

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: New Communities Portfolio Holder 26 January 2010
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(General Fund and Costing)

REVENUE AND CAPITAL ESTIMATES FOR THE NEW COMMUNITIES PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2010-11 and the Capital Programme up to 2014-15.
2. This is not a key decision. However, the report presents the relevant 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 New Communities 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 Development
 - Growth Agenda
 - Planning Policy
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**, whilst the capital programme is shown at **Appendix B**.
7. **Appendices C1, C2 and C3** consist of capital proposal forms, for consideration alongside the capital programme being endorsed.
8. 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.

9. 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.
10. 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

11. The revenue estimates for this Portfolio are shown at **Appendix A**. The total estimates have been analysed between direct costs, recharges and grants towards recharges, and Deferred Capital Grant/Capital Charges, 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 £89,350 in the Revised Estimates and £237,900 in the 2010-11 Estimates.
12. 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 or savings and, for next year, inflation. The result is that the 2010-11 Estimate is £9,680 within the target, mainly due to inflation not being applied automatically, whereas in 2009-10, extra savings of £60,850 have been identified, almost all of which is due to additional savings on Planning Policy.
13. 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 19.
14. Community Development:
 - (a) In 2009-10, there was a rollover of £6,500 from 2008-09 for the Community Facilities Audit, but this additional cost was partly offset by a savings reduction of £2,590. Recharges increased by £26,250, mainly due to changes in allocations within New Communities.
 - (b) In 2010-11, project savings reductions amounted to £10,630 and recharges are also reduced, due to the required staffing reductions.
15. Sports Development:
 - (a) The small increase in the current year is entirely due to recharges.
 - (b) In 2010-11, project savings reductions amounted to £34,150 and recharges are also reduced, once again due to the required staffing reductions.
16. Arts Development:
 - (a) The increase of £15,230 in the current year is entirely due to recharges.

- (b) In 2010-11, project savings reductions amounted to £18,900, net of partnership income, and recharges are also reduced as a result of the required staffing reductions
 - (c) Phased Section 106 contributions from property developers are being used in both years for public art in development sites across the district. As above, provision for matching expenditure and income has been made, so the transactions do not affect the net expenditure of the Council.
17. Growth Agenda:
- (a) Most of the Growth expenditure consists of recharges, which until this year had been increasing each year due to more staff becoming involved and allocating part of their staff cost to this area. The cost is partly offset by income from Cambridgeshire Horizons and Housing and Planning Delivery Grant, which fund certain posts.
 - (b) The recharges this year reduced by £365,970, but the corresponding income fell by £132,860. The lower income was as a result of vacancies in funded posts, but recharges reduced considerably more owing partly to other anticipated vacancies, but mainly as a result of lower percentage allocations of officer time to the growth agenda.
 - (c) Next year, the estimated recharges reduce by £565,290, but the income increases by £66,530, because all the funded posts should be filled. In addition to the lower time allocations, there are considerable reductions anticipated as a result of restructuring in New Communities and in other areas, including support services.
 - (d) In 2009-10, there is a reduction in direct consultancy costs of £34,110 to meet required savings. In the following year, some provision is maintained for the Community Engagement Plan delivery and other essential work programmes on various sites.
 - (e) Other work on Orchard Park improvements will be funded from grants.
18. Planning Policy:
- (a) Planning Policy total net expenditure reduces by £95,070 this year and £190,360 next year.
 - (b) There are anticipated savings in direct costs, for Local Development Framework and other work programmes, which amount to £59,150 in 2009-10 and £88,100 in 2010-11. The saving required by Cabinet was £100,000 starting from next year, but £21,000 of this had already been applied in the staffing accounts, which left £79,000 to be found from this service account. Therefore, extra savings of £59,150 this year and £9,100 next year have been applied. However, as £30,000 annual savings were still to be identified within Planning from next year, £9,000 of the extra 2010-11 saving has been used to reduce that outstanding requirement. It should be noted that a figure of £21,000 for 'reduction to meet savings target' still remains in the Planning Portfolio, under Development Control.
 - (c) The rest of the reduced expenditure arises from recharges, net of Housing and Planning Delivery Grant. In the current year, this is mainly due to various officers' time being charged to other services. In 2010-11, the further reduction is mainly due to the required staff reductions.
19. 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 £695,760 (27.5%) from £2,531,630 in the original 2009-10 Estimate to £1,835,870 in the 2010-11 Estimate. The 2009-10

Revised Estimate of £2,162,260 is £369,370 (14.6%) lower than the original estimate. In both years, the decrease is mainly within the Growth Agenda, due to vacancies, more time charged to other areas and particularly in 2010-11, the required staff savings. 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.

**CAPITAL ESTIMATES:
REVISED 2009-10 AND ESTIMATES 2010-11 TO 2014-15**

- 20. The overall capital programme for the Council will be subject to further consideration by the Cabinet and Council, due to the current shortfall of capital funding. The Council's current capital programme cannot be funded from capital receipts after 2009-10, but Cabinet will consider the Council's total requirements for capital expenditure from all the portfolios, together with the possible options for funding. The draft capital programme for this portfolio, which is attached at **Appendix B**, has been continued forward at the current levels, subject to the process.
- 21. In order that all significant capital items may be evaluated consistently throughout the Council, those items in the capital programme in 2010-11 or later that are over £25,000 in value are subject to the completion of a proposal form, for consideration alongside the capital programme being approved. Accordingly, the three relevant proposal forms for this portfolio are attached at **Appendix C (1-3)**.

Implications

- 22. Financial:
 - (a) 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.
 - (b) The Capital Estimates for this Portfolio will be included in the Council's Capital Programme.

23.	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

24. 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

25.	Commitment to being a listening council, providing first class services accessible to all.	To determine detailed New Communities 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.		

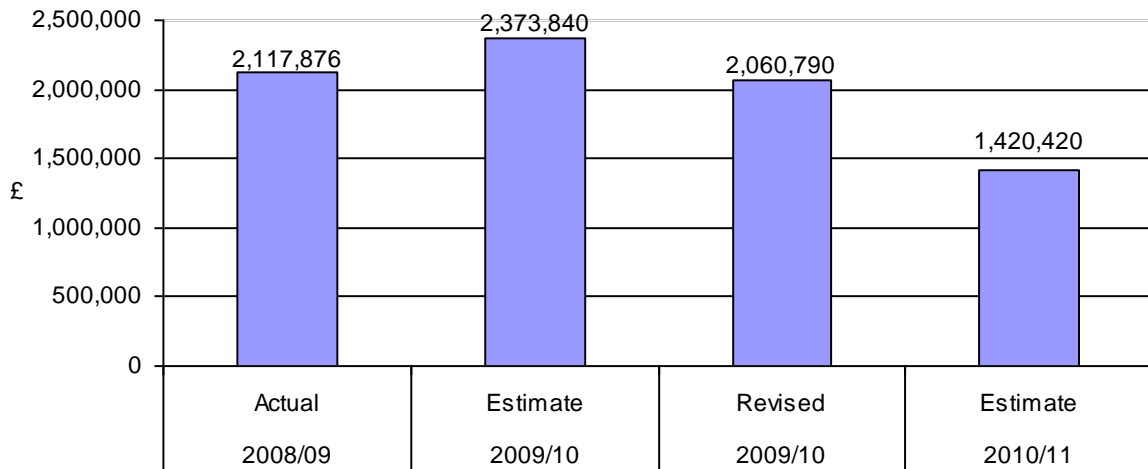
Conclusions/Summary

26. 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	2,117,876		
		+255,964	+ 12.1%
2009-10 Estimate	2,373,840		
		- 313,050	- 13.2%
2009-10 Revised	2,060,790	} - 953,420	- 40.2%
		- 640,370	- 27.0%
2010-11 Estimate	1,420,420		

These comparisons are shown diagrammatically below:

NEW COMMUNITIES PORTFOLIO



27. The increase in expenditure from 2008-09 to the 2009-10 original estimates of £255,964 was mainly as a result of increased overall net recharges (£149K, net of relevant grants), successful expenditure bids on sports development (£40K) and higher projected expenditure on the Planning Policy work programme (£77K).
28. The decrease of £313,050 in the revised 2009-10 estimate compared with the original estimate in 2009-10 was largely due to decreased overall net recharges (-£224K, net of relevant grants), required direct project savings (-£35K) and additional savings on Planning Policy (-£59K).
29. The net decrease of £953,420 in 2010-11 compared with the original estimate in 2009-10 was mainly as a result of decreased overall net recharges (-£761K, net of relevant grants), and required direct project savings (-£177K). The changes in direct costs are set out in the table on **Appendix A**.
30. 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 is £9,680 within the target, due to inflation allowances not being applied; the Revised 2009-10 Estimate is well below the target, by £60,850, mainly due to extra anticipated savings on Planning Policy of £59,150.

Recommendations

31. The New Communities Portfolio Holder is requested to:
 - (a) endorse the New Communities Revenue Estimates and Capital Programme shown at **Appendices A** and **B** and recommend them for consideration by the Cabinet.
 - (b) confirm the proposals for capital expenditure shown at Appendix C (1-3), for inclusion in the Council's draft capital programme.

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

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