

APPENDIX D

WAVERLEY BOROUGH COUNCIL

CORPORATE OVERVIEW & SCRUTINY COMMITTEE

16TH NOVEMBER 2009

Title:

REVIEW OF DISCRETIONARY INCOME AND EXPENDITURE SUB-COMMITTEE

[Wards Affected: All]

Summary and purpose:

The Discretionary Income and Expenditure Sub-Committee requested further analysis on the geographical split of discretionary expenditure and income throughout the Borough to extend the work presented to the Corporate O&S Committee in November 2008. This report extends the scope of the exercise as requested, updates the figures for the current year and presents them over the four planning areas. Members are asked to make any observations on the figures included in Annexe 1 and refer these to the Executive.

How this report relates to the Council's Corporate Priorities:

This report is primarily concerned with providing information about how Waverley's discretionary revenue income and expenditure and capital expenditure has been allocated geographically across the Borough.

Equality and Diversity Implications:

There are no direct implications.

Resource/Value for Money implications:

There are no direct implications.

Legal Implications:

There are no direct implications.

1. Background

1.1 The Corporate O&S Committee formed the Sub-Committee to enable Members to respond to any concerns raised by members of the public that discretionary expenditure was unbalanced between the four main settlements. Members also recognized that the last review of the geographical split of expenditure had been conducted ten years ago. In 2008, the Sub-Committee began by considering the scope and purpose of the review and agreed:

- 1.1 that expenditure relating to statutory obligations and to services that the Council attempted to supply evenly throughout the Borough, such as care of the elderly, should be outside the scope of the review.
- 1.2 that discretionary Revenue expenditure and income and discretionary Capital expenditure should be reviewed;
- 1.3 that the purpose of this review was to assemble data for eventual placement in the public domain, highlight any relevant issues but not to attempt to settle such issues or draw conclusions with policy implications from that data.

1.2 In November 2008 the Sub-Committee presented a comprehensive report to the Corporate O&S Committee setting out 10-year of analysis over the agreed expenditure headings. The Corporate O&S Committee asked for the exercise to be repeated in future years. The Sub-Committee met in August, September and October 2009. The Sub-Committee comprises Councillor Morgan (Chairman), Councillor Renshaw, Councillor Mrs Beel and Councillor Edwards.

2. Sub-Committee resolution from its August, September and October 2009 Meetings

20 August 2009

-That all discretionary expenditure should be listed as far as possible (not just expenditure under the three headings considered to date)

-That discretionary expenditure be divided into five categories – Waverley wide expenditure and expenditure within the four Planning sub-committee areas. These areas should be described by reference to the parishes included so that they had some meaning for those accessing the data via the website.

-That areas of expenditure which were asset-based should be identified. As there was an ongoing commitment to these, the Council had little discretion over expenditure while the asset was retained, and this needed to be shown.

-That areas of expenditure should be categorised into those over which Waverley Borough Council does and does not have control. The latter category would include grants to Borough wide organisations where the money may then be spent unevenly through the borough by the recipients.

4 September 2009

-The sub-committee agreed the presentation of the information, subject to the following additions:

- The actual figures for 2008/09 and the budget figures for 2009/10 to be shown for comparison
- Examples to be given in footnotes for certain headings so that the nature of the expenditure was clear to councillors and the general public
- Major expenditure under some headings to be shown, for example, the grants to Age Concern and CAB

-The sub-committee would also recommend to the Corporate Overview and Scrutiny Committee that future reports be prepared on the same basis, with budget book headings retained, for consistency.

-Subject to the above, the sub-committee requested that the analysis of expenditure into the 4 planning areas should now be carried out.

12 October 2009

- That the report should be amended to take account of some minor presentation matters discussed at the meeting and that all of the information considered by the Sub-Committee should be presented to the Corporate O&S Committee

- That the Sub-Committee has completed its review

3. Relevant types of expenditure and income

- 3.1 Originally, the Sub-Committee reviewed the Budget Book to identify those budget headings which should be classified as discretionary and therefore brought within the scope of the review. In September 2009, Members reconsidered the full list of discretionary expenditure to identify further areas that could be apportioned across geographical areas on a reasonable and robust basis. The full schedule is attached at Annexe 2.

3.2 Revenue Expenditure

The report presented to Members in 2008 included the following three headings:

- (a) Halls and Arts Centres
- (b) Leisure Centres
- (c) Museums.

After considering the full schedule at Annexe 2 at its meeting in September 2009, the Sub-Committee asked officers to extend the scope of the exercise to include more discretionary services. The following costs have now been added to the analysis:

- (d) Day centres
- (e) Public conveniences
- (f) Recreation open space
- (g) Compensatory grants

The analysis now includes £5.1million (65%) of the total £7.8million discretionary expenditure with the balance of £2.7million considered to be 'Waverley-wide'.

In respect of grants to community organisations, Members considered that, whilst an organization may be based in one particular location, in many cases the services provided benefit a much wider area and therefore, all grants expenditure should not be included in this apportionment exercise.

Recognising that some areas of discretionary spending could not be easily apportioned by area, Members asked for further details of activities under some service headings. These headings are Arts Promotion Activities, sports promotion, community activities, recreation open space, community grants and miscellaneous properties. These details are included at Annexe 3 for Members' information.

All discretionary capital expenditure continues to be included although Members noted that this has been irregular during the period under review. It was noted that the Leisure Strategy will give rise to estimated total expenditure of £9.1m, mainly in 2009/10 and 2010/11 (Cranleigh: £1.43m, Farnham: £5.07m, Godalming: £2.6m).

3.3 Income

It was agreed to continue the exercise on that basis that the only forms of discretionary income appropriate to include in this review are:

- (i) Car park charges, net of running costs
- (ii) Property rentals from industrial estates.

4. The data

4.1 The data is presented both as monetary amounts per settlement and on a per capita basis to provide a fairer comparison between the settlements. The populations resident within the parish boundaries of Cranleigh, Farnham, Godalming and Haslemere parishes are currently assumed to be 11,500, 37,000, 21,100 and 15,600 respectively. These population figures were derived from the 2001 National Census and have also been assumed to be constant throughout the period of the review. However, the Cranleigh population was previously stated at 10,500. Following clarification the figure of 11,500 has now been confirmed.

4.2 The total population of the four settlements is 85,200 which represents 73% of the borough population of 117,000. The Sub-Committee requested that the remaining 27% resident in the rural areas be allocated to each of the four main settlements according to Planning areas as detailed at paragraph 5.2.

Annexe 1 contains the following sheets:

Annexe 1.1	Overall summary (organised by settlement)
Annexe 1.2	Overall summary (organised by item type)
Annexe 1.3	Revenue expenditure and income summary
Annexe 1.4	Capital expenditure summary
Annexe 1.5	Revenue expenditure – Halls and art centres
Annexe 1.6	Revenue expenditure – Leisure centres
Annexe 1.7	Revenue expenditure – Museums
Annexe 1.8	Revenue expenditure – Day centres
Annexe 1.9	Revenue expenditure – Public Conveniences
Annexe 1.10	Revenue expenditure – Recreation open space
Annexe 1.11	Revenue expenditure – Compensatory grants
Annexe 1.12	Revenue income – Car parks
Annexe 1.13	Revenue income – Property rentals

4.3 Annexes 1.1 and 1.2 bring together the actual revenue expenditure and income and the revenue equivalent of the capital expenditure for each settlement to give an overall appreciation of each area's absolute and relative position.

4.4 Annexe 1.3 analysis expenditure and income by area and is effectively a summary of annexes 1.5 to 1.13.

4.5 The purposes of sheets 1.5 to 1.13 should be self-explanatory as they provide a more detailed analysis for each service area.

4.6 Annexe 1.4 provides a similar analysis of capital expenditure. It also includes amortisation calculations to provide estimates of the revenue expenditure equivalent to each item of capital expenditure. The calculation assumes an average asset life of ten years and a discount rate of 5%. As an example, using these assumptions, a capital expenditure of £100 in year N is equivalent to revenue expenditure of £12.95 each year from year N to year N+9. In order to reflect the impact of capital spending over several years, the key measure is the cumulative amortised expenditure in each year. This includes the effect of each item of capital expenditure for a period of ten years. It should be noted that amortisation calculations are useful for comparison purposes but in reality capital expenditure is financed and accounted for separately from revenue costs.

4.7 All asset charges have been deducted from total cost in order to arrive at General Fund cost which represents the cost that is relevant for Council Tax calculation purposes. Annexes 1.5 to 1.13 contain references to "Asset Charges" for assets owned by WBC to assist reconciliation of the data to that provided in the Budget Book and accounts. Up to 2005/06, asset charges comprised two elements, namely (a) a notional interest cost charged to WBC based on the value of the asset in the balance sheet and (b) a depreciation provision. The interest cost element was introduced by CIPFA in 1994 to improve comparability of service costs between authorities with different asset financing situations. It was dropped from 2006/07 onwards. Neither element was or is included in the calculation of Council Tax requirements.

5. Update of Figures

5.1 The 2008/09 actual figures and the 2009/10 estimates have been added to the analysis. For the purpose of calculating the impact of the leisure capital spend, the latest capital estimates have been used in this report. However, these figures are likely to change in the coming years as the actual cost of the Farnham and Cranleigh projects become known and when the Council approves its revised position for expenditure at Godalming.

5.2 The following table shows which parishes/towns have been included in each of the four planning areas for the purpose of this exercise:

Godalming Area (population 41,000)	Farnham Area (population 41,500)
Godalming	Farnham
Bramley	Churt
Dunsfold	Frensham
Elstead	Tilford
Hambledon	Dockenfield
Thursley	Haslemere Area (population 19,500)
Witley	Haslemere

Wonersh	Chiddingfold
Hascombe	
Pepper Harow	Cranleigh Area (population 15,000)
Busbridge	Cranleigh
	Alfold
	Ewhurst

6. Conclusions

6.1 Members of the Committee are asked to consider the figures and pass any observations to the Executive. Recognising that readers of the report could apply a range of interpretations to the figures, officers have provided explanations where expenditure patterns show large fluctuations. The observations made by Members at the November 2008 meeting have also been included at Annexe 4 as these may be helpful to readers of this report.

Recommendations

That the Committee:

- i) consider the geographical split of discretionary expenditure and income as set out in Annexe 1 and pass any observations on the figures to the Executive
- ii) agree that future reports be prepared on the same basis, with budget book headings retained, for consistency

Background Papers (DCEX)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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