

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet 8 October 2009  
**AUTHOR/S:** Executive Director (Corporate Services) / Finance Project Officer

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### NATIONAL INDICATOR (NI) 179 (VALUE FOR MONEY GAINS) FORECAST 2009/10

#### Purpose

1. The purpose of this report is to inform Cabinet of the cumulative amount of National Indicator ("NI") 179 value for money gains forecast to be achieved for the period from 1 April 2008 to 31 March 2010 and to recommend that the Leader of the Council and the Executive Director (Corporate Services) submit details of the amount forecast to the Department for Communities and Local Government ("DCLG"), in consultation with the Finance & Staffing and Sustainability, Procurement & Efficiency Portfolio Holders.
2. This is not a key decision; however, guidance from the DCLG is that the leader and either the chief executive or the chief financial officer (Section 151 Officer) should see, certify and approve the final value of NI 179 that is submitted.

#### Background

3. In the Comprehensive Spending Review 2007 ("CSR07"), all public services were set a target of achieving at least 3% net cash-releasing value for money gains per annum over the period 2008/09 to 2010/11. NI 179 sets out the following requirement:

*Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008/09 financial year*

4. There is no mandatory target for individual councils; however, other assessments (e.g. Use of Resources and Managing Performance) and internal requirements (e.g. a balanced Medium Term Financial Strategy ("MTFS") and pressures on the General Fund, Housing Revenue Account ("HRA") and Capital Programme) mean that the Council needs to continue to deliver efficiency savings.
5. The Council has to report on NI 179 twice for each financial year:
  - (a) the forecast of cumulative gains expected to be achieved since 1 April 2008 by the end of that financial year, in October (this is due by 23 October 2009 for 2009/10);
  - (b) the actual value of gains achieved by the end of the financial year just concluded, in July (this was done on 24 July 2009 for 2008/09).

#### Considerations

6. The forecast of cumulative gains is obtained from:
  - (a) actual gains for 2008/09 reported in July 2009 that are still expected to be sustained, multiplied by the 2009/10 "GDP deflator" (the default rate of inflation); plus
  - (b) new gains expected to be achieved in 2009/10.

7. In addition, the DCLG had previously advised that councils could also count the value of any cash-releasing (i.e. 'cashable') gains achieved before 2008/09 where they were both ongoing and in excess of the council's previous 7.5% (overall) efficiency target for the Spending Review 2004 ("SR04") period. The DCLG have now also advised that they are assuming that these gains qualify as ongoing throughout the CSR07 period, so they will continue to be part of the NI179 return.
8. The forecast of cumulative gains expected to be achieved since 1 April 2008 by the end of the 2009/10 financial year (after applying the GDP deflator of 1%) is therefore made up as follows:
- |                                       |                   |
|---------------------------------------|-------------------|
| (a) ongoing gains from SR04           | £266,000          |
| (b) ongoing gains achieved in 2008/09 | £987,000          |
| (c) new gains forecast for 2009/10    | £311,000          |
| (d) total forecast                    | <u>£1,564,000</u> |
9. The new gains forecast for 2009/10 include £85,000 from projects proposed to meet the MTFS target of £325,000 efficiency and other savings in 2009/10. (Note: Further proposals of £348,000 identified to meet that MTFS target do not appear to be eligible to count towards the NI 179 forecast.)
10. Conversely, the new gains forecast for 2009/10 include projects that will contribute £48,000 towards the £325,000 MTFS efficiency and other savings target in 2009/10.

### Implications

11. Financial	Savings achieved above the levels incorporated into the MTFS could help offset costs of meeting service and growth demands. Conversely, non-achievement of the savings forecast will lead to pressures on the MTFS, General Fund, HRA or Capital Programme and potentially to overspends. The latest figures for ongoing savings achieved and forecast will be taken into account when the MTFS is next revised.
Legal	There are no legal implications resulting from this report.
Staffing	There are no staffing implications resulting from this report.
Risk Management	The Efficiency Savings Project Team identifies and oversees the implementation of efficiencies and savings. The risk of not achieving ongoing cash-releasing savings is monitored as part of the Council's risk management process.
Equal Opportunities	There are no equal opportunities implications resulting from this report.

### Consultations

12. Members of the Efficiency Savings Project Team and other lead officers have been consulted regarding the individual projects that support the gains included in this report.

### Effect on Strategic Aims

13.	<b>Commitment to being a listening council, providing first class services accessible to all.</b> The achievement of ongoing cash-releasing savings contributes towards obtaining best value for money in the delivery of high quality services.
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<b>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</b>
N/A
<b>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</b>
N/A
<b>Commitment to assisting provision for local jobs for all.</b>
N/A
<b>Commitment to providing a voice for rural life.</b>
N/A

### **Conclusions/Summary**

14. Although the previous mandatory target for efficiency gains has been removed, other external drivers and inspection processes, as well as internal financial pressures, mean that the Council needs to continue to deliver efficiency savings

### **Recommendation**

15. Cabinet is recommended to agree that the Leader and the Executive Director (Corporate Services), in consultation with the Finance & Staffing and Sustainability, Procurement & Efficiency Portfolio Holders, submit to the Dept for Communities and Local Government against NI 179 the forecast of £1,564,000 for the total cumulative ongoing cash-releasing value for money gains expected to be achieved since 1 April 2008 by the end of the 2009/10 financial year.

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

None unpublished

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