

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Northstowe Portfolio Holder Meeting  
**AUTHOR/S:** Executive Director, Corporate Services

20 January 2011

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### REVENUE AND CAPITAL ESTIMATES FOR THE NORTHSTOWE PORTFOLIO

#### Purpose

1. The purpose of this report is to enable the Northstowe Portfolio Holder to consider the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the Northstowe Portfolio.
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 Cabinet and confirmed by Council in February 2011.

#### Recommendations

3. That the Northstowe Portfolio Holder.
  - (a) endorses the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the Northstowe Portfolio, and recommends them for consideration by Cabinet;
  - (b) approves the Capital Expenditure Proposal Form relating to the Rampton Drift Retrofit Project for inclusion in the Capital Programme.

#### Reasons for Recommendations

4. The draft estimates for all the services of the Council need to be considered and endorsed by the relevant portfolio holders, in order to be collated and presented to the Scrutiny and Overview Committee on 7 February 2011 and to Cabinet on 10 February 2011 – the final approval of the estimates and the levels of council tax and rents will be decided by the Council on 24 February 2011.
5. The Rampton Drift Retrofit Project has already been approved and is fully funded; however, the capital expenditure proposal needs to be formally included in the Capital Programme as part of the estimates process.

#### Background

6. The revenue estimates for the Northstowe Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the Communications service. The capital programme for the Northstowe Portfolio relates to the Rampton Drift Retrofit Project.
7. The Finance and Staffing Portfolio Holder approved the Staffing and Central Overhead Accounts Estimates on 14 December 2010. The recharges approved at that meeting are recharged to all services, as appropriate, termed "Central, Departmental and Support Services" in the detailed estimates attached - 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.

8. 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 Cabinet on 10 February and finally presentation to the Council on 24 February for confirmation of the estimates and levels of council tax and rents.
9. The Revenue Estimates are set out in **Appendix A**, while the Capital Programme is shown at **Appendix B**.
10. Provisions for inflation have been applied to individual estimates 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.
11. 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.
12. All the estimates exclude the small number of "Precautionary Items" that are listed at the back of the current estimate book. These are specific, exceptional items of expenditure, which 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 Cabinet on 10 February 2011; however, none has been identified within this portfolio.

### **Considerations**

#### **REVENUE ESTIMATES: REVISED 2010/11 AND ESTIMATES 2011/12**

13. 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, capital charges are notional charges that do not affect the overall expenditure of the Council, the Staffing and Central Overhead Accounts Estimates determine the recharges. Compared with the 2010/11 original estimates, the net direct costs reduced by £12,000 in the revised estimates and by £11,160 in the 2011/12 estimates. The decreases are due to savings of £12,000 provided for in the Medium Term Financial Strategy (MTFS) for South Cambs Magazine moving to a County Council framework contract.
14. **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 2010/11 original estimates and adjusting for any rollover, virement, approved additional expenditure and, for next year, inflation. The result is that the 2010/11 revised estimate and the 2011/12 estimate are both within target, by £1,700 and £1,880 respectively, due to savings on the magazine contract mentioned above, partly offset by slightly reduced advertising income, and less other expenditure being incurred than forecast.
15. Comments on the individual estimate headings are given in paragraph 15. All comparisons therein are made with the 2010/11 original estimates. All the 2011/12 estimates include an element of inflation, where necessary. A general overview of the recharges is given in paragraph 16.

16. Communications:
- (a) Moving to the County Council framework contract has resulted in savings on design costs of £5,000 and on advertising commission of £7,000, although advertising income appears to have decreased slightly.
17. 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) 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, partly offset by increased business rates for the Cambourne Office.
  - (b) 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.
  - (c) The total estimated recharges from Staffing and Central Overhead Accounts to this portfolio increased by £7,350 (4.9%) from £151,290 in the 2010/11 original estimate to £158,640 in the 2010/11 revised estimate. The 2011/12 estimate of £155,810 is £4,520 (3.0%) higher than the 2010/11 original estimate. In both years, the majority of the increase is due to new allocations of time relating to the Executive Director, Operational Services, and the new Web and Graphics Support Officer post, partly offset in 2011/12 by reduced allocations resulting from the PA restructuring exercise.

#### **CAPITAL ESTIMATES: REVISED 2010/11 AND ESTIMATES 2011/12 TO 2015/16**

18. The overall capital programme for the Council will be subject to further consideration by 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 the Rampton Drift Retrofit Project that is specified and fully funded through a Department for Communities and Local Government grant. Therefore, it will not require any further consideration regarding financing; however, a Capital Expenditure Proposal Form is attached at **Appendix C** for approval for inclusion in the Capital Programme.

#### **Implications**

19. Financial:
- (a) The Revenue 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 Programme estimates for this portfolio will be included in the Council's Capital Programme.

20. Financial	The financial implications resulting from this report are set out in paragraphs 12 to 17 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 previously 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 (for example, the Rampton Drift Retrofit Project).

### 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. The detailed Northstowe Portfolio budget aims 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.
23. While Communications has relevance to all the Council's activities, the service principally relates to the following strategic aim and approaches:
- (a) We are committed to being a listening Council, providing first class services accessible to all, by:
- (i) listening to and engaging with our local community;
  - (ii) achieving improved customer satisfaction with our services.
24. The Rampton Drift Retrofit Project supports the Council's climate change objectives to reduce carbon emissions from domestic housing and contributes to other strategic aims.
- (a) We are committed to being a listening Council, providing first class services accessible to all: The project has been reshaped as a result of consultation with local residents, and effective engagement with residents is a key feature of the scheme.
- (b) We are committed to ensuring that South Cambridgeshire continues to be a safe and healthy place for you and your family: Investment in housing improvements is expected to have a positive impact on health. This will be monitored through the evaluation aspect of the project.
- (c) We are committed to making South Cambridgeshire a place in which residents can feel proud to live: It is expected that the exhibition centre will be a showcase for Northstowe, the improvements to Rampton Drift and the Sustainable Parish Energy Project amongst other things.

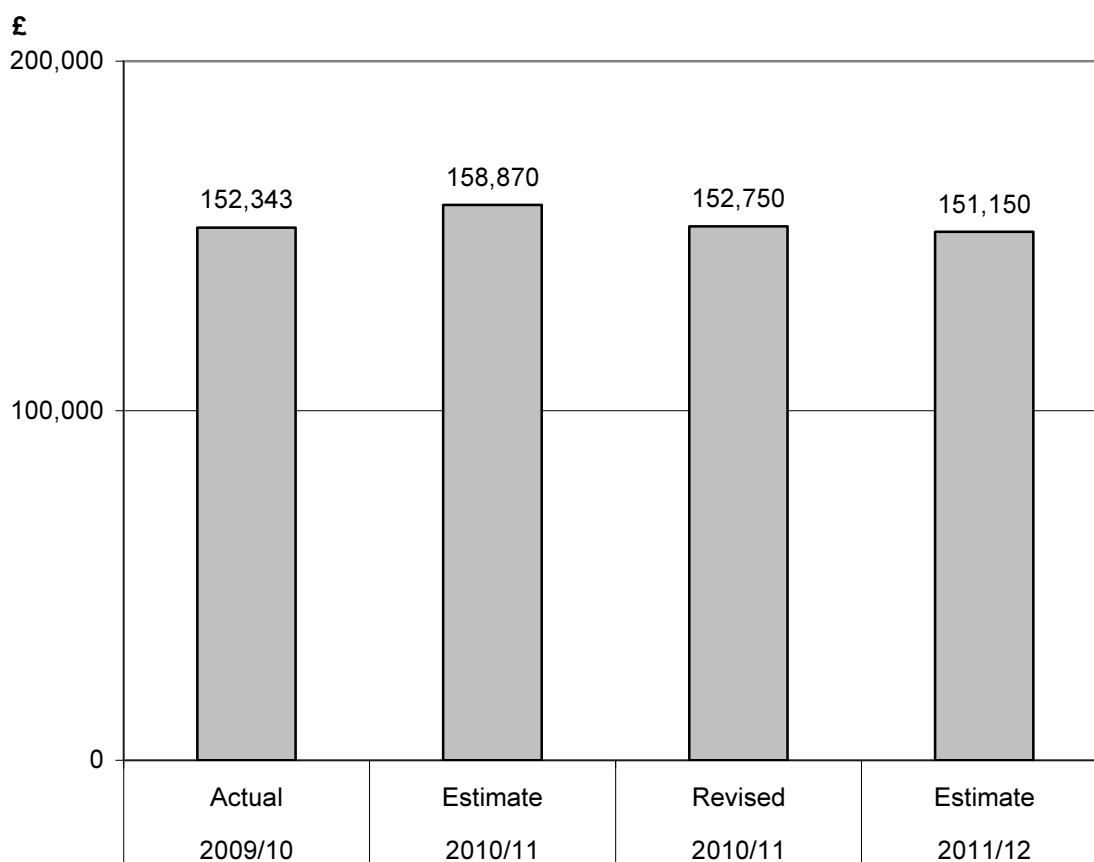
- (d) We are committed to assisting provision for local jobs for you and your family: The works at Rampton Drift and for the construction of the Exhibition Centre will provide training and employment opportunities for local people.

### Conclusions / Summary

25. This report revises the Northstowe Portfolio part of the 2010/11 estimates and sets out the related 2011/12 estimates, to be included as part of the overall estimates to be approved by Cabinet and confirmed by Council in February 2011.
26. The total net expenditure as shown at **Appendix A** is reproduced below to show the percentage changes between budgets.

<b>Year</b>	<b>Amount £</b>	<b>Change £</b>	<b>Change %</b>
2009/10 Actual	152,343		
		+ 6,527	+ 4.3%
2010/11 Estimate	158,870		
		- 6,120 }	- 3.9% }
2010/11 Revised	152,750		
		} - 7,720	} - 4.9%
		- 1,600 }	- 1.0% }
2010/11 Estimate	151,150		

These comparisons are shown diagrammatically below:



27. The increase in expenditure of £6,527 from 2009/10 actual expenditure to the 2010/11 original estimate was largely as a result of a combination of expenditure and staffing and central overhead recharges in 2009/10 being less than forecast.

28. The decrease of £6,120 in the 2010/11 revised estimate compared with the 2010/11 original estimate was due to savings from South Cambs Magazine moving to the County Council framework contract, partly offset by increased allocations of staff time.
29. The decrease of £7,720 in the 2011/12 estimate compared with the 2010/11 original estimate was largely as a result of savings from South Cambs Magazine moving to the County Council framework contract, partly offset by increased allocations of staff time. The changes in direct costs are set out in the table in **Appendix A**.
30. With regard to direct costs only, it can be seen from the comparison of estimates with the savings target in **Appendix A** that the estimated direct costs in the 2010/11 revised estimate and the 2011/12 estimates are within the required targets by £1,700 and £1,880, respectively.

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

Estimates files within Accountancy Services

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