
REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)	AGENDA ITEM:
DATE OF MEETING:	15th JANUARY 2013	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE	OPEN
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SUBJECT:	SERVICE BASE BUDGETS 2013 / 2014	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS

1.0 Recommendations

- 1.1 That the proposed revenue income and expenditure for 2013/14 for the Committee's Services as detailed in **Appendix 1** are considered and referred to the Finance and Management Committee for approval.
- 1.2 That the proposed fees and charges as detailed in **Appendix 3** for 2013/14 are considered and approved.
- 1.3 That consideration is given to the level of any increase in grants to voluntary bodies in 2013/14.

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 2013/14, with a comparison to the current year, 2012/13. This includes an overview of the Committee's main spending areas.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2013/14 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, crime prevention, together with sport and health, is delivered in partnership with other agencies. Expenditure is financed in part from their contributions which can also be reliant on specific central government funding.
- 3.3 This funding is not always secured from year to year and was reduced for 2011/12 following CSR 10. The Council maintains a grants reserve which holds funding awarded in previous years and is drawn down to meet projects and costs on a yearly basis. Some of this funding is replaced each year, but has reduced since CSR 10.
- 3.4 In recent budget rounds some posts have been mainstreamed into the Council's base budget. This has confirmed on-going resources in supporting local community partnerships, environmental education, together with costs associated with maintaining Swadlincote Woodlands
- 3.5 Although the Council still has access to longer term funding, this is finite unless replaced. Consequently, some services will again come under pressure in future years in particular around cultural and arts related activities and crime prevention. This will need to be kept under review.
- 3.6 Furthermore, expenditure of approximately £90,000 per year on parks and maintenance of open spaces is supplemented by drawing down commuted sums received as part of residential developments. Although current funds will support expenditure for several more years, this funding is also finite and will eventually end if not replaced. This will also need to be kept under review.

The Council's Overall Financial Position

- 3.7 The Council's MTFP was reviewed and updated in October 2012 ahead of the Government's detailed financial settlement for local authorities. Pressure remains on the medium term position with continuing reductions in government grant as set out in the 2010 Spending Review.
- 3.8 During this budget round, all services were asked to look closely at current spending and adopt a "zero based" approach to budgeting where possible.
- 3.9 The Finance and Management Committee will consider the detail of the overall financial position on 17th January 2013, including proposals from this Committee. Therefore, it is important that this Committee scrutinises its spending base closely and in particular examines areas where there are proposals to increase spending.

Summary of Expenditure

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

Analysis of Net Revenue Expenditure Budgets 2012/13 and 2013/14	Proposed Budget 2013/14	Approved Budget 2012/13	Change
Community Development & Support	£547,537	£546,195	£1,342
Leisure and Recreational Activities	£113,497	£130,524	-£17,027
Leisure Centres and Community Facilities	£639,713	£491,355	£148,358
Parks and Open Spaces	£708,314	£675,287	£33,027
Private Sector Housing	£395,063	£411,589	-£16,526
Committee Total	£2,404,124	£2,254,949	£149,175

3.11 The above table shows that the Committee's net expenditure is estimated to increase overall between 2012/13 and 2013/14 by £149,175. However, after allowing for an increase in depreciation charges and other internal transfers, net expenditure has in fact reduced overall by £26,326 (i.e. £175,500 minus £149,174 in the table, below).

3.12 The following table summarises the changes with a detailed commentary provided in the sections that follow.

Summary of Budget Changes	
Depreciation	£159,500
Internal Transfers	£16,000
Sub-Total - Internal Changes	£175,500
Grant Funding Accounts	£29,919
National Insurance Reductions	-£17,846
Insurance Premiums	-£15,348
Changes in Income Levels	-£12,412
Additional Costs	£52,633
Budget Savings	-£63,272
TOTAL CHANGE	£149,174

Depreciation (£159,500)

3.13 These are internal charges from Finance Committee which are reversed out in consolidating the Council's budget. They reflect charges for using capital assets in service delivery in accordance with accounting regulations.

3.14 They are based on the valuation of assets which are reviewed each year for accounting purposes, the valuation being written down on a straight line basis based on the estimated useful life of the asset concerned.

3.15 There is an overall increase, mainly due to the increased valuation of Leisure Centres being written down.

Internal Transfers (£16,000)

3.16 These reflect budgets being transferred between other policy committees to allow for changes in the costing of income and expenditure. This amount relates to highways agency budgets being allocated direct to Community Services. As internal transfers, there is no increase to base budgets for the Council.

Grant Funding Accounts (£29,919)

3.17 These services have fairly significant levels of partnership/external funding contributions to meet on-going costs. They include:

- Arts Development and Support
- Get Active in the Forest Projects
- Sports Development and Recreation (Youth Engagement)
- Play Schemes
- Community Safety/Crime Reduction

3.18 The anticipated increase in net expenditure for 2013/14 assumes a reduction in overall contributions.

3.19 Existing contributions are drawn from earmarked reserves which totalled approximately £900,000 as at 31st March 2012. Approximately £1/2m is planned to be drawn down for 2012/13 and 2013/14 in total, to meet expenditure; these amounts are included as financing items in the base budget.

3.20 This leaves around £400,000 to finance expenditure from 2014/15, plus any additional contributions received. The financing of these services will be kept under review as it is expected that contributions may reduce further given the continuing pressure on partner and agency budgets.

National Insurance Reductions (£17,846)

3.21 The budget for employer's national insurance contributions can be reduced in 2013/14. As expected, new and increased rates were introduced on 1st April 2012.

3.22 However, they have impacted much less than anticipated due to average earnings at the Council being below the new thresholds for increased contributions.

Reduction in Insurance Premiums (£15,348)

3.23 The main reduction relates to public liability cover in parks and open spaces. This reflects the lower incidence of claims in recent years.

Increase in Income (£12,412)

- 3.24 The main contribution is a one-off grant for youth training in the housing advice service. Small increases are also anticipated in cemetery income.
- 3.25 In addition, although not significant, the success of the market in Swadlincote Town Centre (including the Farmer's Market) is also generating additional income from licenses to stallholders.

Additional Costs (£52,633)

- 3.26 The main cost pressures are in repairs and maintenance across several areas, including community centres, village halls, cemeteries and grounds maintenance. However, the main proposal is to increase the day to day repairs budget for Leisure Centres and in particular, Green Bank Leisure in 2013/14, from £34,000 to £58,000.
- 3.27 This follows a detailed assessment of outstanding works and to avoid potential liabilities in the future. There have been recent issues with pool filters which have necessitated additional spending of around £13,000 in 2012/13 at Green Bank.

Budget Savings (£63,272)

- 3.28 In total, these have offset the additional costs within the Committee. The two main areas were anticipated.
- 3.29 Firstly, there is a reduction in the Council's share of the subsidy payment to the Leisure Centre management contractor (as tendered) by approximately £38,000. In addition, the Arts Officer Post ends in June 2013 (as planned) reducing the base budget by £18,000.

4.0 Detail

- 4.1 **Appendix 1** summarises the Committee's budgets at cost centre level with **Appendix 2** analysing changes between 2012/13 and 2013/14 for each cost centre.

Zero Based Budgeting

- 4.2 Budgets are usually calculated on an incremental basis, i.e. they are maintained at the same level as the previous year adjusted only for known changes and variations that have been identified through a restructure or efficiency programme.
- 4.3 However, many budgets are also subject to a base line review which is used to justify proposed spending. This process places greater responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner.

- 4.4 As well as identifying possible budget savings, it can also identify potential cost pressures; this approach has been well used across the Committee's services.
- 4.5 As usual, the base budgets exclude the costs of internal central support service charges, together with any statutory pension adjustments.
- 4.6 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

- 4.7 The proposed base budget for 2013/14 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, if a national pay increase is approved.
- 4.8 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.
- 4.9 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.

General Basis of the 2013/14 Base Budget

- 4.10 Although the principle of a zero based budget was adopted to justify spending in individual budget heads, the estimates are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 4.11 However, the full year effects of previous year's restructures and efficiencies are included, with any non-recurring items removed as identified in the report.

Inflation on Grants to Voluntary Bodies

- 4.12 In previous years, the Council have approved an increase in grants to reflect inflation as measured by the Retail Price Index (RPI) as at September of the preceding year.
- 4.13 However, due to the reduction in the Council's general grant funding for 2011/12 and 2012/13, no increase was applied for these years although the base level of funding was maintained.
- 4.14 As at September 2012, RPI stood at 2.6%. The MTFP includes a provision of 3%.

- 4.15 An increase of 2.6% equates to approximately £5,500 in total across all grants, with 3% equating to around £6,200. There are no proposals to reduce the base level of funding in 2012/13,
- 4.16 The actual increase will be considered by the Finance and Management Committee as part of the Council's overall Budget for 2013/14 and this Committee are requested to make an appropriate recommendation.

Capital Investment

- 4.17 The Committee currently has a substantial capital programme financed through external sources in addition to the Council's own resources.

Disabled Facility Grants and Private Sector Housing Works

- 4.18 Subject to Government allocations, there is a budgeted programme in the MTFP to 2016/17 of approximately £1.4m. This includes approved allocations of £319k in 2012/13 and £300k in 2013/14.
- 4.19 Subsequent years are dependent upon Government allocations, with an indicative figure of £250,000 per year included based on current resources nationally. The total investment also includes £100,000 for initiatives to bring empty properties back into use.

Stock Condition Survey and Housing Market Assessment

- 4.20 A provision of £60,000 has been set-aside in 2012/13 and 2013/14 (i.e. £120,000 in total) to undertake these projects to satisfy statutory requirements.

Leisure, Recreational and Community Schemes

- 4.21 The Committee has several projects designed to develop and upgrade sporting and leisure facilities across the area. Associated works on some major projects will be phased until 2016/17. The following table summarises the schemes showing the total investment for each project.

	£'000
Hilton Village Hall Extension - Growth Point Funded	116
Hilton Multi Games Area - Growth Point Funded	23
Youth and Play Facilities	129
Melbourne Sports Partnership	2,510
Rosliston Forestry Centre	281
Melbourne Leisure Centre	336
Green Bank Leisure Centre Refurbishment - Phase 2	470
Etwall Leisure Centre - Fitness / Community Facilities	360
Etwall Leisure Centre - Artificial Grass Pitch	550
Eureka Park - Community Programme	500
Gresley Old Hall	428

Community Partnership Scheme

4.22 An allocation of £42,000 remains as a contribution to local community and voluntary groups via a capital grants scheme. In addition, a further sum of £100,000 is available to support the voluntary sector, again through a grants scheme. The criterion for allocating this funding was approved by the Committee during 2012.

Proposed Fees and Charges 2013/14

4.23 **Appendix 3** provides a schedule of the proposed level that will operate from 1st April 2013, together with a comparison to the existing charge. Where applicable, VAT is also added at the appropriate rate.

4.24 A detailed review of fees and charges has been undertaken as part of this budget round. Where possible, charges have been increased to reflect inflation and demand for services.

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

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 other corporate 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