

HAMPSHIRE COUNTY COUNCIL

Report

Committee:	Culture and Communities Select Committee
Date:	18 January 2018
Title:	2018/19 Revenue Budget Report for Culture, Recreation and Countryside
Report From:	Director of Culture, Communities and Business Services and Director of Corporate Resources – Corporate Services

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1. Recommendation(s)

That the Culture and Communities Select Committee recommends the Executive Member for Culture, Recreation and Countryside:

- 1.1. To approve the arrangements for the future grant to Hampshire Cultural Trust as set out in paragraph 9.1
To approve for submission to the Leader and the Cabinet:
- 1.2. The revised revenue budget for 2017/18 as set out in Appendix 1.
- 1.3. The summary revenue budget for 2018/19 as set out in Appendix 1.
- 1.4. The annual capital allocation for Community Building Grants of £125,000.

2. Executive Summary

- 2.1. The purpose of this report is to set out proposals for the 2018/19 budget for Culture, Recreation and Countryside in accordance with the Councils Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017.
- 2.2. The deliberate strategy that the County Council has followed to date for dealing with grant reductions during the prolonged period of austerity is well documented. It 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.
- 2.3. 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 departments in 2018/19. Any early achievement of savings proposals during

2018/19 as part of the Transformation to 2019 (Tt2019) Programme will be retained by departments to use for cost of change purposes.

- 2.4. The report also provides an update on the financial position for the current year. Overall the outturn forecast for the Department for 2017/18 is a budget under spend of £291,000.
- 2.5. The proposed budget for 2018/19 analysed by service is shown in Appendix 1.
- 2.6. This report seeks approval for submission to the Leader and Cabinet of the revised budget for 2017/18 and detailed service budgets for 2018/19 for Culture, Recreation and Countryside. The report has been prepared in consultation with the Executive Member and will be reviewed by the Culture and Communities Select Committee. It will be reported to the Leader and Cabinet on 5 February 2018 to make final recommendations to County Council on 22 February 2018.

3. Context and Priorities

- 3.1. 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 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) with any early achievement of savings proposals retained by departments to use for cost of change purposes, cashflow the delivery of savings or offset service pressures.
- 3.2. The County Council's early action in tackling its forecast budget deficit over the prolonged period of austerity and providing funding in anticipation of further reductions, has placed it in a very strong position to produce a 'steady state' budget for 2018/19, giving itself the time and capacity to develop and implement the Tt2019 Programme to deliver the next phase of savings totalling £140m. Consequently there are no departmental savings targets built into the 2018/19 budget. However, other factors will still affect the budget, such as council tax decisions and inflation.
- 3.3. In 2016 the Local Government Finance Settlement provided definitive figures for 2016/17 and provisional figures for local authorities for the following three years to aid financial planning for those authorities who could 'demonstrate efficiency savings'. Following acceptance by the Department for Communities and Local Government (DCLG) of the County Council's Efficiency Plan for the period to 2019/20 the expectation was for minimal change for 2018/19 and 2019/20. No figures have been published beyond this date and there remains uncertainty around the Fair Funding Review and the future of 100% Business Rate Retention.
- 3.4. The Medium Term Financial Strategy (MTFS) approved by the County Council in November 2017 flagged that the Budget in November might contain some additional information that could impact our planning assumptions, for example around public sector pay and council tax referendum limits.

- 3.5. In overall terms, the announcements in the Budget had very little impact on the revenue position reported in the MTFS, although there were some welcome announcements in respect of the Community Infrastructure Levy and Section 106 Developer Contributions.
- 3.6. Since the Budget was announced there has been a two year pay offer for local government workers, which includes a 'core' increase of 2% and changes to the lower pay scales to reflect the impact of the National Living Wage. The overall increase in the pay bill could be in the region of 6% over the two years, and is above the allowances made within the MTFS. Depending on the final pay award that is agreed this could mean additional recurring costs of circa £5m will need to be met.
- 3.7. The offer of a four year settlement provided greater but not absolute funding certainty and the provisional Local Government Settlement announced on 19 December confirmed the grant figures for 2018/19 in line with the four year settlement. The other key elements of the provisional settlement were:
- The 'core' council tax referendum limit was increased from 2% to 3% for all authorities for the next two years (each 1% increase in council tax equates to approximately £5.7m). The arrangements for the social care precept remain unchanged.
 - Ten new 100% Business Rate Pilots were announced, one of which was for Portsmouth, Southampton and Isle of Wight Unitary Councils.
 - A Fair Funding Review consultation was announced as part of the settlement which is expected to be implemented in 2020/21.
 - A potential move to at least 75% Business Rate Retention is also planned for 2020/21, but still on the basis of fiscal neutrality.
 - No new announcements of funding for social care above those that we are already aware of but the Green Paper for adult social care is due to be published in summer 2018.
- 3.8. The key announcement related to the new referendum limit for council tax and this will be considered by Cabinet as part of the budget setting process in February.
- 3.9. The Culture, Recreation and Countryside Service has been developing its service plans and budgets for 2018/19 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.

4. Departmental Challenges and Priorities

- 4.1. Culture, Recreation and Countryside services are delivered by the Culture Communities and Business Services (CCBS) department. The department delivers a wide range of services with gross expenditure in the region of £89m a year and income streams of around £56m, leaving a cash limit of £33m. In addition the department is responsible for managing the repairs and maintenance of the corporate estate (£7.8m) and has Service level agreements with 524 schools, including 28 Academies (£16m), the Coroners service (£1.7m) and the relationship with various major Trusts including the

Hampshire Cultural Trust together with responsibility for the delivery of the Broadband programme of £30m and capital projects of £21m.

- 4.2. Major transformation programmes relating to the countryside service and outdoor centres are underway and delivering new and improved income to support these areas of activity. The countryside service has been very successful in achieving external grant funding of £6.3m to enhance the country parks. A new visitor centre at Lepe country park is under construction and due for completion next spring and work to restore the historic chapel at the Royal Victoria Country Park is also underway and will re-open to the public in May 2018. Overall, excellent progress continues to be made with the Country Park Transformation programme. All country parks and outdoor centres have challenging income targets with the aim of removing all county council cash limit support by 1920/21. These plans are on target and supported by committed staff and hundreds of dedicated volunteers.
- 4.3. The implementation of the Libraries Strategy is progressing with the introduction of self-service technology in all libraries by July 2018. The re-investment programme has seen the refurbishment and new facilities at Fareham and Fleet Libraries with further projects to follow at Andover and Totton libraries. The number of e-downloads has increased and are the highest in the country. The strategy will be refreshed over the course of the next 18 months ensuring it continues to deliver a vibrant and appealing offer for the whole community including shared hub spaces with internal and external partners. The service is undergoing a period of unprecedented change which will have impacts on staff (a consultation has recently been concluded), and the number of volunteers working to support the service in the future.

5. 2017/18 Revenue Budget

- 5.1. Culture, Recreation and Countryside Services are reported in detail within this report. In order to provide a departmental wide view for the Culture, Communities and Business Services (CCBS) Department the position is summarised in the Policy and Resources budget report and also here in Appendix 1.
- 5.2. Enhanced financial resilience reporting, which looks not only at the regular financial reporting carried out in previous years but also at potential pressures in the system and the achievement of savings being delivered through transformation, has continued through regular reports to the Corporate Management Team (CMT) and periodic reports to Cabinet.
- 5.3. The expected outturns forecast for 2017/18 is a budget under spend of £291,000.
- 5.4. All T17 savings were delivered before the start of the current financial year, with Culture, Recreation and Countryside Services over achieving their target by £510,000 which has been offset against their T19 savings targets.
- 5.5. In addition the Culture, Recreation and Countryside Services have had contributions from the Department's Cost of Change reserve for various transformation work projects, in particular the refurbishments of the Fareham

and Fleet libraries. Further contributions have been agreed in principle, but not yet actioned, for transformation work within Countryside, Library Services and the Outdoors Centres including improvements to Lepe Country Park, modernising technology within Libraries, providing additional outdoor play activities and developing the campsite at Runways End.

- 5.6. The budget for Culture, Recreation and Countryside has been updated throughout the year and the revised budget is shown in Appendix 1.

6. Revenue Savings Proposals

- 6.1. In line with the current financial strategy, there are no new savings proposals presented as part of the 2018/19 budget setting process. Savings targets for 2019/20 were approved as part of the MTFS to 2020 by the County Council in July 2016. Savings proposals to meet these targets have been developed through the Tt2019 Programme and were approved by Executive Members, Cabinet and County Council in October and November 2017.
- 6.2. Some savings will be implemented prior to April 2019 and any early achievement of savings in 2018/19 can be retained by departments to meet cost of change priorities. It is anticipated that £2.3m of savings will be achieved in 2018/19 and this has been reflected in the detailed estimates contained in Appendix 1.

7. 2018/19 Capital Programme

- 7.1. The CCBS capital programme is included in the Policy and Resources capital programme report. The provisional capital guideline approved by Cabinet in December 2017 allows for the continuation of the annual capital allocation to provide Community Buildings Grants. This report recommends that the Executive Member for Culture, Recreation and Countryside proposes a Community Building Grants allocation of £125,000 per annum is included in the capital programme for Policy and Resources.
- 7.2. The Director of CCBS is considering the use of the department's revenue reserves to fund further capital expenditure to support the Country Parks transformation programme and also capital works at Calshot Activity Centre to further enable these services to become self funding. These proposals will be reported to the Executive Member in due course.

8. Budget Summary 2018/19

- 8.1. 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 in that report was £20.958m (part of the cash limit for Policy and Resources within that report) which was a £0.432m increase on the previous year.
- 8.2. Appendix 1 sets out a summary of the proposed budgets for the service activities provided by Culture, Recreation and Countryside for 2018/19 and show that these are within the cash limit set out above.

9. Grant to Hampshire Cultural Trust (HCT)

- 9.1. Under the provision of the management and funding agreement the future grant to HCT requires to be re-negotiated by 31 March 2018 for the three years commencing from 2020/21. This process commenced during the autumn last year and has recently concluded, with the grant reducing by 5% per annum.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	Yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Transformation to 2019 – Revenue Savings Proposals (Executive Member for Culture, Recreation and Countryside) http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=169&MId=287	18 September 2017
Medium Term Financial Strategy Update and Transformation to 2019 Savings Proposals (Cabinet) http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=737	16 October 2017
Budget Setting and Provisional Cash Limits 2018/19 (Cabinet) http://democracy.hants.gov.uk/ieListDocuments.aspx?CId=134&MId=738	11 December 2017
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

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>
None	

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 2018/19 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 2019 Programme were considered in detail as part of the approval process carried out in October and November 2017 and full details of the Equalities Impact Assessments relating to those changes can be found in Appendices 4 to 7 in the October Cabinet report linked below:

<http://democracy.hants.gov.uk/mgAi.aspx?ID=3194#mgDocuments>

2. Impact on Crime and Disorder:

2.1 N/A

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 2018/19 – Culture, Recreation and Countryside

Service Activity	Original Budget 2017/18 £'000	Revised Budget 2017/18 £'000	Proposed Budget 2018/19 £'000
Community and Regulatory Services			
Library Service	11,886	11,730	10,996
Energise Me Grant (Sport) and Talented Athletes Scheme	179	186	141
Community	160	198	164
Culture and Heritage			
Countryside	2,821	2,953	2,862
Cultural Trust Grant and HCC Arts related costs	2,960	2,875	2,634
Archives	802	767	730
Outdoors Centres	234	243	195
Community Grants	977	763	977
CRC Planned Draw from Cost of Change	-	(479)	-
CRC Planned Contribution to Cost of Change	507	1,461	2,259
Total Culture, Recreation and Countryside cash limited services	20,526	20,697	20,958
Culture, Communities and Business Services – Policy and Resources Services	11,673	11,435	12,266
Total Culture, Communities and Business Services Net Cash Limited Expenditure	32,199	32,132	33,224