

REPORT TO EXECUTIVE			
PORTFOLIO AREAS: HEALTH AND WELLBEING			
FINANCE AND RESOURCES			
Date of Meeting:	19 December 2002		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

Title: LEISURETIME EXTERNALISATION

2002/03 Potential Savings versus Revised Estimated Budget Requirement

Report of: THE HEAD OF FINANCE

Report reference: FS2/02

Summary:

The General Fund Revenue Estimates Report (Para. 17.3 of FM 77 2002/03) which went to the Executive 25 November stated that further detail would be provided regarding potential 2002/03 savings available from the Leisuretime Services transfer (£48k) and the reported revised 2002/03 budgetary requirement (£50k).

Recommendations:

The Executive are asked to note the make up of the 2002/03 budgetary requirement pertaining to the leisure services that transferred to Carlisle Leisure Limited on the 1 December 2002.

Contact Officer: Shelagh McGregor **Ext:** 7290

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Financial Memos 2002/03 No 70 and 77.

CITY OF CARLISLE

To: The Executive FS2/02

19 December 2002

LEISURETIME EXTERNALISATION

2002/03 POTENTIAL SAVINGS VERSUS REVISED ESTIMATED BUDGET REQUIREMENT

1. BACKGROUND INFORMATION

Source of Potential Savings Identified

1.1 One of the objectives of the Leisuretime Services transferring was to obtain savings.

A not for profit or Trust situation had the potential to deliver at least cost reductions in relation to the Business Rates the facilities were liable for.

2. The total Business Rates actually incurred during 2002/03 are as follows:

Facility NNDR

Paid

2002/03

£

Sands Centre 108,818

Pools 81,379

Stoney Holme 8,882

Swifts 2,535

Total 201,614

3. Should the new contractor be awarded Mandatory Rate Relied of 80% it would result in an annual reduction of £161k based on the actuals that applied in 2002/03. As the transfer took place on the 1 December the four month figure equates to £54k. Discretionary Relief at 25% of the remaining 20% also provides potential saving of £4k. Once offset by the amount of Discretionary Relief falling due to the Council of £10k the potential amount regarded as saveable during the current financial year totalled £48k as set out in the Financial Memo presented to Council on the 24th October (FM70 2002/03).

Budget Setting Process – General Fund Revenue Estimates 2003/04

1. During the remainder of October and November the budgets as you are aware

have undergone a process of revision. The estimated budgetary needs in relation to Leisuretime Services have been fine-tuned to reflect the estimated actual to the date of transfer, the agreed payment to Carlisle Leisure Limited for the 4 month period 1 December 2002 to 31 March 2003

and the reduced Business Rate requirement. This analysis shows a net anticipated overspend 2002/03 of £50k as stated para 17.3 of FM 77 2002/03, which went to the Executive 25 November. This presents a difference of £102k.

2.3 PROFILING

The £50k budgetary requirement has been calculated by looking at the actual net expenditure predicted to have occurred at the 30 November as against 8/12ths of the annual budget.

4. This requirement takes no account of seasonal variations that occur. On further analysis it is evident from previous years expenditure patterns that a higher proportion than 8/12ths will have been expended during the summer months. This reflects the increased volume of business during that period and seasonal pressures such as cover for annual leave etc. For simplicity a seasonal element was not applied to the revised budget figure but had it been the level of apparent overspend would have reduced. It is difficult to say by exactly how much but if last years actuals as at 30/11 is proportionately applied it would mean a reduction of £20k, which in turn would reduce the estimated movement in budgetary position (ie the -£48 to +£50 = £102k) to circa £82k.

5. The main areas of the level of expenditure in excess of the seasonally adjusted budgets may be summarised as follows:

	£	Reason
<u>Sands</u>		
Ultimate Card	20,000	Unrecovered set up costs of the Ultimate Card
Staffing	12,000	Higher usage has resulted in higher levels of support needed. Also additional costs to

		cover sickness.
Catering Income	16,000	Lower than budgeted income received due to lower than anticipated turnover.
<u>Pools</u>		
Staffing	36,000	Higher than planned costs due to Health & Safety issues resulting in higher levels of staff needed, plus sickness.
Energy	18,000	Contractor increased the charge. Corrected charge for Turkish baths.
Total	102,000	
Less Seasonal Variations Adj.	20,000	As per 2.4 above
Total	82,000	

6. It is evident via the estimates that the revised 2002/03 budget for Leisuretime Services has not reduced by the amount of the savings that the transfer made possible for the reasons stated above. Whilst it is evident that Leisuretime Services spent in excess of their specific budget, during the course of the year the Director of Leisure and Community Development is confident that this can be managed within the total bottom line available for Leisure and Community Services as has been the practice in previous years.

3. STAFFING/RESOURCES COMMENTS

Not applicable

4. HEAD OF FINANCE COMMENTS

Contained within the report.

5. LEGAL COMMENTS

N/A

6. CORPORATE COMMENTS

Not applicable.

7. RISK MANAGEMENT ASSESSMENT

The Director of Leisure and Community Development is maintaining a Risk Assessment Document for the Leisuretime transfer process.

8. EQUALITY ISSUES

Not applicable.

9. ENVIRONMENTAL IMPLICATIONS

Not applicable.

10. CRIME AND DISORDER IMPLICATIONS

Not applicable.

11. RECOMMENDATIONS

The Executive are asked to note the make up of the 2002/03 budgetary requirement pertaining to the leisure services that transferred to Carlisle Leisure Limited on 1 December 2002.

12. REASONS FOR RECOMMENDATIONS

To provide further detail as stated in FM77 2002/03 Executive 25 November 2002.

ANGELA BROWN

Head of Finance

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Financial Services

Carlisle

10 December 2002

SMcG/AB/CH/FS2-02