

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Executive Director Commercialisation (S151)
To: Spalding Town Forum – 28 January 2020
Author: Carl Holland, Deputy Head of Finance
Subject: Draft Budget for Spalding Special Expenses 2020/21
Purpose: To consider the Spalding Special Expenses Draft Budget 2020/21

Recommendation:

1. That Spalding Town Forum Members review the proposed Spalding Special Expenses Budget for 2020/21 and agree comments/feedback to be included within the final budget report to be considered by Council on 26th February 2020.
2. That Spalding Town Forum Members consider and note the forecast outturn for 2019/20.

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 2020/21 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 26th February 2020.

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 The draft Spalding Special Expenses Budget for 2020/21 is presented at Appendix 1. The proposed budget for 2020/21 is £223,100, an increase of 2.50% over the 2019/20 Budget (£217,650).
- 2.3 The Spalding Council Tax base has increased by 175 band d equivalents (1.90%) from 9,197 to 9,372.
- 2.4 The proposed Spalding Special Expenses Council Tax Band D Equivalent for 2020/21 is £23.82 - an increase of 0.63% over 2019/20 (£23.67).

3.0 SPALDING SPECIAL EXPENSES DRAFT ESTIMATES 2020/21

3.1 Employees

The employee related costs for the whole Spalding Special Account increase by £8.9k and takes account of incremental pay progression and a forecast national pay award up to 2%. The Council received the results of the pension triennial valuation in November 2019. This resulted in the employer's contribution rate increasing from 16.7% to 17.4% for 2020/21 to 2022/23.

3.2 Support Services

A review of support service recharges has resulted in some movements between budgets, but overall the costs has reduced by £700 to £10k.

3.3 Spalding Cemetery

The budget for income increases by £5.2k reflecting the 2019/20 forecast. This has enabled additional budget (£6k) to be assigned to Premises costs, which have increased by £6k to fund additional maintenance work to the footpaths and roadways.

	Estimate 2019/20	Estimate 2020/21	Variance
Employees	37,100	37,800	700
Premises	19,000	25,000	6,000
Supplies & Services	300	400	100
Support Services	1,200	2,700	1,500
Income	(20,000)	(25,200)	(5,200)
Net cost of service	37,600	40,700	3,100

3.4 Spalding Allotments

The budget for income increases by £700 reflecting the 2019/20 forecast. The increase in Premises budget reflects an increase in Grounds Maintenance service recharge as a result of employee costs.

	Estimate 2019/20	Estimate 2020/21	Variance
Employees	400	700	300
Premises	5,700	6,000	300
Supplies & Services	0	0	0
Support Services	1,200	1,300	100
Income	(4,500)	(5,200)	(700)
Net cost of service	2,800	2,800	0

3.5 Ayscoughfee Gardens

The budget for income increases by £1.8k reflecting the 2019/20 forecast. Premises costs have reduced £2,500 as result of reduced water charge £900 and reduced responsive repairs £1,600 to reflect 2019/20 forecasts.

	Estimate 2019/20	Estimate 2020/21	'Variance
Employees	31,200	32,000	800
Premises	6,200	3,700	(2,500)
Supplies & Services	13,300	13,300	0
Support Services	0	1,400	1,400
Income	(5,200)	(7,000)	(1,800)
Net cost of service	45,500	43,400	(2,100)

3.6 Halley Stewart Playing Field

Following review of the forecast for 2019/20 the Premises related budget reduces by £600 for electricity and £100 for insurance. The budget for income reduces by £1k reflecting the 2019/20 forecast.

	Estimate 2019/20	Estimate 2020/21	'Variance
Employees	600	1,000	400
Premises	38,100	37,400	(700)
Supplies & Services	200	300	100
Support Services	2,400	2,300	(100)
Income	(7,900)	(6,900)	1,000
Net cost of service	33,400	34,100	700

3.7 Monkshouse Playing Field

Following review of the forecast for 2019/20 the Premises related budget increases by £2.3k for responsive repairs and offset by a reduction for Grounds Maintenance £200 and insurance £100. The budget for income reduces by £1.4k reflecting the 2019/20 forecast.

	Estimate 2019/20	Estimate 2020/21	'Variance
Employees	200	400	200
Premises	23,600	25,600	2,000
Supplies & Services	200	200	0
Support Services	2,400	2,300	(100)
Income	(2,900)	(1,500)	1,400
Net cost of service	23,500	27,000	3,500

3.8 Other Premises

Any work to play areas is being undertaken by the Parks and Grounds team. As a result the budget for Play Areas Buildings Maintenance of £1k is not forecast to be required for 2020/21.

A new budget for maintenance of Defibrillators £300 has been included. Chairman's Contingency fund allocation remains the same as previous year. Grounds Maintenance budgeted costs are increased for both Fulney Road £400 and Thames Road playing fields £600.

	Estimate 2019/20	Estimate 2020/21	Variance
Employees	200	600	400
Play Areas	1,000	0	(1,000)
Thames Road	16,500	17,100	600
Fulney Road	11,600	12,000	400
Grass cutting verges	11,000	11,300	300
Supplies & Services	0	300	300
Chairman's Contingency	700	700	0
Net cost of service	41,000	42,000	1,000

3.9 Christmas Decorations

New contract for storage and installation has been negotiated resulting in a reduction of cost of £3.4k.

	Estimate 2019/20	Estimate 2020/21	Variance
Premises	200	300	100
Supplies & Services	11,000	7,600	(3,400)
Net cost of service	11,200	7,900	(3,300)

3.10 Contributions

Management Costs continue to reflect the support costs in respect of the Council's Democratic Services team and Service Management which has increased by £2,550 and is included in the Employee Costs referred to in paragraph 3.1. The other contributions towards town activities remain unchanged from the previous year.

	Estimate 2019/20	Estimate 2020/21	Variance
General Management	5,750	8,300	2,550
Crime prevention	7,700	7,700	0
Contribution to Voluntary Car Scheme	8,500	8,500	0
Contribution to management of churchyard of St Mary & St Nicolas Parish Church	700	700	0
Net cost of service	22,650	25,200	2,550

4.0 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 2020/21 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.

5.0 RESERVES

The Budget assumes no use of reserves, however it may be necessary to fund unexpected events or emergency expenditure as part of in-year monitoring and reporting.

6.0 FORECASTED OUTTURN 2019/20 (Appendix C)

6.1 The forecast outturn based on actual expenditure and income to Quarter 3 2019/20 shows a favourable variance of (£5.2k).

- Income from the cemetery is forecast to increase by (£6k). Income is forecast to reduce for Halley Stewart £1.2k and Monkshouse Lane £1.2k.
- The storage and installation of Christmas lights has a reduced contract cost resulting in a favourable movement of (£3k).
- Underspend on utilities at Halley Stewart (£1.8k) and Monkshouse Lane (£900). Water charge pressure emerging at Ayscoughfee Gardens £1.8k, which is under review with the supplier. £600 increased utility costs at the cemetery which had accrued from the previous financial year.
- Extra grass cutting has been undertaken in October and November increasing costs by £900.
- New football posts Halley Stewart £600.

7.0 TIMETABLE

The final Budget Setting and Council Tax report will go to Full Council on 26th February 2020.

8.0 RISK

8.1 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.

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

9.0 OPTIONS

9.1 To review the 2020/21 draft estimates and provide consultation feedback to be included in the final report presented to Council on 26th February 2020.

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 2019/20

APPENDIX A - Spalding Special Expenses Proposed Budget for 2020/21

	2019/20 Estimates	2020/21 Estimates	Variance
Spalding Cemetery	£37,600	£40,700	£3,100
Spalding Allotments	£2,800	£2,800	£0
Playing Fields at:			
Halley Stewart	£33,400	£34,100	£700
Thames Road	£16,500	£17,100	£600
Fulney Road	£11,600	£12,000	£400
Monkshouse Lane	£23,500	£27,000	£3,500
Ayscoughfee Leisure	£45,500	£43,400	(£2,100)
Contribution to Voluntary Car Scheme	£8,500	£8,500	£0
Christmas Decorations	£11,200	£7,900	(£3,300)
Contribution to management of churchyard of St Mary & St Nicolas Parish Church	£700	£700	£0
General Management/Support	£5,950	£8,900	£2,950
Contribution to play areas	£1,000	£0	(£1,000)
Crime prevention	£7,700	£7,700	£0
Defibrillators	£0	£300	£300
Chairman's contingency	£700	£700	£0
Grass Cutting	£11,000	£11,300	£300
Contribution from Spalding Special Reserve	£0	£0	£0
Total Expenditure	£217,650	£223,100	£5,450
Financing:			
Capital Reserve	£0	£0	
Charged to residents	£217,650	£223,100	
Tax Base	9,197	9,372	
Band D equivalent	£23.67	£23.82	
Reserves:			
Balance brought forward	(£121,397)	(£126,589)	
Contributions to reserves (forecast)	(£5,192)	£0	
Contributions from reserves (forecast)	£0	£0	
Forecast reserve carried forward	(£126,589)	(£126,589)	

Appendix B Four Year Forecast Spalding Special Expenses

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Employees	£71,800	£80,700	£82,300	£84,000	£85,700
Premises	£132,900	£138,300	£138,300	£138,300	£138,300
Supplies & Services	£32,700	£29,800	£29,800	£29,800	£29,800
Transfer Payments	£9,900	£10,100	£10,100	£10,100	£10,100
Support Services	£10,700	£10,000	£10,000	£10,000	£10,000
Income	(£40,500)	(£45,800)	(£45,800)	(£45,800)	(£45,800)
Net cost of services	£217,500	£223,100	£224,700	£226,400	£228,100
Council Tax requirement	£217,500	£223,100	£224,700	£226,400	£228,100
Tax Base	9,197	9,372			
Band D Council Tax	£23.67	£23.82			
Percentage increase	0.77%	0.63%			

Appendix C Q3 Forecast Outturn 2019/20

Cost Centre Name	Subjective Analysis	Original Budget 2019/20	Revised Estimate 2019/20	Q3 Forecast Outturn 2019/20	Forecast Outturn Variance 2019/20
Christmas					
Decorations	Premises	£200	£200	£269	£69
	Supplies & Services	£11,000	£11,000	£7,552	(£3,448)
		£11,200	£11,200	£7,821	(£3,379)
Cemeteries	Employees Direct	£37,100	£37,100	£37,100	£0
	Premises	£19,000	£18,900	£19,499	£599
	Supplies & Services	£300	£200	£201	£1
	Support Services	£1,200	£1,200	£1,200	£0
	Income	(£20,000)	(£20,000)	(£26,000)	(£6,000)
		£37,600	£37,400	£32,000	(£5,400)
Allotments	Employees Direct	£400	£400	£400	£0
	Premises	£5,700	£5,700	£5,659	(£41)
	Support Services	£1,200	£1,200	£1,200	£0
	Income	(£4,500)	(£4,500)	(£4,493)	£7
		£2,800	£2,800	£2,766	(£34)
Halley Stewart	Employees Direct	£600	£600	£600	£0
	Premises	£38,100	£38,000	£36,211	(£1,789)
	Supplies & Services	£200	£200	£814	£614
	Support Services	£2,400	£2,400	£2,400	£0
	Income	(£7,900)	(£7,900)	(£6,700)	£1,200
		£33,400	£33,300	£33,325	£25
Monkshouse Lane					
Monkshouse Lane	Employees Direct	£200	£200	£200	£0
	Premises	£23,600	£23,500	£22,682	(£818)
	Supplies & Services	£200	£200	£200	£0
	Support Services	£2,400	£2,400	£2,400	£0
	Income	(£2,900)	(£2,900)	(£1,700)	£1,200
		£23,500	£23,400	£23,782	£382
Ayscoughfee Leisure					
Ayscoughfee Leisure	Employees Direct	£31,200	£31,200	£31,200	£0
	Premises	£6,200	£6,200	£8,093	£1,893
	Supplies & Services	£13,300	£13,300	£13,584	£284
	Income	(£5,200)	(£5,200)	(£5,063)	£137
		£45,500	£45,500	£47,814	£2,314
Spalding Special Contributions					
Spalding Special Contributions	Employees Direct	£2,100	£2,100	£2,100	£0
	Supplies & Services	£7,700	£7,700	£7,700	£0
	Support Services	£3,500	£3,500	£3,500	£0

Cost Centre Name	Subjective Analysis	Original Budget 2019/20	Revised Estimate 2019/20	Q3 Forecast Outturn 2019/20	Forecast Outturn Variance 2019/20
	Transfer Payments	£9,200	£9,200	£9,250	£50
		£22,500	£22,500	£22,550	£50
Spalding Special					
Various Sites	Employees Direct	£200	£200	£200	£0
	Premises	£40,100	£40,100	£40,950	£850
	Chairman's				
	Contingency	£700	£700	£700	£0
		£41,000	£41,000	£41,850	£850
		£217,500	£217,100	£211,908	(£5,192)