

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Policy and Performance Portfolio Holder 14 January 2010
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REVENUE ESTIMATES FOR THE POLICY AND PERFORMANCE PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2010-11.
2. This is not a key decision. However, the report presents the relevant 2009-10 revised and 2010-11 estimates for endorsement by the Portfolio Holder, prior to being included as part of the overall estimates to be presented to the Cabinet and confirmed by Council in February 2010.

Background

3. The estimates for the Policy and Performance Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:
Communications
Policy and Performance.
4. The Finance and Staffing Portfolio Holder approved the Staffing and Central Overhead Estimates on 16 December 2009. The recharges approved at that meeting are recharged to all services, as appropriate. These are termed as Central, Departmental and Support Services in the detailed estimates and the analysis reflects the current service structure. It should be noted that, as all the recharges have already been approved, individual portfolio holders cannot amend them.
5. The estimates for each portfolio are being reported to the relevant Portfolio Holder. These estimates will then be summarised in a report for examination by the Scrutiny and Overview Committee on 4 February, consideration by the Cabinet on 11 February, and finally, presentation to the Council on 25 February for confirmation of the estimates and levels of the Council Tax and Rents.
6. The Revenue Estimates are set out in **Appendix A**.
7. Provisions for inflation have been applied only in cases where price increases can be justified. No automatic inflation allowance has been applied, but the 2.5% overall assumption of non-pay inflation in the Medium Term Financial Strategy remains as the overriding level of provision.
8. Where applicable, the estimates of each portfolio incorporate the approved savings agreed by Cabinet and Council in November 2009 and all other expenditure approvals made up to that date. They also take account of any virement made during the year and rollover of budget from the previous year.

9. All the estimates exclude the small number of 'Precautionary Items', which are listed at the back of the current estimate book. They are specific, exceptional items of expenditure that may or may not occur during the budget period, but if they did the Council would be required to meet them. An updated list will be presented to the Cabinet on 11 February 2010. However, none has been identified within this Portfolio.

Considerations

REVENUE ESTIMATES: REVISED 2009-2010 AND ESTIMATES 2010-11

10. The revenue estimates for this Portfolio are shown at **Appendix A**. The total estimates have been analysed between direct costs, capital charges (none at present) 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 cost centre manager. By contrast, the Staffing and Overhead Estimates determine the recharges and the capital charges are notional charges that do not affect the overall expenditure of the Council. Compared with the 2009-10 original estimates, the net direct costs reduced by £13,710 in the Revised Estimates and increased by £10,560 in the 2010-11 Estimates. The increase in 2010-11 is due to additional expenditure for consultation development agreed by Cabinet (Service development/Growth Bids, 13 December 2007), a housing tenant survey that will be recharged to the Housing Revenue Account, and the re-phasing of the Customer Service Excellence project from 2009-10, offset by the required savings.
11. The **Appendix A** also shows a net direct costs comparison for both years, between the expected target expenditure and the new estimates that have been compiled for this meeting; the target was arrived at by taking the total direct costs in the original 2009-10 estimates and adjusting for any virement, rollover, approved additional expenditure and, for next year, inflation. The result is that the 2010-11 estimate is £360 over the target, due to additional consultation which is subsequently recharged to the Housing Revenue Account and inflation not being applied automatically, and £7,810 within the target in 2009-10.
12. Comments on the individual estimate headings are given in the following paragraphs. All comparisons therein are made with the original 2009-10 estimates. All the 2010-11 estimates include an element of inflation, where necessary. A general overview of recharges is given in paragraph 15.
13. **Communications**
When compared to the original estimate 2009-10 the revised estimate has decreased by £10,100 and the 2010-11 estimates by £10,000 primarily within Staffing and Overhead recharges and are related to adjusted time allocations, the reduction in 2010-11 being partly offset by an 2.5% inflation increase for the production of the Council magazine.
14. **Policy and Performance**
The cost of Policy and Performance has decreased by £64,880 in the revised estimate compared to the original estimate 2009-10 and £35,610 against the 2010-11 estimates, primarily through decreases in recharges of £51,170 and £35,080 respectively due to adjustments in time allocated. Estimate variations include:
 - (a) The Service First 2009-10 original estimate of £12,300 was included for work towards the achievement of the Customer Service Excellence Standard, agreed by Cabinet as a Council action (October 2009). A project plan has now been developed and endorsed by the Executive Management Team

(November 2009) providing details of resources required to achieve accreditation by 31 March 2011. Therefore, the revised estimate 2009-10 has been reduced by £5,900 to reflect the planned programme and included instead in 2010-11 as an addition to the base estimate for that year.

- (b) In the 2009-10 original estimate £25,000 has been included for the annual Customer Satisfaction Survey; agreed through a service bid for additional resources for consultation development (MTFS, Cabinet, 13 December 2007), and originally included in 2008-09 but not carried out due to lack of capacity and the need to review the process in the wider context of the Council's approach to consultation developed through the community engagement strategy. The revised 2009-10 estimate reflects the reallocation of resources between the Customer Satisfaction survey, the Place survey; an assessment of the quality of life of district residents, the Values project and the development of the Council's performance management system, CorVu.
 - (c) Cabinet agreed (MTFS, December 2007) a service development/growth bid of £31,000 for the year 2010-11 for consultation development, this has been reduced by £5,000 as approved in the savings process, and allocated as noted above for 2009-10.
 - (d) In 2010-11 a Housing Tenants survey is planned for services within the Housing Revenue Account, the costs of which will be recharged directly to the service concerned, thereby reducing the net expenditure shown within the Policy and Performance estimates.
 - (e) Approved additional expenditure (11 December 2008) of £5,000 was included in Consultation, sub-heading Service user focus groups in the original 2009-10 estimate for a review of service delivery, this is no longer required.
 - (f) The 2010-11 Benchmarking estimate includes funding for the Sparsity group (local authorities with similar sparsity criteria) and Treasury Management benchmarking and has decreased when compared to the revised 2009-10 estimate to reflect agreed savings.
 - (g) External Audit and Inspection fees are set by the Audit Commission for the audit and inspections relating to the Comprehensive Performance Assessment, Use of Resources and performance indicators; the revised estimate 2009-10 and 2010-11 estimates reflect the anticipated fees for the respective years, that is an increase in External Audit costs and a decrease in Inspection Fees.
15. Recharges from Staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to the Finance and Staffing Portfolio Holder 16 December 2009):
- (a) The total estimated recharges from Staffing and Overhead Accounts to this portfolio decreased by £56,170 (-15.5%) from £362,940 in the original 2009-10 Estimate to £306,770 in the 2010-11 Estimate. The 2009-10 Revised Estimate of £301,670 is £61,270 (-16.9%) lower than the original estimate. In both years, the majority of the decrease is due to re-allocation of staff time. The change in recharges to this portfolio may be compared with the Council's overall recharges to services, as below.

- (b) In general, the level of recharges depends on the cost of the service and support officers' time, ICT, contact centre, administrative buildings (mainly Cambourne Offices), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged were £18.876m in the Original Estimates 2009-10, £18.198m in the Revised Estimates 2009-10 and £17.419m in the Estimates 2010-11. These equate to decreases of £0.678m (-3.6%) in 2009-10 and £1.457m (-7.7%) in 2010-11, when compared with the original estimate 2009-10. The savings reductions were the main reason for 2010-11 decrease, but only one factor in 2009-10, when the substitution of the 2.5% pay award with 1% and vacancies in Cambridgeshire Horizons/Housing and Planning Delivery Grant funded posts were also major reasons for the reduction.
- (c) The costs being recharged to each portfolio, however, depend on how the above sums are allocated across services. Most central overhead costs are distributed per head to each officer, whose total cost is then allocated according to the officer's latest estimate of time spent on each service.

16. **CAPITAL ESTIMATES: Revised 2009-10 and Estimates 2010-11 to 2014-15**

There are no items in the capital programme relating to the Policy and Performance Portfolio.

Use of resources

17. The Use of Resources assessment requires an organisation to have a sound understanding of its costs. The costs per head of population are shown below for the two services of this portfolio. Comparison with our nearest statistical neighbours in terms of population, age profile of population, density, sparsity, etc. is not possible for these individual services the cost per head being included within the broad heading of Corporate and Democratic Core. There may be other appropriate unit costs but the costs per head shown below gives a preliminary indication of services where further understanding of our costs, combined with performance, may be needed.

| | 2007-08 Actual | 2008-09 Actual | 2009-10 Revised Estimate | 2010-11 Estimate |
|------------------------|---------------------------|---------------------------|---|-----------------------------|
| | £ per head | £ per head | £ per head | £ per head |
| Communications | 1.32 | 1.29 | 1.13 | 1.12 |
| Policy and performance | 1.45 | 1.77 | 1.85 | 2.04 |

Implications

18. Financial:
The estimates for the General Fund Services of this Portfolio will be included in the General Fund Summary of estimates along with the expenditure of other Portfolios.

| | | |
|-----|---------------------|---|
| 19. | Legal | No additional implications. The estimates show the financial effect of decisions that have already been made. |
| | Staffing | As above |
| | Risk Management | As above |
| | Equal Opportunities | As above |

Consultations

20. The relevant cost centre managers, who are responsible for setting the level of their respective budgets and controlling the expenditure within them, have been consulted in the compilation of the estimate figures.

Effect on Strategic Aims

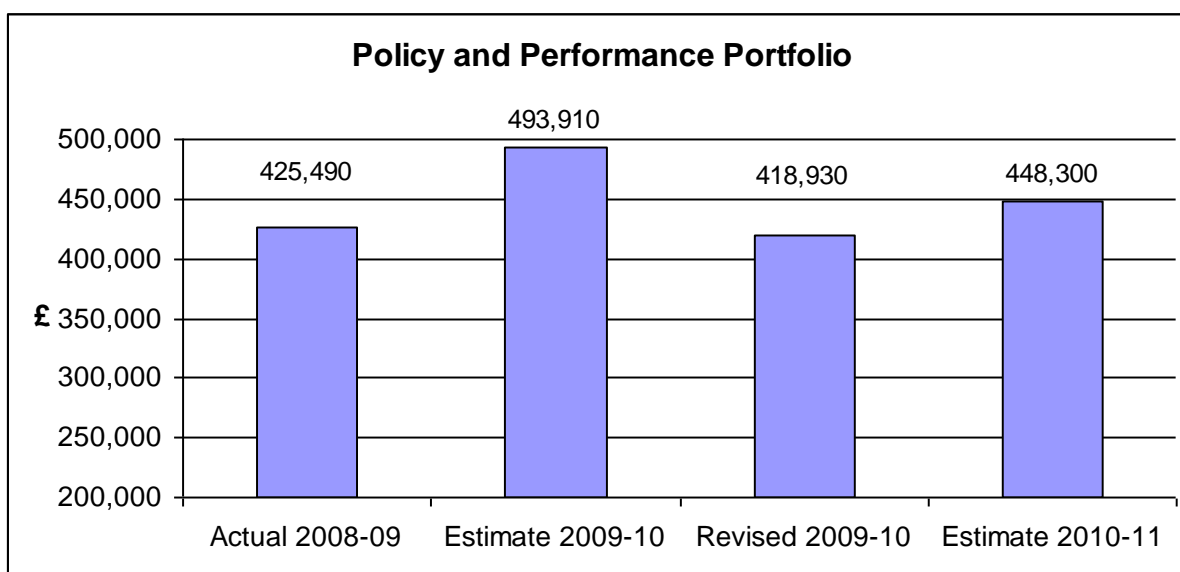
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|-----|--|---|
| 21. | Commitment to being a listening council, providing first class services accessible to all. | To determine detailed Policy and Performance Portfolio budgets to provide the resources for the Council to continue its services to achieve its strategic aims as far as possible within the current financial constraints. |
| | Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all. | |
| | Commitment to making South Cambridgeshire a place in which residents can feel proud to live. | |
| | Commitment to assisting provision for local jobs for all. | |
| | Commitment to providing a voice for rural life. | |

Conclusions/Summary

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

| Year | Amount £ | £ | Increase % |
|------------------|-------------|---------|---------------|
| 2008-09 Actual | 425,490 | | |
| | | +68,420 | +16.1% |
| 2009-10 Estimate | 493,910 | | |
| | | -74,980 | -15.2% |
| 2009-10 Revised | 418,930 | -45,610 | +9.23% |
| | | +29,370 | +7.0% |
| 2010-11 Estimate | 448,300 | | |

These comparisons are shown diagrammatically below:



23. The increase in expenditure from 2008-09 to the 2009-10 original estimates of £68,420 is mainly due to recharges from the Staffing and Overheads Accounts of £49,195, and Policy and Performance Consultation estimates for Service First and the Customer Satisfaction Survey and audit inspection fees.
24. The decrease of £74,980 in the revised 2009-10 estimates compared to the original estimate in 2009-10 is due to a reduction of £61,270 in Staffing and Overheads and other recharges allocated to services, to slippage on Service First/Customer Service Excellence within the Policy and Performance Service and the cancellation of the Service user focus groups.
25. There was a decrease of £45,610 in 2010-11 compared with the original estimate in 2009-10. This was largely as a result of an overall decrease in recharges of £56,170, offset by additional expenditure for a Housing Tenants Survey. The changes in direct costs are set out on the table in **Appendix A**.
26. With regard to direct costs only, it can be seen from the comparison of estimates with the savings target on **Appendix A**, that the estimated direct costs in the 2010-11 estimates exceeds the required target by £360, and the revised 2009-10 estimates within the required target by £7,810 primarily due to slippage on Consultation.

Recommendations

27. The Portfolio Holder for Policy and Performance is requested to endorse the Revenue Estimates shown at **Appendix A** and recommend them for consideration by the Cabinet.

Background Papers: the following background papers were used in the preparation of this report: Estimate files within Accountancy Services

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