

2022/23 DRAFT RECREATION BUDGETS

AGENDA ITEM NO. 11

MEETING: RECREATION COMMITTEE

DATE: 13TH OCTOBER 2021

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

1.1 The purpose of this report is to present for Members' consideration, comments, and approval the draft 2022/23 Revenue and Capital Budgets for the Recreation Committee.

2.0 Background to the Report

2.1 Members approved the Budget Framework and Timetable for the setting of the Council's 2022/23 Revenue and Capital Budgets at the meeting of the Policy and Resources Committee on 8th September 2021.

2.2 This report provided details of the background to the budget setting process, linked to the Medium-Term Financial Plan, and set out the key principles to be applied and the budget setting methodology that would be used for the setting of the 2022/23 Revenue and Capital Budgets.

2.3 The Budget Timetable provided the timeframe for the setting of the budgets and the reporting of the draft budget to the various Committees and Working Groups of the Council.

2.4 Officers have subsequently been working on the development of the draft 2022/23 Revenue and Capital Budgets for each Committee and the draft budgets have now been agreed by senior officers and at a meeting of the Chairmen and Vice Chairmen of the Committees and a spokesperson from the Labour and Liberal Democrat Groups, and also distributed to all Council Members for consideration and comment.

2.5 The draft 2022/23 Recreation Revenue and Capital Budgets are set out in this report and the attached appendices for Members' consideration.

2.6 Members will be aware from previous reports, the Council is currently in strong financial health.

2.7 The decision to freeze the Town Council Tax this year was approved and implemented in recognition of the difficulties being faced by local taxpayers during the Coronavirus pandemic. The freeze was made possible as a result of the strong financial health and the fact that the Council made a number of one-off savings during 2020/21 as a direct consequence of the pandemic.

- 2.8 The draft 2022/23 Recreation Budgets have been developed in line with the key principles from the Medium-Term Financial Plan, of maintaining existing services, delivering the Asset Management Plan, safeguarding balances and reserves, and keeping future council tax increases as low as possible.
- 2.9 The initial draft 2022/23 Revenue Budget has been prepared on the basis of 'business as usual', on the assumption that there will be no further lockdowns or restrictions in relation to the Coronavirus pandemic.
- 2.10 Gas and electricity budgets have been increased by 10%, however in light of the current crisis in relation to utility costs, officers have been advised by Durham County Council that gas and electricity wholesale prices are increasing from 1st October by approximately 48% and 26% respectively. It remains to be seen whether this is a temporary cost pressure or a more permanent increase that will need to be budgeted for.
- 2.11 The Council long term insurance arrangement ends in June 2022, and officers have been advised by our current insurer that insurance premiums are likely to increase significantly. A 10% increase in insurance premiums has been included in the draft budget, and further updates will be sought prior to the 2022/23 budget being finalised and presented to Council for approval.
- 2.12 The impact of national economic situation position and in particular current inflationary pressures, may result in further increases to expenditure budgets. An inflationary increase of 2% has been included in the draft budget for those areas where increases in costs cannot be avoided. This may need to be increased to 4% in line with current projections by the Bank of England.
- 2.13 The draft 2022/23 Revenue Budget has been prepared, initially, on the basis of a 1.99% increase in the Council Tax.
- 2.14 The draft Revenue Budget will be updated later in the year as more information is made available in relation to the aforementioned issues.
- 2.15 In relation to the 2022/23 Capital Programme Budget, the Medium-Term Financial Plan highlights a risk that the Council faces some potentially significant capital investment commitments in relation to its assets over the coming years, linked to the delivery of the Asset Management Plan, and that the funding of this investment will see a deterioration in the level of the Council's balances and reserves.
- 2.16 In light of this, the Council has previously agreed that future capital investment will continue to be closely monitored and controlled in order to protect and preserve Council balances, and the 2022/23 Capital Programme Budget has been prepared on the basis of essential investment only, mainly linked to the delivery of the Asset Management Plan.

3.0 Draft 2022/23 Recreation Revenue Budgets

- 3.1 The detailed draft 2022/23 Recreation Revenue Budgets are attached at **Appendix 1** for Members' consideration.
- 3.2 Members will note that the attached draft budget figures include the actual outturn figures for the last two financial years; 2019/20 and 2020/21.
- 3.3 The prior year income and expenditure figures are included in order to enable Members to take actual spending and income figures into account, in their consideration of the draft 2022/23 budget proposals.
- 3.4 A summary of the draft Recreation Revenue Budgets is shown below:-

Budget 2021/22 £	Recreation Revenue Budget	Inflation and Committed Growth £	Investment in Service £	Savings and Increased Income £	Budget 2022/23 £
223,050	Community Events	2,400	-	(500)	224,950
319,250	Sports Complex	27,350	-	(6,300)	340,300
15,750	Sports Pitches	200	-	-	15,950
74,750	Golf Course	2,850	-	(3,950)	73,650
17,100	Driving Range	12,700	-	(22,000)	7,800
204,250	Parks and Play Areas	1,150	-	(1,000)	204,400
854,150	Total Budget	46,650	-	(33,750)	867,050

- 3.5 The draft 2022/23 Recreation Committee Revenue Budget has increased by £12,900 or 1.5% to £867,050.
- 3.7 Pay awards, inflation, unavoidable increases in costs, and falls in income have added £46,650 or 5.5% to the budget. This includes provision for the potential increase in the local government pay award in the current year by 0.25% to 1.75% (1.5% was included in the 2021/22 budget), a forecast 2.5% staff pay award in 2022/23, the recently announced increase in employers' national insurance contributions, inflation on running costs, and falls in a number of areas of sports complex income.
- 3.8 However, efficiency savings, budget reductions and increased income totalling £33,750 or 4.0% have been identified which has partly offset this additional budget provision to the Recreation Revenue Budget.
- 3.9 Savings include reduction of under-utilised budgets, increased income from the hire of the sports complex sports hall for events, an increase in golf membership income from this years' membership price increase,

increased driving range takings as a result of this year's price increase, and a significant increase in golf shop sales.

3.10 No discretionary additional or new investment in services in the Recreation Budgets has been provided for in light of the current financial situation of the Council and the possibility that further savings may be required, later in the year, to balance the 2022/23 Revenue Budget.

3.11 A summary of the main changes in respect of each individual budget is detailed below.

3.13 **Events**

Due to the Coronavirus pandemic situation a number of events have been cancelled in 2021/22.

For the purposes of the 2022/23 budget setting, it has been assumed that next year will be a 'normal' year and budget provision has therefore been retained for the provision of *all* community events.

The Events Budget has been increased by £1,900 to £224,950.

This provides for the expected local government pay award, increase in employers' national insurance as well increasing the budget provision for the community enhancement awards from £1,000 to £1,500 to provide for increased categories and prizes. The Firework Display budget has a small inflationary increase of £250. The Christmas Display budget has reduced by £500 in line with expected expenditure.

All other events budgets have been frozen at existing levels as the current budget provision is considered to be sufficient.

3.14 **Sports Complex**

As with the Events Budget, the Coronavirus pandemic situation has created a lot of uncertainty in relation to the Sports Complex Budget, there continues to be an ongoing negative impact on usage and income levels at the facility in the current year.

For the purposes of the 2022/23 budget setting, it has been assumed that budget provision for next year will mostly be based on a return to 'business as usual', however there are a number of areas which it is anticipated will not return to pre-pandemic activity in the short-term, including:

- Five a Side – budget income reduction £2,000
- Gaming Machines – budget income reduction £1,000
- Hot Beverages – budget income reduction £2,000
- Catering Income – budget income reduction £2,750

In overall terms, the Sports Complex Budget has increased by £21,050 to a net running cost of £340,300.

Additional budget provision has been made for increases in staffing costs from the forecast local government pay award, increased

employers' national insurance contributions, as well as unavoidable inflationary increases in some running costs.

However, the overall increase in the net running cost of the facility has been limited by the identification of various savings on supplies and services and an income target increase on the sports hall hire in line with the increased use of the sports hall for events.

This has limited the overall increase in the net running cost of the facility.

3.15 Sports Pitches

This budget has increased marginally by £200 to a net running cost of £15,950.

This is as a result of increases in electricity and insurance costs.

3.16 Golf Course

This budget has fallen by £1,100 to a net running cost of £73,650.

Whilst additional budget provision has been required for increases in staffing costs from the expected local pay government pay award, employers national insurance and inflation on running costs, these have been offset by reductions in the marketing budget due to the increased use of social media, course materials, the DCGU subscriptions in line with actual membership numbers, and an increase in the membership income budget in line with the fee increase in the current year.

3.17 Driving Range and Golf Shop

This budget has fallen by £9,300 to a net running cost of £7,800.

Whilst additional budget provision has been required for inflation on running costs, these have been more than offset by an increase in driving range income and a substantial increase in golf shop sales.

This has resulted in the large reduction in the net cost of the facility which is a very positive achievement in these challenging times.

3.18 Parks and Play Areas

This budget has increased slightly by £150 to a total running cost of £204,400, with an increase in inflation on running costs having been largely offset by a reduction in a reduction to the play equipment maintenance budget in line with actual spending in recent years.

3.19 Recreation Fees and Charges

The Recreation Revenue Budget does not, as yet, provide for any changes to the fees and charges for the sports complex, sports pitches, golf course and driving range in 2022/23.

Fees and charges will be considered by the Council's Charges Working Group, and, if any increases are agreed, then this would generate additional resources which could then be added to the income budgets, if required later in the year, to help balance the Revenue Budget.

4.0 2022/23 Draft Recreation Capital Programme Budgets

4.1 As Members are aware, the Council's the Medium-Term Financial Plan highlights that the Council continues to face some significant capital investment commitments in relation to its assets over the coming years, linked to the delivery of the Asset Management Plan, and that the funding of this investment will see a deterioration in the level of the Council's balances and reserves over the longer term.

4.2 In light of this, it has been recommended that capital investment continues to be closely monitored and controlled in order to protect and preserve Council balances, and that the 2022/23 Capital Programme Budget is focussed on essential investment only, mainly on capital projects already identified in the Asset Management Plan.

4.3 To be clear, it is *not* being recommended that *all* capital investment is restricted, more that investment should be focussed on those projects that contribute towards the delivery of the Asset Management Plan, such as essential building works and play area safety surfacing replacement.

4.4 The proposed 2022/23 Recreation Capital Programme Budget is attached at **Appendix 2** and currently stands at **£149,100**.

4.5 The budget includes provision for the following projects:-

Replacement Festive Lighting	£2,500
Moore Lane Pavilion Roof Replacement	£20,000
Simpasture Pavilion Roof Replacement	£12,500
Simpasture Playing Fields Replacement Goals	£1,000
West Park Lakes Drainage and Repair	£75,000
Play Area Surfacing Replacement	£25,000
Golf Irrigation System Repair Programme	£2,500
Golf Course Replacement Golf Trolleys	£600
Drainage Repairs at the Sports Complex	£5,000
Sports Complex Kitchen Air Conditioning Replacement	£2,500
Sports Complex Replacement Blinds and Curtains	£2,500
Total 2022/23 Recreation Capital Programme	£149,100

4.6 Further details of the above projects are set out below:

Replacement Festive Lighting £2,500

This is an annual budget provision which provides for the replacement of the Council's festive lighting on a rolling programme over the coming years.

Moore Lane Pavilion Roof Replacement £20,000

This is a provisional sum for the replacement of the flat roof at Moore Lane Pavilion which is highlighted in the roofing surveys as being due next year.

Simpasture Pavilion Roof Replacement £12,500

This is a provisional sum for the replacement of the flat roof at Simpasture Pavilion which is highlighted in the roofing surveys as being due next year.

Simpasture Playing Fields Replacement Goals £1,000

This budget provides for the replenishment of the Council's goal stocks which are used to replace goals around the town playing fields as and when required.

West Park Lakes Drainage and Repair £75,000

This is a provisional sum currently included in the Council's Medium Term Financial Plan for the drainage and any identified structural repairs to the lakes at West Park.

Play Area Surfacing Replacement £25,000

This is an annual budget provision which provides for a rolling programme of replacement of safety surfacing across all of the Council's play areas.

Golf Irrigation Repairs £2,500

This is an annual budget provision which provides for the ongoing repairs of the Golf Course irrigation system on a rolling programme over the coming years.

Golf Course Replacement Golf Trolleys £600

This budget provides the resources to replace the golf trolleys that are available for customer hire on the golf course.

Sports Complex Drainage Repairs £5,000

This annual budget provides resources to deal with ongoing repairs and works relating the drainage system at the sports complex, if required.

Sports Complex Kitchen Air Conditioning Unit Replacement £2,500

This budget provides the resources to replace the air conditioning units in the sports complex kitchen.

Sports Complex Replacement Blinds and Curtains £2,500

This budget provides for the replacement blinds and curtains in for the sports complex bar and function room.

- 4.7 Members are asked to consider the proposed 2022/23 Recreation Capital Programme Budget and forward any comments, suggestions for additional projects, or proposed amendments to the Chairman or Vice Chairman of the Committee as soon as possible.

5.0 Budget Timetable

5.1 The remaining timetable for the setting of the 2022/23 Budgets is summarised below:-

- **20th October:** The overall draft 2022/23 Revenue and Capital Budget to be considered by Policy and Resources Committee and the 2022/23 Precept and Council Tax agreed in principle;
- **During November:** Budget consultation to be undertaken via an online budget survey;
- **During December:** Officers to review and implement any feedback and amendments from Members, incorporate the final Council Tax Base and Council Tax Support Grant figures, and consider any further developments in relation to the 2022/23 budget setting;
- **19th January:** The final 2022/23 Revenue and Capital Budget proposals, incorporating any new developments, required amendments and the feedback from the budget consultation to be reported to Policy and Resources Committee;
- **26th January:** Revenue and Capital Budgets to be approved by Full Council and the 2022/23 Precept and Council Tax increase to be declared.

6.0 Policy Implications

6.1 The consideration of the 2022/23 draft Recreation Revenue and Capital Budgets contributes towards the achievement of Strategic Aim 2 in the Council's Service Delivery Plan:

"To manage the Council's finances and assets in a responsible manner".

7.0 Staffing Implications

7.1 The draft budget proposals set out in this report were prepared in consultation with and agreed by the relevant service managers.

8.0 Financial Implications

8.1 The financial implications for the Council are fully set out in the report.

9.0 Crime and Disorder Implications

9.1 None.

10.0 Equal Opportunities Implications

10.1 None.

11.0 Environmental and Climate Change Implications

11.1 None.

12.0 Risk Assessment

12.1 A full risk assessment will be included in respect of the setting of the Council's 2022/23 Revenue and Capital Budget, at the final stage of the budget setting process, when the Council determines and approves the 2022/23 Precept in January 2022.

13.0 General Data Protection Regulations (GDPR)

13.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

14.0 Recommendations

14.1 It is recommended that Members consider and approve the attached draft 2022/23 Recreation Revenue and Capital Budgets and provide any comments, feedback or proposed amendments to the Chairman or Vice Chairman of the Committee as soon as possible.