

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member for Culture, Recreation and Countryside
Date of Decision:	16 January 2017
Decision Title:	2017/18 Revenue Budget Report for Culture, Recreation and Countryside
Decision Reference:	8026
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Resources – Corporate Services

Contact name: Karen Murray and Jane Lovett

Tel: 01962 847876 or 01962 847518 **Email:** Karen.murray@hants.gov.uk
Jane.lovett@hants.gov.uk

1. Executive Summary

- 1.1. The purpose of this report is to set out proposals for the 2017/18 budget for Culture, Recreation and Countryside in accordance with the Council's Medium Term Financial Strategy (MTFS) approved by the County Council in July 2016.
- 1.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity, which involves planning ahead of time, making savings in advance of need and using those savings to help fund transformational change to generate the next round of savings, is well documented
- 1.3. In line with this financial strategy, there were no new savings proposals presented as part of the 2016/17 budget setting process and the budget was balanced through the use of the Grant Equalisation Reserve (GER). Savings targets for 2017/18 were approved as part of the 2015/16 budget setting process and detailed savings proposals were developed through the Transformation to 2017 (Tt2017) Programme and approved by Executive Members, Cabinet and County Council in September and October 2015.
- 1.4. The report also provides an update on the financial position for the current year and overall the Culture, Recreation and Countryside Services are expected to underspend by £24,000.
- 1.5. The proposed budget for 2017/18 analysed by service is shown in Appendix 1 and the workforce implications of the budget proposals are set out in Appendix 2.

- 1.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2016/17 and detailed service budgets for 2017/18 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 3 February 2017 to make final recommendations to County Council on 16 February 2017.

2. Context and Priorities

- 2.1. The current financial strategy that the County Council operates, works on the basis of a two-year cycle of delivering Departmental savings to close the anticipated budget gap. This provides the time and capacity to properly deliver major savings programmes every two years, with deficits in the intervening years being met from the Grant Equalisation Reserve (GER) and early achievement of savings proposals retained by Departments to use for cost of change purposes or to offset service pressures.
- 2.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity 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 2016/17, giving itself the time and capacity to develop and implement the Transformation to 2017 (Tt2017) Programme to deliver the next phase of £98m of savings by 2017/18.
- 2.3. The budget setting process for 2017/18 will therefore be different in that the majority of the decisions in respect of major changes to the budget were taken early. However other factors will still affect the budget, such as council tax decisions and pressures as outlined later in this report, but these will not be as significant as the savings programme that has already been put in place.
- 2.4. Last year the final Local Government Finance Settlement was announced on 8 February 2016, and provided definitive figures for 2016/17 and provisional figures for local authorities for the following three financial years to aid financial planning.
- 2.5. The figures for 2017/18, 2018/19 and 2019/20 set out in the settlement resulted in an increase in the County Council's revenue gap to be bridged in each of these years. In 2017/18 the bottom line impact was that a further £15m was required, on top of the £98m of savings to be delivered from Tt2017 Programme to produce a balanced budget.
- 2.6. The July 2016 Medium Term Financial Strategy (MTFS) updated the overall position in respect of the 2017/18 budget gap and the allocation of transitional funding as a result of the final settlement announcement of £9.4m in 2016/17 and £9.3m in 2017/18 enabled the gap in 2017/18 to be closed; managed through the GER.
- 2.7. This position is underpinned by the delivery of Tt2017 savings and regular updates on the Programme have been provided to Cabinet during 2016.

Whilst there are acknowledged timing issues, the current assessment remains that the shortfall can be made up from departmental cost of change reserves on a one-off basis as savings come on line throughout 2017/18, leading to full implementation of the programme by 2018/19.

- 2.8. Other assumptions included in the MTFs that have been built into the 2017/18 budget proposals are:
- A 3.99% council tax increase, 2% for social care costs on top of the referendum limit of 1.99%.
 - Total inflation and growth of £24.7m across all departments, which includes the impact of the 2 year pay award for 2016/17 and 2017/18.
 - 'Passporting' of any further losses of specific grant to the relevant services
- 2.9. The Culture, Recreation and Countryside Services have been developing service plans and budgets for 2017/18 and future years in keeping with the 'Shaping Hampshire' priorities and the key issues, challenges and priorities for the Department are set out below.

3. Departmental Challenges and Priorities

3.1. Libraries:

The new Library Strategy was approved by the Executive Member for Culture, Recreation and Countryside on 18 April 2016. The Mobile Library Service ceased on 1 June 2016. Previous Mobile Library customers, who are unable to reach their nearest library, now receive books from Home Library Service volunteers. The Service has met its saving target of £636,000 and is now developing Transformation to 2019 opportunity plans.

3.2. Country Parks:

The Country Parks Transformation Programme (CPTP) is proceeding well and senior management capacity is being addressed through external recruitment. The external funding targets have been exceeded by £3.4m. The application to Heritage Lottery Fund (HLF) for Staunton Country Park was successful and work to create a new visitor centre at Lepe has received planning permission. The Service has very challenging income targets to meet which will be supported by the current investments at the Country Parks and the introduction of automatic number plate recognition systems in cars parks which will reduce non-payment and increase revenue.

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

SHIOW, now using the name 'Energise Me', transferred to a Charitable Incorporated Organisation on 1 October 2016. The new organisation will continue to receive a grant from the County Council which will reduce over the next three years. The Hampshire Talented Athlete Scheme will be administered by Energise Me and supported by way of a separate County Council grant.

4. 2016/17 Budget

- 4.1. The cash limited budget for 2016/17 included the cumulative early achievement of savings of £1.994m. The balance of the savings (£0.599m) that will be deducted from cash limits from 17/18 is available to Services to use during the current year for change purposes as and when the saving is realised.
- 4.2. Enhanced financial resilience monitoring, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the early achievement of savings being delivered through transformation, has continued through monthly reports to CMT and periodic reports to Cabinet.
- 4.3. The expected outturn forecast for 2016/17 is an underspend of £24,000.
- 4.4. 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.
- 4.5. The budget for the Department has been updated throughout the year and the revised budget is shown in Appendix 1.

5. 2017/18 Revenue Savings Proposals

- 5.1. The Culture, Recreation and Countryside Services were given a savings target for 2017/18 of £2.086m which was approved as part of the 2015/16 budget setting process and detailed savings proposals were developed through the Tt2017 Programme and approved by Executive Members, Cabinet and County Council in September and October 2015.
- 5.2. During the last year, the Department has been progressing the implementation of these savings, which have been subject to regular reporting to Cabinet and CMT.
- 5.3. It is now anticipated that full year savings of £2.593m will be achieved in 2017/18 with the surplus £0.507m savings contributing further to the Department's cost of change reserve.
- 5.4. The main reason for the over achievement relates to additional savings achieved by the Library restructuring and efficiencies and additional income in the Outdoor Service.
- 5.5. Rigorous monitoring of the delivery of the programme will continue during 2017/18, to ensure that the Department is able to stay within its cash limited budget as set out in this report.
- 5.6. This early action in developing and implementing the savings programme for 2017/18 means that the County Council is in a strong position for setting a balanced budget in 2017/18 and that no new savings proposals will be considered as part of the budget setting process for 2017/18.

6. 2017/18 Revenue Budget Other Expenditure

- 6.1. Historically the School Library Service has operated as a trading unit and as such was not counted against the cash limit. From 2017/18 the School Library Service has been brought within the Library Services' cash limited budget, and the reserve balance will be ringfenced within the Cost of Change fund for future spend on the Library Service only.

7. Budget Summary 2017/18

- 7.1. The budget update report presented to Cabinet in December included provisional cash limit guidelines for each department. The reported cash limit for Culture, Recreation and Countryside was £20.526m (part of the £87.564m cash limit for Policy and Resources within that report) which was a £1.670m decrease on the previous year.
- 7.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by the Department for 2017/18 and shows that these are within the cash limit set out above.

8. Workforce implications

- 8.1. The workforce implications of the proposed budget for 2017/18 are set out in Appendix 2. At the end of 2017/18 the planned workforce for Culture, Recreation and Countryside is 580 full time equivalent (FTE) staff. This compares with the estimate at the end of 2016/17 of 567 FTEs which is an increase of 13 FTEs as summarised below:

	FTEs
Original Estimate as at 31 March 2017	567
Changes relating to savings targets	(3)
Transfers and other changes	16
Revised estimate as at 31 March 2017	580
Changes relating to savings targets	0
Transfers and other changes	0
Estimate as at 31 March 2018	580

- 8.2. The main reasons for this increase are as follows:
- An increase of 18 fte posts in the Library Service due to moving some casual staff to permanent contracts and the delay in the implementation of self service.
 - An increase of 4 fte posts funded from grants or other new income, including the Heritage Lottery Fund

- A reduction of 6 fte posts relating to the removal of vacant posts from the staffing structure of the outdoor service
- A reduction of 3 fte posts relating to EVRs of mobile library staff

9. Recommendations

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

- 9.1. The revised budget for 2016/17 as set out in Appendix 1.
- 9.2. The summary budget for 2017/18 as set out in Appendix 1.
- 9.3. The workforce implications of the proposed budget for 2017/18 as set out in Appendix 2.

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>
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
Medium Term Financial Strategy to 2020	Cabinet – 20 June 2016
Budget setting and provisional cash limits 2017/18	Cabinet – 12 December 2016

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 2017/18 does not contain any new 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://www.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=6920&tab=2&co=&confidential

Library Service consultation

<http://documents.hants.gov.uk/equality-impact-assessments/LibraryServiceTransformationStrategy2020.pdf>

Equalities Impact Assessments are an ongoing part of the implementation of the Transformation to 2017 Programme.

2. Impact on Crime and Disorder: 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.

Budget Summary 2017/18 – Culture, Recreation and Countryside

Service Activity	Original Budget 2016/17 £'000	Revised Budget 2016/17 £'000	Proposed Budget 2017/18 £'000
Community and Regulatory Services			
Library Service	11,695	11,727	11,886
Sport *1	214	582	179
Community	228	158	160
Culture and Heritage			
Countryside	2,682	2,829	2,821
Cultural Trust Grant and HCC Arts related costs	2,967	2,958	2,960
Archives	799	786	802
Outdoors Centres	332	372	234
Community Grants *2	1,226	799	977
CRC Planned Draw from Cost of Change	0	(420)	0
CRC Planned Contribution to Cost of Change	2,053	2,086	507
Total Culture, Recreation and Countryside cash limited services	22,196	21,877	20,526
Business Unit transfers (to)/from reserves:			
Schools Library Service	(121)	(121)	0
Total	22,075	21,756	20,526

*1 The revised budget includes the ring fenced reserve that was transferred to the new organisation

*2 The original budget included the Policy Fund which has now been removed from the budget

Workforce Implications Full Time Equivalent (FTE) – Culture, Recreation and Countryside

Service Activity	Original Estimated Staff Numbers 31/03/2017 FTE	Impact of savings proposals FTE	Transfers & Other Changes*1 FTE	Revised Estimate 31/03/2017 FTE	Impact of Savings Proposals FTE	Transfers & Other Changes*2 FTE	Estimate 31/03/2018 FTE
Community and Regulatory Services:							
Library Service	303	(3)	17	317	0	21	338
Community	3	0	0	3	0	0	3
Culture and Heritage:							
Countryside	141	0	4	145	0	0	145
Archives	21	0	0	21	0	0	21
Outdoor Centres	79	0	(6)	73	0	0	73
Trading unit:							
School Library Service	20	0	1	21	0	(21)	0
Total Culture, Recreation and Countryside	567	(3)	16	580	0	0	580

*1 Includes:

- A net increase to Library Services posts transfer from casual to permanent contracts and pending the completion of the transformation of the service: 18 fte posts
- Posts funded from grants or other new income, including from the Heritage Lottery Fund: 4 fte posts
- Other adjustments including the removal of vacant posts: net reduction of 6 fte posts

*2 Includes – transfer of staff from School Library Service to cash-limited library service