



REPORT TO: Cabinet Member Resources

DATE: 20 December 2006

DEPARTMENT: Department of Resources

REPORTING OFFICER: Dianne Adams, Head of Human Resources

SUBJECT: **HUMAN RESOURCES DRAFT GENERAL FUND
REVENUE BUDGET 2007/2008**

1.0 INTRODUCTION

- 1.1 The purpose of this report is to consider budget details for the Human Resources Section within the Department of Resources as they relate to services for which the portfolio holder has responsibility.
- 1.2 The report sets out the following financial information:-
- The revised estimates for 2006/2007.
 - The draft revenue estimates for 2007/2008 (the proposed base budget).
 - A request for discretionary growth in service in 2007/2008.
 - Efficiency savings.
- 1.3 The Director of Resources has been consulted during the preparation of this report.
- 1.4 This report will be scrutinised at the Organisation Improvement and Environment on 15 January 2007.

2.0 RECOMMENDATIONS

- 2.1 That the Cabinet Member:-
- (a) Notes the revised estimates for 2006/2007.
 - (b) Recommends the original estimates for 2007/2008 to Cabinet.
 - (c) Recommends the growth item to Cabinet

3.0 DRAFT REVENUE BUDGET

- 3.1 The Human Resources Section provides a central advisory service to all departments on all aspects of personnel management, including training and development, and health and safety.

Since the devolvement of certain personnel activities in 1992/93, the cost centre has taken on a more strategic role working towards the fulfilment of the Council's Human Resources Strategy and corporate objectives including policy development, corporate procedures and guidelines, corporate training initiatives and involvement in corporate projects.

- 3.2 Attached is Appendix A the draft revenue budget for 2007/2008 and the overall variance analysis to both Revised Estimate 2006/2007 and Original Estimate 2007/2008.

There are a number of major corporate initiatives that require resourcing and work has been re-allocated to enable these to happen. However, this means that some day to day work will not get done. Without the additional resources referred to in the report the Section will not be able to deliver and finalise the Single Status project or contribute to the pay and personnel system review.

4.0 CAPITAL CHARGES

- 4.1 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.

5.0 EXPLANATION OF THE MAJOR VARIANCES

Revised Estimates 2005/2006

- 5.1 In addition to the comments outlined in paragraphs 3.0 above other variances are as follows:-

- 5.1.1 Major variances between 2006/07 revised and original estimates.

The Council has embarked upon the single status project and the budget held in reserve is now being appropriated.

The Council is also embarking on improving recruitment and retention in line with Scrutiny Commission and Cabinet recommendations. As agreed by CMT on 21 September 2006 a growth of £2,000 has been allocated to assist with this.

The Human Resources budget also carries the budget to pay for the 18.5 hours time off arrangement for the Branch Secretary, Unison, approved by the Human Resources Committee in 2005.

Original Estimates 2007/2008

5.1.2 Major variances between 2006/07 and 2007/08 original estimates.

The major variance is the temporary post for HR Support to assist with the single status and payroll/personnel projects which terminates on 30 September 2007.

Efficiency Savings

5.2 The efficiency savings for the Section are:-

- £1,180 – withdrawal of protection payments.
- Changes to advertising arrangements and more use of web advertisements. This will cover the £2,000 efficiency savings required.

6.0 GROWTH ITEM - MODERN APPRENTICES

6.1 Modern Apprentice schemes are particularly beneficial in areas where there have been difficulties in recruiting young people and the Council is therefore obliged to "grown its own" talent.

6.2 Four modern apprentices per year will be recruited for August/September intakes of students in 2007 and 2008. This links with action 4 of the Recruitment and Retention Review by Scrutiny.

6.3 The financial resources required for 8 students, over 4 years, with students hopefully being absorbed into established posts in their 3rd year, are as follows:

Year	Gross Cost £	Net Cost £
1	36,900	36,900
2	82,768	82,768
3	45,868	45,868
4		
5		
Maximum Full Year Cost	165,536	165,536

7.0 RISK

7.1 The Human resources budget is primarily a staffing budget and as such is controllable. However, within the Human Resources Budget are the Council's Occupational Health Budget and the Council's Training Budget. In terms of Occupational Health the budget is used for medical referrals, medical clearance, and counselling. As such it is not possible to accurately predict demand for one year to the next. The budget is carefully monitored to ensure it meets demands. The consequences of not being able to fully fund demand may result in employees not being referred for counselling and/or employees not being referred to Occupational Health for a view on their medical

condition/ill health retirement. Such delays may result in prolonged sickness absence and hinder the management of the sickness absence. Should such an event occur departmental management would be asked to fund the cost.

In terms of the Corporate Training budget this is managed on the basis of training need demand. Again the budget is closely monitored. In the event of the budget not meeting training needs demands the training will be held over until the following year.

Background Papers -

OFFICER CONTACT: : Please contact Dianne Adams if you require any further information on the contents of this report. The officer can be contacted at Human Resources, Crescent Gardens by telephone on 01423 556062 or by email - dianne.adams@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.

**RESOURCES PORTFOLIO
REVENUE BUDGET 2007/08**

HUMAN RESOURCES MANAGEMENT

Business Unit: Human Resources

2005/06 Actual	2006/07 Original Estimate	2006/07 Revised Estimate	Cost Centre	2007/08 Original Estimate		
				Gross Expenditure	Gross Income	Net Expenditure
£	£	£		£	£	£
			Support Services			
448,626	465,860	636,120	Human Resources Management	491,010	830	490,180
85,075	113,340	116,100	Corporate Training	116,980	0	116,980
-533,701	-579,200	-752,220	Recharges to Services		607,160	-607,160
0	0	0	GF Net Expenditure	607,990	607,990	0
			Subjective Analysis			
354,566	402,090	441,890	Employees	422,870		
2,020	2,080	2,080	Premises	3,210		
29,862	7,760	47,760	Supplies & Services	7,760		
3,228	3,690	3,690	Transport	2,630		
389,676	415,620	495,420	Total Controllable Expenditure	436,470		
960	990	990	Employees	870		
26,636	29,380	119,610	Supplies & Services	36,130		
112,157	128,320	135,760	Support Services	133,250		
5,800	5,740	1,270	Capital Charges	1,270		
145,552	164,430	257,630	Total Additional Expenditure	171,520		
535,229	580,050	753,050	Total Expenditure	607,990		
533,701	579,200	752,220	Less Income			
1,528	850	830	Internal Recharges	607,160		
0	0	0	Other Income	830		
			Net Expenditure	0		

Full Time Equivalent

The employees cost relates to the following number of full time equivalent employees:

OE 2006/7 9.25 RE 2006/7 9.75 OE 2007/8 9.46

RESOURCES PORTFOLIO

HUMAN RESOURCES MANAGEMENT
RECHARGEABLE ACCOUNTS

Major Variances between 2006/07 Revised and Original Estimates

	£	
Revised Estimate 2006/07	752,220	
Original Estimate 2006/07	579,200	
Increase/Decrease(-) recharge to services	<u>173,020</u>	
Explained by:-	£'000	£'000
<u>Controllable Expenditure</u>		
Increase in Employees Costs:-		
Honorariums - appropriation from reserves (through MFI)	7	
Unison branch secretary 18.5 hrs	19	
Jobs Go Public powered by service - savings in deps recruitment	4	
Recruitment initiatives (careers fairs / vacancy boards) growth item	2	
Noise meter - appropriation from reserves (through MFI)	4	
Increase in Supplies & Services:-		
Single Status - appropriation from reserves (through MFI)	40	
Other variations	<u>3</u>	79
<u>Additional Expenditure</u>		
Removal of notional interest charge	-4	
Computer SLA - new payroll / personnel system	90	
Other SLA's (legal 4k)	<u>8</u>	94
		<u>173</u>

RESOURCES PORTFOLIO
HUMAN RESOURCES MANAGEMENT
RECHARGEABLE ACCOUNTS

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

	£	
Original Estimate 2007/08	607,160	
Original Estimate 2006/07	<u>579,200</u>	
Increase/Decrease(-) recharge to services	<u>27,960</u>	
Explained by:-	£'000	£'000
<u>Controllable Expenditure</u>		
Increase in Employees Costs:-		
Pay award plus superannuation increase	11	
Increments	3	
Single Status temporary post ends 30/9/07	-10	
Unison branch secretary 18.5 hrs ends Aug 07	8	
Assist Health & Safety advisor post now paying superannuation	4	
Jobs Go Public powered by service - savings in deps recruitment	4	
Other incl telephone allowance Corp Training - cash saving £120	1	
Increase in Supplies & Services:-		
Reduced car allowances Corp training - cash saving	-1	
Inflation increase in room hire (UNISON table tennis)	<u>1</u>	
		21
<u>Additional Expenditure</u>		
Removal of notional interest charge	-5	
Computer SLA	7	
Other SLA's	<u>5</u>	
		7
		<u>28</u>