

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Conservation, Sustainability and 19 January 2007
Community Planning Portfolio Holder

AUTHOR/S: Scrutiny Panel 1 February 2007
Chief Executive/Principal Accountant (General Fund and Costing)

REVENUE AND CAPITAL ESTIMATES FOR THE CONSERVATION, SUSTAINABILITY AND COMMUNITY PLANNING PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2007-08 and the Capital Programme up to 2009-10.

Background

2. The estimates for the Conservation, Sustainability and Community Planning Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:
 - Conservation
 - Sustainability
 - Tourism Initiatives
 - Partnership Working
 - Community Strategy
 - New Communities
 - Mobile Warden Schemes
3. The Cabinet approved the Staffing and Central Overhead Estimates on 14 December 2006. 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 reflect the new corporate manager structure, in that recharges are now analysed in terms of the new services with effect from the revised estimates 2006-07 onwards, rather than in the old department structure. As these recharges have already been approved, they cannot be amended by individual portfolio holders.
4. The estimates for each portfolio are being reported to the relevant Portfolio Holder. Subsequently, it is intended that all the portfolio estimates will then be examined by a scrutiny panel consisting of the Leader of the Council, together with the Chairman and Vice-Chairman of the Scrutiny and Overview Committee and the Resources, Staffing, Information and Customer Services Portfolio Holder. The summary estimates will then be considered by the Cabinet on 8 February and finally, by the Council on the 22 February for confirmation of the estimates and levels of the Council Tax and Rents.
5. Only the revenue summary (**Appendix A**), together with the capital programme (**Appendix B**), have been included within the main body of the agenda to concentrate attention on the overall position. The detailed estimates will be available to the Portfolio Holder and the Scrutiny Panel and, in due course, to all Members for information.

6. As a significant amount of expenditure within this Portfolio relates to grants to other organisations, the relevant grant details are also included in **Appendix C** for additional information. Annual allocations for the revenue grants are included in the detailed revenue estimates, whilst the capital grant allocations are in the capital programme only.
7. Provisions for increased expenditure of 2.5% have been applied throughout the estimates for general inflation. However, additional provision was made for staff salaries and wages, to account for the rising cost of pension contributions.
8. Where applicable, the estimates of each portfolio incorporate the approved savings and additional expenditure proposals that were agreed by Council in October and November 2006. 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 'Precautionary Items', which were reduced to just eight items last year; these 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 8 February 2007. However, none has been identified within this Portfolio.

Considerations

REVENUE ESTIMATES: REVISED 2006-2007 AND ESTIMATES 2007-08

10. A summary of the revenue estimates for this Portfolio is shown at **Appendix A**. The total estimates have been analysed between direct costs, capital charges 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 2006-07 original estimates, the net direct costs decreased by £14,070 (11.1%) in the Revised Estimates and £18,750 (14.8%) in the 2007-08 Estimates. The reductions are mainly due to lower expenditure on Sustainability in 2006-07 and the approved savings in 2007-08.
11. The **Appendix A** also shows a net direct costs comparison for 2007-08, between the 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 2006-07 estimates and adjusting for the approved savings, approved additional expenditure and inflation. The result is that the 2007-08 Estimate is under the target, by £470.
12. Comments on the individual estimate headings are given in the following paragraphs.
13. Conservation:
 - (a) In the revised 2006-07 estimates, virement of £3,000 has been included on maintenance of buildings and grounds. The overall reduction in 2006-07 is due to lower recharges. More of the Conservation and Design Team's time has been charged to Planning Services.
 - (b) In the 2007-08 estimates, the approved savings proposals for Consultants, Conservation Awards and the Green Belt Project totalling £13,830 have been applied. The remainder of the reduction in 2007-08 is due to lower recharges. The new post of Urban Designer was added to the staffing estimates, but

most of this cost is allocated to the Planning and Economic Development Portfolio.

14. Sustainability:
 - (a) The revised 2006-07 estimate for professional and consulting costs has been lowered because initiatives for the current year have diminished owing to there being no Strategic Development Officer in post since July 2006. There was also a reduction of £600 in consultants, resulting in lower direct costs of £16,830 in total. This decrease is partly offset by increased recharges.
 - (b) In 2007-08, the approved saving of £600 in consultants has been applied. The overall increase is due to recharges.
 - (c) Phased Section 106 contributions from Gallagher Estates are to be used for the development of Arbury Park. Provision for matching expenditure and income has been made within the Sustainability service. Therefore, the transactions do not affect the net expenditure of the Council.
15. Tourism Initiatives:

The established estimate has been continued in both years.
16. Partnership Working:

The increase in both years is mainly due to higher recharges, as a result of significant additional officer time being allocated to this activity. In 2006-07, there is also an increase in direct expenditure of £6,140, but this is compensated by a corresponding decrease on Community Strategy (see below).
17. Community Strategy:
 - (a) The revised 2006-07 estimate for consultation has been lowered by £6,200, but this provision has been transferred to Partnership Working (see above). The rest of the decrease is due to lower recharges.
 - (b) In 2007-08, the approved saving of £6,500 on consultation has been applied. Again, the rest of the decrease is due to recharges.
18. New Communities:

This was a new heading introduced two years ago to recognise the area of work being carried out on matters concerning communities that will be established in new developments, which has been identified as a priority area for the Council. These costs are all recharges, mainly in respect of Community Services staff time, including the Community Facilities Project Manager. These recharges are increasing each year, as more officer time is spent on this activity.
19. Mobile Warden Schemes:

The established estimate for direct costs has been continued in both years. The reduction in 2007-08 is due to recharges.
20. Recharges from Staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to Cabinet 14 December 2006):
 - (a) The estimated recharges from Staffing and Overhead Accounts to this portfolio increased by £46,040 (7%) from £641,390 in the original 2006-07 Estimate to £687,430 in the 2007-08 Estimate. The 2006-07 Revised Estimate of £649,650 is £8,260 (1.3%) higher than the original estimate. This 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, administrative buildings (mainly Camborne Offices), Central Expenses and Central Support Services. Over the whole Council, these costs to be recharged have reduced from £16.8m in the

Original Estimates 2006-07 to £15.9m in the Revised Estimates 2006-07 and £16.6m in the Estimates 2007-08. These are reductions of £0.9m (5.4%) and £0.2m (1.2%) respectively. The biggest factor in these reduced recharges in both years was the change in the application of capital charges (which in fact has no effect on Council Tax). Without this change, the recharges would have increased In 2007-08, mainly due to the salary costs of individual officers increasing by 4.6% (pay award and pension costs) and a further 3.4% if a salary increment applies.

- (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 2006-07 AND ESTIMATES 2007-08 TO 2009-10**

21. The capital programme for this portfolio is attached at **Appendix B**. This all relates to capital expenditure on the Conservation service. Annual estimate allocations continue to be made for Historic Building and Conservation Area Enhancement Scheme Grants, War Memorial Repairs and Restoration Initiatives, Archaeology, Wildlife Enhancement Scheme, Tree and Hedge Partnership/Parish Planting and Parish Paths Initiative. For the current year only, provision has been made for the remaining payments in respect of the works at St Denis Church agreed by Cabinet in June 2005. This is funded from the Historic Buildings Preservation Fund. It should be noted, however, that restrictions on capital expenditure are inevitable within the next few years, as the capital receipts available for funding are reducing rapidly.
22. In addition to the annual budget allocations, the programme also shows the uncommitted capital balances brought forward from the previous year, which are available for spending in the current year, or in future years, provided Members continue to carry forward the capital balances.
23. The Heritage Initiatives Capital Reserve originated from a one-off sum of £200,000 set aside in 1996-97 and was established to support local conservation schemes, particularly where a contribution from this Council would attract matching grant funding from elsewhere (e.g. lottery local heritage initiatives, or land fill tax grants). The remaining balance, which has reduced considerably over the last few years, has been carried forward each year for future use. The Conservation Manager has been developing a number of initiatives that continue to draw substantially on this balance. Currently, it is intended that this budget will help to fund Green Infrastructure Strategy projects. The remaining balance stands at £9,511. When this balance is used up, it will be necessary to seek virement from Historic Buildings or other funds, as appropriate, if such projects are to be assisted in the future.
24. The Historic Buildings Preservation Fund was established in 1982 to provide the means, in the last resort, to save buildings at risk. It has enabled the Council to use its statutory powers, which could lead to compulsory purchase, repair and resale of such property. In recent years, part of the reserve has been used to carry out work at St. Denis Church, which is owned by the Council (see above). It is estimated that after the current works on St Denis Church, the balance in the fund will be £54,966. Works on other buildings at risk may lead to further calls on the fund.
25. In order that all significant capital items may be evaluated consistently throughout the Council, those items in the capital programme in 2007-08 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. In this portfolio, only Historic Building Grants come into this category. Accordingly, the relevant proposal form for Historic Building Grants is attached at **Appendix D**.

BALANCES IN RESERVES

26. The uncommitted balances held in reserves in respect of grants are shown in **Appendix C**, for information only. The balances will be reported to the Portfolio Holder early in the new financial year, when it may be possible to carry forward uncommitted balances, but subject to full Council approval in cases over two years old.

Implications

27. Financial:
- (a) The estimates for the General Fund Services of the Conservation, Sustainability and Community Planning 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.

28. 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

29. 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 Annual Priorities and Corporate Objectives

30. Affordable Homes	To determine detailed Conservation, Sustainability and Community Planning budgets to provide the resources for the Council to continue and improve its services to achieve its corporate objectives as far as possible within the current financial constraints.
Customer Service	
Northstowe and other growth areas	
Quality, Accessible Services	
Village Life	
Sustainability Partnership	

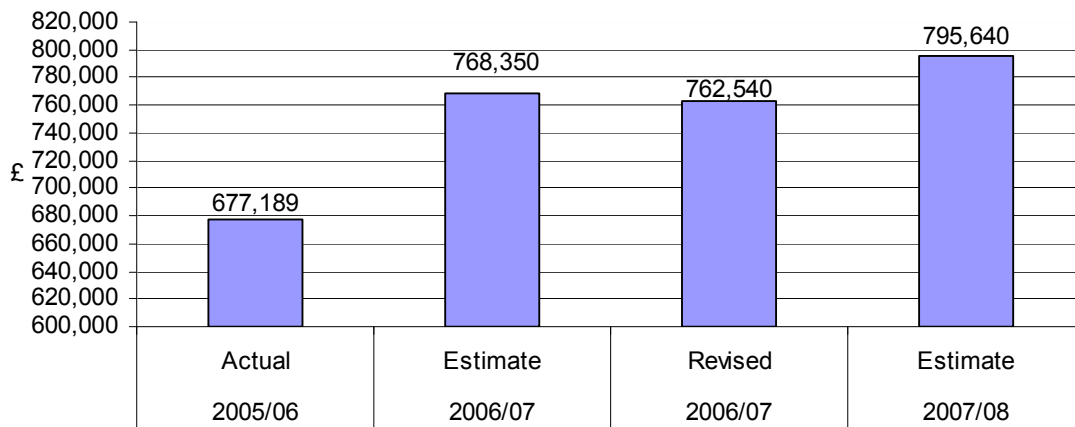
Conclusions/Summary

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

Year	Amount £	£	Increase %
2005-06 Actual	677,189		
		+ 91,161	+ 13.5%
2006-07 Estimate	768,350		
		- 5,810	- 0.7%
2006-07 Revised	762,540	+ 27,290	+ 3.6%
		+33,100	+ 4.3%
2007-08 Estimate	795,640		

These comparisons are shown diagrammatically below:

CONSERVATION,SUSTAINABILITY AND COMMUNITY PLANNING PORTFOLIO



32. The increase in expenditure from 2005-06 to the 2006-07 original estimate of £91,161 arose from increased recharges from the staffing and overhead accounts, primarily in New Communities. This was as a result of more time being spent on this area by officers in Community Services, mostly by the new post of Community Facilities Project Manager.
33. The reduction of £5,810 in the revised 2006-07 estimate compared with the original estimate in 2006-07 was due to net direct cost savings of £14,070 (mainly on Sustainability) offset partly by net increased recharges of £8,260 (large increase on Partnership Working, but significant decrease on Conservation).
34. There is an increase of £27,290 in 2007-08 compared with the original estimate in 2006-07, despite savings in net direct costs of £18,750 (14.8%). Recharges increased by £46,040. The main increases in recharges were on Partnership Working, New Communities and Sustainability, but recharges to Conservation were reduced. These fluctuations arose from changes in the allocation of staff time to services, which are amended each year, according to each officer's analysis of work output (see paragraph 20).

35. It can be seen from the comparison of estimates of direct costs with the savings target on **Appendix A**, that the estimated direct costs in the 2007-08 Estimates are within the required target after applying the approved savings; similarly, the Revised Estimate for 2006-07 is also well within the original estimate.

Recommendations

36. The Portfolio Holder for Conservation, Sustainability and Community Planning is requested to:
- (a) confirm the proposals for capital expenditure shown at **Appendix D**, for inclusion in the capital programme.
 - (b) endorse the Revenue Estimates and Capital Programme shown at **Appendices A** and **B** and recommend them for consideration by the Cabinet.
37. The Scrutiny Panel is requested to review the Revenue and Capital Estimates of the Conservation, Sustainability and Community Planning Portfolio, before consideration by the Cabinet.

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

Estimate files within the Accountancy Division of the Finance and Resources Department.

Contact Officer: Peter Harris – Principal Accountant (General Fund and Costing)
Telephone: (01954) 713073