

Joint report of the Director of Learning, Culture and Children's Services and the Director of Resources

## **REVENUE BUDGET ESTIMATES - 2007/08**

### **Purpose of Report**

- 1 This report presents the 2007/08 budget proposals for Leisure & Culture. It includes:
  - The Budget Book Service Plans for 2006/07 (Annex 1) to show the original budgets.
  - The base budget for 2007/08 including the 2006/07 budget rolled forward and adjusted.
  - The allocation of pay and price increases for the portfolio.
  - Budget service pressure proposals and savings proposals for the portfolio area (Annexes 2 and 3)
  - Fees and charges proposals (Annex 4).
- 2 Budget Council will be held on 21 February 2007 and will make decisions on the overall budget for the Council. In order to facilitate the decision making process the Executive are meeting on 16 January to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation. The Leisure & Culture Executive Member is therefore asked to consider the budget proposals and identify their preferences which will be considered by the Executive following consultation. The Executive Member and Advisory Panel (EMAP) is invited to provide comments on the budget proposals in this report.

### **Background**

- 3 The Council's Medium Term Financial Strategy was adopted by the Executive on 11 July 2006. This paper is the result of ongoing work against this agreed framework.
- 4 The provisional Local Government Finance settlement for 2007/08 was included in the settlement papers for 2006/07 received in January 2006, which alongside the 2006/07 settlement provided indicative figures for 2007/08. A consultative draft settlement for 2007/08 is expected by early December. However, it is not expected that there will be anything other than minor changes from the figures currently used.
- 5 The figures in the 2006/07 settlement indicated that the increase in government funding in 2007/08 nationally would be 4.0% but for York the figure is 3.2% or an additional £1.192m. However, there is no guarantee that this allocation will not change when the final grant settlement is announced in late January 2007, although any changes are expected to be minor.

## Budget Proposals for Leisure & Culture

- 6 A summary of the budget proposals is shown in the table below. Further details on individual elements are presented in the subsequent paragraphs.

	Para Ref	£000
<b>2006/07 Original Budget (see Annex 1)</b>		<b>10,605</b>
2006/07 In Year Recurring Amendments:		
Transfer of Youth Service to Children's Services Portfolio		- 1,459
Realign Broadband contract budgets		+ 52
NNDR Adjustments		+ 40
Parks S106 balances transferred to General Fund		+ 3
Leisure MIS post transferred to Children's Services		- 17
Establish PFI Revenue Budgets		+ 6
One-Off Growth Included in 2006/07 Budget		
Sports Management Restructuring		- 20
<b>2007/08 Base Budget</b>	<b>7</b>	<b>9,210</b>
Provision for Pay Increases	8	+ 123
Provision for Price Increases	9	+ 104
Fees & Charges Increase	10-12	- 30
Service Pressure Proposals (Annex 2)	13-14	+ 75
Savings Proposals (Annex 3)	15	- 242
<b>2007/08 Total Proposed Budget</b>		<b>9,240</b>

### 2007/08 Base Budget (£9,210k)

- 7 This represents the latest 2006/07 budget approved by and reported to Members, updated for the full year effect of decisions taken in the 2006/07 budget and amendments during 2006/07, e.g. supplementary estimates.

### Pay Increases (+ £123k)

- 8 These calculations are based on a pay increase for Administrative, Professional, Technical and Clerical (APT&C) staff of 2.5% at a cost of £92k. The negotiations for the 2007/08 settlement have not yet concluded, although there is pressure from the Treasury that increases are kept under 2%. In addition, under the national pay scheme employees are entitled to an annual increment where they are not at the top of the agreed pay scale. Growth of £31k is included for the net costs after allowing for new starters at the lower point of the grade.

### Price Increases (+ £104k)

- 9 The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments and fuel bills.

### Fees & Charges (- £30k)

- 10 Fees and charges are generally increasing by 2.3% except where there are nationally set charges. These are then rounded up or down as appropriate to create sensible figures. Where increases are proposed in excess of this the additional income is either reflected in the savings totals offered or being used to address existing income budget shortfalls. A full schedule of proposed fees and charges is shown at Annex 4.
- 11 For the Library Service, Members should note that the charges listed at Annex 4 are indicative. A full review of Library fees and charges is currently underway and a further report will be brought to EMAP in March 2007.
- 12 In setting this years Parks & Open Spaces fees and charges a start has been made to harmonise the discount offered to concessionary users at 40% of the full fee. Where this might have resulted in a significant percentage increase if done in one year the harmonisation will be phased in over a number of years.

### Service Pressure Proposals (+ £75k)

- 13 In the Finance Strategy report to the Executive on 11 July 2006 a sum of £7.291m was included as the estimated amount that would be needed to meet increasing demand for services and to allow for reprioritisation of service provision.
- 14 A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 2 are included in the consultation list as the preferred options for Leisure & Culture. The proposals put forward are the result of a rigorous assessment process, which included looking at the risk to customers and staff, legislative requirements, proven customer demand and the Council's corporate objectives.

### Savings Proposals (- £242k)

- 15 Members will be aware that the 2006/07 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2007/08 budget Directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, customers and the wider Council. They have therefore concentrated on initiatives that:
  - improve quality and efficiency;
  - take advantage of ongoing service and/or Best Value reviews;
  - generate income;
  - address budgetary underspends;
  - improve cash flow and interest earnings;
  - generate savings from the technical and financial administration functions of the Council.
- 16 Annex 3 shows the full list of savings proposals for Leisure & Culture.

## Consultation

- 17 his paper commences the Council's budget consultation, both in terms of formal discussions with the Business and Voluntary sectors, but also as a mechanism for the public to comment on the proposals made in the report.

## Options

- 18 Members of EMAP are asked for their comments or alternative suggestions on the investment and savings proposals shown at Annexes 2 and 3. For information Annex 5 lists savings proposals that were worked up by officers but are not recommended to be put forward into the consultation process.

## Analysis

- 19 All the analysis is provided in the body of the report and the annexes.

## Corporate Priorities

- 20 The budget represents the opportunity to reprioritise resources towards corporate priority areas. In formulating savings and growth proposals the directorate has paid particular attention to the impact that each proposal will have on the delivery of corporate priorities.

## Implications

- 21 The implications are:
- Financial - The financial implications are dealt with in the body of the report.
  - Human Resources - Implications are identified against each of the individual savings and service pressure proposals listed in annexes 2 and 3 where appropriate. In summary though, there are 3 potential redundancy situations included in Annex 3 and some proposals which may lead to reduced hours or changes to patterns of work. Consideration is being given as to how to deal with these issues, which may lead to proposals for dismissal of staff by reason of redundancy. In this situation the authority's policy and procedure for dealing with Management of Change, which incorporates redundancy and redeployment procedures must be adhered to. These procedures ensure compliance with the relevant employment legislation including statutory periods for consultation, measures for minimising compulsory redundancy and observance of agreed criteria for fair selection. The Director, Assistant Directors and Service Managers, supported by HR staff, have already begun meeting with the Directorate's Union representatives and the staff potentially affected by these proposals to discuss the potential effect on staffing resulting from any growth and savings proposals. NB This meeting of the EMAP is considered to be a suitable forum for representatives of those who may be affected by these proposals to make representation or submit their views and these should be given full consideration, should any be presented either in written form or by attendance at the meeting where "registration to speak" has been requested.
  - Equalities - there are no equality implications to this report.
  - Legal - there are no legal implications to this report.

- Crime and Disorder - there are no specific crime and disorder implications to this report.
- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.

### **Risk Management**

- 22 Key reporting mechanisms to Members on budget matters will continue to be through two mid-year monitoring reports and the final Revenue Outturn report for the year. These reports will also address the progress made on investments and savings included in the budgets.
- 23 The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such, updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

### **Recommendations**

- 24 The Executive Member Advisory Panel is invited to provide comments on the budget proposals for consultation for 2007/08 contained in this report, which will be considered by the Budget Executive on 16 January 2007.
- 25 The Executive Member is asked to consider and comment on the budget proposals for Leisure & Culture for 2007/08 contained in this report and recommend the following to be put forward for consultation prior to the Budget Executive on 16 January 2007:
- 2007/08 Base Budget as set out in paragraphs 7 to 9
  - Service Pressure Proposals as set out in Annex 2
  - Savings Proposals as set out in Annex 3
  - Fees and Charges as set out in Annex 4

Reason: To begin consultation on the Leisure & Culture budget for 2007/08.

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	<b>Report Approved</b>	√	<b>Date</b> 22 November 2006
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<b>Wards Affected:</b>		<b>All</b>	√
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- Annex 1 - Budget Book Service Plans for 2006/07**
- Annex 2 - Service Pressure Proposals**
- Annex 3 - Savings Proposals**
- Annex 4 - Fees & Charges Schedules**
- Annex 5 - Alternative Savings Proposals**

**Background Papers**

2007/08 Budget Files

Local Government Finance Settlement - January 2006