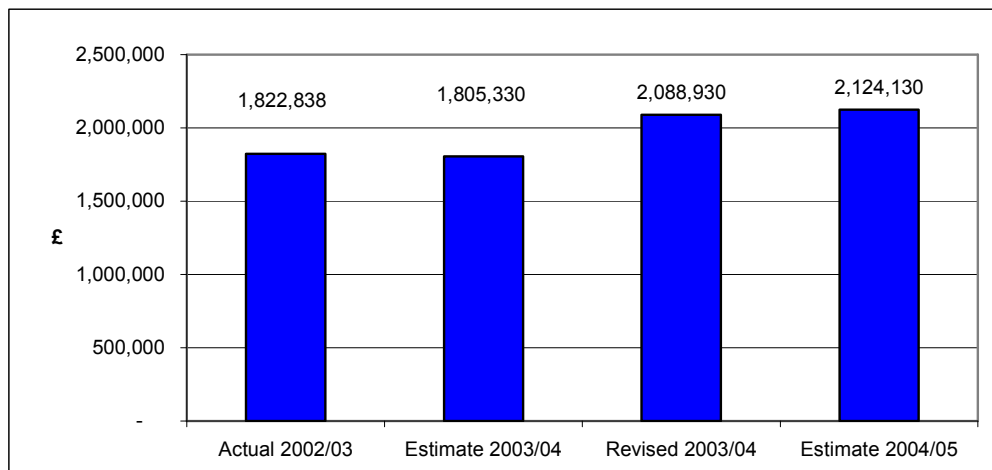
21. None

Conclusions

22. The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage increase between budgets.

Year	Amount £	£	Increase %
2002-03 Actual	1,822,838		
		-17,508	-0.96%
2003-04 Estimate	1,805,330		
		+283,600	+15.7%
2003-04 Revised	2,088,930		
		+35,200	+1.7%
2004-05 Estimate	2,124,130		

These comparisons are shown diagrammatically below:



23. The main reason for the decrease in the original estimate of expenditure in 2003-04 compared with actual expenditure in 2002-03 of £17,508 arises primarily through an increase in grant for the administration of the new Pension Credit and Tax Credit Schemes, the completion of the PriceWaterhouseCooper establishment review and an increase in the recharge to the Collection Fund on NNDR Collection. The reduction in expenditure has been partially offset by the Best Value CIP bid (see Paragraph 13) and recharges relating to Central Departmental and Support Services (CDSS) spent on Best Value.

Recommendations

24. The Portfolio Holder for Resources and Staffing is requested to endorse the Revenue Estimates shown at Appendix A and recommend them for consideration by Scrutiny Committee 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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