

REPORT TO: Cabinet Member Resources

DATE: 20 December 2006

DEPARTMENT: Resources

REPORTING OFFICER: Business Support Manager
(*Marion Wrightson*)

SUBJECT: Draft Business Unit Budget Report 2007/2008
Business Support - Department of Resources

WARDS AFFECTED: N/A

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to consider budget details for Business Support within Department of Resources for which the Resources Cabinet Member is responsible.

1.2 The report sets out the following financial information:

- Revised estimates for 2006/2007
- Draft revenue estimates for 2007/2008 (the proposed base budget)

Details of cash and efficiency savings

The Director of Resources has been consulted during the preparation of this report.

2.0 RECOMMENDATION/S

It is recommended that the Cabinet Member (Resources):

- Note the latest position in the revised estimates for 2006/2007
- Note the achieved savings
- Recommend the draft revenue estimates for 2007/2008 to Cabinet

3.0 BUSINESS SUPPORT IN DEPARTMENT OF RESOURCES

3.1 The Business Support function within the Department of Resources provides support to those units within the department plus the Department of Corporate Policy and Improvement.

3.2 The report sets out the following Business Unit budgets

- Directorate – Director of Resources
- Finance – provision of departmental finance support for both Department of Resources and Department of Corporate Policy and Improvement
- Administration - provision of secretarial support to Director and Heads of Service within Department of Resources and via a secondment arrangement to Department of Corporate Policy and Improvement. Provision of all devolved HR processes and a variety of general administration to both departments
- Staff Agency – scheme whereby individuals are employed on a minimum guaranteed level of hours per week capable of being deployed across HBC to cover staffing shortfalls.

3.3 There are 3 staff (1.91fte) currently “seconded” to DCPI on a permanent basis for which budget provision is included within the Administration budget.

4.0 EXPLANATION OF THE MAJOR VARIANCES

4.1 Budget Changes Resulting from new Statement of Recommended Practice 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 and lay out the budget in the required format, we have introduced these changes from 2006/07 Revised Estimates onwards. The main change affecting this budget is:

4.1.1 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.

4.2 Key Features of the Revised Estimate for 2006/2007

There is an overall increase of £4,740 from Original to Revised Estimate This comprises of a number of variances, all rounded to nearest £000

- Increase in Business Support staff (£19,000)
 - Increase in hours committed to devolved Human Resources administration made possible following transfer of resource from Financial Management arising from switch of responsibility for Business Support activities (£11,000)
 - Additional hours to provide for an additional post (0.6 WTE) for Directorate Support to Legal and Democratic Services funded via savings in floral decorations and car allowances (£4,000) agreed by CMT
 - Temporary support to Agresso implementation handling centralised processing of backlogs (£4,000) agreed by CMT
- Net increases in pay arising from Increase in Employers Superannuation contributions as staff join scheme, net reduction in spinal column points for new appointments and removal of vacancy provision provided in Original Estimate (£6,000)
- Removal of the notional interest charge referred to above under Capital Charges (£7,000)
- Reduction in car allowance budget (moved to fund increase in Business Support staff (see above) (£2,000)
- Reduction in support charges of £11,000 includes £7,000 reduction for Access to Services and £4,000 reduction for the Building Management account

4.3 Key Features of the Draft 2007/2008 Budget

There is an overall increase of £26,290 from Original 2006/07 to Original 2007/08 Estimates

- Increases in superannuation rates, pay award and regrades/scale point increases (£27,000)
- Agreed increases to the staffing establishment £20,000 as detailed at 4.2 above – full year effect
- Cash savings £2,000

Removal of the notional interest charges referred to above under Capital Charges £7,000 and reductions in various SLAs £12,000

5.0 CASH EFFICIENCY SAVINGS

5.1 Cash Savings

Savings achieved of £2,000 arising from reductions to Subscriptions (£500), Furniture budget (£500) and other Supplies and Services (£1,000).

5.2 Efficiency Savings

Savings achieved of £4,000 arise from absorption of finance work previously undertaken by posts transferred into the Customer Services Unit. This has been achieved without any additional resource input.

6.0 RISK MANAGEMENT

In relation to Business Support there is little risk to most of the Business Unit's estimates. The budget can be fairly accurately predicted with the main costs being employee costs and running expenses.

7.0 SCRUTINY

This report will be considered by the Organisation, Improvement and Environment Commission at its meeting on 15 January 2007.

Background Papers -

OFFICER CONTACT: Please contact Marion Wrightson if you require any further information on the contents of this report. The officer can be contacted at Council Offices, Crescent Gardens, Harrogate by telephone on 01423 556166 or by Email – marion.wrightson@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

**DEPARTMENT OF RESOURCES
RECHARGEABLE ACCOUNTS**

Business Unit: Business Support Resources

2006/07 Original Estimate	2006/07 Revised Estimate	Cost Centre	2007/08 Original Estimate		
			Gross Expenditure	Gross Income	Net Expenditure
£	£		£	£	£
		Service Management & Support Services			
171,610	167,330	Directorate	171,690	0	171,690
177,630	183,460	Finance	179,980	0	179,980
461,050	466,480	Administration	485,100	0	485,100
27,800	25,560	Staff Agency	27,610	0	27,610
-838,090	-842,830	Recharges to Services		864,380	-864,380
0	0	GF Net Expenditure	864,380	864,380	0
		Subjective Analysis			
578,760	603,750	Employees	628,100		
39,430	39,430	Supplies & Services	37,220		
5,330	3,730	Transport	3,730		
623,520	646,910	Total Controllable Expenditure	669,050		
10,160	10,190	Employees	10,670		
42,850	42,230	Supplies & Services	40,180		
152,060	140,380	Support Services	141,360		
9,530	3,120	Capital Charges	3,120		
214,600	195,920	Total Additional Expenditure	195,330		
838,120	842,830	Total Expenditure	864,380		
		Less Income			
838,090	842,830	Internal Recharges	864,380		
30	0	Other Income	0		
0	0	Net Expenditure	0		

Full Time Equivalentents

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

OE 2006/7 22.42 RE 2006/7 22.42 OE 2007/8 22.26

RESOURCES PORTFOLIO

BUSINESS SUPPORT RECHARGEABLE ACCOUNTS

Major Variances between 2006/7 Revised and Original Estimates

	£	
Revised Estimate 2006/07	842,830	
Original Estimate 2006/07	838,090	
	<u>Increase/Decrease(-) in Net Expenditure</u> 4,740	
Explained by:	£'000	£'000
<u>Controllable Expenditure</u>		
Employees Costs:-		
Net reduction in spinal column points Agency staff	-2	
Increase in hours Bus supp assist - funded from Financial management	11	
(1) New post BS assist Sc3 22.5 hrs -savings in floral decs/car allowances	4	
Temporary BS assist (Agresso)	4	
Increase in superannuation contribution	4	
Other HR/Admin (incl vacancy provision)	4	
(1) Reduced car allowances (budget moved to fund above post)	<u>-2</u>	23
<u>Additional Expenditure</u>		
Removal of notional interest charge	-7	
Various SLAs (AtS -7k, BMA -4k)	<u>-11</u>	-18
		<u><u>5</u></u>

Note: numbered items are linked

RESOURCES PORTFOLIO

BUSINESS SUPPORT RECHARGEABLE ACCOUNTS

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

	£	
Original Estimate 2007/08	864,380	
Original Estimate 2006/07	<u>838,090</u>	
Increase/Decrease(-) in Net Expenditure	<u>26,290</u>	
Explained by:	£'000	£'000
<u>Controllable Expenditure</u>		
Employees Costs:-		
Pay award plus superannuation increase	18	
Increments	3	
Increase in hours Bus supp assist - funded from Financial management	11	
(1) New post BS assist Sc3 22.5 hrs - saving in car allowances/ reserves £3950	11	
BS assist career progression	2	
Increase in superannuation contribution	4	
Supplies & Services:		
Cash savings (Dir £500; Fin £1500)	-2	
(1) Reduced car allowances (budget moved to fund above post)	<u>-2</u>	45
<u>Additional Expenditure</u>		
Removal of notional interest charge	-7	
Various SLAs (AtS -3k, BMA -3k, Audit -3k)	<u>-12</u>	-19
		<u>26</u>

Note: numbered items are linked