

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Executive Member for Culture and Recreation
<b>Date:</b>	8 July 2010
<b>Title:</b>	Financial and Performance Monitoring 2009/10 and 2010/11
<b>Reference:</b>	1641
<b>Report From:</b>	Director of Culture, Communities and Rural Affairs and County Treasurer

**Contact name:** Bevis Ingram  
Stuart Dorward

**Tel:** 01962 847508  
01962 846110

**Email:** bevis.ingram@hants.gov.uk  
stuart.dorward@hants.gov.uk

#### 1. Executive Summary

1.1. The purpose of this report is to:

- Summarise the financial and performance position for Culture, Communities and Rural Affairs in 2009/10.
- Outline the key financial issues in 2010/11, including the use of the efficiency savings which were approved as part of the revenue budget in January 2010, and the impact of recent government grant announcements.

1.2. In summary, a balanced budget position was achieved on revenue expenditure in 2009/10, with an overspending of £14,000 against a budget of £33.7 million. Capital expenditure to the value of £10.3 million was committed in 2009/10, with £1.4 million being carried forward to 2010/11.

#### 2. Finance and Performance 2009/10

2.1. The revised budget for 2009/10, approved in January, was £34.2 million. After allowing for transfers from revenue to capital, and for a rates rebate received in the course of the year, the final cash limit was £33.723 million, and actual expenditure was just £14,000 higher than that cash limit – in practical terms a balanced budget position. This result is shown, analysed by service, in Appendix 1 to this report.

- 2.2. The transfers from revenue to capital total just over £400,000 and are a combination of those included in the January 2010 Capital Programme report, and others approved by the Director under delegated powers. The transfers are as follows:

	£'000
Outdoor Service schemes:	
Argoed Lwyd	55
Tile Barn	100
Calshot Activities Centre	146
	<hr/>
	301
School Library Service:	
Adaptations to premises	30
Arts Service – Box Office	
System & air conditioning	73
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	404
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- 2.3. The majority of CCRA Services' revenue spending was very close to cash limit. There was an overspending of £43,000 at Milestones Museum, which is 3.6% of the museum's gross budget. Attendance numbers at 83,000, were lower than the target of 90,000 – which had been the number of visits in 2008/09. This reduction is largely associated with the weather conditions in the year. In 2010/11 it will be essential to continue to monitor visit numbers, and income achieved, and to make any necessary adjustments to expenditure levels.
- 2.4. Although the largest individual variance was a £58,000 underspending in the Library Service, this represents only 0.3% of the net budget of £18.2 million. The main factors in the outturn for the Library Service were:
- Expenditure on employees – the area of greatest pressure – was above budget: this overspending would have been greater had vacancy management not been exercised throughout the year.
  - Holdback of an element of the Materials Fund. As had been reported in the course of the year, this – along with vacancy management – was the key means of delivering a balanced budget. An element of the total holdback of £530,000 was to enable additional spending on materials at major libraries re-opening in the course of 2010/11.
  - Income exceeded the budget level in 2009/10.
- 2.5. The trading surpluses for the three CCRA businesses are shown below. As outlined in the January budget report, it was a difficult trading year for Audiences South, as a result of reduced grant income and the recession.

The break-even position reflects additional support of some £40,000 from the Arts Service.

	£'000
River Hamble	120
Hampshire Wardrobe	8
Audiences South	-

- 2.6. The locally resourced capital programme for 2009/10 was £438,000, and at the time of approval this was supplemented by £1.7 million external funding, of which the largest element related to Basing House. In addition schemes to the value of £2.2 million were brought forward from 2008/09. The revenue transfers discussed earlier, and external funding – most notably £6 million for Runways End Youth Activity Centre – brought the total value of the capital programme for the year to £11.7 million.
- 2.7. Of this £11.7 million, expenditure to the value of £10.3 million was committed in 2009/10, with £1.4 million carried forward to 2010/11. This means that almost 90% of the programme was committed in 2009/10 – again the most significant project in value terms was Runways End.
- 2.8. Appendix 2 to this report summarises the performance information for the year. The Arts Centres had a particularly good year, with attendance levels some 8% higher than the previous year. The Library Service visits show a decrease in excess of 3% and the main factors have been the bad weather and the fact that some libraries were closed for refurbishment in the course of the year. A 'like for like' comparison at libraries which were open throughout the year shows a reduction of just 1%.

### **3. Financial Issues 2010/11**

- 3.1. The revenue budget for 2010/11 is summarised in Appendix 3. The budget requires CCRA services to achieve efficiency savings of over £620,000 to fund essential and high priority CCRA developments. When the budget was approved in January, £240,000 of this money available for development was allocated to the Library and Information Service, and the balance was held centrally. It had been planned to allocate the balance now, but in the light of the recent government grant announcements, it is proposed to allocate the committed elements only, pending detailed consideration of the implications of those announcements.
- 3.2. In brief, the £240,000 for the Library and Information Service was for:
- Installation of self-service technology in our libraries.
  - Maintaining and developing the Information Technology infrastructure, including:
    - the People's Network system

- line upgrades and other IT works alongside Library refurbishments
  - upgrading of IT Learning Suites
- 3.3. The balance available for allocation is £386,000. Of this, £136,000 has been allocated by the Director, under delegated powers, to fund two posts. One of these is essential to ensuring continuing progress with the development and delivery of the County Council's Rural Strategy and the other enhancing Community Engagement. There remains, therefore, a balance of £250,000 and further consideration will be given to the best use of these resources.
- 3.4. It had previously been decided not to allocate all these savings because of the need to be satisfied that the necessary savings could be achieved. The current, and possible future, requirement to achieve savings, has been taken into account in the Museums and Arts Service Planning paper elsewhere on the agenda for this meeting, and the Library Service is currently consulting on a proposed restructure which would address the financial position. Given this, and the fact that CCRA has an excellent record of achieving savings in previous years, it is anticipated that a balanced budget can be delivered in 2010/11 as in recent years.
- 3.5. The precise financial picture for the year will be influenced by the timing and extent of the Library Service restructure and the associated one-off costs. Cabinet have agreed that one-off Invest to Save resources can be made available subject to a suitable business case. In 2010/11 there will continue to be reliance on vacancy management and holdback of an element of the Materials Fund as means of achieving a balanced budget. Initially £500,000 is being held back, and this will be reviewed in the course of the year. It is recognised that this is not sustainable as a long term measure.
- 3.6. There remains some uncertainty about the longevity of the Renaissance in the Regions programme which funds approximately 20% of Museums Service activity. It will, therefore, be necessary to prepare contingency plans in case of fundamental changes to this stream of funding. The government has announced the end of Find Your Talent which, at over £800,000, funds almost 20% of Arts activity (mostly with external bodies), and action is being taken for the immediate winding up of the programme.
- 3.7. Cabinet also approved the addition, over three years, of £872,000 to the CCRA capital programme to carry out essential improvements to the condition of the Basingstoke Canal. This supplements the locally resourced capital programme of £388,000 for the year. This is further enhanced by:
- External funding of £722,000 for the Playbuilder and Aiming High projects.

- £100,000 from the River Hamble reserves for the purchase of replacement patrol boats.

3.8 The Culture, Communities and Rural Affairs capital programme for 2010/11 includes £422,000 for the Playbuilder Project. This is funded by a government grant which was ring fenced, but the government has announced that the ring fence has now been removed. In 2009/10 and 2010/11, the County Council has a total allocation of £254,000 of Coastal Change Pathfinder Grants, and the ring fence has also been removed from this funding. In both cases, plans for the use of the grant had been developed with partners, but those plans will be put on hold until the County Council has determined its response to the removal of this and other ring fences.

#### **4. Recommendations**

4.1 It is recommended that:

- i) The balanced budget position for 2009/10 be noted.
- ii) The government's grant announcements on Playbuilder, Find Your Talent and Coastal Pathfinder in particular be noted.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes
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):	

**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.)**

Document

Location

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.

**Appendix 1**

	2009/10 Budget	2009/10 Actual	2009/10 Variance
	£' 000	£' 000	£' 000
Archives	1,291	1,288	-3
Libraries	18,238	18,180	-58
Hampshire Learning	250	250	0
Museums Main Service	2,355	2,366	11
Milestones	346	389	43
Tourism, Marketing and Design	580	577	-3
Arts	2,120	2,165	45
Countryside	4,915	4,908	-7
Sport & Community	1,906	1,885	-21
Calshot	115	114	-1
Policy Development Initiatives	559	581	22
Director & Business Development	1,048	1,034	-14
<b>Total</b>	<b>33,723</b>	<b>33,737</b>	<b>14</b>

**Appendix 2**

## Participation and Satisfaction

	Year end 2008/9	Target 2009/10	Year end 2009/10
<b>Libraries</b>			
Visits per 1,000 population	5,410	5650	5,129
<b>Museums</b>			
Visits per 1,000 population (in person)	326	333	305
Number of <b>pupils visiting</b> in organised groups	37,897	35,000	35,000
Archives - visits to HRO	13,808	14,000	14,000
<b>Outdoor Centres</b>			
Number of <b>users</b> (Bednights)	51,400	52,000	50,500
<b>Countryside</b>			
Number of <b>visits</b> to principal sites	1.52m	1.55m	1.55m
<b>Arts Centres</b>			
Number of box office bookings	75,200	76,000	79,155

**Appendix 3**

	2010/11 Budget
	£'000
Archives	1,279
Libraries	18,102
Hampshire Learning	246
Museums Main Service	2,282
Milestones	341
Tourism, Marketing and Design	608
Arts	2,169
Countryside	4,780
Sport & Community	2,002
Calshot	233
Policy Development Initiatives	944
Director & Business Development	1,025
<b>Total</b>	<b>34,011</b>