

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** New Communities Portfolio Holder Meeting

25 January 2011

**AUTHOR/S:** Executive Director, Corporate Services

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### REVENUE AND CAPITAL ESTIMATES FOR THE NEW COMMUNITIES PORTFOLIO

#### Purpose

1. The purpose of this report is to enable the New Communities Portfolio Holder to consider the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the New Communities 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 New Communities Portfolio Holder:
  - (a) endorses the Revenue Estimates for 2011/12 and the Capital Programme up to 2015/16, relating to services within the New Communities Portfolio, and recommends them for consideration by Cabinet;
  - (b) approves the Capital Expenditure Proposal Forms relating to Village Sports Facilities Grants, Community Facilities Grants and Arts Capital Grants 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 capital expenditure proposal forms need to be formally included in the Capital Programme as part of the estimates process. The overall Capital Programme for the Council will be subject to further consideration by Cabinet and Council, due to the shortfall of capital funding in future years.

#### Background

6. The estimates for the New Communities Portfolio form part of the overall considerations for the Council's annual budget setting exercise and include the following services:
  - (a) Community Development;
  - (b) Sports Development;
  - (c) Arts;
  - (d) Sustainability;
  - (e) Growth Agenda;
  - (f) Planning Policy.

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 most significant reasons for the increases in the 2010/11 revised estimate and the 2011/12 estimate relate to the Growth Agenda: the reduction in Planning Delivery Grant and the ending of Cambridgeshire Horizons grant funding, this latter to be replaced by a first call on the New Homes Bonus, which is shown in the General Fund Summary rather than in these portfolio estimates. The effect of these on net portfolio expenditure is shown in the table below:

	<b>2010/11 Estimate</b>	<b>2010/11 Revised</b>	<b>2011/12 Estimate</b>
Net Portfolio Expenditure	£1,562,260	£1,664,970	£2,372,080
Add back: Planning Delivery Grant	134,190	43,210	48,350
Add back: Horizons Grant	652,240	628,130	0
Adjusted Net Portfolio Expenditure	£2,348,690	£2,336,310	£2,420,430

The adjusted 2010/11 revised estimate and 2011/12 estimate are now broadly comparable with the adjusted 2010/11 original estimate.

14. The total estimates have been analysed between direct costs, capital charges, recharges and partnership funded costs, 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, recharges are determined by the Staffing and Central Overhead Accounts Estimates and partnership costs are offset overall across the Council. Compared with the 2010/11 original estimates, the net direct costs reduced by £78,420 in the revised estimates but increased by £4,000 in the 2011/12 estimates.

- (a) The 2010/11 decrease is due to virement of £41,410 to the Planning Portfolio for Advice on Current Applications, the impact of the Government's priorities on Planning Policy programmes, together with less use of consultants than anticipated on the Growth Agenda, partly offset by the urban design advice not proceeding and S.106 advice moving to the Planning Portfolio.
  - (b) The 2011/12 increase is due to the impact of the Government's priorities on Planning Policy programmes, the urban design advice not proceeding and S.106 advice moving to the Planning Portfolio, mostly offset by the contribution to Cambridgeshire Horizons no longer being required.
15. **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 £87,010 and £25,750 respectively, due again to the effect of the Government's priorities on Planning Policy programmes, together with less use of consultants than anticipated on Growth Agenda in 2010/11.
16. Comments on the individual estimate headings are given in the following paragraphs. 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 23.
17. Community Development:
  - (a) No changes are anticipated in the Community Development budget figures.
18. Sports Development:
  - (a) While there is movement between Sport Performers Grants and Sports Development Projects in 2010/11, the net position is unchanged.
19. Arts:
  - (a) No changes are anticipated in Arts Partnership Support or the Dual Use Arts Programme.
  - (b) Arts Development Projects: The reduction in 2011/12 reflects the end of the Partnership Funding support.
  - (c) Section 106 / Public Arts Costs: The changes in costs reflect the various projects that have been implemented in 2010/11 or are anticipated in 2011/12; expenditure is met from S.106 monies or earmarked reserves.
20. Sustainability:
  - (a) Climate Change Working Group: Council has previously agreed this budget.
  - (b) Professional and Consulting – Local Sustainability: With the demise of LPSA funding, this budget has been used to support the Sustainable Parish Energy Partnership, together with consultancy support in developing options and implementation of a "local sustainable energy fund" and other sustainability projects. For 2011/12, it is proposed to use the budget for development and implementation of Community Renewable Energy Enablement Scheme and

maintenance and further development of the Sustainable Parish Energy Partnership.

- (c) Professional and Consulting – Travel: Annual contribution to the Travel for Work Group, plus Liftshare licence and other travel for work initiatives.
- (d) Orchard Park Development (S.106): Last year's revised estimate included provision for an anticipated bill of £60,000 from the County Council in respect of a wind turbine and solar water heater for the school; this will now be invoiced this year, reflected in the 2010/11 revised estimate. The balance of monies held in the S.106 reserve, £55,030, is now reflected in the 2011/12 estimate. The Transfers from the S.106 Reserve mirror these budget figures.
- (e) Area Based Grant: This Government grant is shown on the General Fund Summary and is allocated to reserves under this budget heading – there does not appear to be any grant for 2011/12.
- (f) Sustainable Parish Energy Partnership: £10,000 has been received back from the Council's contribution of £12,500 some years ago to a partnership fund held by Cambridge City Council; this amount will be transferred to reserves to be used over the next two years to support the Sustainable Parish Energy Partnership. (The balance of £2,500 remains with the City Council.)

21. Growth Agenda:

- (a) Consultancy: Less use of consultants in 2010/11 than anticipated; however, the budget has been reinstated in the 2011/12 estimate.
- (b) Orchard Park Improvements, funded project: The finance available has now been used.
- (c) Consultancy funded by English Partnership Grant: This budget, funded from a reserve, will not be required in 2010/11. A decision will be made in 2011/12 as to the use of the fund.
- (d) Grant to Cambridgeshire Horizons: The contribution will not be required in 2011/12 as they will be replaced by the Local Enterprise Partnership (LEP). The LEP budget is now under the Economic Development heading within the Planning Portfolio and provision has been included for a similar contribution in 2011/12.
- (e) Planning Delivery Grant: The 2010/11 revised estimate and 2011/12 estimate reflect posts that are now vacant which were previously funded.
- (f) Cambridgeshire Horizons Grant: The funding of salaries and oncosts will end with the 2010/11 revised budget. It is intended that these posts will be funded as a first call on the New Homes Bonus grant from 2011/12. The use of the grant is shown in the General Fund Summary, rather than in these portfolio estimates.
- (g) Urban Design and S.106 Advice: The urban design advice did not proceed and the S.106 advice has moved to the Planning Portfolio.

22. Planning Policy:

- (a) £41,410 has been vired to the Planning Portfolio in 2010/11 for Advice on Current Applications.
- (b) The 2010/11 revised estimate and 2011/12 estimate reflect the impact of the Government's changed and changing priorities on Planning Policy programmes.

23. 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 £64,490 (3.4%) from £1,923,680 in the 2010/11 original estimate to £1,988,170 in the 2010/11 revised estimate. The 2011/12 estimate of £2,058,080 is £134,400 (7.0%) higher than the 2010/11 original estimate. In both years, the majority of the increase results from the staff restructuring exercises in Planning and New Communities, whereby more time is now being allocated to Planning Policy in 2010/11 and to both Growth Agenda and Planning Policy in 2011/12.

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

- 24. The capital programme for this portfolio, which is attached at **Appendix B**, now comprises Village Sports Facilities Grants, Community Facilities Grants and Arts Capital Grants. Funding for these grants is currently met from Capital Receipts; however, 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 – it is possible that funding for these grants in future years might be sought from the New Homes Bonus.
- 25. In order that all significant capital items may be evaluated consistently across the Council, items in the capital programme for 2011/12 or later over £25,000 in value are subject to the completion of a proposal form, for consideration alongside the capital programme being approved. The relevant Capital Expenditure Proposal Forms for this portfolio are attached as **Appendices C1 to C3** for approval for inclusion in the Capital Programme.

#### **Implications**

- 26. 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.

27.	Financial	The financial implications resulting from this report are set out in paragraphs 13 to 25 above.
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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.

### Consultations

28. 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

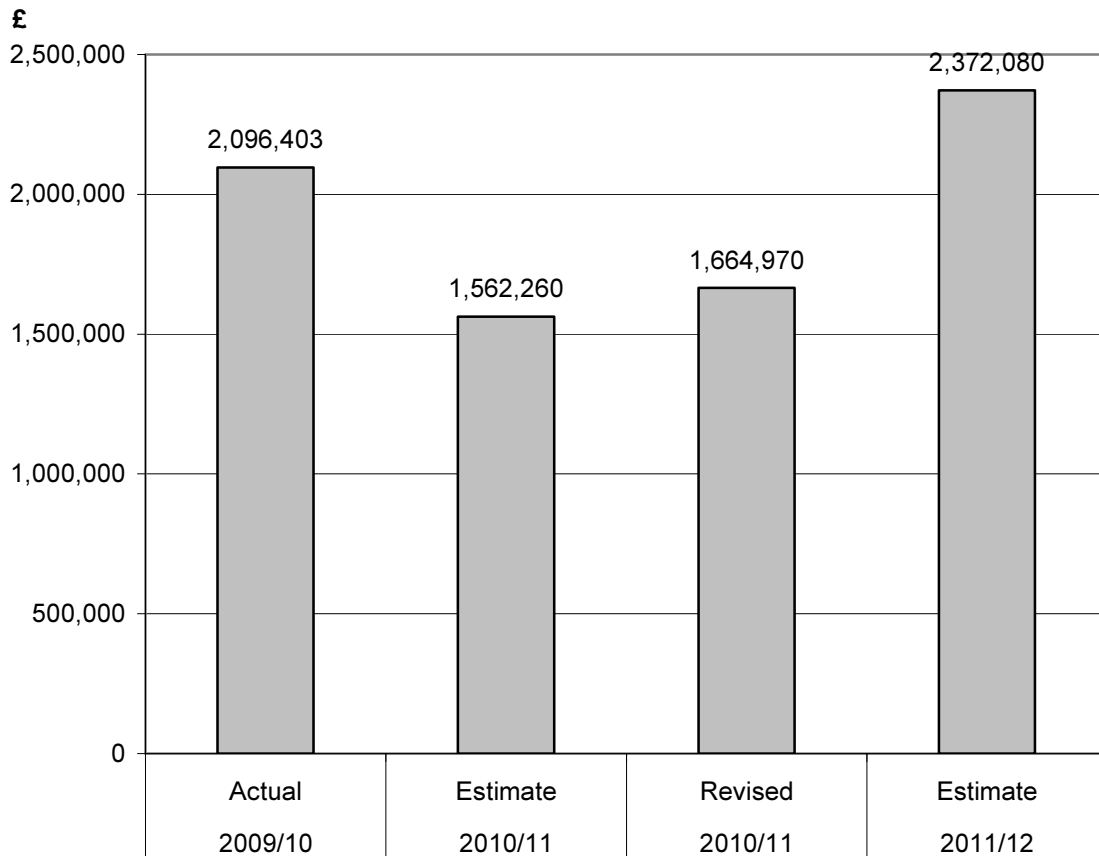
29. To determine detailed New Communities Portfolio budgets to provide the resources for the Council to continue its services to achieve its strategic aims as far as possible within the current financial constraints.

### Conclusions / Summary

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

<i>Year</i>	<i>Amount £</i>	<i>Change £</i>	<i>Change %</i>
2009/10 Actual	2,096,403		
		- 534,143	- 25.5%
2010/11 Estimate	1,562,260		
		+ 102,710 }	+ 6.6% }
2010/11 Revised	1,664,970		
		} + 809,820	} + 51.8%
		+ 707,110 }	+ 42.5% }
2010/11 Estimate	2,372,080		

These comparisons are shown diagrammatically below:



31. The decrease in expenditure of £534,143 from 2009/10 actual expenditure to the 2010/11 original estimate was largely as a result of increased Growth Agenda Planning Delivery Grant and Cambridgeshire Horizons funding, use of reserves and lower recharges from Staffing and Central Overhead Accounts. The other main areas of reduced net expenditure were Community Development, Sports Development and Arts Development.
32. The most significant reason for the increase in the 2010/11 revised estimate is the reduction in Planning Delivery Grant, as explained in paragraph 13. The reasons for other variations have been described in paragraphs 14 to 23.
33. The most significant reason for the increase in the 2011/12 estimate is the ending of the Cambridgeshire Horizons grant funding, as explained in paragraph 13. The reasons for other variations have been described in paragraphs 14 to 23.
34. With regard to direct costs only, it can be seen from the comparison of estimates with the savings target in **Appendix A** that the 2010/11 revised estimate and the 2011/12 estimate are both within target, by £87,010 and £25,750 respectively.

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

Estimates files within Accountancy Services

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