

**REPORT TO:** Cabinet Member (Finance & Resources)

**DATE:** 20 December 2006

**REPORTING OFFICER:** Head of Property Management  
(*Mr M Weeks*)

**SUBJECT:** **REVISED REVENUE BUDGET 2006/07 AND  
DRAFT REVENUE BUDGET 2007/08  
PROPERTY MANAGEMENT BUSINESS UNIT  
COMPRISING ESTATES AND THE BUILDING  
MANAGEMENT ACCOUNT (BMA), PUBLIC  
HALLS, AND PUBLIC TOILETS**

**WARD/S AFFECTED:** ALL

**FORWARD PLAN REF:** N/A

---

**1.0 PURPOSE OF REPORT**

- 1.1 The report sets out proposals for the Revised Estimates 2006/7 and the 2007/8 Original Estimates in respect of the Property Management Business Unit comprising Estates and the Building Management Account (BMA), Public Halls, and Public Toilets.
- 1.2 For the purpose of the report the Budget Book is presented in a combined manner for the Property Management Service. The Estates and Building Management function, with regard to staffing, are therefore now integrated financially to reflect the management arrangements.
- 1.3 The Property Management Business Unit Fees and Charges were the subject of a separate report to the Cabinet Member (Finance & Resources) on 29 November 2006. The overall increase in charges was in line with the Council's approved financial strategy for 2007/08, which included a target of 3.9% increase for Fees and Charges other than market stall services where no increase has been imposed as markets have undergone a significant number of administrative changes including introduction of billing from 1 June 2006, and also to maintain occupancy rates which have reduced.

1.4 This report will be scrutinised by the Organisation, Improvement and Environment Commission on 15 January 2007.

## 2.0 RECOMMENDATION/S

2.1 The Cabinet Member (Finance & Resources) is requested to:-

- a) Recommend the Estates and Building Management Account Revised Estimates 2006/07 to Cabinet.
- b) Recommend the Estates and Building Management Account Original Estimates 2007/08 to Cabinet.
- c) Consider and make recommendations to Cabinet upon the Growth Bids to assist Affordable Housing across the District and to reinstate funding towards opening of Public Conveniences.

## 3.0 RECOMMENDED REASON/S FOR DECISION/S

3.1 The proposed revised estimates 2006/7 and the original estimates for 2007/8 will permit the continued Estates management and investment in repairs, maintenance and general running costs of the Council's building stock to be undertaken.

## 4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 The main budget has been prepared in accordance with the guidelines issued by the Director of Resources, therefore no alternative has been considered.

4.2 No alternatives exist without placing a risk upon the Council.

## 5.0 THE REPORT

5.1 **Key features of the draft budget – See also Attached Appendix A which are extracts from the Budget Book relating to Estates and Building Management Account, Public Halls and Public Toilets.**

### 5.1.1 **Budget Changes Resulting from the new Statement of Recommended Practice (SORP) 2006**

The CIPFA Accounting Code of Practice issued in 2006 has brought in a number of changes to the way that local authorities present their accounts from 2006/07.

In order to prepare for 2006/07 Final Accounts, we have introduced these changes from 2006/07 Revised Estimates. The changes affecting service budgets are:-

## Capital Charges

The main change is the removal of the notional interest element of the capital charge. The notional interest charge was 3.5% of the net book value of assets and its removal has resulted in a large reduction in the capital charges shown in the estimates. The remaining element is a charge for depreciation.

The notional interest charges were charged to services, but reversed centrally. Their removal, therefore, has no impact on the General Fund bottom line, because the central reversal is also removed.

### 5.1.2 Revised Estimate 2006/07 – significant variations

- a) Increase in employment costs – net effect of vacancies and changes to hours – increase £7,000, comprising:
- |                                    |                |
|------------------------------------|----------------|
| Removal of Vacancy Provision at RE | +£8,000        |
| Decrease in Superannuation         | -£3,000        |
| Other small increases/decreases    | <u>+£2,000</u> |
| Total                              | <u>+£7,000</u> |
- (Appendix 1 page 3)
- b) Increase in District Heating Costs due to market conditions the renewal of Electricity and Gas Supply Contracts and revised energy consumption figures. The District Heating Plant provides heating to the Harrogate International Centre, Crescent Gardens, Tourist Information Centre, and the Holiday Inn – increase £14,000. (Appendix 1 page 3)
- c) Reduction in District Refrigeration costs at Harrogate International Centre due to a reduction in salaries allocation and higher usage by the Holiday Inn – decrease £61,000. (Appendix 1 page 3)
- d) Increase in re-employment costs comprising the employment of project co-ordinator for West of Market place scheme at Ripon – increase £10,000. (Appendix 1 page 7)
- e) Decrease in other salaries - decrease £11,000. (Appendix 1 page 7)
- f) Increase in refuse collection/removal costs – increase £8,000. (Appendix 1 page 7)
- g) Farmers Markets - Decrease in payments to external contractors as generators no longer provided by Estates – decrease £4,000. (Appendix 1 page 7)
- h) Increase in other consultants' fees reflecting costs associated to future developments as Spacey Houses Farm – increase £20,000. (Appendix 1 page 7)

- i) Increase in grants/contributions to other bodies reflecting contribution towards Horseshoe Field Bridge, Knaresborough – increase £10,000. (Appendix 1 page 7)
- j) Decrease in appropriations to/from reserves comprise re-employment costs of project co-ordinator (£10K), Spacey Houses consultants fees (£20K), Public Hall Licence fees (£1K) and use of 2005/06 underspends – net decrease £22,000K. (Appendix 1 page 7)
- k) Decrease in Ground Rent at Victoria Gardens following transfer of long leasehold interest, reduction in rental received – decrease £40,000. (Appendix 1 page 7)
- l) Decrease in Property and Land Rent due to certain rent increases not agreed in current financial year and some terminations – decrease £16,000. (Appendix 1 page 7)
- m) Increase in salaries including changes in staffing and due to pay award – increase £8,000. (Appendix 1 page 7)
- n) Reduction in Capital Charges – Estates, Markets and Public Halls resulting from deferred charge write down and appropriations from CFA decreases £200,000 and £62,000 (refer to item 5.1.1 for further details). (Appendix 1 page 7)
- o) Increase in Building Management Recharge – Public Conveniences – reallocation of costs following transferral of service – increase £19,000. Correction to previous accountancy items at time of restructure. (Appendix 1 page 7)

### 5.1.3 **Original Estimate 2007/08 – commentary and significant variations**

#### Commentary

- i) Guidelines are issued by the Director of Resources to prepare the Estates and BMA original estimate.
- ii) Utilities/rates/insurances vary as per actual estimates and these predicted amounts are incorporated in the budget.
- iii) The ratio of planned maintenance to reactive repairs is targeted at 70/30, but actual need each year varies this ratio.

#### Significant Variations

- a) Increase in employment costs – net effect of increase in superannuation rate, pay award, understated salaries at 2006/07 original estimate and other small increases/decreases – increase £48,000. (Appendix 1 page 4)

- b) Increase in maintenance costs to premises resulting from vandalism to Council premises and cost of removing graffiti – increase £7,000. (Appendix 1 page 4)
- c) Increase on internal/external painting costs reflecting the extent of Council premises requiring repainting under 5 year cyclical painting programme – increase £6,000. (Appendix 1 page 4)
- d) Increase across entire Building Management Account due to unavoidable inflationary costs – increase £20,000. (Appendix 1 page 4)
- e) Increase in fire precautions reflecting unavoidable growth due to new legislation requiring fire and intruder alarms to be linked to monitoring stations via separate Redcare lines – increase £9,000. (Appendix 1 page 4)
- f) Other decreases reflecting movement of funds across the Building Managing Account – decrease £13,000. (Appendix 1 page 4)
- g) Increase in gas and electricity utility costs due to renewal of gas supply contract in November 2006 and electricity supply contract in April 2006 and revised consumption figures – increase £28,000. (Appendix 1 page 4)
- h) Increase in water charges due to review of consumption figures by consultant and increase in water charges – increase £19,000. (Appendix 1 page 4)
- i) Decrease in energy conservation costs resulting from reduction in consultant performance based fees in negotiating utility contracts, a result of more competitive tariffs – decrease £20,000. (Appendix 1 page 4)
- j) Decrease in Climate Change Levy (CCL) due to new electricity supply being obtained from a 'green' source – therefore CCL exempt – decrease £22,000. (Appendix 1 page 4)
- k) Increase in building management costs at public conveniences resulting from attendants' costs at Ripon Bus Station Public Toilets – increase £37,000 (this will be self-financing see item v). (Appendix 1 page 4)
- l) Increase in rental and service charges at Tourist Information Centres, Knaresborough Castle and Royal Baths – increase £16,000. (Appendix 1 page 4)
- m) Increase in NNDR (National Non-Domestic Rates) – reflects charges for 2007/08 – increase £9,000. (Appendix 1 page 4)

- n) Decrease in insurance costs reflecting renewal of Council's premises insurance – decrease £9,000. (Appendix 1 page 4)
- o) Decrease in employee costs resulting from savings in salaries following restructure of Estates and decreased overheads in Property Management – decrease £30,000. (Appendix 1 page 8)
- p) Farmers Market - Increase in payments to DSO contractor resulting from increase number of market stalls requiring erection – increase £4,000. (Appendix 1 page 8)
- q) Farmers market - Decrease in payments to external contractors due to market stallholders purchasing generators direct – reduction £4,000. (Appendix 1 page 8)
- r) Increase in refuse collection/removal costs – increase £8,000. (Appendix 1 page 8)
- s) Increase in other consultants' fees reflecting costs carried forward from 2005/06 for undertaking ongoing rent review work – increase £12,000. (Appendix 1 page 8)
- t) Decrease in ground rents following transfer of long leasehold interest, reduction in rental received – reduction £20,000. (Appendix 1 page 8)
- u) Decrease in property and land rent due to certain rent increases not agreed in current financial year and some terminations – reduction £5,000. (Appendix 1 page 8)
- v) Increase in external income from Ripon Bus Station Public Toilets resulted from income from attended facilities - £37,000. (Appendix 1 page 8)
- w) Increase in Building Management recharge – public toilets – reallocation of costs following transferral of service – increase £80,000. (Appendix 1 page 8)
- x) Reduction in Capital Charges – Estates, Markets and Public Halls resulting from deferred charge write down and appropriations from CFA decreases - £200,000 and £62,000 (refer to item 5.1.1 for further details). (Appendix 1 page 8)

## 5.2 Projections for 2008/09 and 2009/10

5.2.1 We are now required under the Government's new prudential code and also for the Comprehensive Performance Assessment to produce projections for the next 2 years. These projections are only a broad indication of likely net expenditure levels and have been compiled in accordance with the guidance and parameters set.

### 5.3 **Details of Any Growth**

5.3.1 **Valuation Surveyor** - This report requests that consideration be given to fund the appointment of a Valuation Surveyor within the Estates Section of the Department of Development Services (refer to Appendix 2).

5.3.2 The post, which will be self-funding, will involve undertaking initial assessments and full development appraisals of housing proposals throughout the district. It will enable the Council to continue to achieve on of its corporate priorities, to maximise the provision of affordable housing.

5.3.3 The gross cost of the post per annum will be in 2007/08 £41,390 leading to a full year maximum cost of £44,900 per annum.

5.3.4 **Public Conveniences** - A request is also made to reinstate £16,000 per annum in 2006/07 RE and 2007/08 OE originally put forward and to be achieved through the closure of public toilets (refer to Appendix 3).

5.3.5 This follows a review as part of the service improvement plan of potential toilets considered for closure which concluded that the closure would only be possible following the completion of new or upgraded facilities within reasonable proximity. To date new or additional upgraded facilities have not been actioned.

### 5.4 **Details of Efficiency Savings**

5.4.1 The following efficiency savings have been identified.

5.4.2 **Non Cash - Building Cleaning Service** – following an internal Best Value Review and the amalgamation of the client and contractor duties, this has resulted in a non-cash saving of £3,500 resulting from savings against management time and recruitment costs and collection of recyclable waste from buildings other than administrative premises.

5.4.3 **Cash - Farmers markets** - Decrease in payments to external contractors due to market stallholders purchasing generators direct – reduction £4,000.

### 6.0 **SERVICE CUTS**

6.1 No service cuts have been identified for the financial year 2007/08.

### 7.0 **RISK ASSESSMENT**

- 7.1 In order to address priorities and to evaluate financial risk, building requirement lists provided by Departments/Business Units are assessed in conjunction with the Council's Asset Management Plan and independent and 'in house' Condition Survey, Asbestos Survey and Fire Safety Reports.
- 7.2 This information is used, monitored and updated to minimise the risk upon the Council.

**Background Papers – None**

**OFFICER CONTACT:** Please contact Mr G M Weeks, Head of Property Management if you require any further information on the contents of this report. The officer can be contacted at Harrogate Borough Council, Knapping Mount, West Grove Road, Harrogate HG1 2AE by telephone on 01423 556641 or by Email – [martin.weeks@harrogate.gov.uk](mailto:martin.weeks@harrogate.gov.uk)

**SUSTAINABILITY ASSESSMENT/POLICY CONSIDERATIONS**

		Implications are		
		Positive	Neutral	Negative
A	Economy		✓	
B	Environment	✓		
C	Social Equity			
i)	General	✓		
ii)	Customer Care / People with Disabilities	✓		
iii)	Health Implications	✓		
D	Crime and Disorder Implications		✓	

If all comments lie within the shaded areas, the proposal is sustainable



**APPENDIX 1**  
**EXTRACTS FROM BUDGET BOOK**

**RESOURCES PORTFOLIO**

**DEPARTMENT OF DEVELOPMENT SERVICES  
RECHARGEABLE ACCOUNTS**

**Business Unit: Property Management**

2005/06 Actual	2006/07 Original Estimate	2006/07 Revised Estimated	Cost Centre	2007/08 Original Estimate		
				Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
			<b>Building Management</b>			
953,420	888,970	890,430	Maintenance	930,840	0	930,840
613,509	803,210	809,140	Energy	810,430	0	810,430
179,330	155,730	169,210	District Heating	197,300	0	197,300
56,858	118,850	57,400	District Refrigeration	72,230	0	72,230
358,943	360,590	357,870	Cleaning and Premises	404,480	0	404,480
430,999	461,200	455,280	Rents, Rates and Insurances	476,970	0	476,970
1,174,990	1,271,240	1,270,530	Oncosts and Overheads	1,307,780	0	1,307,780
3,768,048	4,059,790	4,009,860		4,200,030	0	4,200,030
-3,768,048	-4,059,790	-4,009,860	<b>Recharges to Services</b>		4,200,030	-4,200,030
0	0	0	<b>Net Expenditure</b>	4,200,030	4,200,030	0
			<b>Subjective Analysis</b>			
764,113	838,490	845,620	Employees	887,100	(4)	
2,593,058	2,788,550	2,739,330	Premises	2,892,250		
6,346	1,600	6,800	Supplies & Services	6,800		
30,930	35,650	35,650	Transport	36,550		
3,394,447	3,664,290	3,627,400	<b>Total Controllable Expenditure</b>	3,822,700		
0	0	0	Employees	0		
6,174	7,100	7,100	Premises	3,480		
47,818	45,920	49,150	Supplies & Services	46,940		
309,372	331,970	318,540	Support Services	319,240		
10,800	10,510	7,970	Capital Charges	7,970		
374,164	395,500	382,760	<b>Total Additional Expenditure</b>	377,630		
3,768,611	4,059,790	4,010,160	<b>Total Expenditure</b>	4,200,330		
			<b>Less Income</b>			
3,768,048	4,059,070	4,009,860	Internal Recharges	4,200,030		
563	720	300	Sales, Fees & Charges	300		
-0	0	0	<b>Net Expenditure</b>	0		

RESOURCES PORTFOLIO

DEPARTMENT OF DEVELOPMENT SERVICES

Business Unit: Property Management

Major Variances between 2006/07 Revised Estimate and 2006/07 Original Estimate

	£	
Revised Estimate 2006/07	4,009,848	
Original Estimate 2006/07	4,059,780	
	<b>Decrease in Net Expenditure</b>	
	<b><u>-49,932</u></b>	
<b>Explained by:</b>	<b>£'000</b>	<b>£'000</b>
<b><u>CONTROLLABLE EXPENDITURE</u></b>		
Increase in Employee costs		
Net effect of vacancies and changes to hours/scp/staffing	7	
Increase in Premises Costs		
District Heating-Increase in Utilities costs	14	
District Refridgeration-decrease in salaries and increased usage by hotel	-61	
Other small variances	-3	
Increase in Supplies & Services		
Other consultants fees	1	
Mobile phones rental & calls - budget transfer from CSU to DDS	<u>4</u>	
		-38
<b><u>ADDITIONAL EXPENDITURE</u></b>		
Increase in Supplies & Services costs		
Customer Relations Manager & E Team	4	
Other small variances - Mapping & Computer Service Level	-1	
Increase in Support Services costs		
Department of Corporate Policy & Improvement	5	
Access to Services	-8	
Property Services Charge	-2	
Department of Resources - Customer Services Unit	-9	
Other small variances	1	
Decrease in Capital Charges	<u>-2</u>	
		-12
<b>Total</b>		<b><u><u>-50</u></u></b>

RESOURCES PORTFOLIO

DEPARTMENT OF DEVELOPMENT SERVICES

Business Unit: Property Management

Major Variances between 2007/08 Original Estimate and 2006/07 Original Estimate

	£	
Original Estimate 2007/08	4,200,025	
Original Estimate 2006/07	4,059,780	
	Increase in Net Expenditure	<u>140,245</u>
<b>Explained by:</b>	<b>£'000</b>	<b>£'000</b>
<b><u>CONTROLLABLE EXPENDITURE</u></b>		
Increase in Employee costs		
Increase in Superannuation rate from 19.9% to 21%	13	
Pay award 2.5%	16	
Understated salaries at OE 2006/2007	21	
Other small increases/decreases	-2	
Increase in Premises Costs		
Maintenance		
Increase on Vandalism	7	
Increase on Internal/External Painting	6	
Growth - Inflation (excluding Planned Refurbishments)	20	
Fire Precautions - Growth due to new legislation	9	
Other decreases	-13	
Energy		
Increase on Gas - due to new contract and tariff	12	
Increase on Electricity - due to new contract and tariff	16	
Increase on Water - due to review of consumption forecasts	19	
Decrease in Energy Conservation	-20	
Decrease in Climate Change Levy due to new electricity supply CCL exempt	-22	
District Heating	3	
Cleaning & Hygiene		
Increase due to attended toilet costs for Arcade PC's Ripon	37	
Other increases	9	
Rent and service charge reviews at TICs, Knaresborough Castle & Royal Baths	16	
National Non-Domestic rates increase	9	
Decrease on Insurance - reflects review of Council insurance	-9	
Increase in Supplies & Services		
Other consultants fees	1	
Mobile phones rental & calls - budget transfer from CSU to DDS	4	
	<u>4</u>	156
<b><u>ADDITIONAL EXPENDITURE</u></b>		
Decrease in Premises Costs	-3	
Increase in Supplies & Services	1	
Decrease in Support Services	-13	
Decrease in Capital Charges	-2	
	<u>-2</u>	-17
<b>Total</b>		<u>140</u>

**RESOURCES PORTFOLIO  
REVENUE BUDGET 2007/08**

**DEPARTMENT OF DEVELOPMENT SERVICES**

**Business Unit: Property Management**

2005/06 Actual	2006/07 Original Estimate	2006/07 Revised Estimated	Cost Centre	2007/08 Original Estimated	2008/09 Projection	2009/10 Projection
£	£	£		£	£	£
			<b>Estates</b>			
			<b>Central Services:</b>			
127,615	136,630	38,890	Estates Management	-36,880	-50,850	-53,000
			<b>Planning &amp; Development Services:</b>			
			<b>Economic Development</b>			
10,373	32,270	28,540	Markets	28,520	32,980	36,570
			<b>Property Management</b>			
			<b>Central Services:</b>			
0	0	0	Feasibility	0	0	0
10,781	9,180	9,970	Ripon Town Hall	8,590	8,720	8,850
939	4,650	3,000	Knaresborough House	1,250	1,060	850
396,402	369,640	326,430	Public Conveniences	349,940	376,100	386,560
114,569	39,800	17,040	Appropriation to/from(-) Reserves	38,040	38,040	38,040
660,679	592,170	423,870	<b>GF Net Expenditure</b>	389,460	406,050	417,870
			<b>Subjective Analysis</b>			
147,765	182,620	180,980	Employees	152,680	156,490	160,410
184,795	196,660	201,940	Premises	207,950	211,550	214,250
53,134	15,110	46,440	Supplies & Services	29,050	17,030	17,020
3,753	3,400	3,880	Transport	3,540	3,680	3,820
114,569	39,800	17,040	Appropriation to/from (-) Reserves	38,040	38,040	38,040
504,016	437,590	450,280	<b>Total Controllable Expenditure</b>	431,260	426,790	433,540
26,525	22,780	31,400	Employees	30,900	31,680	32,480
418,263	409,040	425,870	Premises	487,340	480,160	494,390
18,490	19,810	18,310	Supplies & Services	17,310	17,730	18,170
89,482	105,250	102,450	Support Services	102,710	105,280	107,890
0	0	0	Service Management	0	0	0
312,440	300,060	38,810	Capital Charges	38,390	38,390	38,390
865,199	856,940	616,840	<b>Total Additional Expenditure</b>	676,650	673,240	691,320
1,369,215	1,294,530	1,067,120	<b>Total Expenditure</b>	1,107,910	1,100,030	1,124,860
			<b>Less Income</b>			
708,536	702,360	643,250	Sales, Fees & Charges	718,450	693,980	706,990
0	0	0	Other Income	0	0	0
0	0	0	Internal Recharges	0	0	0
660,679	592,170	423,870	<b>Net Expenditure</b>	389,460	406,050	417,870

## RESOURCES PORTFOLIO

### DEPARTMENT OF DEVELOPMENT SERVICES

#### Business Unit: Property Management

(1) **Estates Management**

The Corporate Estate comprises a wide range of land and buildings throughout the District, with the largest concentration being in the main centres of population.

The range of assets include town centre shops, neighbourhood shops, offices, industrial land and buildings, farms and sporting and recreational facilities.

(2) **Knaresborough & Ripon Markets**

The markets, at Knaresborough (Wednesday) and Ripon (Thursday and Saturday) comprise a total of some 200 stalls provided by the Council. Stalls are let in such a way to ensure a wide range of goods on offer to customers. The Saturday market comprises only five stalls selling fresh fruit / vegetables and flowers.

The Council also operate occasional farmers markets at venues throughout the District.

(3) **Ripon Town Hall**

From April 2003 operational management was transferred from Department of Leisure to the Construction and Building Management team in the Department of Technical Services - now the Property Management team in the Department of Development Services.

Used predominantly by Ripon City Council.

(4) **Knaresborough House**

From April 2004 operational management was transferred from Department of Leisure to the Construction and Building Management team in the Department of Technical Services - now the Property Management team in the Department of Development Services.

Used predominantly by the general public/clubs on a regular basis.

(5) **Appropriations**

The appropriation at Restated Original Estimate 2005/06 and Revised Estimate 2005/06 is mainly to fund new stall boards at Ripon and Knaresborough Markets.

(6) **Employees**

From April 2005 the costs for employees in the Estates Division were included in the Property Management Salaries Holding Account. This figure represents the recharge from that account for the management of the Estates division.

RESOURCES PORTFOLIO

DEPARTMENT OF DEVELOPMENT SERVICES

Business Unit: Property Management

Major Variances between 2006/07 Revised Estimate and 2006/07 Original Estimate

	£	
Revised Estimate 2006/07	423,870	
Original Estimate 2006/07	592,170	
	<u>Decrease in Net Expenditure -168,300</u>	
<b>Explained by:</b>	<b>£'000</b>	<b>£'000</b>
<b><u>CONTROLLABLE EXPENDITURE</u></b>		
Increase in Employee Costs		
Employment of Project Coordinator	10	
Reduction in Other Salaries	-11	
Increase in Premises Costs		
Markets - Refuse Collection/Removal	8	
Payments to External Contractors	-4	
Payments to DSO Contractors	1	
Increase in Supplies & Services		
Other consultants fees - Spacey Houses	20	
Grants/contributions to Other Bodies	10	
Public Halls - Licence Fees	1	
Appropriations to/from Reserves	<u>-22</u>	13
<b><u>INCOME</u></b>		
Decrease in Income		
Decrease in Ground Rent	40	
Decrease in Property & Land Rent	16	
Increase in Misc Income	-2	
Wakemans House	-3	
Decrease in Rents from Markets-reflects the cost of absorbing VAT f	6	
Decrease in Commercial lettings - Ripon Town Hall	2	
		59
<b><u>ADDITIONAL EXPENDITURE</u></b>		
Increase in Employee Costs	8	
Decrease in Support Costs	-3	
Decrease in Capital Charges - Estates, Markets & Public Halls	-200	
Decrease in Capital Charges - Public Conveniences	-62	
Decrease in Building Management Recharge - Estates & Markets	-2	
Increase in Building Management Recharge - Public Conveniences	<u>19</u>	
		-240
<b>Total</b>		<u><u>-168</u></u>

RESOURCES PORTFOLIO

DEPARTMENT OF DEVELOPMENT SERVICES

Business Unit: Property Management

Major Variances between 2007/08 Original Estimate and 2006/07 Original Estimate

	£	
Original Estimate 2007/08	389,460	
Original Estimate 2006/07	592,170	
	Decrease in Net Expenditure <u>-202,710</u>	
<b>Explained by:</b>	<b>£'000</b>	<b>£'000</b>
<b><u>CONTROLLABLE EXPENDITURE</u></b>		
Decrease in Employee Costs	-30	
Increase in Premises Costs		
Markets - Payments to DSO Contractors	4	
Markets - Payments to External Contractors	-4	
Markets - National Non-Domestic Rates	3	
Markets - Refuse Collection/Removal	8	
Increase in Supplies & Services		
Other consultants fees	12	
Public Halls - Licence Fees	<u>1</u>	
		-6
<b><u>INCOME</u></b>		
Increase in Income		
Decrease in Ground Rent	20	
Decrease in Property & Land Rent	5	
Increase in Misc Income	-2	
Wakemans House	-3	
Decrease in Commercial lettings - Ripon Town Hall	2	
Increase in External Income - Arcade PC's Ripon	<u>-37</u>	
		-15
<b><u>ADDITIONAL EXPENDITURE</u></b>		
Increase in Employee costs	8	
Decrease in Building Management recharge - Estates & Markets	-2	
Increase in Building Management recharge - Arcade PC's Ripon	37	
Increase in Building Management recharge - Other PC's	43	
Decrease in Capital Charges - Estates, Markets & Public Halls	-200	
Decrease in Capital Charges - Public Conveniences	-62	
Decrease in Supplies & Services	-2	
Decrease in Support Charges	<u>-3</u>	
		-181
<b>Total</b>		<u><u>-202</u></u>



**APPENDIX 2**  
**GROWTH ITEM**  
**RESOURCE REALLOCATION PROPOSAL**  
**VALUATION SURVEYOR**

RESOURCE REALLOCATION PROPOSAL – PRO FORMA

Department: Department of Development Services		Ref:	
Business Unit: Estates			
Brief description of Proposal: Appointment of Valuation Surveyor			
Type of Expenditure: (see Notes)		Please Tick	
One-Off		<input type="checkbox"/>	
One-Off with Annual Revenue Cost		<input type="checkbox"/>	
Two or more years		<input type="checkbox"/>	
Ongoing		<input type="checkbox"/>	
Cost: (see notes)			
	Gross Cost £	Related Savings £	Net Cost £
Year 1	41,390	52,500*	0
Year 2	42,700	52,500*	0
Year 3	43,780	52,500*	0
Year 4	44,900	52,500*	0
Year 5	44,900	52,500*	0
Maximum Full Year Cost	44,900	52,500	0
* Anticipated fee income for providing this service			
Reason for Request: Please identify reason for proposal (as per categories identified in Chief Executive's report to Cabinet – Spending Priorities: Review, as amended by memorandum Corporate Allocation of Resources: Budget Growth dated 24 September 2003)			Please Tick
Within agreed Medium Term Financial Strategy			<input type="checkbox"/>
Legally unavoidable			<input type="checkbox"/>
Self-financing			<input type="checkbox"/>
Supported by equivalent savings			<input type="checkbox"/>
Detail: Please provide a detailed description of the proposal			
<p>One of the Council's corporate priorities is to maximise the provision of affordable housing. The Council, as local planning authority, is proposing a major change in its planning policies on affordable housing to support this Council priority. If approved early next year, it will allow the Council to significantly increase the provision of affordable housing compared to current policy.</p> <p>However, this potential increase in provision is dependent upon a significant increase in work by the Council on the financial appraisal of housing proposals. This proposal recommends the appointment of a dedicated officer to carry out this work, self-funded by fee income from carrying out initial assessments and full financial viability appraisals.</p>			
Links: Please provide details of how the proposal links to the following			

Corporate Objectives (Best Value Performance Plan)

The new post would directly contribute to the Council's corporate objective relating to increasing the provision of affordable homes for local people.

Service Improvement Plan

The new post would directly contribute to planning service developments contained within the new Local Development Framework structure.

Service Strategy

As above.

Compensating Savings/Service Cuts: Please provide details of how the proposal will be funded

The post would be directly funded from fee income for carrying out initial assessments and full development appraisals as detailed in the report to CMT on 16 November 2006.

In the unlikely event that the number of assessments/appraisals should be less than anticipated and therefore fee income generated would not cover the costs of the post (nor the appraisals take up 100% of the surveyor's time), demand has been expressed from other local authorities to buy in a financial viability appraisal service, so it would be possible to supplement any local fee income by offering Harrogate's services to other local authorities in North Yorkshire or the Yorkshire and Humber Region on a cost-recovery basis.

Service Impact: On the basis no growth will be approved, please provide a detailed analysis of the impact on the Service which would result from the failure to approve the proposal

As stated in the CMT report, temporary arrangements are currently in place to carry out assessments, but these arrangements are not sustainable in the longer term because of the impact on the substantive role of the officer temporarily carrying out the appraisals – her substantive role being as Empty Property Officer – another role which contributes to the Council's affordable housing and environmental objectives. At the present time, affordable housing financial viability work is taking up two days a week of her time, and the numbers of appraisals are expected to significantly increase as a result of the new policies. Were she to be asked to continue beyond April 2007, either her substantive role would have to be further reduced, or financial viability appraisals would take longer than at present if fitted in around empty property work.

If appraisals cannot be carried out expeditiously the proposed affordable housing policies in the Local Development Framework will fail.

If satisfactory long-term arrangements were not put in place to carry out appraisals, it would also put the Council in a difficult position in a Public Examination in trying to convince an Inspector that the Council's proposed affordable housing policies would deliver in practice.

Alternatives: Please identify alternatives which have been considered and reasons why these have been rejected

Discounting unrealistic options of trying to absorb the work within any existing teams, two other options were considered in the report to CMT on 16 November 2006:

a) Outsourcing the work to an external consultant

This does not divert existing officer resources nor require a growth bid, but it is considered to be the most expensive option, there is no current budget provision and Estates staff have indicated that there would be a probable difficulty recruiting a consultant because of skill set required/potential conflict of interest issues.

b) Do nothing

This would have no impact on present budgets but is not a realistic option given the corporate and Community Plan priorities for maximising affordable housing. It would also put the Council in a difficult position in a Public Examination in respect of the Local Development Framework in trying to convince an Inspector that the Council's proposed affordable housing policies would deliver in practice.

c) Risks

Risks to the certainty of the income to finance this post are:

1. Council do not approve the new affordable housing policies for development control purpose from 20 April 2006.

2. The Inspectors binding report on the LDF Core Strategy expected April 08 does not approve the Council's new affordable housing policies.
3. Landowners or developers refuse to pay the pre-application charge for the affordable housing assessment.
4. Landowners or developer hold back on making applications for new dwellings until the Inspectors binding report is released in April 08.

The risk is assessed as low in relation to the imperative to evidence to the Inspector at the Core Strategy Public Examination that the Council has measures in place and the capacity to deliver an increased provision of affordable housing. Mitigating factors in relation to the above are set out below:

1. If the policies are not approved by Council the appointment will not be made.
2. This is very unlikely give the direction of travel of government policy and the robust evidence of the high level of need contained in the Council's independent local housing assessment 2006.
3. This is possible but unlikely as they incur greater costs by appealing.
4. This is possible but unlikely as delay in submitting in 2007/08 will mean even greater costs for land owners or developers when the government introduces its Planning Gain Supplement in 2008/09.

Approved by CMT:  
Minute No:

Date:

YES/NO

APPENDIX 3  
GROWTH ITEM  
RESOURCE REALLOCATION PROPOSAL  
PUBLIC TOILETS

## RESOURCE REALLOCATION PROPOSAL – PRO FORMA

<b>Department:</b> Development Services		<b>Ref:</b>	
<b>Business Unit:</b> Property Management			
<b>Brief description of Proposal:</b> Reinstatement of the reduction in the annual public toilet budget.			
<b>Type of Expenditure:</b> (see Notes)		<b>Please Tick</b>	
One-Off		<input type="checkbox"/>	
One-Off with Annual Revenue Cost		<input type="checkbox"/>	
Two or more years		<input type="checkbox"/>	
Ongoing		<input checked="" type="checkbox"/>	
<b>Cost:</b> (see notes)			
	<b>Gross Cost</b>	<b>Related Savings</b>	<b>Net Cost</b>
	£	£	£
Year 1			
Year 2			
Year 3			
Year 4			
Year 5			
Maximum Full Year Cost	16k	-	16k
<b>Reason for Request:</b> Please identify reason for proposal (as per categories identified in Chief Executive's report to Cabinet – Spending Priorities: Review, as amended by memorandum Corporate Allocation of Resources: Budget Growth dated 24 September 2003)			
Within agreed Medium Term Financial Strategy		<b>Please Tick</b>	
Legally unavoidable		<input checked="" type="checkbox"/>	
Self-financing		<input type="checkbox"/>	
Supported by equivalent savings		<input type="checkbox"/>	
<b>Detail:</b> Please provide a detailed description of the proposal			
The reinstatement of the £16k reduction in the annual public toilet budget, approved as part of the 2006/07 General Revenue Fund budget process, which was to be achieved through the closure of sites.			
<b>Links:</b> Please provide details of how the proposal links to the following			

**Corporate Objectives (Best Value Performance Plan)**

The public toilet improvement programme meets Council priorities of enhancing community safety and access for all, maintaining and improving cost effectiveness, and making a positive contribution to external assessments of the Council's performance.

**Service Improvement Plan**

The updated Service Improvement Plan approved by the Cabinet Member on 29 September 2006 states that the closure of sites should only undertaken following the completion of new or upgraded facilities within close proximity.

**Service Strategy**

The service strategy is to retain as many of the existing toilets as possible, upgrading or replacing them on a rolling improvement programme at a rate dictated by available financial resources.

**Compensating Savings/Service Cuts:** Please provide details of how the proposal will be funded

**Service Impact:** On the basis no growth will be approved, please provide a detailed analysis of the impact on the Service which would result from the failure to approve the proposal



Failure to approve the reinstatement of the budget would result in sites which have now been retained not having budgets to meet their running costs, and would put severe pressure on the overall public toilet revenue budget.

**Alternatives:** Please identify alternatives which have been considered and reasons why these have been rejected

No alternatives have been considered since the reinstatement of the budget reduction is at the request of the Cabinet Member (Finance & Resources).

Approved by CMT:  
Minute No:

Date:

YES/NO