
REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)	AGENDA ITEM: 6
DATE OF MEETING:	5th JANUARY 2012	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE	OPEN
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SUBJECT:	SERVICE BASE BUDGETS 2012 / 2013	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS

1.0 Recommendations

- 1.1 That the proposed revenue income and expenditure for 2012/13 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 2011/12 as detailed in **Appendix 4** are considered and approved.
- 1.3 That consideration is given to the level of any increase in grants to voluntary bodies in 2012/13.

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 2012/13, with a comparison to the current year, 2011/12. 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 2012/13 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 Medium-Term Financial Plan (MTFP) was reviewed and updated in October 2011 ahead of the Government's detailed financial settlement for local authorities. Pressure remains on the medium term position with the continuing economic situation and the possible reductions in central funding beyond 2012/13.
- 3.8 During this budget round, all services were asked to look closely at current spending and adopt a "zero based" approach to budgeting. The Finance and Management Committee will consider the detail of the overall financial position on 12th January 2012, including proposals from this Committee. Therefore, it is important that this Committee scrutinises its spending base closely.

Summary of Expenditure

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

Analysis of Net Revenue Expenditure Budgets 2011/12 and 2012/13	Approved Budget 2011/12	Proposed Budget 2012/13	Change
Community Development & Support	633,482	546,621	(86,861)
Leisure and Recreational Activities	106,151	130,524	24,373
Leisure Centres and Community Facilities	548,961	490,929	(58,032)
Parks and Open Spaces	655,290	675,287	19,997
Private Sector Housing	422,761	409,340	(13,421)
Committee Total	2,366,644	2,252,700	(113,944)

- 3.10 The above table shows that the Committee's net expenditure is estimated to decrease overall between 2011/12 and 2012/13 by £113,000. Approximately £70,000 was planned and included in the MTFP. In summary, the overall reasons are as follows:

Known and Internal Changes	
One-off Expenditure falling out	£1,182
Items within the MTFP	-£67,050
Internal Transfers	-£33,611
Employee costs	-£19,604
Reduction in Insurance Premiums	-£20,812
Sub - Total	-£139,895
Additional Changes	
Changes in Income Levels	£57,217
Additional Costs	£4,833
Proposed Savings	-£36,099
TOTAL CHANGE	-£113,944

One-off Expenditure

- 3.11 This relates to services where additional budget was provided in 2011/12 for that year only or where one-off costs have been incurred due to a restructure. This expenditure can be funded either from external sources or from approved under spending brought forward from the previous year.

Items included in the MTFP

- 3.12 This relates to known events that have previously been included in the Council's future spending plans and have now been confirmed in the base budget. A reduction in costs associated with contributions to the Groundwork Trust, the contract price at Green Bank and Etwall Leisure Centres, together

with a reduction in RIEP funding for affordable housing support are included in this figure.

Internal Transfers

- 3.13 This is where income and expenditure has been switched between different cost centres to reflect the needs of the service.

Employee Costs

- 3.14 These costs have changed due to the full year effects of restructures reducing costs from 2012/13 onwards. Some of this may have been offset by incremental changes in pay as employees move through their pay grade. Costs may also increase where employees join the pension fund.
- 3.15 Generally, these costs are taken into account as part of the overall Medium-Term Financial Planning and as such are known and built into forward budgets.
- 3.16 In addition, some time allocations of senior offices have been reviewed and reallocated to reflect a change of responsibilities following the senior management and service restructures during 2010/11.

National Insurance Contributions (NIC)

- 3.17 However, there will be a significant increase in NIC from April 2012. This is due to changes announced in the Government's 2011 Budget which will reduce the current rebate given for contracted out (of the second state) pension schemes. This applies to the local government pension scheme and will increase the Council's NIC by approximately £90,000 per year (£25,000 for this Committee).

Reduction in Insurance Premiums

- 3.18 The Council renewed its premiums in September 2011 following a review of its claims experience by the Council's insurers. This produced a saving in overall premiums across the Council's main policies of approximately £30,000 per year.
- 3.19 Approximately £20,000 is attributable to this Committee and in particular premiums relating to buildings insurance for leisure centres. This reflects the newer facility now operating at Etwall.

Cost Pressures and Budget savings

- 3.20 There are several areas where the cost base continues to change and some budget reductions have been identified following the zero based spending review. These are detailed in the following sections.

Indoor Sports and Recreation Facilities

- 3.21 These costs relate to the running of Green Bank and Etwall Leisure Centres by the Council's contractor. In accordance with the tendered sum, overall costs will reduce over the life of the 7-year contract; 2012/13 will be the second year of that term with a reduction in costs of approximately £60,000. This is reflected in the MTFP.

Grounds Maintenance

- 3.22 The costs of this service were fully reviewed in 2010/11 as part of a tendering exercise. This effectively set the costs and funding for future years. Therefore, the overall cost base has not been increased between 2011/12 and 2012/13 and further budget savings of around £10,000 have been identified.

Grants to Voluntary Bodies and other Organisations

- 3.23 A contribution of £32,000 to Groundwork Trust has been taken out of the base budget for 2012/13. This was approved by the Committee back in March 2010.

Community and Development Budgets

- 3.24 Generally, the overall cost base is estimated to remain neutral. Additional costs are planned to upgrade CCTV and to support a greater number of safer neighborhood projects. This investment will be funded by drawing down from the grant reserve.

Private Sector Housing

- 3.25 Following the zero based approach to spending some additional costs are anticipated in training, to advertise property lets and for supporting a statutory housing needs survey in 2012/13. In total, approximately £14,000 has been added across all services in this Unit, although additional fee income is anticipated totaling £12,000 which will help to offset this.
- 3.26 The main variance is the ending of RIEP funding for the affordable housing service. However, the post was mainstreamed following the approved restructure of Community Services in 2010 and this has already been built into the MTFP.

Homelessness Grant

- 3.27 The Council was notified provisionally back in February 2010, that it was likely to receive on-going support in homelessness prevention. An indicative figure of approximately £64,000 through a Special Services Grant was notified at that time.
- 3.28 This is still to be confirmed for 2012/13. The grant is used to partly fund a post on the Council's establishment and to finance projects and initiatives designed to prevent homelessness. The proposed budget at this stage only includes the amount required (£20,000) to fund the employee costs.

4.0 Detail

- 4.1 A "line by line" analysis of the Committee's budgets as contained in the Council's main accounting system is detailed in **Appendix 3**. **Appendix 1** summarises the Committee's budgets at cost centre level with **Appendix 2** breaking down the changes between 2011/12 and 2012/13 for each cost centre.

Zero Based Budgeting

- 4.2 Traditionally, budgets are been built up 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 For 2012/13, a different approach was taken in that budgets were built up from a zero base. This process places greater responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner.
- 4.4 This may account for some of the variances between budget heads when comparing 2012/13 back to 2011/12. In addition, the upgrade of the Council's Financial Management System has streamlined the Chart of Accounts and meant some budget reallocations within services. This has also allowed some new analysis of budgets.
- 4.5 As usual, the base budgets exclude the costs of internal 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 2012/13 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 increases is settled.
- 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.

Inflation on Grants to Voluntary Bodies

- 4.10 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.
- 4.11 However, due to the reduction in the Council's general grant funding for 2011/12, no increase was applied for 2011/12 although the base level of funding was maintained.
- 4.12 As at September 2011, RPI stood at 5.6%. The MTFP includes a provision of 3%.
- 4.13 An increase of 5.6% equates to approximately £11,500 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, except for the contribution to the Groundwork Trust (£32,000) which was approved in March 2010.
- 4.14 The actual increase will be considered by the Finance and Management Committee as part of the Council's overall Budget for 2012/13 and this Committee are requested to make a recommendation.

General Basis of the 2012/13 Base Budget

- 4.15 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, etc.).
- 4.16 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.

Capital Investment

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

Scheme	Cost £'000	Note
Disabled Facility Grants and other Private Sector Housing Works	1,637	This is for 6-years to 2016/17 - £386k in 11/12, with a provision of £250k per year for the following 5-years depending on Government allocations.
Stock Condition Survey and Housing Market Assessment	120	£60k has been provided in 2012/13 and 2013/14 for a Strategic Housing Market Assessment and a Private Sector Stock Condition Survey respectively.
Hilton Village Hall Extension	271	Growth Point funded
Hilton Multi Games Area	23	Growth Point funded

Green Bank Leisure Centre – Wet Side Refurbishment	282	Major works should be completed within 2011/12
Eureka Park Improvements	51	Growth Point funded.
Provision of Youth and Play Facilities	137	Specific schemes approved by the Committee in June 2009, mainly all externally funded.
Rosliston Forestry Centre – Construction of Business Units	233	Works completed in 2010/11 - all externally funded
Community Partnership Scheme	43	Most of the grant funding to community groups has now been allocated.

New Investment

4.18 Currently, 14 schemes are being evaluated for investment following additional capital funding generated from the sale of Bretby Crematorium in May 2010. Several schemes are relevant to this Committee, the total in the table below being the Council's contribution after external contributions.

Proposed Project / Scheme	TOTAL (£)	Notes / Comments
Melbourne Sports Partnership	1,000,000	Gross Cost is £2.5m
Rosliston Forestry Centre Developments	50,000	Gross Cost is £193,710
Bill Shone (Melbourne Leisure) Centre	125,000	Gross Cost is £325,000
Green Bank Leisure Centre Redevelopment	215,000	Gross Cost is £470,000
Etwall Leisure Centre - Fitness/Community Facilities	120,000	Gross Cost is £360,000
Empty Properties - Landlord Grant Initiative	600,000	No external funding
Etwall Leisure Centre Artificial Grass Pitch	100,000	Gross Cost is £550,000
Disabled Facility Grants	1,250,000	No external funding
Empty Properties - First Time Buyer Initiative	60,000	No external funding
Empty Properties - Private Sector Leasing Scheme	30,000	Revenue
Empty Properties - Extension of Rent Deposit Scheme	15,000	Revenue

4.19 Proposed schemes include substantial investment in leisure facilities together with initiatives to bring empty properties back into use. Finance and Management Committee will consider all investment proposals on 12th January.

Proposed Fees and Charges 2012/13

4.20 **Appendix 4** provides a schedule of the proposed level that will operate from 1st April 2012, together with a comparison to the existing charge. Where applicable, VAT is also added at the standard rate.

4.21 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 that is currently running at approximately 5%, although due to roundings this can vary. Some of the key points are highlighted below.

Get Active in the Forest Schemes

4.22 Generally, it is proposed to reduce fees to maintain and stimulate greater participation.

Hire of Swadlincote Town Hall

4.23 It is proposed to increase charges by an average of 5%.

Cemeteries

4.24 On average, the proposal is for a 6% increase, with a 10% increase for monuments. Charges still remain lower than neighbouring authorities.

Parks

4.25 Again, the proposal is an average of 5%.

Other Leisure Activities

4.26 Most fees are proposed to remain unchanged for 2012/13 as the policy is just to recover costs. Following requests at Liberation Day, it is proposed to reduce the hire of a stall from £30 to £10.

Rosliston Forestry Centre

4.27 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

