

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Policy, Improvement and Communications Portfolio 26 January 2009
AUTHOR/S: Chief Executive / Principal Accountant (Finance and Systems)

POLICY, IMPROVEMENT AND COMMUNICATIONS PORTFOLIO

Purpose

1. To consider the Revenue Estimates up to the year 2009-10.
2. This is not a key decision. However, the report presents the relevant 2008-09 revised and 2009-10 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 2009.

Background

3. The estimates for the Policy, Improvement and Communications Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:
 - Communications
 - Policy and Performance

The Communications Service was previously included in the Staffing and Communications Portfolio and Policy and Performance within the Resources Portfolio.

4. The Cabinet approved the Staffing and Central Overhead Estimates on 11 December 2008. 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 projected service structure approved by Cabinet in September. However, the new officer structure cannot be reflected in the comparative recharge figures, so these will be shown only in total on each service. 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 5 February, consideration by the Cabinet on 12 February, and finally, presentation to the Council on the 26 February for confirmation of the estimates and levels of the Council Tax and Rents.
6. The Revenue Estimates are set out in **Appendix A**.
7. 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 inflation in the Medium Term Financial Strategy remains as the overriding level of inflation provision.

8. Where applicable, the estimates of each portfolio incorporate the approved bids agreed by Cabinet on 11 December 2008 and all other expenditure approvals made up to that date. They also take account of any virement made during the year, rollover of budget from the previous year and efficiency savings.
9. 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 12 February 2009. However, none have been identified within this Portfolio.

Considerations

10. 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, partnership costs are offset overall across the Council and the capital charges are notional charges that do not affect the overall expenditure of the Council. Compared with the 2008-09 original estimates, the net direct costs decreased by £9,460 in the revised estimates and increased by £2,860 in the 2009-10 estimates. The increase in 2009-10 arises from the approved bid and inflation offset by adjustments to the budget requirement.
11. 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 2008-09 estimates and adjusting for any virement, approved additional expenditure and, for next year, inflation. The result is that the 2009-10 estimate is £5,340 within the target, due to inflation not being applied automatically, and £12,900 in 2008-09.
12. Comments on the individual estimate headings are given in the following paragraphs. All comparisons therein are made with the original 2008-09 estimates. All the 2009-10 estimates include an element of inflation. A general overview of recharges is given in paragraph 15.
13. **Communications**
When compared to the original estimate 2008-09 the revised estimate has decreased by £28,060 and the 2009-10 estimates by £39,810, all within Staffing and Overhead recharges and are related to staff structure changes and adjusted time allocations, plus an element of inflation is included in 2009-10.
14. **Policy and Performance**
The cost of Policy and Performance has decreased by £78,470 in the revised estimate compared to the original estimate 2008-09 and £9,640 against the 2009-10 estimates, primarily through decreases in recharges of £61,010 and £11,730 respectively due to adjustments in time allocated. Estimate variations include:
 - (a) Savings of £2,080 on software licences have been achieved following the implementation of the Corvu performance management system.

- (b) A rollover of £13,000 from 2007-08 was approved for Service First; as this is not now required in 2008-09 the full amount has been vired to Growth Agendas within the New Communities Portfolio. The 2008-09 estimates have been revised to reflect anticipated expenditure.
 - (c) In the 2008-09 original estimate £25,000 has been included for the annual Customer Satisfaction Survey; agreed through a service bid for additional resources for consultation development (MTFS, Cabinet, 13 December 2007). The Council is moving towards annual customer satisfaction surveys from the previous statutory requirement of 3 yearly reviews; funding for on-going resources having been agreed through the bid process. The survey will not be carried out in the current financial year due to lack of capacity and the need to review the process in the wider context of the Council's approach to consultation developed through the community engagement strategy. The revised estimate has been reduced to £10,000 to cover anticipated expenditure, £2,000 has been vired to Growth Agendas within the New Communities Portfolio, and £1,980 vired within Policy and Performance for a Place Survey.
 - (d) In 2008-09 a Housing Tenants survey was conducted for services within the Housing Revenue Account, the costs of which will be recharged directly to the service concerned, thereby reducing the net expenditure shown within the Policy and Performance estimates.
 - (e) Compared with the original estimate 2008-09 Consultation, sub-heading Place Survey, has been increased by an approved rollover of £5,440 and virement of £1,980. There is currently a requirement to undertake a Place Survey, an assessment of the quality of life of district residents, every two years; a Government decision is pending on a change to an annual requirement. Approval for additional expenditure will be sought if required.
 - (f) Approved additional expenditure (11 December 2008) of £5,000 has been included in Consultation, sub-heading Service user focus groups in the 2009-10 estimate for a review of service delivery.
 - (g) External Audit and Inspection fees are set by the Audit Commission for the audit and inspections relating to the Comprehensive Performance Assessment and performance indicators; the revised estimate 2008-09 and 2009-10 estimates reflect the anticipated fees for the respective years.
15. Recharges from Staffing and Overhead Accounts - Central, Departmental and Support Services (see estimates report to Cabinet 11 December 2008):
- (a) The estimated recharges from Staffing and Overhead Accounts to this portfolio decreased by £62,220 (-13.4%) from £465,480 in the original 2008-09 estimate to £403,260 in the 2009-10 estimate. The 2008-09 revised estimate of £369,400 is £96,080 (-20.6%) lower than the original estimate. This was as a result of new staff structures, vacant posts and adjusted time allocation. 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 £17.959m in the Original

Estimates 2008-09, £17.897m in the Revised Estimates 2008-09 and £18.876m in the Estimates 2009-10. These equate to a decrease of £0.062m (-0.3%) in 2008-09 and an increase of £0.979m (5.5%) in 2009-10, when compared with the original estimate 2008-09. The increase above inflation in 2009-10 is mainly due to, firstly, the salary costs of individual officers increasing by 5.1% (additional pay awards and pension costs), and secondly, the costs of additional staff appointments and other central costs approved by Cabinet as part of the bidding process.

- (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.

16. CAPITAL ESTIMATES: Revised 2008-09 and Estimates 2009-10 to 2011-12

There are no items in the capital programme relating to the Policy, Improvement and Communications Portfolio.

Use of resources

17. The Use of Resources 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 broad heading of Corporate and Democratic Core. 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 £ per head	2008-09 Estimate £ per head	2009-10 Estimate £ per head
Communications	1.32	1.30	1.21
Policy and performance	1.44	1.84	2.33

Implications

18. 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.

19. 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

20. 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 Corporate Objectives and Service Priorities

<p>21. Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</p> <p>Deliver high quality services that represent best value and are accessible to all our community</p> <p>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</p>	<p>To determine detailed Staffing Portfolio budgets to provide the resources for the Council to achieve its corporate objectives as far as possible within the current financial constraints.</p>
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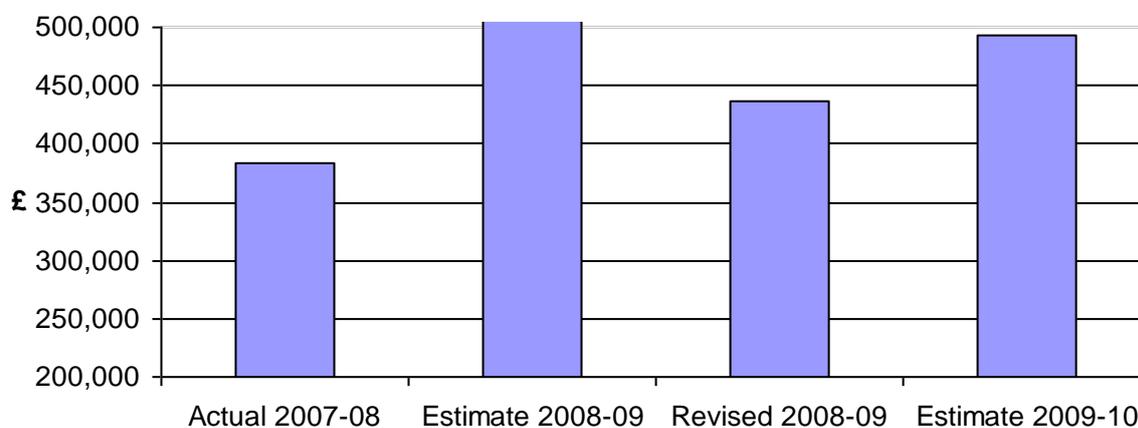
Conclusions/Summary

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

Year	Amount £	£	Increase %
2007-08 Actual	383,887		
		+159,473	+41.5%
2008-09 Estimate	543,360		
		-106,530	-19.6%
2008-09 Revised	436,830	- 49,450	+9.1%
		+57,080	+13.0%
2009-10 Estimate	493,910		

These comparisons are shown diagrammatically below:

Policy, Improvement & Communications Portfolio



23. The increase in expenditure from 2007-08 to the 2008-09 original estimates of £159,473 is mainly due to recharges from the Staffing and Overheads Accounts of £124,818, and Policy and Performance Consultation estimates for Service First and the Customer Satisfaction Survey.
24. The decrease of £106,530 in the revised 2008-09 estimates compared to the original estimate in 2008-09 is due to a reduction of £89,070 in Staffing and Overheads and other recharges allocated to services and to slippage on Consultation within the Policy and Performance Service.
25. There was a decrease of £49,450 in 2009-10 compared with the original estimate in 2008-09. This was largely as a result of an overall decrease in recharges of £52,310, and an approved bid of £5,000. The changes in direct costs are set out on the table in **Appendix A**.
26. 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 2009-10 estimates is within the required target by £5,340, due to savings of £2,080 on software licences following the implementation of the Corvu performance management system, and the revised 2008-09 estimates within the required target by £12,900 primarily due to slippage on Consultation.

Recommendations

27. The Portfolio Holder for Policy, Improvement and Communications is requested to endorse the Revenue Estimates shown at **Appendix A** and recommend them for consideration by the Cabinet.

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

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