

## **MATTERS REFERRED TO COUNCIL FOR CONSIDERATION**

117/05 - **DRAFT GENERAL FUND REVENUE BUDGET 2006/07:** The Head of Financial Management submitted a written report in connection with the draft General Fund 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 and sought the recommendation of a draft budget to go forward for scrutiny and, ultimately, the approval of the Extraordinary meeting of the Council to be held on 8 February 2006.

The Cabinet Member for Finance and Resources, in introducing the budget, advised that notification of the as yet provisional revenue support grant settlement had been received very late in 2005, which had created additional difficulties in 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 would provisionally result in a Council Tax increase of 4.5% and no cuts in services.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 at £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 £10.079m 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 2 year package and, in respect of the financial year 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 of the 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. In response to a question from the Leader, the Head of Financial Management explained the reduction in grant received by the Council amounting to £380,000 for 2006/07 for the "floor damping block" 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 confirmed that the budget for 2006/07 included provision of £245,000 to continue the phased approach addressing the shortfall on the Council's share of the North Yorkshire Pension Fund.

The Cabinet Member expressed support for the revenue growth items considered by the Corporate Management Team and recommended for inclusion in the draft budget for 2006/07, as detailed in Section 12.3 of the report.

In referring to Section 13 of the report which set out options to achieve a balanced budget, the Cabinet Member drew attention to the issue of single status for which the first draft budget included a contribution to the reserve of £318,000 arising from the 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 draft budget also included increased costs totalling £750,000 for the new concessionary travel scheme. The additional grant received from the Government in respect of concessionary travel was estimated at £640,000 a funding gap of £110,000. Included within the budget were contingency sums totalling £120,000 and whilst it was considered imprudent to delete the contingency sums entirely, the Director of Development Services had accepted that it should be possible to reduce the contingency figure to £40,000 on the basis that the Director of Resources had advised that operator claims for additional costs would be referred to the Government.

In addressing efficiency savings, the Cabinet Member advised that he had determined that 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. In then referring Cabinet to Appendix 6C and that part of the summary detailing possible further budgets savings for 2006/2007, the Cabinet Member called for a further report to be made to Cabinet in connection with item E1, Christmas Lighting and recommended the acceptance of E5, Closure of Public Conveniences with a saving of £16,000 per annum and F1 a saving of £3,000 in respect of holiday tourism marketing. He also advised that he intended to rationalise the charges for maintenance of the Mayoral Parlours for Harrogate, Knaresborough and Ripon which would be financed from savings made on floral decorations for the Harrogate Mayor's Parlour, the Great Yorkshire Show and the Annual Meeting. A further £2,000 saving was recommended from the Mayoralty hospitality budget, most likely to be achieved by reducing the cost of the reception following the annual meeting of the Council. In referring to the summary of proposals to achieve a balanced budget shown in Table 7 paragraph 13.8 the Cabinet Member advised that whilst the figure would remain as a balancing figure, it was hoped that the transfer to capital of further vehicle purchases would not be required with this sum being ultimately met from the forthcoming Revenue budget. The Cabinet Member concluded by referring to the on-going resource reallocation exercise for Leisure Services, a report in respect of which was due before Cabinet in March 2006.

In supporting the Cabinet Member, the Leader of the Council advised that the proposed budget would now be the subject of scrutiny during the current Committee cycle and, in particular, drew attention to the impact on the budget of the cost of fuel/refuse sacks which could have future implications on the method of refuse collection and which the relevant Commission may wish to consider at an appropriate point.

Cabinet wished to place on record its appreciation for the work undertaken by the relevant Officers in producing the draft revenue budget both for the General Fund and, in addition, the Harrogate International Centre and Housing Revenue Account the latter as considered under Minutes 118/05 and 119/05 below.

**RECOMMENDED (UNANIMOUSLY):**

That (1) the revised estimate for 2005/06, recommended by individual Portfolio Holders be approved;

(2) the fees and charges detailed in Appendix 3 be approved;

(3) a total net budget for 2006/07 of £22m with an equivalent provisional Council Tax increase of 4.5% be approved and subjected to Scrutiny;

(4) the budget recommended to Council is a balanced budget with no contribution from the working balance;

(5) the following list of growth items be approved;

Access to Services (A1) - £50,000

Electoral Services staffing (A2) - £13,760

Emergency Planning (A4) - £3,000

Tree Risk Management Strategy (A5) - £11,920

Dog Wardens Service (A8) - £6,500

Access to Services – Mashamshire Community Office (B1) - £5,000

**Total            £90,180**

The following list of growth items be approved and funded from corporate underspends in 2005/06;

Corporate Improvement Fund - £30,000

On-line Booking - £15,000

Subject to the Council's overall capital resource position, the following item of capital growth be included in the capital programme for 2006/07.

Victoria Park House – subsidence - £88,000

(6) the following options to balance the budget be agreed;

LABGI - £200,000

Concessionary Travel – reduced contingency sums - £80,000

Additional car parking income - £60,000  
Single status reserve – reduced contribution - £18,000  
Vehicle purchases – defer restoration of capital funding to revenue - £58,000  
Public Conveniences - £16,000  
Holiday tourism marketing - £3,000  
Mayoralty reduced hospitality - £2,000  
Further vehicle purchases transferred to capital (balancing figure) - £5,190

**Total £442,190**

(7) the statutory requirements and financial risks in relation to the budget as set out in Section 15 are acknowledged and noted;

(8) the budget projections for 2007/08 and 2008/09 as set out in Section 16 are noted;

(9) the efficiency savings as set out in Appendix 6 be noted and used as the basis for producing the Council's Gershon Efficiency Statement and the further savings as detailed below approved.

E1 – Christmas Lighting - £29,470 – further report to Cabinet on 1 February 2006.

E5 – Public Conveniences - £16,000

F1 – Holiday Tourism Marketing - £3,000.

(10) the proposed savings in respect of floral decorations £5,110 (to be retained within the budget for reallocation) and mayoral hospitality, £2,000 be approved; and

(11) the position on stakeholder consultation as set out in Section 18 of the report be noted.

(5.33 pm – 6.06 pm)