

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Policy & Performance Portfolio Holder

18 January 2011

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REVENUE AND CAPITAL ESTIMATES FOR THE POLICY AND PERFORMANCE PORTFOLIO

Purpose

1. To consider the Revenue and Capital Estimates up to the year 2011-12.
2. This is not a key decision. However, the report presents the relevant 2010-11 revised and 2011-12 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 2011.

Recommendations

3. That the Policy and Performance Portfolio Holder:
 - a) endorses the Revenue and Capital Estimates and fees for 2011-12 relating to services within the Portfolio and recommends them for consideration by the Cabinet
 - b) approves the Street Naming and Numbering scheme of charges

Background

4. 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:
 - Policy and Performance
 - Street Naming and Numbering
5. The Finance and Staffing Portfolio Holder approved the Staffing and Central Overhead Estimates on 14 December 2010. 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.
6. 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 7 February 2011, consideration by the Cabinet on 10 February, and finally, presentation to the Council on 24 February for confirmation of the estimates and levels of the Council Tax and Rents.
7. The Revenue Estimates are set out in **Appendix A**.

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 take account of any rollover of budget from the previous year and virement made during the year; they also incorporate expenditure approvals by Cabinet and Council up to November 2010.
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 10 February 2011; one item of £50,000 for ICT (capital) has been identified within this Portfolio.

Considerations

REVENUE ESTIMATES: REVISED 2010-2011 AND ESTIMATES 2011-12

11. 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 2010-11 original estimates, the net direct costs increased by £690 in the Revised Estimates and decreased by £13,340 in the 2011-12 Estimates. The decrease in 2011-12 is due primarily to a reduction in expenditure on public consultation (paragraph 14).
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 2010-11 estimates and adjusting for any virement, rollover, approved additional expenditure and, for next year, inflation. The result is that the 2010-11 Revised Estimate is £12,890 over the target, primarily due to the non-realisation of income due to delays in implementing charges, and £1,780 over the target in 2011-12.
13. Comments on the individual estimate headings are given in the following paragraphs. All comparisons therein are made with the original 2010-11 estimates. All the 2011-12 estimates include an element of inflation, where necessary. A general overview of recharges is given in paragraph 16.

14. Policy and Performance Service

The cost of Policy and Performance has decreased by £660 in the revised estimate compared to the original estimate 2010-11 and increased by £3,330 against the 2011-12 estimates, primarily through decreases in direct costs of £26,960, and an increase in recharges of £30,290.

Estimate variations include:

- (a) The Service First 2010-11 original estimate of £18,200 included programme slippage of £5,900 for work towards the achievement of the Customer Service

Excellence Standard, agreed by Cabinet as a Council action (October 2009). The estimate of £12,300 in 2011-12 reflects the ongoing base estimate.

- (b) In the 2010-11 original estimate £11,000 has been included for the annual Customer Satisfaction Survey and £10,000 for a Place Survey: an assessment of the quality of life of district residents. The Council has been able to use internal resources to facilitate the customer survey and is no longer required to complete a Place Survey, allowing £12,800 expenditure to be vired to support partnership working where LPSA funding had been withdrawn and £7,800 for and temporary Equalities Support Officer, the revised 2010-11 estimate reflects this reallocation of resources. The 2011-12 Estimates reflect the base budget of £11,000 to support work on measuring customer satisfaction, consulting on the Council's current and future priorities and exploring new means of engagement and participation arising from the Government's localism agenda.
- (c) A Housing Tenants survey, for services within the Housing Revenue Account, had been planned for 2010-11 the costs of which would be recharged directly to the service concerned, this is no longer required thereby reducing the net expenditure shown within the Policy and Performance estimates and removing the recharge to the Housing Revenue Account.
- (d) In the 2011-12 Estimates CorVu development has been reduced by £1,000 to reflect planned expenditure.
- (e) The Revised 2010-11 Benchmarking estimate includes funding for the Sparsity group (local authorities with similar sparsity criteria), the decrease from the original estimate reflecting actual costs.

15. Street Naming and Numbering

The cost of Street Naming and Numbering has increased by £37,170 in the revised estimate compared to the original estimate 2010-11 and by £31,830 against the 2011-12 estimates, the increase relates to recharges and the non realisation of income.

In the original estimates £23,000 income had been included relating to the introduction of charges for naming a new or renaming an existing property, implementation of the new charging scheme has been delayed and will now be introduced in 2011. The proposed schedule of charges is shown in the table below:

Activity		Proposed Fee
Naming a new or renaming an existing property		£25 per dwelling
Addressing a new development	1 plot	£25
	2 – 5 plots	£50
	6 – 10 plots	£100
	11 – 25 plots	£175
	26 – 50 plots	£250
	51 – 100 plots	£400
	101+ plots	£500 + £5 per additional plot over 101
Change to a development of more than 5 plots after notification		£100

Street naming following local request	£250 + £5 per property affected
Confirmation of address details	£25 per dwelling

The 2011-12 Estimate includes an estimate for chargeable fees of £10,520 based on projections of housing completions. The balance of £1,260 relates to income from the Post Office for address information held on the Council's gazetteer.

16. **Recharges from Staffing and Overhead Accounts** – Central, Departmental and Support Services (see estimates report to the Finance and Staffing Portfolio Holder 14 December 2010):

(a) The total estimated recharges from Staffing and Central Overhead Accounts to this portfolio increased by £25,820 (10.16%) from £253,950 in the 2010-11 Original Estimate to £279,770 in the 2010-11 Revised Estimates. The 2011-12 Estimate of £292,450 is £38,500 (15.16%) higher than the 2010-11 original estimate. In both years, the majority of the increase is due to increased hours through restructuring and changes to staff time allocations. 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 the Cambourne Office), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged were £17.420m in the 2010-11 original estimates, £17.308m in the 2010-11 revised estimates and £17,063m in the 2011-12 estimates. These equate to decreases of £0.112m (-0.6%) in 2010-11 and £0.357m (2.0%) in 2011-12, when compared with the 2010-11 original estimate. The main reasons for the 2010-11 decrease were lower capital charges, which reflects assets that have been fully depreciated and adjustments to the expected useful life of the remaining assets, and reduced costs from procurement projects and contract negotiations, partly offset by provision to meet Asset Management Plan requirements for the Cambourne Office. In 2011-12, these are augmented by reduced staffing costs resulting from the various restructuring exercises that have taken place, being partly offset by an increase in business rates for the Cambourne Office due to reducing transition relief.

(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.

17. **CAPITAL ESTIMATES: Revised 2010-11 and Estimates 2011-12 to 2015-16**

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 detailed capital estimates for ICT are shown as **Appendix B**.

18. **Value for money**

The value for money 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 headings

of Corporate and Democratic Core and Planning Development Control. 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 Actual	2010-11 Revised Estimate	2011-12 Estimate
	£ per head	£ per head	£ per head	£ per head	£ per head
Policy and Performance	1.45	1.77	1.48	1.75	1.71
Street Naming and Numbering	0.51	0.51	0.48	0.55	0.50

Options

19. To detail and evaluate the different decisions that could be taken by the meeting.

Implications

20. 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.

21. Financial	The financial implications resulting from this report are set out in paragraphs 11 to 18 above.
Legal	There are no direct legal implications resulting from this report. The Estimates show the financial effect of decisions that have already been made.
Staffing	There are no additional staffing implications resulting from this report. The estimates reflect staffing decisions already made.
Risk Management	These estimates need to be endorsed so that they can be included in the General Fund Summary to be presented to Cabinet and confirmed by Council in February 2011.
Equality and Diversity	There are no direct equality and diversity implications resulting from this report. Equality and diversity issues will have been considered in the decisions which these estimates reflect.
Equality Impact Assessment completed	No As above
Climate Change	There are no direct climate change implications resulting from this report. Climate change issues will have been considered in the decisions which these estimates reflect.

Consultations

22. 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

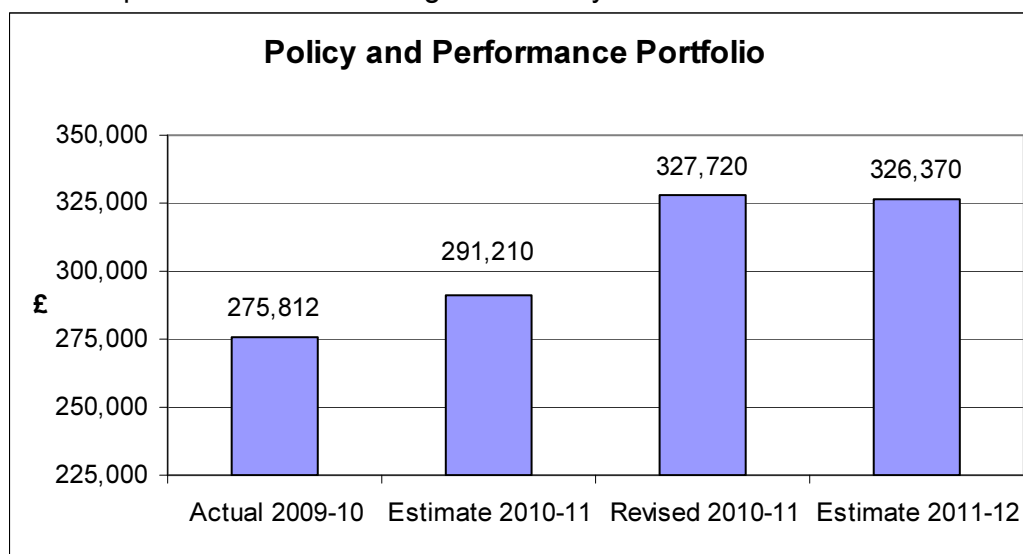
23. To determine detailed Policy and Performance Portfolio budgets to provide the resources for the Council to continue its services to achieve its strategic aims as far as possible within the current financial constraints.

Conclusions / Summary

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

Year	Amount £	Increase/(decrease) £	Increase/(decrease) %
2009-10 Actual	275,812		
		+15,398	+5.58%
2010-11 Estimate	291,210		
		+36,510	+12.54%
2010-11 Revised	327,720	+35,160	+12.07%
		-1,350	-0.47%
2011-12 Estimate	326,370		

These comparisons are shown diagrammatically below:



25. The increase in expenditure from 2009-10 to the 2010-11 original estimates of £15,398 is mainly due to slippage on Service First/Customer Service Excellence within the Policy and Performance Service offset by an increase in the estimated income on Street naming and Numbering and an increase in recharges from the Staffing and Overheads Accounts as a result of restructuring.
26. The increase of £36,510 in the revised 2010-11 estimates compared to the original estimate in 2010-11 is due to a reduction of £22,310 in Policy and Performance direct costs, an increase of £23,000 on Street Naming and Numbering due to slippage on the implementation of new charges and an increase of £35,820 in Staffing and other recharges allocated to services.
27. There was an increase of £35,160 in 2011-12 compared with the original estimate in 2010-11. This was largely as a result of an overall increase in recharges of £48,500,

and decreases as set out in the report. The changes in direct costs are set out on the table in **Appendix A**.

28. 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 2011-12 estimates exceeds the required target by £1,780, and the revised 2010-11 estimates by £12,890.

Background Papers: the following background papers were used in the preparation of this report:

Estimates files within Accountancy Services

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