

84/05 – DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 MINUTE

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to the Commission's questions regarding the Draft General Revenue Budget for 2006/07. Members were referred to the report which the Head of Financial Management had submitted in connection with the Draft General Revenue Budget for 2006/07. The report set out the budget strategy adopted for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year.

The Commission considered and **agreed** the following budget areas:

- Environment Services and Public Protection
- Transport
- Planning
- Economic Development
- Holiday Tourism
- Harrogate International Centre

Details of these budget areas and the discussion that took place can be found under part two of these minutes.

PART 2 - REVIEW

The Cabinet Member for Finance and Resources was invited to introduce the budget.

The Cabinet Member for Finance and Resources advised that notification of the yet provisional revenue support grant (RSG) settlement had been received late in 2005, and had created additional difficulties when constructing the budget for 2006/07. The budget to be recommended to the Council would be a balanced budget, with no contribution from the working balance, and with a total spend of £22m which will provisionally result in a Council Tax increase of 4.5% with no cuts in service.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 of £2,000,082 was at the lower end of the target of £2m to £2.75m as set out in the medium term financial strategy, this balance was £167,000 more than anticipated in the original estimate for 2005/06 and reflected good progress towards the strategy targets. The Council's provisional revenue support grant for 2006 at £10.09m represented an increase of £649,000 (6.9%) on the 2005/06 adjusted figure and paragraph 8.3 of the report detailed the principal reasons for the increase in grant, which did not, however, include any additional funding in respect of waste management burdens. Notwithstanding the above average increase for 2006/07, Harrogate's grant remained the second lowest per capita in North Yorkshire and 13% below the Shire district average. The grant settlement was part of a

two year package and in respect of the financial year for 2007/08, the provisional revenue support grant was £10.589m which represented an increase of £510,000 or 5.1% on the figure for 2006/07. The Cabinet Member suggested that the increase could reflect the Government's recognition for spending pressures placed on local government by central government initiatives. There was, however, still the need for local authorities to lobby government for full funding of future government initiatives, for 2007/08 and beyond. The Cabinet Member also referred to the practice referred to as a "floor damping block" which had brought about a reduction in grant received by the Council amounting to £380,000 for 2006/07 as a result of the Government's action to ensure that all authorities of the same type received a minimum grant increase, and whilst the reduction for 2007/08 was at £185,000 substantially lower, the loss in respect of both years represented a significant amount when viewed by the Cabinet in the context of Council Tax increases. The Cabinet Member then drew Members' attention to the issue of Single Status for which the first draft budget included the contribution to the reserve of £318,000 arising from gross savings from the corporate restructure. It was suggested that the contribution of the Single Status reserve should be £300,000 in line with the previous commitment and with the remainder of those savings of £18,000 going to the working balance. The Cabinet Member then confirmed that the budget for 2006/07 also included provision of £245,000 to continue the phased approach addressing the shortfall on the Council's share of the North Yorkshire fund.

In addressing efficiency savings, the Cabinet Member advised that he had determined for budget purposes the target should be increased from 2.5% to 3.5% of which 2% should be cash savings with 1.5% being non-cash savings. Schedules of such savings were included in the written report, and he confirmed that the Harrogate International Centre had also been included in the budget process in terms of cash savings. The Cabinet Member also referred to the emergence of a late growth item within the budget as a result of the receipt of the Government's published proposals in relation to the new Electoral Administration Bill, and whilst it would be difficult to respond to the Department of Constitutional Affairs in estimating additional spending as a result of the Bill for that purpose, it had been suggested that £7,500 could be made available as a "first call" for this purpose.

The Cabinet Member advised that the Christmas and New Year period had brought about a 30% rise in parking revenue income over the Christmas period, and a 9% rise between Christmas and New Year. The Cabinet Member advised that Officers would continue to monitor this upturn in revenue.

The Cabinet Member also advised that government had announced that they would not be introducing any new recycling targets for 2006/07. In light of this there would be no additional money made available in the recycling budget. He added that, should there be any underspends at the end of the year, then recycling would be the first priority.

Environment Services and Public Protection: The Cabinet Member (Environmental Health), Head of the Environment and the Head of Public Protection presented the budgets and answered Members' questions. The Cabinet Member tabled a briefing note which outlined the approach taken to the budget, with the key issues of the budget,

the key variations, the proposed efficiency savings and the main risks to the budget. In relation to key variations the Cabinet Member reported that, in relation to the environmental services budget, these related to an increase in the cost of bin liners and vehicle purchases and, in relation to the Public Protection budget, a reduction in temporary staff budgets and decreased income from licensing. The Cabinet Member reported of one growth item in respect of the Public Protection budget in connection with the cost of dealing with stray dogs from the police, which was £6,500. In relation to efficiency savings it was noted that £59,000 cash savings had been identified from the Environmental Services budget and a £3,400 cash saving from the Public Protection budget. In terms of risks these related to oil prices affecting fuel and bin liner costs, a decrease in income from trading services and income from licensing fees. Referring to the briefing note in relation to the public toilets budget, the Cabinet Member advised that the Executive had recommended that a £16,000 saving be achieved by reducing the budget for public toilets, resulting in a closure of a number of toilets. The Cabinet Member added that he did not know, at this present time, which toilets were to be considered for closure as the issue was currently under review, and he was not accepting the proposed budget reduction.

The Chair then invited Members' questions. Councillor R Marsh queried the increased cost of purchasing black liners and whether the department had sourced other suppliers. The Cabinet Member commented that the service was currently being reviewed with the possibility of using wheeled bins also being explored. The Head of Environment commented that Yorkshire Purchasing Organisation (YPO) were used to purchase the black liners on the Council's behalf. Councillor Pat Marsh queried the movement in the appropriation from reserves as detailed in Appendix A of the Environmental Services budget report. The Head of the Environment agreed to provide Councillor Pat Marsh with a written response. Referring to the Public Protection budget, Councillor R Marsh queried the reduction in the temporary staff budget. The Head of Public Protection commented that this was as a result of temporary licensing and environmental protection staff that had been previously employed and were now no longer required.

The Business Support draft revenue budget was also submitted.

The Commission accepted the budgets and the Chair thanked the Cabinet Member and the officer for their report.

Transport: The Cabinet Member (Transport) and the Head of Transport were then invited to present their budget. The Cabinet Member tabled a briefing note which outlined the approach taken to the budget, the key issues affecting the budget, the proposed efficiency savings and the main risks to the budget. He referred specifically to an anticipated increase in net expenditure of £817,000 in the 2006/07 draft budget. The main reason for this was the introduction of the 'free fare' concessionary fares scheme on 1 April 2006. He reported that other increases had resulted from the reappportionment of central overheads following the corporate restructure. It was noted that there were no growth items in this budget and that fees and charges would be

reviewed later in the year in accordance with the Medium Term Financial Strategy. The Cabinet Member advised that £5250 cash savings had been identified together with non-cash savings of £32,000. In relation to risk assessment the Cabinet Member commented that the main risk to the budget was that parking income levels would not be at the anticipated levels. There was also the risk that the costs of the concessionary fares would increase beyond current estimates, since it was a demand led service in its first year of operation.

Questions were then invited. Councillor Smith queried the efficiency saving of £32,000 which was a result of the reduced highway maintenance budget from NYCC and commented that the condition of roads in the District was not satisfactory and would worsen and, as such, was a reduction in the budget and not an efficiency saving. The Head of Transport noted his concerns and added that, although there was a reduction in the budget imposed by NYCC, the £32,000 had been identified as a non-cash saving. The Department would be introducing a more efficient highway inspection programme to address the issue.

Councillor R Marsh expressed concern over the amount of money being utilised from the on-street parking budget which was not being utilised for the benefit of residents. The Cabinet Member responded by saying that part of the money was being contributed towards the introduction of the 'free fare' concessionary fares scheme, which would be of a benefit to residents throughout the District.

The Commission accepted the budget and the Chair thanked the Cabinet Member and the officer for their report.

Planning: The Cabinet Member (Planning) and the Head of Planning Services were invited to present their budget. The Cabinet Member tabled a briefing note which referred to the outline budget approach for 2006/07, the variations to the budget, the proposed efficiency savings, the increase in fees and charges relating to building control fees, the main risks to the budget and advised that there were no growth items in the budget. He highlighted that the key objectives of the forthcoming year were to perform at or above BV109 speed of decision target; customer satisfaction levels at 75 % by March 2007 and to complete the Local Development Framework by meeting milestones in current Local Development Scheme. In respect of efficiency savings it was noted that a £3,080 cash and a £151,350 non-cash saving had been identified.

Questions were then invited. Councillor Pat Marsh sought clarification upon the planning delivery grant and the allocations to the authority. The Cabinet Member referred Members to a briefing note in relation the planning delivery grant which set out the forecast for the forthcoming years. It was noted that, for the first phase of 2006/07 planning delivery grant allocation, the Council had been awarded £45,000 for the development control element. The awards for progress with e-planning and the Local Development Framework would be announced in March. Referring to the increase in Building Control fees and charges, Councillor Robin Adderley queried whether the Council had any competitors in providing the service. The Cabinet Member commented

that the Building Control Section currently held a 94% market share and it was not expected that an 8% increase in fees would lower this. The main competitor was the National House Builders. Councillor Mrs Atkinson sought clarification upon whether there would be an increase in planning fees. The Cabinet Member informed Members that these fees were statutory and were set by government and for 2006/07 there was no expected increase.

The Business Support draft revenue budget was also submitted. The Business Support Manager was in attendance but there were no questions raised by Members.

The Commission accepted the budgets and the Chair thanked the Cabinet Member and the officer for their report.

Economic Development: The Leader and the Head of Economic Development were invited to present their budget. The Leader tabled a briefing note which referred to the strategy and approach to the budget, the key variations, the proposed efficiency savings and the main risks to the budget. He added that there were no new growth items for this budget. The most significant changes in the budget were in relation to the effect of the salary award and also to the loss of Single Regeneration Budget (SRB) grant for a Partnership Development Officer Post. The Leader referred to the efficiency savings, as set out in section 7 of the report, and it was noted that cash savings of £8,000 and non-cash savings of £35,000 had been identified. In relation to fees and charges, the Leader advised that charges at Conyngham Hall had increased by 3% in line with corporate targets. The main risk to the budget was that income did not materialise due to a downturn in the economy.

Questions were then invited. Councillor Pat Marsh queried the efficiency savings in relation to the 'on-location' publication. The Leader commented that 'on-location' would move from a quarterly to a bi-monthly publication and would be combined with a publication ran by the Harrogate Advertiser.

The Commission accepted the budget and the Chair thanked the Leader and Head of Economic Development for their report.

Holiday Tourism Marketing: The Leader and the Director of Harrogate International Centre (HIC) were invited to present their budget. The original estimates 2006/07 for the net budget on holiday tourism were £479,390. The Director highlighted the main approach to the budget and outlined the main aim had been to maximise the number of enquiries received and the number of visitors to the District. It was noted that there were no growth items in the budget. In relation to efficiency savings, the Director reported that a £3,000 saving had been identified by not producing the Great Days Out Guide. The Commission were informed that the HIC Board, at its meeting of 6 January 2006, had considered the issue and had accepted that this would not be included in the 2006/07 budget, but that it should be revisited in future years. The Director added that the main sponsor of the Great Day Out Guide had decided not to continue with the same level of sponsorship. This meant reproducing the guide would cost more net. The main risk to the budget related to a loss of income received through advertisers.

The Commission supported the decision of the Board to accept the omission of the Great Days Out guide in 2006/07 but that it should be revisited in future years.

Questions were then invited. Members expressed their concern over the proposal not to produce the guide as it was felt that this would have a detrimental effect on the local tourism industry. The guide was well received by conference visitors and was the only marketing activity specifically designed for the day visitor. The Director noted the concerns and commented that some visitors would be affected but, with an increasing use of e-advertising to delegates and other visitor guides published by the Section, this should be minimal. He also advised that HIC were encountering market difficulties in sustaining advertising revenue given the increase in the range of media now available to advertisers. One Member queried the forthcoming reorganisation of the delivery structure for holiday tourism marketing and the effect this would have on the District. The Director advised that arrangements had not yet been finalised but the Council endorsed, in principle, the proposal to be a partner in a Destination Management Organisation (DMO) with Craven, Richmondshire, and the Yorkshire Dales National Park to market Harrogate and the Dales as an entity. A business plan on this would be submitted to the Leader and Cabinet in the near future. In this respect the Leader indicated that the whole marketing approach in tourism would be kept under close review by the HIC Board.

The Commission accepted the budget and the Chair thanked the Leader and Director for the report.

Harrogate International Centre: The Leader and the Director of Harrogate International Centre (HIC) presented the budget and answered Members' questions. The Director outlined the strategy and approach to the budget and stated that the main aim was to maximise income consistent with the Council's stated policy on maximising economic impact. The Director advised that the original estimates budget for business tourism envisaged a net operating surplus of £1,185,823 after HIC's contribution to the general rate fund. All of this surplus was committed to a growing reinvestment requirement on the HIC complex, and the Director pointed out to the Commission that the Gershon efficiency savings methodology was now beginning to have an adverse impact on the ability to operate the business efficiently. It was noted that there were no growth items in relation to the budget. The Director referred Members to section 2.3 to the report which detailed efficiency savings and the Commission noted these.

The Commission accepted the budget and the Chair thanked the Leader and the Director for their report.

(5.32 pm – 7.50 pm)

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