

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Environmental Services Portfolio Holder 25 January 2010
New Communities Portfolio Holder 26 January 2010
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(General Fund and Costing)

REVENUE AND CAPITAL ESTIMATES FOR THE (FORMER) SUSTAINABILITY PROCUREMENT AND EFFICIENCY 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 Sustainability, Procurement and Efficiency Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:
 - Sustainability (including climate change)
 - Awarded Watercourses

On the evening before the issue of this report, the Awarded Watercourses service has been allocated to the Environmental Services Portfolio Holder and the Sustainability service has been assigned to the New Communities Portfolio Holder. This report is being presented to the two Portfolio Holders for endorsement of the estimates for the respective services.
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 and C2** 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. This includes a standing item of £15,000 for possible emergency works on Awarded Watercourses. The original list also included £20,000 for possible costs resulting from the tendering the service, but this will now be removed.

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, capital charges, contributions to reserves 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, the capital charges are notional charges that do not affect the overall expenditure of the Council and the contribution to reserves is fully offset by government grant that will be credited to the General Fund summary. Compared with the 2009-10 original estimates, the net direct costs reduced by £51,810 in the Revised Estimates and £36,660 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 and, for next year, inflation. The result is that the 2010-11 Estimate is £540 within the target, due to inflation not being applied automatically, whereas in 2009-10, extra savings of £41,810 have been identified, mainly due to lower Covell's Drain consultancy costs (net of grant) and internal contractor costs on Awarded Watercourses.
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 16.
14. Sustainability:
 - (a) The increase in the current year arises from higher recharges by £16,660, and a contribution to reserves of £23,400, marginally offset by small savings of £1,260 in projects. The contribution to reserves is fully funded from Area Based Grant from the government, but this grant is credited on the General Fund Summary of the Council rather than the service bearing the expenditure.

- (b) Similarly, in 2010-11, there are higher recharges by £8,720, and a contribution to reserves of £28,500, partly offset by savings of £10,900 in projects.
15. Awarded Watercourses:
- (a) The reduction in the current year is mainly due to extra savings of £40,550 arising from lower Covell's Drain consultancy costs (net of grant) and internal contractor costs, in addition to declared savings of £10,000 for lower tendering consultancy costs.
- (b) In 2010-11, the full one-off consultancy costs and grant have been taken out. There is an increase in the maintenance contract cost from the internal contractors, but this is compensated by a corresponding decrease in Street Cleansing costs (Environmental Services Portfolio) for the time no longer charged there by Awarded Watercourse operatives. It should be noted that in addition to the direct cost figures shown under 'internal contractor costs', the £179,500 tender figure also included capital charges and an element of the recharges from central accounts.
16. 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 increased by £6,640 (4.5%) from £147,490 in the original 2009-10 Estimate to £154,130 in the 2010-11 Estimate. The 2009-10 Revised Estimate of £159,150 is £11,660 (15.4%) higher than the original estimate. In both years, the majority of the increase is due to several New Communities staff charging a marginally greater percentage of their time to Sustainability. 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

17. 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. However, the capital programme for this portfolio, which is attached at **Appendix B**, comprises of items that are specified and fully funded. Therefore, it will not require any further consideration regarding financing.

18. 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 two relevant proposal forms for this portfolio are attached at **Appendix C1 and C2**.

Implications

19. 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.

20. 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

21. 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

22. Commitment to being a listening council, providing first class services accessible to all.	To determine detailed Sustainability, Procurement and Efficiency 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.	

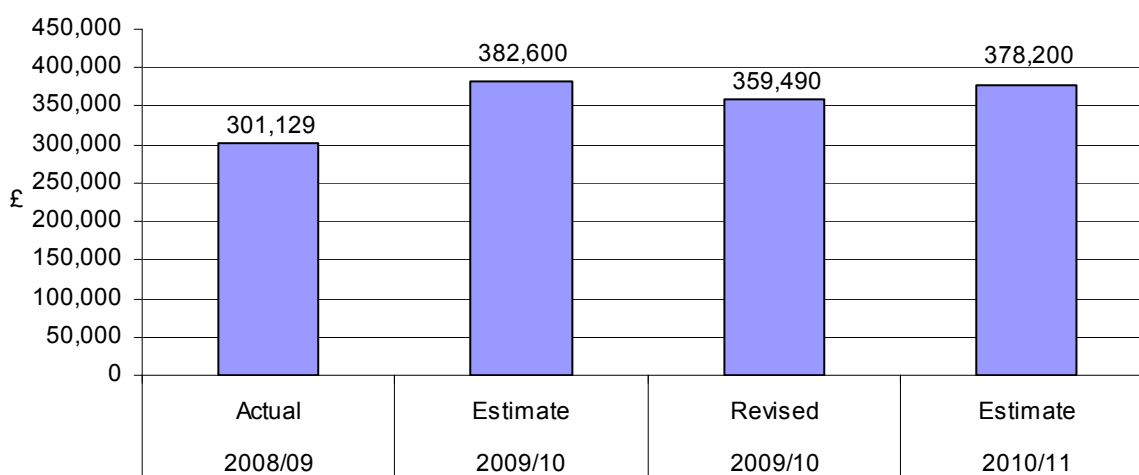
Conclusions/Summary

23. 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	301,129		
		+ 81,471	+ 27.0%
2009-10 Estimate	382,600		
		- 23,110	- 6.0%
2009-10 Revised	359,490	} - 4,400	- 1.1%
		+ 18,710	+ 4.9%
2010-11 Estimate	378,200		

These comparisons are shown diagrammatically below:

SUSTAINABILITY, PROCUREMENT & EFFICIENCY PORTFOLIO



24. The increase in expenditure from 2008-09 to the 2009-10 original estimates of £81,471 was largely as a result of the 2008-09 actual cost of maintenance of awarded watercourses being significantly lower than previously estimated, coupled with increased overall recharges in 2009-10.
25. The decrease of £23,110 in the revised 2009-10 estimate compared with the original estimate in 2009-10 was mainly due to savings within Awarded Watercourses, partly offset by increased recharges and a contribution to reserve on Sustainability.
26. The net decrease of £4,400 in 2010-11 compared with the original estimate in 2009-10 was reached after removing the one-off consultancy provision of £40,000 (net of grant) on Awarded Watercourses and applying £11,000 savings, and against these increasing the internal contractor costs by £14,210 and introducing the Sustainability contribution to reserves of £28,500. The changes in direct costs are set out on the table on **Appendix A**.
27. 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 just £540 within the target; the Revised 2009-10 Estimate is well below the target, by £41,810, mainly due to extra savings on Awarded Watercourses.

Recommendations

28. The Environmental Services Portfolio Holder is requested to endorse the Awarded Watercourses Revenue Estimates and Capital Programme shown at **Appendices A** and **B** and recommend them for consideration by the Cabinet, and also confirm the proposals for capital expenditure shown at **Appendix C1**.
29. The New Communities Portfolio Holder is requested to endorse the Sustainability Revenue Estimates and Capital Programme shown at **Appendices A** and **B** and recommend them for consideration by the Cabinet, and also confirm the proposals for capital expenditure shown at **Appendix C2**.

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

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