

HAMPSHIRE COUNTY COUNCIL

Decision report

Decision Maker:	Executive Member for Culture, Recreation and Countryside
Date of Decision:	21 January 2016
Decision Title:	Revenue budget report for Culture, Recreation and Countryside for 2016/17
Decision Reference:	7173
Report From:	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 2016/17 in accordance with the Council's Medium Term Financial Strategy (MTFS) reported to Cabinet in October 2015.
- 1.2. The County Council's early action in tackling its forecast budget deficit over the 2010 Comprehensive Spending Review (CSR) period and providing funding in anticipation of the tougher times to come, placed it in a very strong financial position and has given the time and capacity to develop and implement the next phase of savings of £98m by 2017/18.
- 1.3. In line with the financial strategy that the County Council operates, which works on the basis of a two year cycle of delivering Departmental savings to close the anticipated budget gap, there is no savings target set for the department in 2016/17. Any early achievement of savings proposals during 2016/17 as part of the Transformation to 2017 Programme will be retained by the Department to use for cost of change purposes.
- 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 an underspend of £308,000.
- 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 2016/17 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 2015/16 and detailed service budgets for 2016/17 for Culture, Recreation and Countryside. The report has been prepared in consultation with the Executive Member and will be reviewed by the Culture, Recreation and Communities Select Committee and the Policy and Resources Select Committee when it considers the whole of the CCBS Department. It will be reported to the Leader and Cabinet on 5 February 2016 to make final recommendations to County Council on 18 February 2016.

2. Context and Priorities

- 2.1. The current financial strategy which the County Council operates works on the basis of a two year cycle of delivering Departmental savings targets to close the anticipated budget gap. This means that there are no Departmental savings targets built into the 2016/17 budget. Other factors will still affect the budget, such as council tax decisions and inflation.
- 2.2. Following the General Election in May 2015, it was announced that Government Departments had been asked to draw up plans to tackle real terms reductions of 25% and 40% over the next four years. However it was always recognised that the distribution of these reductions between Government Departments and consequently different tiers of local government would not be uniform.
- 2.3. The provisional local government finance settlement was announced on 17 December, which provided figures for local authorities for the next four financial years. Unusually, the settlement included a major revision to the methodology for distributing Revenue Support Grant (RSG), which has had a major impact on Shire Counties and Shire Districts. Significant changes to methodology like this are usually consulted on by the Government over the Summer ahead of the settlement announcement, but no such warning was given this year.
- 2.4. The impact of the change in methodology is that the County Council has had a reduction in grant of £48m in 2016/17, which is equivalent to a 37.4% cut compared to an adjusted 2015/16 base level of grant. This is £29m higher than anticipated in the Medium Term Financial Strategy.
- 2.5. Part of the reason for the significant impact on the County Council is that the re-distribution of RSG takes into account the ability to raise revenue through council tax. The Government is assuming that all classes of authority will increase council tax over the next four years by the maximum permissible.
- 2.6. For Hampshire our maximum council tax increase would include the additional flexibility of 2% for social care costs on top of the referendum limit of 1.99%, a total of 3.99% per annum, which is just over £41 for a band D property in 2016/17.

- 2.7. The County Council will respond to the Government's consultation on the provisional local government finance settlement, making it clear that this will have a significant impact on the County Council's ability to meet the predicted budget deficit over the next four years, particularly in the face of rising social care costs in respect of the impact of the National Living Wage on the private social care sector.
- 2.8. Based on the figures we have been given however, the additional reduction of £29m in Government grant announced in December, offset by an assumed increase in council tax of 3.99% and collection fund surpluses still means that there is an anticipated budget gap for 2016/17 of around £55m that needs to be addressed.
- 2.9. The County Council had always planned to meet the deficit in 2016/17 by drawing on the Grant Equalisation Reserve in line with the MTFS and fortunately, sufficient funding already exists within the reserve to meet the predicted gap of £55m outlined above, however the implications on the Medium Term Financial Strategy are significant both in terms of the impact of the Transformation to 2017 Programme and the financial outlook to 2019/20, further details of which will be included in the Budget report to Cabinet in February.
- 2.10. As part of the ongoing transformation programme across the County Council, the Culture, Recreation and Countryside Services have been developing service plans and budgets for 2016/17 and future years in keeping with the County Council's priorities and the key issues, challenges and priorities for the Department are set out below.

Departmental Challenges and Priorities

2.11. Libraries:

The restructure of the service has already delivered significant early savings of £908,000. The new management team has developed a draft strategy for the Service which is currently out for public consultation. The outcomes from the consultation will be reported to the Executive Member at his future meetings.

2.12. Country Parks:

The Country Parks Transformation Programme (CPTP) is proceeding well although a reduction in senior management capacity is being addressed through external recruitment. The external funding targets are likely to be exceeded. It has been confirmed that the application to Heritage Lottery Fund (HLF) for Staunton Country Park has been successful. This will provide a development grant of £125,400 to prepare a detailed bid to the HLF for a further £2.8m next year. The project also includes funding from Highbury College with the total cost of the project likely to be in excess of £4m. Hampshire County Council will contribute £40,000 in the development stage and anticipate funding a further £750,000 from the CPT Programme towards the total project costs. *(This is embargoed until 14 January)*

2.13. Sport Hampshire and Isle of Wight Partnership (SHIOW):

SHIOW will transfer to a Community Interest Company from 1 April 2016. The new company will continue to receive a grant from the County Council for a further three years.

3. 2015/16 Budget

- 3.1. The cash limited budget for 2015/16 did not include any savings to be delivered during the year, as they had all been achieved before the start of the year, and the planned overachievement of £502,000 still stands and will be added to the Department's cost of change reserve. Savings proposals were developed as part of the Transforming the Council to 2015 programme, which was formally closed in March 2015. Enhanced financial resilience monitoring for the County Council has continued through monthly reports to the Corporate Management team and periodic reports to Cabinet.
- 3.2. It is now anticipated that early achievement of the 2017/18 savings of £0.528m will be achieved in 2015/16 with the surplus savings contributing further to the Department's cost of change reserve. The main reason for the over achievement relates to additional savings achieved by the Library and Countryside Services through restructuring.
- 3.3. In addition the Culture, Recreation and Countryside Services have had contributions from the Department's Cost of Change reserve for further transformation work for various projects with both the Countryside and Library Services in particular benefiting. This totals an estimated £761,000 in 2015/16.
- 3.4. In year variances, other than early achievement of savings, total an anticipated £308,000 of further savings. This mainly relates to Community £180,000 (staff vacancies and staff expenses), Countryside £86,000 (EVR staff reinvestment posts not yet filled) and the Outdoor Centres £59,000 (additional income).
- 3.5. The budget has been updated throughout the year and the revised budget is shown in Appendix 4. Overall the Culture, Recreation and Countryside Services are therefore now anticipating a net contribution to the Cost of Change of £577,000.

Budget 2016/17

4. Revenue Savings Proposals

- 4.1. In line with the current financial strategy, there are no new savings proposals presented as part of the 2016/17 budget setting process. Savings targets for 2017/18 were approved as part of the 2015/16 budget setting process and detailed savings proposals have been developed through the Transformation to 2017 Programme and were approved by Executive Members, Cabinet and County Council in September and October last year.

- 4.2. Some savings will be implemented prior to April 2017 and any early achievement of savings in 2016/17 can be retained by departments to meet cost of change priorities. It is anticipated that £1.502m of savings will be achieved in 2016/17, and these reductions have been reflected in the detailed estimates contained in Appendix 2.

5. Review of charges

- 5.1. For Culture, Recreation and Countryside, the 2016/17 revenue budget includes income of £6.221m from fees and charges to service users. This is an increase of £0.179m (3.0%) on the adjusted original budget (predominantly allowing for the incorporation of Staunton Country Park income) for 2015/16.
- 5.2. Details of current and proposed fees and charges (where these are specifically defined) for 2016/17 are outlined in Appendix 1.

6. Budget summary 2016/17

- 6.1. 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, within the total for the CCBS Department, in that report was £22.231m.
- 6.2. Appendix 2 sets out a summary of the proposed budgets for the service activities provided by the Department for 2016/17 and show that these are within the amended cash limit set out above.
- 6.3. In addition to these cash limited items there are further budgets which fall under the responsibility of this department, which are shown in the table below :-

	2016/17 £000
Cash limited expenditure	22,196
Trading Unit Surplus – Schools Library Service	(121)
Total net expenditure	22,075

- 6.4. 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.

7. Workforce implications

- 7.1. The workforce implications of the proposed budget for 2016/17 are set out in Appendix 3. The original estimate has been revised down by a net 20 to take account of the staff leaving under EVR (-46), vacancies taken out of the structure (-24), staff transferring from Staunton Country Park that was

previously a Joint Management Committee (+26), additional staff funded by grants or income (+25) and a transfer to SHIOW (-1).

- 7.2. At the end of 2016/17 the planned workforce for Culture, Recreation and Countryside is 567 full time equivalent (FTE) staff. This compares with the original estimate at the end of 2015/16 of 590 FTEs which is a reduction of 23 FTEs as summarised below:

	FTEs
Original estimate as at 31 March 2016	590
Changes relating to early EVR	(46)
Transfers and other changes	26
Revised estimate as at 31 March 2016	570
Changes relating to EVR	-
Transfers and other changes	(3)
FTE staff as at 31 March 2017	567

8. Recommendations

That the Executive Member for Culture, Recreation and Countryside approves the following for submission to the Leader and Cabinet:

- 8.1. The annual review of income and charges (as set out in Appendix 1).
- 8.2. The revised budget for 2015/16 (as set out in Appendix 2).
- 8.3. The summary budget for 2016/17 (as set out in Appendix 2).
- 8.4. The workforce implications of the proposed budget for 2016/17 (as set out in Appendix 3).

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

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

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>		<u>Date</u>
None		

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>
Medium Term Financial Strategy Update and Transformation to 2017 Savings Proposals	Cabinet – 5 October 2015
Budget setting and provisional cash limits 2016/17	Cabinet – 7 December 2015

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. 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:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) 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.

1.2. Equalities Impact Assessment:

The budget setting process for 2016/17 does not contain any proposals for major service changes which may have an equalities impact. Proposals for budget and service changes which are part of the Transformation to 2017 Programme were considered in detail as part of the approval process carried out in September and October 2015 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 3 to 6 in the October Cabinet report linked below :

http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=6920&tab=2&co=&confidential=

2. Impact on Crime and Disorder:

2.1. N/A

3. Climate Change:

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

N/A

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

N/A

Culture, Recreation and Countryside

Review of income 2016/17

	Total Income (16/17 Budget) £	Narrative
Discretionary Charges:		
Community		
Rentals on community buildings	43,000	Charges for hire of community facilities vary by site and have not been increased for 2016/17.
Libraries		
Various charges are made, including:	1,156,000	No changes are currently proposed. Charges will be reviewed during the year.
<ul style="list-style-type: none"> • fines for overdue books, audio books, scores and music sets • hire income (music CDs, DVDs, computer games, audio books and language packs) • reservations and inter-library loans • printing and photocopying • room hire, ticketed events and adult learning 		
Countryside Service		
Admissions/Membership income	879,000	The Countryside Service has, over previous years, been able to make significant increases to its fees and charges in order to bring these into line with local or national averages. This includes entrance, season tickets and membership prices. During 2016/17 a Transformation Programme will begin at a number of Country Parks. Once these improvements have been delivered, admission prices will be reviewed, but currently no increases are planned for 2016/17.

		Since April 2015 the Countryside Service has incorporated Staunton Country Park, formerly a Joint Management Committee (admissions income budget £570,000). Overall income is expected to reduce slightly whilst the transformation work is carried out.
Car Parking	602,000	Car Parking charges have been increased by 50p for the daily rate and 30p for the hourly rate. Again, since April 2015 the Countryside Service has incorporated Staunton Country Park (car parking budget £20,000).
Other Income	730,000	Other income to country parks includes rent, catering income, shop sales and charges for various activities. These charges are reviewed annually, but for 2016/17 they will be reviewed as part of the Transformation project. Again, since April 2015 the Countryside Service has incorporated Staunton Country Park (other income budget £122,000).
Outdoor Centre		
Fees and Charges for Outdoor Activities	528,000	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, and are set to recover costs. Charges for 2016/17 will be reviewed and are expected to increase to reflect the rising costs of delivering these services.
Calshot Activities Centre		
Schools Income	1,191,000	Fees and charges for activities are reviewed

Recreational Courses	569,000	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 costs. Charges for 2016/17 will be reviewed and are expected to increase to reflect the rising costs of delivering these services.
Recreational Non-taught income	441,000	
Archives		
Sales, Services, Events and Copy certificates (birth, death marriage, civil partnership)	82,000	Charges for sales, services and events vary according to the nature of the item, service or event. Charges are reviewed annually and are set to recover costs, except where the fee is a statutory charge (for certificates which is a £38,000 budget)
Culture, Recreation and Countryside Total	6,221,000	

**Culture, Recreation and Countryside
Budget summary 2016/17**

Service Activity	Original Budget 2015/16 £000	Revised Budget 2015/16 £000	Proposed Budget 2016/17 £000
Community and Regulatory			
Library Service	12,410	12,085	11,695
Sport	196	196	214
Community	303	277	228
Community Grants	1,472	1,421	1,226
Culture and Heritage			
Countryside	2,881	2,942	2,682
Cultural Trust Grant and HCC arts related costs	2,989	3,129	2,951
Archives	892	861	799
Outdoor Centres	385	372	332
CRC Planned contribution to cost of change	502	577	2,053
Total Culture, Recreation and Countryside cash limited services	22,030	21,860	22,196
Business Unit transfers (to)/from reserves:			
Schools Library Service	(48)	(48)	(121)
Total	21,982	21,812	22,075

Culture, Recreation and Countryside**Workforce implications (full-time equivalent)**

Service Activity	Original Estimate 31.3.2016	Changes relating to early EVR	Transfers and other changes	Revised Estimate 31.3.2016	Changes relating to EVR	Transfers and other changes	Estimate 31.3.2017
Community and Regulatory							
Library Service	354	-30	-21	303	-	-	303
Sport	5	-1	-1	3	-	-3	-
Community	6	-3	-	3	-	-	3
Culture and Heritage							
Countryside	108	-6	39	141	-	-	141
Archives	27	-6	-	21	-	-	21
Outdoor Centres	68	-	11	79	-	-	79
Trading Unit							
Schools Library Service	22	-	-2	20	-	-	20
Total Culture, Recreation and Countryside	590	-46	26	570	-	-3	567