

**HAMPSHIRE COUNTY COUNCIL****Decision report**

<b>Decision Maker:</b>	Executive Member for Culture, Recreation and Countryside
<b>Date of Decision:</b>	19 January 2015
<b>Decision Title:</b>	Revenue budget report for Culture, Recreation and Countryside for 2015/16
<b>Decision Reference:</b>	6389
<b>Report From:</b>	Director of Culture, Communities and Business Services and Director of Corporate Resources – Corporate Services

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## **1. Executive Summary**

- 1.1. The purpose of this report is to set out proposals for the Culture, Recreation and Countryside budget for 2015/16 in accordance with the Council's Medium Term Financial Strategy (MTFS) reported to Cabinet in July 2014.
- 1.2. The County Council's early action in tackling its forecast budget deficit over the current Comprehensive Spending Review (CSR) period and providing funding in anticipation of the tougher times to come, placed it in a very strong position to produce a 'steady state' budget for 2014/15 and give itself the time and capacity to develop and implement the next phase of savings by 2015/16.
- 1.3. The budget for 2014/15 that was approved at this stage last year included savings plans for the 2015/16 financial year in order that these could be implemented during the current financial year so that, wherever possible, savings would be fully in place by April 2015.
- 1.4. The report also provides an update on the financial position for the current year. Overall the Culture, Recreation and Countryside services are expected to achieve a breakeven position after an anticipated draw on the departmental cost of change reserve to fund a number of planned projects and events which are partially offset by the early achievement of some of the 2015/16 required savings.
- 1.5. The report also reviews the level of charges for the provision of services in section 6 and provides a summary of charges in Appendix 1.

- 1.6. The proposed budget for 2015/16 analysed by service is shown in Appendix 2 and the workforce implications of the budget proposals are set out in Appendix 3.
- 1.7. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2014/15 and detailed service budgets for 2015/16 for Culture, Recreation and Countryside. The report has been prepared in consultation with the Executive Member and will be reviewed by the Culture and Communities Select Committee and the Policy and Resources Select Committee when it considers the whole CCBS Department. It will be reported to the Leader and Cabinet on 6 February 2015 to make final recommendations to County Council on 19 February 2015.

## **2. Context and Priorities**

- 2.1. The budget setting process for 2015/16 will be different to previous years in that the majority of the decisions in respect of major changes to the budget were taken as part of the 2014/15 budget setting process in February 2014. Other factors will still affect the budget, such as council tax decisions and inflation, but these will not be as significant as the savings programme that has already been put in place.
- 2.2. Details of the CSR for 2015/16, published in 2013, included a 10% real terms cut in the Departmental Expenditure Limit (DEL) for local government. The budget forecast for 2015/16 therefore included a 10% cash terms cut in all grant funding which equated to a £27.1m reduction. The provisional settlement released in December 2014 confirmed an 11.8% reduction for the County Council, increasing the grant loss to £30 million which will be taken into account when the final budget is set.
- 2.3. The July 2014 MTFS updated the overall position in respect of the 2015/16 budget gap and detailed savings proposals were approved by Cabinet and County Council as part of the 2014/15 budget setting process. The savings have been achieved through the 'Transforming the Council to 2015' (TtC to 2015) programme that has been developed and regular updates on the Programme have been provided to Cabinet during 2014.
- 2.4. Assumptions included in the strategy that have been built into the 2015/16 budget proposals are:
  - a 1% council tax freeze grant available for 2015/16 on the assumption that council tax is not increased
  - total inflation of £19m across all departments
  - 'passporting' of any further losses of specific grant to the relevant services
- 2.5. As part of the transformation programme, the County Council has been developing its 'Shaping Hampshire' plan, signalling the County Council's intention to further transform and shape services for the future.
- 2.6. The Culture, Recreation and Countryside Services have been developing its service plans and budgets for 2015/16 and future years in keeping with

the 'Shaping Hampshire' priorities and the key issues, challenges and priorities for the department are set out below.

### **Departmental Challenges and Priorities**

- 2.7. The department delivers a wide range of different services with gross expenditure in the region of £100m per year and income streams of around £65m leaving a net cash limit of £35m. The most significant challenge facing the department in the current economic climate continues to be focused on maintaining and increasing income including that derived from visitors, partnerships and business clients. Many services, including outdoor centres and countryside services are continuing to develop longer-term strategies which will help them move toward becoming financially self-sufficient. In addition the Department is responsible for Business Units with a turnover in excess of £54m.
- 2.8. Another significant priority for the department is to seek further efficiency savings and income generating opportunities through enhanced management of the County Council's use of leased and owned buildings. A range of options have been developed including investment, acquisition, disposal, innovative use of assets and energy efficient solutions for the County Council together with options for co-location with partners.
- 2.9 Community engagement particularly through volunteering is a strong element of the future strategy for the library, countryside and museums services. The volunteer response has been excellent, however ensuring the future sustainability of services using this model will be challenging.

### **3. 2014/15 Budget**

- 3.1. The cash limited budget for 2014/15 did not incorporate the early achievement of savings of £355,000 expected during the year. These and any further savings achieved during the year can be transferred to Departmental reserves and used to fund any future costs of change.
- 3.2. The budget for the department has been updated throughout the year and the revised budget is shown in Appendix 2 and excludes the impact of the 2014/15 pay award, which will be dealt with as an in-year adjustment later in the year.
- 3.3. The expected outturn forecast for 2014/15 is a balanced position.
- 3.4 A projected draw from the departmental Cost of Change reserve of £650,000 is planned in respect of specific projects or transformation work specifically on Culture, Recreation and Countryside Services. The largest individual project is the set up costs for the Trust. There is also the cost of the fees associated with the camping pods at Calshot which is supported mainly by a grant from the Armed Forces Community Covenant. This scheme is included in a report to the Executive Member for Policy and Resources to be added to the capital programme for the current financial year. In addition there are draws on the reserve for staffing to support transformation projects across the whole CCBS department.

### **Community**

- 3.5 The Library Service has delivered a significant restructure with effect from 1 January 2015. It will save the Service approximately £786,000 pa from 2015/16 and has achieved £189,000 early savings in the current year which has contributed to the cost of making this restructure.
- 3.6 The Sport Hampshire and Isle of Wight (SHIOW) budget is a balanced position against the cash limit. SHIOW receives funding from Sport England, local authorities and other external sources to run a variety of projects across the county. Progress continues with the evaluation of alternative governance models for SHIOW as reported in September.

### **Culture and Heritage**

- 3.7 The Countryside Service is facing budget pressures due to legal costs of £57,000 in relation to Bushfield Camp but is working to find savings to offset these.
- 3.8 The Arts and Museums Service successfully transferred to the Hampshire Cultural Trust on 1 November 2014 and is now operating independently of the County Council under a legally constituted Management and Funding Agreement.
- 3.9 The Country Park Transformation project is progressing to plan with a strong focus upon securing external funding support.

### **Trading Units**

- 3.10 The operation of the Hampshire Wardrobe has been transferred to the Trust.
- 3.11 The balance on the School Library Service reserve as at 31 March 2014 was £246,000. The projected use in 2014/15 is £54,000 for the refurbishment of the School Library Service at Fareham and to invest in the book fund as a result of new customers signing up for the service. This would bring the balance to £192,000 at the end of the current financial year.

### **Budget 2015/16**

## **4 Revenue Savings Proposals**

- 4.1 The Culture, Recreation and Countryside services were given a savings target for 2015/16 of £1.489m. In February 2014, a savings programme was put forward by the Department which included proposals to meet this gap.
- 4.2 During the last year, the Department has been progressing the implementation of these savings, which have been subject to regular reporting to Cabinet and two internal Peer Review challenges, which were undertaken by the Director of Children's Services.

- 4.3 It is now anticipated that full year savings of £2.039m will be achieved in 2015/16 with the surplus savings of £550,000 contributing further to the Department's cost of change reserve.
- 4.4 The main reason for the over achievement relates to the restructuring within the Library Service.
- 4.5 Rigorous monitoring of the delivery of the programme will continue during 2015/16, to ensure that the Department is able to stay within its cash limited budgets as set out in this report.
- 4.6 This early action in developing and implementing the savings programme for 2015/16 means that the County Council is in a strong position for setting a balanced budget in 2015/16 and it means that no new savings proposals will be considered as part of the budget setting process for the next financial year.

## **5 Review of charges**

- 5.1 For Culture, Recreation and Countryside Services, the 2015/16 revenue budget includes income of £5.365m from fees and charges to service users. This is an increase of £0.108m 2.0% on the adjusted original budget for 2014/15.
- 5.2 Details of current and proposed fees and charges (where these are specifically defined) for 2015/16 are outlined in Appendix 1.

## **6 Other expenditure**

- 6.1 The budget includes some items which are not counted against the cash limit. This includes business units whose costs are covered by customer income and adjustments for pension and early retirement costs in accordance with International Accounting Standard 19 (IAS 19).
- 6.2 Budgets to cover depreciation on assets used to deliver Culture, Recreation and Countryside services and recharges of central support services and repair and maintenance of buildings will be included in the presentation of the budget to the County Council in February.

## **7 Budget summary 2015/16**

- 7.1 The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The cash limit for Culture, Recreation and Countryside Services within the total for the CCBS Department in that report was £22.056m.
- 7.2 Appendix 2 sets out a summary of the proposed budgets for the service activities provided by the Department for 2015/16 and show that these are within the amended cash limit set out above.

- 7.3 In addition to these cash limited items there are further budgets which fall under the responsibility of Culture, Recreation and Countryside, which are shown in the table below :-

	<b>2015/16 £000</b>
Cash limited expenditure	22,056
Trading Unit Surplus	(48)
<b>Total net expenditure</b>	<b>22,008</b>

- 7.4 This net position excludes central items such as repairs and maintenance, support service charges and capital charges which will be added as part of the overall budget reported to Cabinet and County Council in February.

## **8 Workforce implications**

- 8.1 The workforce implications of the proposed budget for 2015/16 are set out in Appendix 3. This is based on current known changes, but excludes any assumptions about the current Enhanced Voluntary Redundancy process which will make decisions by the end of this financial year on requests that have been received from staff.
- 8.2 At the end of 2015/16 the planned workforce for Culture, Recreation and Countryside is 590.12 full time equivalent (FTE) staff. This compares with the estimate at the end of 2014/15 of 617.11 FTEs which is a reduction of 26.99 FTEs as summarised below:

	<b>FTEs</b>
Estimated FTE staff as at 31 March 2015	617.11
Transfers and other changes	(21.99)
Changes relating to savings targets	(5.00)
<b>FTE staff as at 31 March 2016</b>	<b>590.12</b>

## **9 Recommendations**

To approve for submission to the Leader and Cabinet:

- 9.1 The annual review of income and charges (as set out in Appendix 1).
- 9.2 The revised budget for 2014/15 (as set out in Appendix 2).
- 9.3 The summary budget for 2015/16 (as set out in Appendix 2).
- 9.4 The workforce implications of the proposed budget for 2015/16 (as set out in Appendix 3).

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

<b>Hampshire safer and more secure for all:</b>	No
Corporate Business plan link number (if appropriate):	
<b>Maximising well-being:</b>	Yes
Corporate Business plan link number (if appropriate):	
<b>Enhancing our quality of place:</b>	Yes
Corporate Business plan link number (if appropriate):	

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u> Revenue Budget report for Culture, Recreation and Countryside	<u>Reference</u> 5524	<u>Date</u> 20 January 2014
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u> None	<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. Equality Duty**

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

#### **Due regard in this context involves having due regard in particular to:**

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

#### **Equalities Impact Assessment:**

1.2 There are no new proposals within this report that have not been previously considered in other reports. Appropriate equalities impact screenings have been carried out in respect of those proposals. These have been used to identify where there has been an impact on service users or staff.

### **2. Impact on Crime and Disorder:**

2.1 The proposals within this report are not considered to adversely affect the prevention of crime.

### **3. Climate Change:**

a) How does what is being proposed impact on our carbon footprint / energy consumption?

There are no specific proposals that impact on the County Council's 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

There are no specific proposals that directly relate to climate change issues.

**Culture, Recreation and Countryside****Review of income 2015/16**

	<b>Total Income (15/16 Budget) £</b>	<b>Narrative</b>
<b>Discretionary Charges:</b>		
<b>Community</b>		
Rentals/letting and annual conference	42,000	Charges for hire of community facilities vary by site. The results of a rent equalisation review are currently being considered. It is anticipated that, subject to the necessary approvals, hire charges will increase in 2015/16. No change is proposed to the annual conference delegate fee
<b>Libraries</b>		
Various charges are made including:	1,344,000	
<ul style="list-style-type: none"> <li>• fines for overdue books, audio books, scores and music sets</li> <li>• hire income (music CDs, DVDs, computer games, audio books and language packs)</li> <li>• reservations and inter-library loans</li> <li>• printing and photocopying</li> <li>• room hire, ticketed events and adult learning</li> </ul>		No changes are currently proposed. They will be reviewed during the year.
<b>Countryside Service</b>		
Admissions Income	249,000	The Countryside Service has, over the past three years, been able to make significant increases to its fees and charges in order to bring these into line with local or national averages. Parking, entrance, season tickets
Car Parking	522,000	

and membership prices have been increased at the Service's country park venues to reflect the offer to the public and to ensure parity with similar local attractions. Although it is intended to continue to improve the offer to our customers, without new or improved facilities it is considered prudent to keep any increases to a minimum for 2015/16 in order to maintain the steady increase in visitor numbers and the associated secondary spend, but to revise this approach once new or improved facilities and attractions are provided.

Other Income	600,000	Other income to country parks includes rent, catering income, shop sales and charges for various activities. These charges are reviewed annually and overall the 2015/16 budget includes a 2% increase in income from these sources.
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### Outdoor Centre

Fees and Charges for Outdoor Activities	260,000	Fees and charges for outdoor activities are reviewed regularly and take into consideration overall market conditions. The charges are dependent on activities, group size and length of stay. Generally, charges for 2015/16 are expected to increase to reflect the rising costs of delivering these services.
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### Calshot Activities Centre

Schools Income	1,145,000	Fees and charges for activities are reviewed annually and take into consideration overall market conditions. The charges are dependent on activities, group size and type of course and are set to recover cost.
Recreational Courses	579,000	
Recreational Non-taught income	540,000	

### Archives

Sales, Services and Events	84,000	Charges for Archives sales, services and events vary according to the nature of item, service or event. Charges are reviewed annually and are set to recover costs.
<b>Culture, Recreation and Countryside Total</b>	<b>5,365,000</b>	

**Culture, Recreation and Countryside  
Budget summary 2015/16**

<b>Service Activity</b>	<b>Original Budget 2014/15 £000</b>	<b>Revised Budget 2014/15 £000</b>	<b>Proposed Budget 2015/16 £000</b>
<b>Community</b>			
Library Service	12,970	12,839	12,401
Sport	210	262	196
Community	343	268	303
Community Grants and Policy Fund	1,680	1,546	1,472
<b>Culture and Heritage</b>			
Countryside	3,053	3,125	2,872
Cultural Trust Grant and HCC Arts related costs	2,813	3,239	2,988
Archives	956	962	889
Outdoors centres	443	615	385
CRC Planned contribution to Cost of Change		355	550
<b>Total Culture, Recreation and Countryside cash limited services</b>	<b>22,468</b>	<b>23,211</b>	<b>22,056</b>
<b>Business Unit transfers from/(to) reserves:</b>			
Schools Library Service	(48)	54	(48)
<b>Total</b>	<b>22,420</b>	<b>23,265</b>	<b>22,008</b>

### Culture, Recreation and Countryside - Workforce implications

Service Activity	Estimated Staff Numbers (full-time equivalent) 31.3.2015	Transfers & Other Changes	Impact of Savings Proposals	Estimated Staff Numbers (full-time equivalent) 31.3.2016
<b>Community</b>				
Library Service	376.30	(21.88)	-	354.42
Sport	5.40	-	-	5.40
Community	5.82	-	-	5.82
<b>Total Community</b>	<b>387.52</b>	<b>(21.88)</b>	<b>-</b>	<b>365.64</b>
<b>Culture and Heritage</b>				
Countryside	110.50	-	(3.00)	107.5
Arts and museums	-	-	-	-
Archives	25.10	1.89	-	26.99
Outdoor centres	69.61	-	(2.00)	67.61
<b>Total Culture and Heritage</b>	<b>205.21</b>	<b>1.89</b>	<b>(5.00)</b>	<b>202.10</b>
<b>Trading Units</b>				
Hampshire Wardrobe	2.00	(2.00)	-	-
Schools Library Service	22.38	-	-	22.38
<b>Total Trading Units</b>	<b>24.38</b>	<b>(2.00)</b>	<b>-</b>	<b>22.38</b>
<b>Total Culture, Recreation and Countryside</b>	<b>617.11</b>	<b>(21.99)</b>	<b>(5.00)</b>	<b>590.12</b>

**Transfers** in Libraries relate to the restructure, in Archives are the transfer of certificate processing team from registration and the Hampshire Wardrobe staff were TUPE'd to the Trust

**Savings proposals** in Countryside relate to Partnership Management and support, non statutory work in the Access team and support staff at Calshot.