

HAMPSHIRE COUNTY COUNCIL

Information Report

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| Decision Maker: | Executive Member for Culture and Recreation |
| Date: | 20 January 2012 |
| Title: | Revenue budget report for Culture & Recreation for 2012/13 |
| Reference: | 3523 |
| Report From: | The County Treasurer and Director of Culture, Community and Business Services |

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1. Executive Summary

- 1.1. The unprecedented reduction in Government funding to local government over the period of the current Comprehensive Spending Review (CSR) has prompted the County Council to take decisive action, by introducing a financial strategy that will deliver the bulk of the four years savings in two years.
- 1.2. This report proposes a budget for Culture and Recreation for 2012/13 in accordance with the Council's Medium Term Financial Strategy reported to Cabinet in July and updated in October. The budget includes proposals for the second 8% reduction in spending consistent with the Corporate Efficiency Workstreams also reported to Cabinet in October and December.
- 1.3. The report also provides an update on the financial position for the current year. Overall for Culture and Recreation in 2011/12 spending is expected to be within cash limited budgets with any underspends being used to meet the cost of change. Further detail is provided in section three of this report.
- 1.4. For 2011/12 a total of £6.4 million savings are planned for the Culture, Communities and Business Services (CCBS) department. These exceed the first 8% target and together with an additional full year impact contribute £2.2 million towards the further savings required in 2012/13. The target for 2012/13 for CCBS is £4.7 million and after adjusting for the additional savings already achieved, a further £2.5 million of new savings are required from the wider CCBS budget.
- 1.5. The share of these new savings which will be met by the Culture and Recreation portfolio is £1.1 million.

- 1.6. The savings proposals for 2012/13 are set out in section five of this report and are analysed by workstreams in Appendix 1. A summary is given in the table below :-

| | £000 |
|---|--------------|
| Corporate efficiency workstream savings | 1,107 |
| Departmental savings | 0 |
| Total | <u>1,107</u> |

- 1.7. The detailed individual proposals that make up these savings together with the anticipated impact of making the savings are shown in Appendix 2. A high level equalities impact screening assessment has been carried out on the proposed savings outlined in this report. The proposed changes as a result of the savings will result in minimal or no actual changes in service levels. Fuller assessments of the impacts for the protected characteristic groups for customers and staff will be made prior to the implementation of actual service level changes necessary to deliver these savings.
- 1.8. The report also reviews the level of charges for the provision of services in section five and provides a summary of charges in Appendix 3. The proposed budget for 2012/13 analysed by service is shown in Appendix 4 and the workforce implications of the budget proposals are set out in Appendix 5.
- 1.9. This report asks the Executive Member for Culture and Recreation to note the revised budget for 2011/12 and detailed proposals for the 2012/13 revenue budget for Culture & Recreation. The report has been prepared in consultation with the Executive Member and will be reviewed by the Culture, Communities and Rural Affairs Select Committee. It will be reported to the Leader and Cabinet on 3 February 2012 to make final recommendations to County Council on 23 February 2011.

2. Context and Priorities

- 2.1. Following the CSR announcement last year local government was anticipating an average 28% reduction in Government funding across the Country. The impact of changes to the distribution methodology meant that the County Council's share of this reduction is relatively much greater, with a 25% reduction in the first two years alone. By the end of the CSR period it is anticipated that over 40% of formula grant will be lost.
- 2.2. The County Council had already been anticipating reductions of this magnitude and had put in place a strategy that sought to deliver the bulk of the four year savings over two years. The Medium Term Financial Strategy (MTFS) approved in July last year and updated in October, consolidated this position, re-iterating the need to meet the two lots of 8% reductions in Departmental spending followed by a return to an annual efficiency target

of 2% per annum from 2013/14 onwards. Other assumptions included in the strategy that have been built into the 2012/13 budget proposals are:

- changes to Council Tax levels will be zero or low
 - A pay freeze in 2012/13 followed by increases of 1% and 1.5% in 2013/14 and 2014/15 respectively (this will be amended in the next update of the MTFS following the Chancellor's announcement on a pay limit of 1% increase for these two years)
 - General inflationary increases of 2.5% per annum
 - 'Passporting' of any further losses of specific grant to the relevant services
- 2.3. Since July, the County Council has also been developing its Open for Business priorities, underlining the fact that despite the reductions in funding the County Council remains a large influential organisation committed to providing high quality services to the residents of Hampshire.
- 2.4. In order to meet the 8% target for CCBS, services within the Culture and Recreation portfolio have been developing their service plans and budgets for 2012/13 and future years in keeping with the Open for Business Priorities and the key issues, challenges and priorities for the services are set out in below.

Culture and Recreation Services

- 2.5. There are a number of challenges facing services within the Culture and Recreation portfolio with the most significant relating to:
- maintaining and increasing income including that derived from visitors and partnerships
 - developing community engagement particularly as this forms a critical element of the savings plans in the Museums service.
- 2.6. Income from visitor attractions, for example country parks and Milestones, is integral to the delivery of services contributing to the corporate priorities of enhancing our quality of place and maximising wellbeing. In the current economic climate not surprisingly visitor numbers are declining; this is a national trend. Increasingly, a key focus for the department is the development of new and innovative plans to attract visitors together with the necessary marketing and promotion.
- 2.7. Community engagement particularly through volunteering is a strong element of the future strategy for the museum service. Empowering local communities to take on direct responsibility for service delivery through their use of volunteers provides an opportunity to reduce direct staff costs. However, establishing such arrangements will take time and ensuring the future sustainability of services will be challenging.
- 2.8. What underpins much of the above and many other areas of work is the underlying weak economy. District partners who joint fund many facilities such as Museums are themselves facing financial pressures and this will

require the department to review both future support and the sustainability of some services. The need to exploit every possible alternative funding source has never been greater.

3. 2011/12 Budget

- 3.1. The CCBS cash limited budget for 2011/12 included savings of £5.7 million to be delivered during the year. All departments are monitoring achievement of savings as part of the normal budget monitoring process for the year. At the end of November £6.4 million of savings are anticipated to be delivered against the 2011/12 target representing an over-achievement of £0.7 million within CCBS.
- 3.2. £2.5 million of the £6.4 million anticipated savings has been achieved within the Culture and Recreation portfolio and through the merger of the Culture Community and Rural Affairs department and the Property Business Regulatory Services and IT department.
- 3.3. The budget for Culture and Recreation has been updated throughout the year and the Revised budget is shown in Appendix 4. The expected outturn forecast against this revised budget for 2011/12 at the end of quarter 2 was an overspend of £30,000 however current projections are that spending is expected to be met within the cash limit.

Budget 2012/13

4. Revenue Savings Proposals

- 4.1. Each Department is required to deliver a second year of 8% savings to contribute towards the overall target of £45m in 2012/13. The target for CCBS is £4.7 million.
- 4.2. The CCBS savings for 2011/12 which exceed that year's 8% target, together with their full year impact for 2012/13 contribute £2.2m towards the second 8% savings required for 2012/13. After taking in to account £1.4 million planned savings within other parts of CCBS this leaves a balance of £1.1 million for which new savings proposals are required within Culture and Recreation services.
- 4.3. A confidential report on the initial Phase Four Workstream Proposals was presented to Cabinet on 24 October and was updated in December. This highlighted that around £24 million of savings had been identified and that there was a broad expectation that the cumulative value of the workstreams will contribute at least 50% of the overall £45m 2012/13 savings requirement.
- 4.4. Appendix 1 details the savings proposals for Culture and Recreation between the Phase Four Workstreams. These are summarised in the table below.

| | Savings in 2012/13 £000 |
|---|--|
| Full year effect of and over-achievement of 2011/12 CCBS savings | 2,167 |
| New proposals in 2012/13: | |
| Planned savings in other parts of CCBS | 1,450 |
| Planned savings in Culture and Recreation | |
| • Corporate efficiency workstream savings | 1,107 |
| • Departmental savings | 0 |
| Total new savings | <hr/> 2,557 |
| Total savings in 2012/13 | <hr/> 4,724 <hr/> |

- 4.5. Overall for Culture and Recreation, 100% of savings are being delivered through the Phase Four work streams. These savings proposals mainly focus on achieving efficiencies with limited need to impact on service delivery subject to sustainable community and volunteer partnerships being established in some areas as described earlier in the report.
- 4.6. Whilst measures are being taken to generate additional income in Countryside it is recognised that this will be challenging and may not deliver any significant increase in the short-term.
- 4.7. A more detailed summary of the savings proposals for 2012/13 is contained in Appendix 2 which shows the estimated impact on workforce levels and the forecast full year impact from 2013/14 onwards. The Appendix also provides information on the type of savings proposals categorised over Efficiencies, Income Generation or Service Reductions.
- 4.8. These proposals will result in a further workforce reduction of 27 full-time equivalent (FTE) positions. It is anticipated that a significant proportion of this can be achieved through offering voluntary redundancy to the members of staff who will be impacted by these changes. The remaining post reductions will be achieved through staff turnover.

5. Review of charges

- 5.1. For Culture and Recreation, the 2012/13 revenue budget includes income of £5.7 million from fees and charges.
- 5.2. Discretionary charges are reviewed annually except when they are subject to agreements which cover longer periods when the review takes place at the end of the period of the agreement.
- 5.3. Details of fees and charges for 2012/13 are included in Appendix 3.

6. Other expenditure

- 6.1. The overall budget includes items which are not counted against the cash limit. Further adjustments will be made including capital charges, charges for central departments' support services and for repairs to and maintenance of buildings.

7. Budget summary 2012/13

- 7.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Culture and Recreation reported as part of the Policy and Resources budget in that report was £24.586 million which has now been adjusted to allow for :-

| | £000 |
|--------------------------------|-------------|
| Changes in Premia Payments | +24 |
| Change in inflation | -29 |
| Changes in Procurement savings | +50 |
| Total | +45 |

- 7.2. The amended cash limit position for Culture and Recreation for 2012/13 is therefore £24.631 million. Appendix 4 sets out a summary of the proposed budgets for the service activities provided by Culture and Recreation for 2012/13 and show that these are within the amended cash limit set out above.
- 7.3. This net position excludes central items such as repair and maintenance, support service charges and capital charges which will be added as part of the overall budget reported to Cabinet and Council in February.

8. Workforce implications

- 8.1. The workforce implications of the proposed budget for 2012/13 are set out in Appendix 5. At the end of 2012/13 the planned workforce for Culture and Recreation is 801 full time equivalent (FTE) staff. This compares with the estimate at the end of 2011/12 of 831 FTEs which is a reduction of 27 FTEs as summarised below.

| | FTEs |
|--------------------------------------|-------------|
| FTE staff as at 31 March 2012 | 831 |
| Transfers and Other Staff Changes | (3) |
| Changes relating to savings targets | <u>(27)</u> |
| FTE staff as at 31 March 2013 | 801 |

9. Capital

- 9.1. The details of the capital programme for services within the Culture and Recreation Portfolio is contained within the Capital Programme for 2012/13 to 2014/15 report to Executive Member for Policy and Resources on 19 January 2012.

10. Conclusion

- 10.1. The above proposals set out a revised budget for 2011/12 and the revenue budget for 2012/13.
- 10.2. The recommended budgets are in line with the budget guidelines set by Cabinet including the 8% savings target in each year.
- 10.3. The proposed budget incorporates several savings and income generation proposals. A significant part of the savings relate to further review of workforce levels. However, with vacancy management still in place, and a number of voluntary redundancies already agreed, there is a low level of risk associated with the implementation of savings in this area. For most other savings, plans are already well advanced that should enable the planned savings to be achieved in 2012/13.

11. Recommendations

To note the following:

- 11.1. That the proposals for Culture and Recreation savings totalling £1.1 million, which together with the full year impact of 2011/12 savings, over-achievement of the 2011/12 target and contributions from other parts of CCBS meet the 8% target of £4.7 million set for CCBS in 2012/13 (as set out in Appendix 1 and 2)
- 11.2. The annual review of income and charges (as set out in Appendix 3)
- 11.3. The revised budget for 2011/12 totalling £26.3 million (as set out in Appendix 4)
- 11.4. The summary budget for 2012/13 totalling £24.6 million (as set out in Appendix 4)
- 11.5. The workforce implications of the proposed budget for 2012/13 (as set out in Appendix 5).

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

| | |
|---|-----|
| Hampshire safer and more secure for all: | Yes |
| Corporate Business plan link number (if appropriate): | |
| Maximising well-being: | Yes |
| Corporate Business plan link number (if appropriate): | |
| Enhancing our quality of place: | yes |
| Corporate Business plan link number (if appropriate): | |

Other Significant Links

| | | |
|---|------------------|-----------------|
| Links to previous Member decisions: | | |
| <u>Title</u> | <u>Reference</u> | <u>Date</u> |
| Medium Term Financial Strategy | 3338 | 24 October 2011 |
| Efficiency, Expenditure Reduction and Transformation: 2012/13 initial phase four workstream proposals | 3368 | 24 October 2011 |
| Direct links to specific legislation or Government Directives | | |
| <u>Title</u> | <u>Date</u> | |
| | | |

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

| | |
|-----------------|-----------------|
| <u>Document</u> | <u>Location</u> |
| None | |

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. A high level equalities impact assessment has been carried out of the main savings included in the budget proposals in this report. Fuller assessments will be made prior to the implementation of the measures to deliver these savings

2. Impact on Crime and Disorder:

- 2.1. As this is a general report covering the whole of the budget for Culture and Recreation it cannot set out detailed crime and disorder implications. However, crime and disorder implications of specific issues raised in the budget would be reflected in individual service plans and project reports where appropriate

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?
- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

As this is a general report covering the whole of the budget for Culture and Recreation it cannot set out detailed climate change implications. However, climate change implications of specific issues raised in the budget would be reflected in individual service plans and project reports where appropriate

Culture and Recreation**Summary of phase 4 corporate efficiency workstreams**

| Corp. Workstream Ref. | Description | Culture and Recreation £000 | Total £000 |
|-----------------------------|------------------------------------|---------------------------------------|---------------------------------|
| C2.2 | Further review of workforce levels | 860 | 860 |
| C3 | Corporate Communications | 18 | 18 |
| C11 | Customer Charging | 80 | 80 |
| C19 | PBRISIT/CCRA Merger | 149 | 149 |
| | Total Phase 4 Workstreams | 1,107 | 1,107 |
| D | Departmental savings | 0 | 0 |
| | Total savings | 1,107 | 1,107 |

EXPENDITURE REDUCTION OPTIONS - NEW SAVINGS PROPOSALS TO MEET 8% TARGET

| Ref. | Savings Type | Corp. Prog. Ref | Service Activity | Description | Impact / Issues | 2012/13 | | Full Year | |
|-----------|--------------|-----------------|---|--|---|--------------|---------------|--------------|---------------|
| | | | | | | £000 | FTE | £000 | FTE |
| CCBS 1 | E | C2 | Community and Culture & Heritage | Staff reductions, restructuring Museums, Arts and Libraries | Subject to delivery of sustainable community role there will be some impact on core service delivery. | (860) | (25.0) | (860) | (25.0) |
| | | | | | | (860) | (25.0) | (860) | (25.0) |
| CCBS 2 | E | C3 | Culture & Heritage, Business Support, Community | Reduced non-staffing spend on marketing and communications (web based publicity and reduction in published materials) | These are efficiency savings and not expected to impact on core service delivery. | (18) | | (18) | |
| | | | | | | (18) | | (18) | |
| CCBS 3 | I | C11 | Culture & Heritage | Site specific income increases within Countryside service | These will deliver increased income and is not expected to impact on core service delivery. | (80) | (1.0) | (80) | (1.0) |
| | | | | | | (80) | (1.0) | (80) | (1.0) |
| CCBS 5 | E | C19 | Culture & Heritage, Business Support, Community | Following the merger there will be a revised structure in place for Museums and a review of Marketing leading to reduced spend. PBRsIT/CCRA Merger | These are efficiency savings and not expected to impact on core service delivery. | (106) | (1.0) | (106) | (1.0) |
| | | | | | | (149) | (1.0) | (149) | (1.0) |

Total of Phase 4 Workstreams

(1,107) (27) (1,107) (27)

Departmental Savings

0 0.0 0 0.0

Grand Total

(1,107) (27.0) (1,107) (27.0)

E = efficiency
I = income generation
R = service reduction

Culture and Recreation
Review of income 2012/13

| | Current charge | Total income | Date of last review | Planned date for next review | Proposed increase (if proposed now) | Is charge set to recover full cost Yes/No | Is charge subject to an assessment scale determined locally? Yes/No | Variation from previous year |
|--|----------------|--------------|---------------------|------------------------------|-------------------------------------|--|--|------------------------------|
| | £ | £ | | | £ | | | £ |
| Mandatory/National charges: None | | | | | | | | |
| Discretionary charges: | | | | | | | | |
| Community | | | | | | | | |
| - Library Service | | | | | | | | |
| Fines | various | 217,500 | September 2011 | September 2012 | none | n/a | no | 0 |
| Other income (rental, sales, room hire, etc) | various | 1,037,300 | September 2011 | September 2012 | various | yes | no | 3,900 |
| Culture and Heritage | | | | | | | | |
| - Countryside Service | | | | | | | | |

| | Current charge | Total income | Date of last review | Planned date for next review | Proposed increase (if proposed now) | Is charge set to recover full cost Yes/No | Is charge subject to an assessment scale determined locally? Yes/No | Variation from previous year |
|--|----------------|--------------|---------------------|------------------------------|-------------------------------------|--|--|------------------------------|
| Admission | various | 271,900 | 2011/12 | 2012/13 | Dependant on site | yes | no | 1,200 |
| Car parking | various | 411,900 | 2011/12 | 2012/13 | Dependant on site | yes | no | 30,300 |
| Other income (rent, catering, activities) | various | 493,500 | 2011/12 | 2012/13 | Dependant on site | yes | no | -3,600 |
| - Outdoor Centres | various | 96,375 | 2011 | 2012 | none | yes | no | 1,500 |
| - Arts | | | | | | | | |
| Admissions | various | 198,500 | Annual | 2012/13 | none | yes | no | 0 |
| Other income (retail, catering, lettings, etc) | various | 364,200 | Annual | 2012/13 | none | yes | no | 0 |
| - Museums | | | | | | | | |
| Admissions | various | 46,900 | 2011/12 | 2012/13 | none | yes | no | 0 |
| Other income (retail, lettings, etc) | various | 203,000 | 2011/12 | 2012/13 | none | yes | no | 0 |

| | Current charge | Total income | Date of last review | Planned date for next review | Proposed increase (if proposed now) | Is charge set to recover full cost Yes/No | Is charge subject to an assessment scale determined locally? Yes/No | Variation from previous year |
|--------------------------------------|----------------|--------------|---------------------|------------------------------|-------------------------------------|--|--|------------------------------|
| - Calshot Activities Centre | various | 1,622,600 | 2011 | 2012 | none | yes | no | -53,800 |
| - Archives | | | | | | | | |
| Sales, Services & Events | various | 40,500 | April 2011 | April 2012 | none | yes | no | 0 |
| - Milestones | | | | | | | | |
| Admissions | various | 400,885 | 2011/12 | 2012/13 | none | yes | no | 0 |
| Other income (retail, lettings, etc) | various | 349,000 | 2011/12 | 2012/13 | none | yes | no | 0 |

**Culture and Recreation
Budget summary 2012/13**

| Service Activity | Original Budget 2011/12 £000 | Revised Budget 2011/12 £000 | Proposed Budget 2012/13 £000 |
|--|---|--|---|
| Direct Services: | | | |
| <i>Community:</i> | | | |
| School Library Service | 0.0 | 0.0 | 0.0 |
| Sport & Community Library Service | 967.4 | 937.3 | 850.9 |
| | 14,867.8 | 14,380.9 | 13,274.6 |
| <i>Culture & Heritage:</i> | | | |
| Countryside | 3,649.2 | 3,592.1 | 3,218.5 |
| Outdoor Centres | 732.6 | 720.4 | 655.1 |
| Arts | 1,840.7 | 1,817.0 | 1,666.9 |
| Museums | 1,741.6 | 1,160.4 | 1,454.4 |
| Calshot Activities Centre | 164.6 | 138.8 | 118.3 |
| Archive | 1,062.6 | 1,021.5 | 961.2 |
| Milestones | 308.5 | 304.5 | 279.5 |
| CCBS Unallocated amount | 0.0 | 0.0 | 31.7 |
| Centrally Managed Support Services: | | | |
| CCBS Department | 2,273.5 | 2,273.5 | 2,119.6 |
| Total C&R Cash Limited Services | 27,608.5 | 26,346.4 | 24,630.6 |

**Culture & Recreation
Workforce implications**

| Service Activity | Estimated Staff Numbers 31.3.2012 | Transfers & Other Changes | Impact of Savings Proposals | Estimated Staff Numbers 31.3.2013 |
|---------------------------|--|--------------------------------------|------------------------------------|--|
| School Library Service | 21 | - | - | 21 |
| Sport & Community | 27 | - | - | 27 |
| Library Service | 412 | (3) | (18) | 391 |
| Countryside | 103 | - | (4) | 99 |
| Outdoor Centres | 19 | - | - | 19 |
| Arts | 25 | - | - | 25 |
| Museums | 98 | - | (5) | 93 |
| Calshot Activities Centre | 66 | - | - | 66 |
| Archive | 30 | - | - | 30 |
| Milestones | 20 | - | - | 20 |
| River Hamble | 10 | - | - | 10 |
| Total | 831 | (3) | (27) | 801 |