

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture and Recreation
Date:	8 March 2012
Title:	Budget Monitoring Report for the period ended 31 December 2011
Reference:	3733
Report From:	Director of Culture, Communities and Business Services and the County Treasurer

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1. Executive Summary

- 1.1. The purpose of this report is to provide an update on the budget monitoring position as at the end of quarter 3 (31 December 2011) for the Culture and Recreation service groups.
- 1.2. The current position is a forecast overspend for the year of £180,900.

	Current budget	Quarter 2 forecast variance	Quarter 3 forecast variance	Variance as a % of budget	Change
	£000	£000	£000	%	£000
Culture & Recreation	24,072.9	30.7	180.9	0.8	150.2
Grand Total	24,072.9	30.7	180.9	0.8	150.2

- 1.3. The predicted overspend within the Culture and Recreation service grouping is mainly as a result of under achievement of income relating to lower visitor levels to Milestones than projected. This reflects the wider national trend where discretionary family spending is being impacted by the economic climate. Further to this in the Museums service there have been budget reductions for items where corresponding expenditure reductions cannot be made eg LGPS funding reductions for staff costs met from the Renaissance grant (outside Museums core funding) which as of 1 July 2011 no longer supports these staff costs and appropriate redundancies have been made accordingly.

- 1.4. The projected out-turn position for Culture and Recreation services is therefore £24,253.8 million. With a view to reducing the projected overspend in these areas all efforts are being made to ensure expenditure from HCC core budgets only occurs on essential items with a freeze on non-essential purchases in place since end quarter 2. All opportunities to maximise income are being pursued in particular for Milestones through the half-term period and during the Lego Exhibition (which is itself Renaissance funded).
- 1.5. Any further savings or income that can be achieved in these areas will build on the £2.5 million savings achieved within the Culture and Recreation services and through the merger of the Culture, Communities and Rural Affairs and Property Business Regulatory Services & IT departments in 2011/12.
- 1.6. The Culture and Recreation services are managed as part of the Culture, Communities and Business Services Department and the projected overspend within the Culture and Recreation service grouping is expected to be fully offset by underspends in other services within the department.

2011/12 Revenue Budget

2. Culture and Recreation

- 2.1. The current position for the Culture and Recreation service group overall is an overspend of £180,900 against the cash limited budget.

Service	Current Budget	Qtr 2 Forecast Variance	Qtr 3 Forecast Variance	Variance as a % of budget	Change
	£'000	£'000	£'000	%	£'000
Library Service	14,380.9	0.0	0.0	0.0	0.0
School Library Service	0.0	0.0	0.0	0.0	0.0
Sport & Community	937.3	0.0	0.0	0.0	0.0
Countryside	3,592.1	0.0	0.0	0.0	0.0
Arts Service	1,817.0	10.5	10.5	0.6	0.0
Museums Service	1,160.4	(65.1)	59.7	5.1	124.8
Milestones	304.5	83.3	110.7	36.3	27.4
Archives	1,021.5	2.0	0.0	0.0	(2.0)

Outdoor Centres	720.4	0.0	0.0	0.0	0.0
Calshot Activities Centre	138.8	0.0	0.0	0.0	0.0
Grand Total	24,072.9	30.7	180.9	0.8	150.2

- 2.2. The projected outturn for Libraries, the School Library Service, Sport and Community and the Countryside service is expected to be in line with the budget allocation.
- 2.3. Within the Arts Service the projected overspend at the end of Quarter 3 is due to pressures on premises and employees costs related to a change in the way employer pension contributions are collected offset to some extent by a projected underspend on supplies and services and an increase in the projected income. However through ongoing close management of expenditure on this budget head there is some confidence that the impact of this will be mitigated before year-end.
- 2.4. The projected overspend on Museums and scale of change is largely due to a number of budget transfers as part of the revised budget process including several where the related expenditure cannot also be transferred out. During 2011/12 the Museums budget has faced a 16% decrease during the year, a greater percentage reduction than for many other services within the portfolio. In addition visitor numbers in museums have been affected by a combination of factors, the down turn in town centre retail audiences which affect many venues on the high street and to a lesser extent by minor reductions in programming and opening hours in some locations as a consequence of withdrawal of Renaissance funding. Finally, most significantly the out-turn position is also reflective of the Museums budget meeting the cost of the LGPS liability for Renaissance grant funded staff. As with the Arts Service management action has been taken to ensure only essential expenditure occurs against cash limited budgets and a freeze in non-essential expenditure has been in place since Quarter 2.
- 2.5. The projected overspend on Milestones is mainly due to an anticipated underachievement of income related to visitor numbers which is having an impact on admissions income, the shop and cafe. This is despite management action to control costs which has delivered £100,500 of savings on expenditure. There is some optimism currently that as a result of the February half-term and Lego exhibition an improved income position will be seen in the remainder of the year.
- 2.6. The change from a projected overspend position to balanced budget for Archives is due to realignment of budgets through the revised budget process.
- 2.7. The projected outturn for Outdoor Centres and Calshot Activities Centre is expected to be in line with the budget allocation.

2.8. Significant movements in the period are summarised as follows:

	Variance this period £'000	Movement this period £'000	Para Ref
Library Service	0.0	0.0	2.2
School Library Service	0.0	0.0	2.2
Sport & Community	0.0	0.0	2.2
Countryside	0.0	0.0	2.2
Arts Service	10.5	0.0	2.3
Museums service	59.7	124.8	2.4
Milestones	110.7	27.4	2.5
Archives	0.0	(2.0)	2.6
Outdoor Centres	0.0	0.0	2.7
Calshot Activities Centres	0.0	0.0	2.7

3. Recommendation(s)

3.1 It is recommended that the:

- forecast position as at the end of Quarter 3 (31 December 2011) is noted

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

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

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.)

DocumentLocation

None

IMPACT ASSESSMENTS:

This report is in accordance with the budget strategy and the County Council's financial management policy. This policy applied equally to all Services and ensures consistent financial management decisions across all policies