

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director Commercialisation (S151)
To: Spalding Town Forum – 22 January 2019
Author: Carl Holland, Strategic Finance Partner
Subject: Draft Spalding Special Expenses 2019-20
Purpose: To consider the Spalding Special Expenses Draft Estimates 2019-20

Recommendation:

1. That Spalding Town Forum Members review the proposed Spalding Special Expenses Budget for 2019-20 and agree comments/feedback to be included within the final budget report to be considered by Council on 27th February 2019.
2. That Spalding Town Forum Members consider and note the forecast outturn for 2018-19.

1.0 INTRODUCTION

- 1.1 This report is presented to the Spalding Town Forum as part of South Holland District Council's consultation on its 2019-20 budget and 4-year medium term financial plan.
- 1.2 All responses to South Holland District Council's Draft Budget consultation will be considered as part of the budget planning process ahead of consideration by Full Council on 27th February 2019.

2.0 APPROACH

2.1 Background

As part of the Council's integrated planning and performance framework, our business plans reflect how we will deliver our corporate priorities. The draft budgets are the financial representation of these plans. Service Managers have prepared their budgets to reflect their plans and strategies and in accordance with the principles outlined in the Council's Medium Term Financial Strategy. Budget managers have not incorporated any growth into their service budgets, unless it was in relation to contract inflation, supporting the delivery of corporate priorities, health and safety issues or reflecting demand-led budgets.

- 2.2 As reported in the budget report for 2019-20 a detailed review of Spalding Special Expenses budgets has taken place in the year. This has resulted in changes to apportionment of employee costs between Spalding Special Expenses budgets.

2.2 Employees

Employee costs are set at 100% of the full cost for the establishment, with the pay award set at 2%. Grounds Maintenance and other operational staff are budgeted at 100%. Recharge budgets for Grounds Maintenance had not previously budgeted for

operational costs. These are now reflected in the 2019-20 budget based on a review of 2018-19 costs.

Employers' pension contributions for 2019-20 have been budgeted for at 16.7% of gross pay.

3.0 CAPITAL

3.1 A need exists to fund capital expenditure safety work at the Halley Stewart in 2019 - 20. This has not been included in this budget.

4.0 SPALDING SPECIAL EXPENSES DRAFT ESTIMATES 2019-20

4.1 The draft Spalding Special Expenses Budget for 2019-20 is presented at Appendix 1. The proposed budget for 2019-20 is £217,650, an increase of 2.91% over the 2018-19 Budget (£211,500).

4.2 The Spalding Council Tax base has risen by 195 (2.17%) from 9,002 to 9,197.

4.3 The proposed Spalding Special Expenses Council Tax Band D Equivalent for 2019-20 is £23.67 - an increase of 0.77% over 2018-19 (£23.49).

5.0 COMMENTARY

5.1 Spalding Cemetery

There are no changes to fees and charges for 2019-20. The staff charge was previously provided by an external contractor and shown as "Premises". Those staff have now been integrated into the Grounds Maintenance Service and consequently now show as "Employees" costs rather than "Premises". A review of the allocated budget has led to a reduced allocation of Grounds Maintenance charges for 2019-20 of £11,600. A budget for depreciation of £7,300 has been removed as this should be held centrally from 2019-20 and a reduction of budget for support services has been made for £1,000. The tree works budget of £5200 has been retained in "Premises".

	Estimate 18/19 £	Estimate 19/20 £
Employees	13,100	37,100
Premises	54,300	18,700
Supplies & Services	200	300
Transport	100	
Depreciation	7,300	0
Support Services	2,200	1,200
Total Expenditure	77,200	57,300
Total Income	-20,000	-20,000
Net Expenditure	57,200	37,300

5.2 Spalding Allotments

There are no changes to fees and charges for 2019-20. A review of the allocated costs has led to an increased allocation of £300 for Grounds Maintenance charges for 2019-20 on the "Premises" line. Drainage rates have also increased the "Premises" line by £100. This has been offset by a reduced allocation of direct employee budget based on 2018-19 actual costs.

	Estimate 18/19 £	Estimate 19/20 £
Employees	1,400	400
Premises	5,300	5,700
Support Services	1,400	1,200
Total Expenditure	8,100	7,300
Total Income	-4,500	-4,500
Net Expenditure	3,600	2,800

5.3 Ayscoughfee Gardens

There are no changes to the Ayscoughfee café rental income budget. Ayscoughfee income has been reduced by £5,700 to reflect reduced income resulting from the cessation in trading of the Bowls club in 2019-20. The overall increase in estimated cost reflects an additional £13,800 of operational running costs not previously incorporated into the recharge of Grounds Maintenance. Premises costs have reduced £1700 in the main due to reduce actual cost of utilities and Support Services have been removed £3600. Materials for planting have been included for £4600.

	Estimate 18/19 £	Estimate 19/20 £
Employees	1,200	31,200
Premises	31,000	6,200
Supplies & Services	1,400	13,300
Transport	400	0
Support Services	3,600	0
Total Expenditure	37,600	50,700
Total Income	-10,900	-5,200
Net Expenditure	26,700	45,500

5.4 Halley Stewart Playing Field

There are no changes to fees and charges for 2019-20. Any work at Halley Stewart for league requirements is undertaken by the club and is not paid for by SSE Fees. The "Premises" budget includes provision for planned and responsive maintenance of £10,200. The budget for Grounds Maintenance has been increased by £8,400 to reflect 2018-19 operational running costs and allow for an increase in employee costs. This has been offset by a decrease in Support Service costs by £4,100. The increase in premises budget has been further offset by a reduction based on actual cost of utilities.

	Estimate 18/19 £	Estimate 19/20 £
Employees	2,100	600
Premises	29,900	37,900
Supplies & Services	200	200
Transport	100	0
Support Services	6,500	2,400
Total Expenditure	38,800	41,100
Total Income	-7,900	-7,900
Net Expenditure	30,900	33,200

5.5 Monkshouse Playing Field

There are no changes to fees and charges for 2019-20. The allocation of Grounds Maintenance costs has been reduced to reflect the 2018-19 actual allocation.

	Estimate 18/19 £	Estimate 19/20 £
Employees		200
Premises	28,800	23,400
Supplies & Services	0	200
Support Services	3,800	2,400
Total Expenditure	32,600	26,200
Total Income	-3,100	-2,900
Net Expenditure	29,500	23,300

5.6 Other Premises

Grounds maintenance budget 2019-20 reflects an increase in employee and operational running costs.

	Estimate 18/19 £	Estimate 19/20 £
Thames Road	14,750	16270
Fulney Road	10,380	11480
Grass Cutting Verges	8,000	11000
Total Expenditure	33,130	38,750

5.7 Christmas Decorations

Increased budget for installation, removal and storage by external supplier.

	Estimate 18/19 £	Estimate 19/20 £
Premises	0	200
Supplies and services	9,900	11,000
Total Expenditure	9,900	11,200

5.8 Contributions

The contributions towards other town activities remain the same as the previous year with the exception of Bus Shelter Maintenance and Spalding Town Centre Promotion fund.

	Estimate 18/19 £	Estimate 19/20 £
Employees	0	2,300
Support Services	4,500	4,600
Voluntary Car Scheme	8,500	8,500
Maintenance of churchyard St Mary and St Nicholas Parish Church	750	750
Bus Shelter Maintenance	370	0
Play Areas	1,000	1,000
Spalding Town Centre Promotion	1,500	0
Crime Prevention	7,700	7,700
Chairman's Contingency	750	750
Total Expenditure	25,070	25,600

6.0 FOUR YEAR PLAN (see Appendix B)

Appendix B sets out the draft 4 year financial plan. The draft plan takes into account any additional costs, efficiencies or charges that may have an impact on the Spalding Special Expenses Account from 2019-20 to 2022-23. Employee and Premises costs have been estimated to increase by 2% each year. No provision has been made to increase income over this period.

7.0 RESERVES

Consideration will be required as to the minimum level of balances that will be required to fund unexpected events or emergency expenditure as part of the in-year review.

8.0 Forecasted Outturn 2018-19

8.1 The forecast outturn based on actual expenditure and income to Quarter 3 2018-19 shows an adverse variance of £18,160. A reduction to Ayscoughfee income of £1,100 is forecast as a result of the closure of the bowls club. A provision for increased costs at Monkshouse Lane to cover emergency water works has been made for £7,000. Work for electrical Safety at Halley Stewart resulted in an additional spend of £8,900, with the remaining variance resulting from Ayscoughfee supplies and below forecast income.

8.0 TIMETABLE

The final Budget Setting and Council Tax report will go to Full Council on 27th February 2019.

9.0 RISK

9.1 The Council must set a budget, which is a realistic statement of its estimated income and expenditure for the coming year based upon information currently available to it. It has a duty to take into account the demand for its services, and the effect upon council tax payers of meeting those demands at varying levels of services.

9.2 A risk assessment has been undertaken regarding major items of income and expenditure, which may adversely affect the Council's budget position.

10.0 OPTIONS

10.1 The forum is invited to consider the draft 2019-20 estimates. Comments will be reported back to Members.

Background papers:- None

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Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A - Summary of Spalding Special Expenses Account
Appendix B - Four-Year Forecast Spalding Special Expenses
Appendix C – Forecasted Outturn 2018-19

APPENDIX A - Spalding Special Expenses Proposed Budget for 2019-20

	2018-19 Estimates	2019-20	2018-19 to 2019-20 Variance
	£	£	£
Spalding Cemetery	57,200	37,300	(19,900)
Spalding Allotments	3,600	2,800	(800)
Playing Fields at:-			
Ayscoughfee (excluding gardens)	26,700	45,500	18,800
Halley Stewart	30,900	33,200	2,300
Thames Road	14,750	16,270	1,520
Fulney Road	10,380	11,480	1,100
Monkshouse Lane	29,500	23,300	(6,200)
Contribution to Voluntary Car Scheme	8,500	8,500	0
Christmas Decorations	9,900	11,200	1,300
Contribution to management of churchyard of St Mary & St Nicolas Parish Church	750	750	0
Administrative Support	4,500	6,900	2,400
Bus Shelter Maintenance	370	0	(370)
Contribution to play areas	1,000	1,000	0
Spalding Town Centre Promotion	1,500	0	(1500)
Crime prevention	7,700	7,700	0
Chairman's contingency	750	750	0
Grass Cutting	8000	11,000	3,000
Contribution from Spalding Special Reserve	(4,500)	0	4,500
Total Expenditure	211,500	217,650	6,150
Funding			
Total Expenditure	211,500	217,650	6,150
Capital Reserve	0	0	0
Charged	211,500	217,650	6,150
Tax Base	9,002	9,197	195
Band D equivalent	23.49	23.67	0.18
Actual Balances			
Balance Brought Forward	(147,349)	(142,849)	
Funded From Reserves			
Contribution from SSE reserves (forecast)	4,500	0	
Forecast reserve carried forward	(142,849)	(142,849)	

Appendix B Four Year Forecast Spalding Special Expenses

4-year Forward Estimates Spalding Special Expenses

	2019-20	2020-21	2021-22	2022-23
	Estimate	Forward	Forward	Forward
	£	Estimate	Estimate	Estimate
		£	£	£
Employees	71,800	73,200	74,700	76,200
Premises	131,900	134,500	137,200	139,900
Supplies & Services	32,700	32,700	32,700	32,700
Third Party Payments	0	0	0	0
Transfer Payments	9,950	9,950	9,950	9,950
Support Services	11,800	11,800	11,800	11,800
Total Expenditure	258,150	262,150	266,350	270,550
Total Income	(40,500)	(40,500)	(40,500)	(40,500)
NET COST OF SERVICES	217,650	221,650	225,850	230,050
TO BE RAISED FROM COUNCIL TAX	217,650	221,650	225,850	230,050
TAX BASE	9,197			
BAND D COUNCIL TAX	£ 23.67			
PERCENTAGE INCREASE	0.77%			

Appendix C Forecasted Outturn 2018–19 (as at Quarter 3)

	Original Budget 2018-19 £	Revised Estimate 2018-19 £	Forecast Outturn 2018-19 £	Forecast Outturn variance £
Employees Direct	17,800	52,643	52,643	-
Premises	183,800	162,000	175,807	13,807
Supplies & Services	20,900	27,700	29,041	1,341
Support Services	22,000	26,800	26,800	-
Depreciation and Impairment Losses	7,300	-	-	-
Transport	600	500	-	(500)
Income	(46,400)	(46,400)	(42,888)	3,512
Employees Indirect	-	-	-	-
Transfer Payments	10,000	10,000	10,000	-
Movement in Reserves	(4,500)	(4,500)	(4,500)	-
Net Cost of Service	211,500	228,743	246,903	18,160