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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>8th JANUARY 2009</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 0910/hcs committee
<b>SUBJECT:</b>	<b>SERVICE BASE BUDGETS 2009/2010</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 2009/10 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 2009/10 as detailed in Appendix 4 are considered and approved.

## **2.0 Purpose of Report**

- 2.1 To detail the Committee's proposed base budget for 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 2009/10 subject to the Council's overall medium-term financial position.
- 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 Executive Summary**

- 3.1 The Committee's net revenue expenditure is summarised in **Appendix 2**. This sets out the budgets for each main cost centre and aggregates several of the main service areas.

- 3.2 In addition, **Appendix 3** details a “line by line” breakdown of every cost centre. The Committee is responsible for some large spending areas, in particular on leisure, recreational facilities, community development and private sector housing.

### External Funding

- 3.3 One of the main issues for the Committee is the amount of service provision that currently relies on external funding, in particular on the delivery of community support and crime prevention. This is perennially subject to securing on-going funding including the Council’s contribution.
- 3.4 The posts reliant on external funding are currently subject to consideration by the Overview and Scrutiny Committee as part of their work on the Council’s draft budget proposals. The Overview Committee is due to report on this matter in February 2008.
- 3.5 Although funding for several of these posts has been secured for 2009/10 and beyond in some cases, funding for other posts will need to be reviewed ahead of the 2010/11 budget round.

### Overall Financial Position

- 3.6 It is expected that the Council’s overall situation will tighten in 2009/10 with knock-on effects over the life of the Medium-Term Financial Plan (MTFP) to 2014. This is mainly due to the current economic downturn and the effect this is having on reducing income streams in particular.
- 3.7 The Finance and Management Committee will consider the detail of the overall financial position on 15<sup>th</sup> January 2009, including proposals from this Committee. Therefore, it is important that this Committee continues to scrutinise spending, income levels and efficiency savings.
- 3.8 In addition, the spending proposals detailed in this report do not allow for any additional growth in services or new spending, other than that approved in previous budget-rounds. This situation will be kept under constant review.
- 3.9 The following table provides an overall summary of the Committee’s net revenue expenditure.

<b>Analysis of Net Revenue Expenditure 2007/08 to 2009/10</b>	<b>Actual Out-turn 2007/08 £</b>	<b>Approved Budget 2008/09 £</b>	<b>Proposed Budget 2009/10 £</b>
Community Development	261,557	323,696	260,221
Crime Prevention	279,524	290,426	370,313
Miscellaneous Health	2,752	4,643	4,639
Leisure Centres	161,776	289,711	287,732
Parks and Open Spaces	447,621	521,357	521,553
Private Sector Housing	16,617	90,791	595,632
Woodlands	176,085	172,487	170,890
<b>Committee Total</b>	<b>1,345,932</b>	<b>1,693,111</b>	<b>2,210,980</b>

- 3.10 The above table (and **Appendix 2**) show that the Committee's net expenditure is estimated to increase overall between 2008/09 and 2009/10 by £517,869. In summary, this can be accounted for as follows:

Transfer of LSP Budget from Finance Committee	£19,000
Departmental/Employee Costs transferred from Finance Committee	£514,326
On-going effects of Service Developments	£64,500
One-off expenditure falling out	(£133,290)
Expenditure financed from Earmarked Reserves (POS Maintenance)	£5,970
Other Changes in the Base Budget	£47,363
<b>Total Overall Increase</b>	<b>£517,869</b>

**Note – Figures in brackets denote less expenditure**

- 3.11 An analysis of these variances is detailed across services in **Appendix 1**. The above table highlights some large variances, the most significant being £514,000 relating to Departmental and Employee costs.
- 3.12 However, it should be noted that these are not additional costs to the Council. They represent the cost of the main departmental accounts for leisure, community development and private sector housing, that have previously been charged to and then reallocated from Finance Committee.
- 3.13 From 2009/10, the costs of employees and the associated overheads will be charged straight to the cost of the service that they directly support. It is considered that this will provide an easier analysis of direct service costs in the future.

### **Service Developments**

- 3.14 The figure of £64,500 relates to expenditure approved in last year's budget round, to extend the funding of 2 posts in Community Development. Primarily, these posts work within the Safer South Derbyshire Partnership.

### **One-off Expenditure**

- 3.15 This relates to expenditure where approval to spend runs out after 2008/09. It typically relates to one-off expenditure in the year that was approved to top up certain budgets or to meet one-off issues in 2008/09. The total of £133,290 is made up as follows:
- Installation of Sceptic Water Tank at Eureka Park - £19,000
  - Maintenance works at Midway Fishponds - £17,500
  - Repairs at Melbourne Leisure Centre - £6,500
  - Provision for Etwall Leisure Centre - £25,600
  - Additional support to Sharpes Pottery Museum - £64,690

- 3.16 The other major variance is "other changes," totalling approximately £47,000. The main reasons for this are as follows:

- Additional energy costs at Greenbank and Etwall Leisure Centres - £38,000
- Reduction in income from Burial Fees (Cemeteries) - £5,000
- Additional council tax payable at Rosliston Forestry Centre following development - £4,000

### **Provision of new Leisure Facilities – Etwall**

- 3.17 Work has been ongoing during the year to establish the revenue costs of the new leisure centre and to draw up a revised agreement for the partners who will be responsible for managing the new facility. Draft proposals are due to be reported to the Joint Management Committee on 19<sup>th</sup> January 2009.
- 3.18 It is likely that the cost to the Council will exceed the current budget for the existing centre by approximately £20,000 per year. These additional costs have not been included in the Committee's draft budget proposals at this stage. Full details will be reported to the Committee prior to the opening of the new centre later in the year.
- 3.19 In the meantime, provision for the additional costs has been included in the Council's medium-term financial plan pending approval of the overall costs by all partners.

### **Swadlincote Woodlands**

- 3.20 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 pot, previously set-aside for that purpose.
- 3.21 Based on current spending, this reserve will run out during 2011/12. No provision is currently in the Council's overall base budget to provide for these costs, which total about £50,000 per year.

## **4.0 Detail**

- 4.1 All of the Committee's cost centres are detailed in **Appendix 3**. This shows a "line by line" breakdown of the Committee's Services for 2007/08 (actual) to 2009/10 (proposed) as contained in the Council's main accounting system. A summary is provided in **Appendix 2**, with a detailed analysis of variances in **Appendix 1**.
- 4.2 Unlike previous years, they 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 practice, when approved through the budget process.

### **Inflation**

- 4.4 In addition, the proposed base budget for 2009/10 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. An increase of 5% is being proposed for grants to voluntary bodies, representing the level of general inflation in September 2008.
- 4.6 The overall contingency for inflation 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.

### **Formulating the 2008/09 Base Budget**

- 4.7 The estimates are also based on service levels in 2008/09 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**

- 4.8 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	1,407	£577k in 08/09, with a provision of £166k per year for 5-years depending on Government grant allocations.
Other Housing Grants, Improvements, Energy Efficiency Measures, etc. (Decent Homes)	688	This money will be spent mainly in the current year. Future year’s spending currently dependent upon Government grant.
Housing Needs Assessment and Statutory Housing Needs Survey	136	£76k in the current year, plus a provision of £60k for 2013/14 in accordance with statutory requirements.
Hilton Village Plan and Community Facilities	112	On-going projects funded from Section 106 contributions.
Swadlincote Woodlands Forest Park Improvements	10	Completion of works undertaken in 2007/08.
Provision of Youth and Play Facilities (“Get South Derbyshire Playing and Active Projects”)	662	A programme of approved works to 2011. SDDC’s contribution is approximately £131k. Substantial Lottery and other external funding secured.
Get Active in the Forest Phase 2	325	Development at Rosliston Forestry Centre 2008/09, all externally funded.

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Community Partnership Scheme	274	Most of the grant funding to community groups has now been allocated. No further money currently available beyond this.
Contribution to Etwall Leisure Centre	350	The Council's direct contribution towards the new facility in 2008/09, as part of the external funding package.

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### **On-going Pressures for Capital Funding**

4.9 Meeting all demand for Disabled Facility Grants (DFG's) and other works in Private Sector Housing continue to be issues. Indicative allocations of £208,000 for DFG's and £320,000 for Decent Homes for Vulnerable People have been notified to the Council for 2009/10.

4.10 A further bid for £150,000 has also been submitted with a decision expected by February 2009.

4.11 In addition, options for identifying land for additional burial space in the main urban area and Etwall are on going, as highlighted in the Council's Asset Management Plan. Various options are currently being considered and it is anticipated that a solution will be required within the next two to three years.

### **Other Potential Schemes awaiting Approval/Funding Allocations**

4.12 As part of Growth Point funding awarded to the Council for 2008/09, £455,000 has been set-aside to enhance sport and recreational facilities across the District. These schemes are still subject to final approval and include:

- Provision of Outdoor Playing Surface at Etwall Leisure Centre (£250,000)
- Hilton Village Hall – Café and Dental Surgery (£25,000)
- Hilton Multi Games Facility (£50,000)
- Feasibility Study for Sports Facilities in Melbourne (£30,000)
- Rosliston Forestry Centre (£50,000)
- Chestnut Avenue Recreation Facilities, Midway (£50,000)

### **Proposed Fees and Charges 2009/10**

4.13 **Appendix 4** provides a schedule of the proposed level that will operate from 1st April 2009, together with a comparison to the existing charge. Each service area was given a target to generate 2.75% additional income compared to current base budgets.

4.14 Some individual charges may have increased by a different amount depending on demand and take up of services where a charge is made. These factors have also been taken into account when proposing charges.

4.15 The charges have also been amended to reflect the recent change in the VAT rate from 17.5% to 15% for the period December 2008 to December 2009.

## **Fees for Etwall Leisure Centre**

- 4.16 The fees proposed will only exist until the new facility is open. A revised fees schedule will form part of the detailed budget proposals to be considered later in the year.

### **Free Swimming Offer**

- 4.17 In addition, the fees are subject to the Joint Management Committee approving the offer of free swimming for 60 years old and over and 16 years old and under. This would be funded by the award of government grant to subsidise the full costs involved.
- 4.18 This is due to be considered by the JMC on 19<sup>th</sup> January 2009.

## **5.0 Financial Implications**

- 5.1 As detailed in the report

## **6.0 Corporate Implications**

- 6.1 None Directly

## **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