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<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>7th JANUARY 2010</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (595811)</b>	<b>DOC:</b> u/ks/budget round 1011/policyreports/hcs committee
<b>SUBJECT:</b>	<b>SERVICE BASE BUDGETS 2010/2011</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: HCS</b>

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## **1.0 Recommendations**

- 1.1 That the proposed revenue income and expenditure for 2010/11 for the Committee's Services are considered and referred to the Finance and Management Committee for approval.
- 1.2 That the proposed fees and charges for 2010/11 as detailed in **Appendix 3** are considered and approved.

## **2.0 Purpose of Report**

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2010/11, with a comparison to the current year, 2009/10. This includes an overview of the Committee's main spending areas and some of the main cost pressures facing its services.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2010/11 subject to the Council's overall medium-term financial position. This will be considered by the Finance and Management Committee during the coming month.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for the next financial year. A summary is also included of the Committee's existing capital investment programme.

## **3.0 Summary and Overview**

- 3.1 The Committee is responsible for some large spending areas, in particular on leisure, recreational facilities, community development and private sector housing.

## External Funding

- 3.2 A large part of the Committee's annual spending on community development in particular, is delivered in partnership with other agencies.
- 3.3 In the past this has presented issues concerning the amount of service provision that has relied on external funding, in particular on the delivery of community support and crime prevention. In total, 19 posts out of 35 within the Leisure and Community Development Service are funded to some extent, from external resources.
- 3.4 Over the last 12 months, external funding has successfully been secured for the longer-term, in particular through the Safer South Derbyshire Partnership. This is to cover core service provision and deliver the Council's priorities in relation to crime prevention, sports development and youth engagement, etc.
- 3.5 In addition, during September 2009, the Council built into its medium-term Financial Plan (MTFP) resources to fully fund on an on-going basis, 2 key posts to deliver priorities in supporting local community partnerships and environmental education.
- 3.6 Based on current costs, associated funding (including the Council's contribution) is now largely in place for the following until:

<b>Cost Centre</b>	<b>Funding Ends</b>
Play Schemes	2012/13
Get Active Schemes	2012/13
Cultural Project	2012/13
Youth and Sport Development	2014/15
Crime and Disorder	2016/17

## Swadlincote Woodlands

- 3.7 As previously reported, the on-going revenue costs for managing and maintaining the Woodland has, for a number of years, been largely financed by drawing down money from a Section 106 fund, previously set-aside for that purpose.
- 3.8 Based on current spending, this reserve will run out after 2010/11. No provision is currently in the Council's overall base budget to provide for these costs, which total about £50,000 per year.

## The New Etwall Leisure Centre

- 3.9 As part of its latest performance monitoring report, the Committee considered the costs of the new facility which opened in July 2009. That report detailed increased costs of £113,000 at the new centre for 2009/10.

- 3.10 During the 2009/10 budget round, an additional £32,600 was added to the base budget for 2009/10 in anticipation of increased expenditure, based on initial costing.
- 3.11 In summary, the increased amount of £113,000 is mainly due to a shortfall in projected income due the take up of gym membership and classes, together with swimming lessons being slower than anticipated. In addition, staffing costs are greater mainly due to reception cover.
- 3.12 Latest estimates indicate that the increase for 2009/10 could now be much lower at approximately £60,000. Although the other partners will share in the additional costs, this is still likely to leave the Council facing additional expenditure above that budgeted. However, all partner contributions are still to be determined.
- 3.13 The base budget for 2010/11 anticipates a much improved position as it is expected that income levels will eventually rise to that forecasted in the business plan.
- 3.14 Additional on-going costs are estimated at £25,000 per year, although this may be mitigated by additional partner contributions. These contributions are not included in the base budget figures at this stage as they are still being confirmed.

### **The Council's Overall Financial Position**

- 3.15 It is expected that the Council's overall situation will tighten further in 2010/11 with knock-on effects over the life of the Medium-Term Financial Plan (MTFP) to 2015.
- 3.16 In addition, 2011/12 has already been identified as a critical year financially for the Council, as the current budget deficit will push the level of general reserves below the safe minimum level if not addressed during 2010/11.
- 3.17 The Finance and Management Committee will consider the detail of the overall financial position on 14<sup>th</sup> January 2010, including proposals from this Committee. Therefore, it is important that this Committee scrutinises its spending base closely.

### **Efficiency Savings Identified**

- 3.18 The Committee considered proposals at its meeting on 26<sup>th</sup> November 2009, which identified savings across environmental and in particular, leisure and community services. The financial implications were ratified by the Finance and Management Committee on 3<sup>rd</sup> December 2009.
- 3.19 The report included proposals to reinvest some of the savings back into other service areas and to help address potential resource issues at Swadlincote Woodlands and for the "Get Active" Scheme.
- 3.20 The full proposals are currently [Page 3 of 9](#) subject to consultation under the Council's Change Management Procedure. If approved, it is likely that savings will start

to accrue from 2010/11. However, at this stage, they have not been included in the Committee's base budget proposals within this report.

## Summary of Expenditure

3.21 The following table provides an overall summary at main service level, of the Committee's net revenue expenditure.

Analysis of Net Revenue Expenditure – Base Budgets 2009/10 to 2010/11	Approved Budget 2009/10 £	Proposed Budget 2010/11 £	Change £
Community Development	1,010,316	1,017,159	6,843
Crime Prevention	343,186	281,186	(62,000)
Miscellaneous Health	21,760	5,181	(16,579)
Leisure Centres	316,921	325,627	8,706
Parks and Open Spaces	382,296	403,797	21,501
Private Sector Housing	626,562	580,479	(46,084)
Woodlands	122,051	152,338	30,287
<b>Committee Total</b>	<b>2,823,091</b>	<b>2,765,766</b>	<b>(57,326)</b>

**Note – Figures in brackets denote net income and a reduction in net expenditure in the change column.**

3.22 The above table shows that the Committee's net expenditure is estimated to **decrease** overall between 2009/10 and 2010/11 by £57,326. In summary, the main reasons for this are as follows:

	£'000
Approved growth in Services	40
<b>Transfer of Income to other Committees</b>	<b>25</b>
Increase in base cost of services (mainly Etwall Leisure Centre)	20
Pay inflation and incremental increases (as budgeted)	10
<b>Internal Recharges</b>	<b>(68)</b>
One-off expenditure in 2009/10	(64)
Efficiency Savings (Green Bank Leisure Centre)	(20)
<b>Total Overall Increase</b>	<b>(57)</b>

**Note – Figures in brackets denote less expenditure or greater income**

3.23 After allowing for the reduction in internal recharges and transfers to other committees (of approximately £43,000 net), the decrease for the Committee is approximately **£14,000**. An analysis of these variances is detailed across services in **Appendix 1**.

## Approved Growth in Services

3.24 This is the largest increase and is mainly due to a post and associated costs of the Environmental Education Service at Rosliston Forestry Centre being mainstreamed direct into the Council's base budget. Previously, these costs

were dependent upon external funding. This was approved by the Council in September 2009.

### **Pay Inflation**

3.25 This includes the effect of the national pay settlement for 2009 (of 1%) on pay and allowances, as budgeted in the Council's inflation provision.

### **One-off Expenditure (£64,000)**

3.26 This mainly relates to the Crime Prevention budget. Spending from year to year is dependent upon partnership contributions, together with the fact that some projects and initiatives are of a time limited nature.

3.27 In 2008/09, the Council approved additional resources for 2-years (08/09 and 09/10) of £62,000 to maintain spending and enable longer-term funding to be secured. As previously highlighted in the **Table in 3.6**, funding for the Council's crime and disorder work through the Safer South Derbyshire Partnership has now been secured until 2016/17.

### **Green Bank Leisure Centre (GBLC)**

3.28 The efficiency savings achieved relate to energy costs at GBLC. During 2008/09, the Council (through its EMAS programme) invested capital resources to reduce consumption and to improve monitoring and to better control usage.

3.29 Under the terms of the contract with the service provider, energy costs are to a certain extent shared. Following its capital investment, this will reduce the Council's liability for energy costs as it places a cap on the Council's contribution, giving estimated savings of £19,700 per annum.

## **4.0 Detail**

4.1 All of the Committee's cost centres are detailed in **Appendix 2**. This shows a "line by line" breakdown of the Committee's Services for 2008/09 (actual) to 2010/11 (proposed budget) as contained in the Council's main accounting system. A summary is provided in **Appendix 1**.

4.2 The base budgets exclude the costs of internal support service charges, together with any capital accounting and statutory pension adjustments.

4.3 These are considered by the Finance and Management Committee in detail and will be allocated across services in accordance with accounting regulations, when approved through the budget process.

### **Inflation**

4.4 The proposed base budget for 2010/11 does not at this stage allow for inflation. Clearly, some base costs will be subject to inflation during the year and in some cases it will be "unavoidable", for example employee costs, when national pay increases are settled.

- 4.5 Allowances for inflation based on various assumptions regarding price increases, etc. will be calculated across the main spending heads and in total, held as a central contingency.
- 4.6 In line with current policy, this contingency will be reviewed and monitored by Finance and Management Committee and allocated into service budgets, as the actual effects of inflation become known over the year.

### **Inflation on Grants to Voluntary Bodies**

- 4.7 In previous years, the Council have agreed to increase these grants by inflation as measured by the Retail Price Index (RPI) as at September of the preceding year. As at September 2009, RPI stood at **minus** 1.4%, and this is the indicator that would be used on this basis for 2010/11 increases.
- 4.8 As most of the costs incurred by voluntary bodies are broadly similar to the Council (staffing, energy, etc.) it would be practical to allow an increase in funding and this will be considered by the Finance and Management Committee as part of the Council's overall Budget for 2010/11.

### **Formulating the 2010/11 Base Budget**

- 4.9 The estimates are also based generally on service levels in 2009/10 continuing, and include any full year effects of previous year's growth and capital expenditure. However, any non-recurring and one-off items have been removed.

### **Capital Investment**

- 4.10 The Committee currently has the following schemes in the Council's approved capital investment programme.

<b>Scheme</b>	<b>Cost £'000</b>	<b>Note</b>
Disabled Facility Grants	1,289	£459k in 08/09, with a provision of £166k per year for 5-years depending on Government grant allocations and the <b>Council's ability to top this up.</b>
Other Housing Grants, Improvements, Energy Efficiency Measures, etc. (Decent Homes)	755	This money will be spent mainly in the current year. Future year's spending currently dependent upon Government grant.
Statutory Housing Needs Survey	60	Provision in 2013/14 in accordance with statutory requirements.
Hilton Village Plan and Community Facilities	423	On-going projects financed from Section 106 contributions and Growth Point funding.
Development of Melbourne Leisure Centre – Feasibility Study	70	Growth Point funding
GBLC Refurbishment – Feasibility study and initial works	95	Growth Point funding

Contribution to Etwall Leisure Centre and Fitness Suite	494	Includes the Council's final contribution of £350k to the costs of the new facility, together with £144k Growth Point funding for the new fitness suite. These projects were completed earlier in 2009.
Chestnut Avenue Recreation Ground (Midway)	84	Football pitch improvements – Growth Point funding.
Midway Fishponds – land and drainage improvements	100	Funded from a revenue contribution from general reserves to meet health and safety issues.
Eureka Park	100	Improvement works, in particular new drainage system being proposed - still to be fully determined - Growth Point funding.
Provision of Youth and Play Facilities	266	Specific schemes approved by the Committee in June 2009, mainly all externally funded.
Rosliston Forestry Centre – Construction of Business Units	600	All externally funded
Community Partnership Scheme	161	Most of the grant funding to community groups has now been allocated. <b>No further money currently available beyond this.</b>

4.11 The Committee continues to have a substantial capital investment programme. Over the last 12 months, the Council has continued to attract significant amounts of external funding, in particular to improve leisure and community facilities.

### **Disabled Facility Grants (DFGs)**

4.12 Meeting all demand for DFGs and other works in Private Sector Housing continue to be issues. The pressure on these budgets for 2009/10 was highlighted at the Committee in November 2009 as part of its performance monitoring report.

4.13 Funding allocations from central government beyond 2009/10 have not yet been announced. The amount for DFGs in the above table assumes a contribution of £66,000 per year from council resources (in addition to the £100,000 anticipated allocation from Government).

4.14 However, the Council's contribution is dependent on new capital resources being generated from 2010/11. The Finance and Management Committee will consider this issue at its meeting on 14<sup>th</sup> January 2010.

## **Free Swimming Modernisation Programme**

- 4.15 A bid to secure capital resources through the Government's programme is currently being worked up. This follows a feasibility study which successfully supported the bid through the initial stages.
- 4.16 The bid is based on a project to completely refurbish changing facilities at Green Bank Leisure Centre. Further details, including the commercial aspects, are subject to a separate report on this Agenda.
- 4.17 A possible drawback to this, if successful, is that it will involve the closure of the current swimming facility for approximately 4 months, whilst work is undertaken. This could involve the Council incurring additional one-off costs under the terms of the leisure centre contract.
- 4.18 Initial options to mitigate this are being considered.

## **Proposed Fees and Charges 2010/11**

- 4.19 **Appendix 3** provides a schedule of the proposed level that will operate from 1st April 2010, together with a comparison to the existing charge. Where applicable, VAT is also added at the standard rate.
- 4.20 A detailed review of all fees and charges has been undertaken as part of the annual budget process. Some of the key points are explained below.

### **Generally**

- 4.21 Where charges have been increased, this is to reflect inflation and also to set a more "commercial/market" charge.

### **Income from the Cemeteries Service**

- 4.22 Income from this area has reduced slightly from £44,700 in 2007/08 to £41,200 in 2008/09. However, it was expected that income would increase during 2009/10 to £49,000. This has not been the case and the base budget for 2010/11 is £40,700.
- 4.23 The proposed charges, on average show an increase of 5% across all categories.

### **Etwall Leisure Centre**

- 4.24 Charges for 2010/11 have been reviewed following the first few months of operation of the new facility. Consequently, most fees have been revised and will be considered in more detail by the Joint Management Committee.

### **Rosliston Forestry Centre**

- 4.25 Charges applied at Rosliston Forestry Centre for lodge hire and activities, etc. are set by the Executive Board of the Partnership in accordance with Business



Plan for the Centre. They are not reproduced in this report but are available direct from the Centre.

## **Green Bank Leisure Centre**

4.26 Charges are set by the Contractor in conjunction with the Council. They will be subject to a separate report later in the year.

### **5.0 Financial Implications**

5.1 As detailed in the report

### **6.0 Corporate Implications**

6.1 There are no other direct legal, personnel or property implications apart from that considered in the report.

### **7.0 Community Implications**

7.1 The proposed budgets and spending under the responsibility of the Committee, provides the financial resources to enable many of the on-going services and Council priorities to be delivered to the local community.

### **8.0 Background Papers**

8.1 None