

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

REVENUE & CAPITAL BUDGET ESTIMATES - 2009/10

Purpose of Report

- 1 This report presents the 2009/10 budget proposals for Leisure & Culture. It includes:
 - The revenue budget for 2008/09 (Annex 1) to show the original budgets.
 - The base budget for 2009/10 including the 2008/09 budget rolled forward and adjusted.
 - The provisional allocation of pay and price increases for the portfolio.
 - Budget service pressure costs and savings proposals for the portfolio area (Annexes 2 and 3).
 - Fees and Charges proposals (Annex 4).
 - Other revenue budget options for consultation (Annex 5).
 - The existing approved capital programme (Annex 6).
 - Proposals for new capital schemes (Annex 7).

- 2 Budget Council will be held on 26 February 2009 and will make decisions on the overall budget for the council. If approved, the proposals for savings/growth currently being considered by the individual EMAP meetings should result in a balanced budget, but the Executive Members may also wish to consider other options. Further options relating to this portfolio are shown in Annex 5. In order to facilitate the decision making process the Executive are meeting on 16 February 2009 to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation exercise.

- 3 The Executive Member is therefore asked to consider the budget proposals included in this report and identify their preferences, including the proposals in Annexes 2, 3 and 7 which will be considered by the Executive as part of the intended budget. In particular Member advice is sought on the items listed for consultation in Annex 5, which at present do not form part of the intended budget. Members of EMAP are invited to provide comments on the budget proposals in this report.

Background

- 4 The Council's Financial Strategy was adopted by the Executive on 23 September 2008. This paper is the result of ongoing work against this agreed framework.

Local Government Finance Settlement

- 5 The provisional Local Government Finance settlement for 2008/09 was issued on 6 December 2007 and also included indicative figures for 2009/10 and 2010/11 that enabled the Council to consider future budget issues. The provisional settlement for 2009/10 gives an increase in formula grant of £1.159m (+2.74%).

Budget Proposals for Leisure & Culture

- 6 A summary of the budget proposals is shown in table 1 below. Further details on individual elements are presented in the subsequent paragraphs. The annexes also contain other potential savings items, which at this stage are not being recommended to Members.

Table 1: Proposed Leisure & Culture Budget 2009/10	Para Ref	£000
2008/09 Original Budget (see Annex 1)		8,541
2008/09 In Year Recurring Amendments:		
Corporate Inflation (Electricity & Gas)		+ 34
NNDR Adjustments		+ 23
One-Off Growth Included in 2008/09 Budget:		
Edmund Wilson Gym		- 65
Oaklands Sports Centre Temporary Closure		- 33
2009/10 Base Budget	8	8,500
Provision for Pay Increases	9	+ 89
Provision for Price Increases	10	+ 151
Fees & Charges Increase	11	- 55
Service Pressure Proposals (Annex 2)	12-14	+ 9
Savings Proposals (Annex 3)	15-16	- 191
2009/10 Total Proposed Budget		8,503

2009/10 Base Budget (£8,500k)

- 8 This represents the latest 2008/09 budget approved by and reported to Members, updated for the full year effect of decisions taken in the 2008/09 budget and amendments during 2008/09, e.g. supplementary estimates.

Provisional Pay Increases (+ £89k)

- 9 These calculations are based on a pay increase for APT&C of 2.25%. The negotiations for the 2009/10 settlement have not yet started, although there is pressure from the Treasury that increases are kept under 2%.

Provisional Price Inflation (+ £151k)

- 10 The budget proposes a 2.5% increase on both controllable expenditure and income budgets and it will be left to directorates to manage within this net figure.

Fees & Charges and Traded Services (- £55k)

- 11 In line with the net inflation provision referred to above, Fees & Charges are increasing by at least 2.5% except where there are nationally set charges. These are then rounded up or down as appropriate to create sensible figures. The majority of internal services that trade with schools are increasing their charges by 5%. Where increases in charges (external or school traded services) are proposed in excess of 2.5% the additional income is either reflected in the savings totals offered or being used to address existing budget shortfalls. A full schedule of all proposed fees and charges is shown at Annex 4.

Service Pressure Proposals (+ £9k)

- 12 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 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, schools and staff, legislative requirements, proven customer demand and the Council's corporate objectives.
- 13 Members should note that even if all of the items identified at Annex 2 are funded the directorate will still need to manage some significant expenditure pressures in 2009/10, in particular:
- Library Service income, where there has been a significant downturn in income generated from audio visual rental in recent years and the current financial climate appears to be being felt.
 - Sourcing replacement funding for a number of grant streams that are ceasing and that currently support activities and staffing within the Sports & Active Leisure Service.
- 14 Some of these pressures are occurring in 2008/09 and have been reported to EMAP during this year, with requests for contingency funding in 2008/09 currently pending consideration by the Executive. Members will be kept up to date on these issues during 2009/10 through the regular budget monitoring reporting processes.

Savings Proposals (- £191k)

- 15 Members will be aware that the 2008/09 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2009/10 budget, Directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, schools, customers and the wider Council. They have therefore concentrated on initiatives that:
- reflect directorate priorities and plans;
 - 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/financial admin functions of the Council.

16 Annex 3 shows the full list of savings proposals for Leisure & Culture.

Capital Programme

17 The Council's existing capital programme at portfolio level as approved at the time of the 2nd 2008/09 monitor is shown at Annex 6.

18 The existing programme for Leisure and Culture is shown at Annex 7, with schemes currently approved up to 2013/14. The Council's own resources to fund new capital schemes are limited. Against this background Officers have prepared a list of possible capital schemes to be considered for each portfolio. There are two such schemes in Leisure and Culture, one for a community sports scheme at Millfield Lane and one for works to transform York Central Library into an Explore Centre. The column to the right of the stated year in Annex 7 shows the growth above the level currently approved at monitor 2 which would result from the addition of these two schemes that are described below:

- Millfield Lane Community Sports Centre Scheme is a two stage project which will provide community and sports facilities in the Acomb North / Poppleton area of the city. The scheme has been developed by a partnership between Manor School, the Football Foundation and City of York Council. This first stage of the project involves ground works to create new grass pitches and the construction of changing rooms at a cost of £550k. The net cost to the council's capital programme is £200k. The remainder will be funded by a grant from the Football Foundation of £170k, prudential borrowing of £170k (to be funded by income from the use of the facilities by the partners and community groups), and £10k available from section 106 receipts.
- York Central Library Scheme is the first phase of an overall project that would see the transformation of the library into an Explore Centre. In this first phase, work will be carried out to the ground floor with the creation of three learning rooms and a café at a cost of £500k. An amount of £200k in external grant has already been secured with a further £100k raised from sales of valuable obsolete stock items. The remaining £200k is the net cost to the council's capital programme.

Consultation

19 This paper forms part of the Council's budget consultation. The other streams being undertaken include a recently held public meeting where participants sat at tables and tried to produce a balanced budget after considering growth and saving priorities, a leaflet circulated city wide with a fold-out return part and a web-based process.

Options

20 As part of the consultation process Members of EMAP are asked for their comments or alternative suggestions on the proposals shown in Annexes 2, 3, 5 and 7.

Analysis

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

Corporate Priorities

- 22 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

- 23 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, the savings proposed in Annex 3 equate to the loss of 0.5 fte posts. In addition some proposals may lead to reduced hours or changes to patterns of work. Where requested HR has been involved in the development of the budget proposals and has worked with local managers to identify the HR implications of the proposals. HR implications will be managed in accordance with established council change management procedures.
 - 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

- 24 Key reporting mechanisms to Members on budget matters will continue to be through mid-year monitoring reports and the final Revenue Outturn report for the year. The format/timing of these reports has recently been considered by the Council's Management Team but as a minimum they will report on forecast out-turn compared to budgets and will also address the progress made on investments and savings included within the budgets.
- 25 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

- 26 The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.

- 27 The Executive Member Advisory Panel is invited to provide comments on the budget proposals for savings and growth which have been prepared by Officers and contained in this report, which are intended to form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 28 The Executive Member Advisory Panel is invited to provide comments on the areas for consultation for the revenue budget contained in this report, which may form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 29 The Executive Member Advisory Panel is invited to provide comments on the capital proposals which have been prepared by Officers and contained in this report, which are intended to form part of the Council's budget to be considered by the Budget Executive on 26 February 2009.
- 30 The Executive Member is invited to consider whether the budget proposals are in line with the Council's priorities.
- 31 The Executive Member is asked to consider the budget proposals for consultation for Leisure & Culture for 2009/10 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 26 February 2009.
- 2009/10 Base Budget as set out in paragraphs 7 to 10
 - 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
 - Other Revenue Budget Options for Consultation as set out in Annex 5
 - Proposals for New Capital Schemes in Annex 7

Reason: As part of the consultation on the Leisure & Culture budget for 2009/10.

Contact Details			
Author:	Chief Officers Responsible for the Report:		
Richard Hartle Head of Finance Tel: 01904 554225 Email: richard.hartle@york.gov.uk	Pete Dwyer Director of Learning, Culture and Children's Services Tel: 01904 554200 Ian Floyd Director of Resources Tel: 01904 551100		
	Report Approved	√	Date 8 January 2009
Specialist Implications Officer: Jo Sheen, LCCS HR Manager, Tel: 01904 554518			
Wards Affected:		All	√
For further information please contact the author of the report			

Annex 1 - 2008/09 Original Budgets

Annex 2 - Service Pressure Proposals

Annex 3 - Savings Proposals

Annex 4 - Fees & Charges Schedules

Annex 5 - Other Revenue Budget Options For Consultation

Annex 6 - The Existing Approved Capital Programme

Annex 7 - Options For New Capital Schemes

Background Papers

2009/10 Budget Files

Provisional Local Government Finance Settlement - December 2007