

## **MATTERS HOLDING THE EXECUTIVE TO ACCOUNT**

43/06 - **DRAFT GENERAL FUND REVENUE BUDGET 2007/08:** The Commission considered the following elements of the budget which fell within the remit of the Commission

### **LEADER PORTFOLIO**

**Department of Corporate Policy and Improvement:** The Leader was invited to present the budget. The Leader outlined the approach taken to the budget, the key issues and the key variations, the proposed efficiency savings and the main risks to the budget and advised that there were three potential growth items, which were:

- £25K to provide an on-going budget for 2007/08 (and onwards) to deliver the Corporate Improvement Plan;
- £71.19K for improvements to key services to enable the Council to meet its civil contingencies statutory obligations; and
- £4.8K per annum for Pandemic Influenza - Bereavement Services Continuity Plan.

He reported that, in relation to efficiency savings, £850 cash and £15,350K non-cash savings had been identified. The main risks to the budget had been acknowledged as a loss of external grant income and unforeseen changes in the statutory requirements on Best Value, Performance Management, Public Consultation, Comprehensive Performance Assessment and Civil Contingencies.

Questions were then invited. One Member queried the £4.8K identified for Pandemic Influenza and whether this could be funded from the Bereavement Services budget. The Leader commented that this was to meet the cost of a retention fee for the Bereavement Services staff trained in 2006/2007 and to provide additional training and it would not be appropriate to link this to the service budget.

The Commission accepted the budget.

(Seven Members voted in favour and there was one abstention)

**HIC, Holiday Tourism and Marketing:** The Leader was invited to present the budget. The Leader outlined the approach taken to the budget, the key issues and key variations, the proposed efficiency savings and the main risks to the budget and advised that there were no growth items. He commented that there were two budget areas, Business Tourism and Leisure Tourism and that the key variances in relation to the Business Tourism budget were a reduction on contingent lettings of £303K, an increase in expected ancillary incomes of £689K, an increase in employee costs of £235K and an enhanced marketing budget of £85k. The variances in the Leisure Tourism budget

were a reduced income of £15K, a reduced expenditure on printing/advertising of £13K and reduced capital charges of £14K. It was noted that efficiency savings of £169K for Business Tourism had been identified and £1K cash and £30K non-cash had been identified for Holiday Tourism. The Cabinet Member then stated that the fees and charges for the Business Tourism budget were based on a commercial approach and were set on what the market could bear and the strategy was to increase the range of fee paying services across the complex. Holiday Tourism fees and charges were again based on the market and its main income came from advertising. He concluded by advising of the main risks to the budget which were recognised as being largely beyond HIC's control such as external adverse factors including poor weather and increased competition.

Questions were then invited. One Member enquired whether HIC had attracted any new conferences/exhibitions and also sought an update on the Royal Hall. The Director of HIC advised that the Royal Hall was likely to be available for use in March 2008 and this would form part of the budget for 2008/09. He also confirmed that the Royal Hall would primarily be used as a community facility and also as a venue for breakout space. The Royal Hall Restoration trust were still actively fundraising and it had been possible to include additional work within the programme without affecting the anticipated use of the Royal Hall. In relation to any new business he stated that HIC had won the contracts for the TIPCON and SURFEX conferences. However, he highlighted that the current situation with the NHS and the Primary Care Trusts might have an adverse effect on HIC as 50% of their conferences/exhibitions were medically based and cuts may be made by the NHS regarding such conferences. He emphasised that the conference/exhibition business was much more competitive than it had ever been and that HIC had done extremely well to retain its position as the third most successful venue in the country. He also stated that HIC had strengthened its marketing and sales team as a strategy for securing future business. The Director commented that the Sun Pavilion would be transferred to HIC from April 2007 and this would help the HIC portfolio to offer a broad cross selection of business from community to conferences, allowing access to all sections of the community.

The Commission unanimously accepted the budget.

**Economic Development:** The Leader was invited to present the budget. The Cabinet Member outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that there were no growth items. He commented that the budget comprised 7 cost centres which were core EDU, Regeneration Team, Conyngham Hall, Innovation Centre, Renaissance Knaresborough, Ripon SRB and Workshops. The strategy of the budget was to provide services through sustained growth in earned income aligned to efficiencies from adoption of new technology. The original estimates for 2007/08 represented a net decrease of £111K comprising £16K income growth at Conyngham Hall, £11K income growth from Spa Water, £19K income growth at the Workshops and £60K cost reduction due to accounting changes with an additional £5K savings from a range of other changes. In relation to efficiency savings it was noted

that £25K cash and £16K non-cash had been identified. Fees and charges for Conyngham Hall Room and Service charges had been set to rise between 0 and 33%. Income growth from charged services was set to increase by 49%. He concluded by highlighting the main risk to the budget which was that income did not materialise as forecast and that future budgets would need to consider implications of the end of external funding for three posts in EDU.

Questions were then invited. One Member queried the range of the increase in fees and charges from 0 % and 33 %. The Head of Economic Development informed that these charges were in relation to room bookings and hire of equipment etc and that the basis that these had been set was largely based on what competitors were charging. He added that in most cases it only concerned small amounts of money as the charges themselves were only small so a moderate increase would be a large percentage. There was a question regarding Ripon SRB and it was confirmed that an agreement had been reached regarding use of remaining funds. The Head of Economic Development confirmed that there were three posts that were due to expire. These were externally funded and two posts would expire in 2007/08 which would be funded until the end of the financial year. The other post was in the first year of three year funding and so had two years to run. It was also confirmed that the Harrogate Spa Water project had been a success. He also reported an anticipated increase in volume of business at Conyngham Hall due to the opening of a new meeting room in the beginning of April 2007.

The Commission unanimously accepted the budget.

## **CABINET MEMBER (FINANCE AND RESOURCES) PORTFOLIO**

**Financial Management:** The Cabinet Member (Finance and Resources) was invited to present the budget. The Cabinet Member outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that there were no growth items. There were target efficiency savings of £9k (2%) for 2007/2008 of which £3k was to be cash savings. He reported that one of the most significant variations to the budget related to an increased contribution to the single status reserve of £372K. In relation to the main risks to the budget these were identified as the levels of interest and insurance premiums.

Questions were then invited. In relation to the treasury management account, one Member asked whether there was a risk of this money being targeted by the Government for targeted use. The Cabinet Member commented that this was not a particularly high risk as these reserves were held in accordance with good financial management practices and the Government would have to apply this approach to all Councils. In response to a query regarding insurance premiums and the amount of money received from NYCC to carry out maintenance of public roads/footpaths, the Head of Financial Management commented that the Council self insured for public liability insurance. She stated that it had been considered that the allocation of money

from NYCC would be adequate for the maintenance of roads/highways in the District due to the good inspection regime of the Highways section.

The Commission accepted the budget.

(Seven Members voted in favour and there was one abstention)

**Property Management:** The Cabinet Member (Finance and Resources) was then invited to present the budget. The Cabinet Member outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that the total budget for the building management account was £4.2m. The major variances for 2007/08, were identified as increases in employment costs of £48K, vandalism and graffiti costs of £7K, inflation (operational) of £20K, utility costs of £28K and decreases in fees of £20K and rental income of £25K. He reported that there were two growth items in the 2007/08 budget, the first being for the funding of the employment of a valuation surveyor (affordable housing work) at a cost of £44.9K per annum (but funded from planning income) and the reinstatement of £16K per annum into public conveniences. In relation to the efficiency savings it was noted that £4K cash savings on farmers markets and non-cash savings of £3.5K through building cleaning efficiencies had been identified. The main risks identified to the budget were rent variations, asbestos discovery and other health and safety related items such as fire risk assessments etc.

Questions were then invited. One Member queried the nature of the planning income used to fund the employment of a valuation surveyor. The Head of Property Management reported on a revised housing policy where every residential plot would be subject to valuation and subject to a charge towards affordable housing and this would contribute towards the funding of this post. He also confirmed that a fee could now be charged for pre-application planning enquiries. There was a concern that the anticipated attendees for the attended toilet in Ripon was too high. It was confirmed that this was based on current usage.

The Commission unanimously accepted the budget.

**Business Support (Resources):** The Cabinet Member (Finance and Resources) was then invited to present the budget. The Cabinet Member outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that there were no growth items. The key variations related to pay awards, increments and superannuation increases of £27K, agreed increases in the staffing establishment of £20K and a decrease in support costs and capital charges of £19K. In relation to efficiency savings it was noted that £2K cash savings and £3K non-cash had been identified and that there were no risks of note to the budget as it was a largely staff based budget.

The Commission unanimously accepted the budget.

**Information Technology and Development:** The Cabinet Member (Finance and Resources) was then invited to present the budget. He outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that there were no growth items. The key variations related to the change in proportion of access to services costs charged to services and corporate, which for 2007/08 would be 40% corporate and 60% services compared to that of 60% corporate and 40% services in 2006/07 and an overall decrease in the 2007/08 budget of £417K. In relation to the efficiency savings it was noted that £27.7K had been identified. The major risks to the budget were identified as the long term investment into the access to services programme, in particular, funding to maintain and develop them in the future.

Questions were then invited. One Member queried whether the Council had a rolling programme for the replacement of computer workstations for staff. The Head of ITD reported that there was no formal programme in place and that they were replaced as and when required at the request of Council departments or when there was a major upgrade which made replacements necessary. One Member expressed concern over the reduction of £417K from the 2007/08 budget in light of the risk element of unavoidable growth in future years. The Head of ITD commented that there had been significant investment in IT, due to significant new systems and servers, over the last couple of years and that there were fewer major changes in the service infrastructure requiring significant investment planned for 2007/08. The Director of Resources endorsed these comments.

The Commission accepted the budget.

(Four Members voted in favour and there were two abstentions)

**Legal and Democratic Services:** The Cabinet Member (Finance and Resources) was invited to present the budget. He 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 and advised that there was one growth item regarding the reintroduction of the Ward Member Budget Scheme. He stated that efficiency savings for 2007/08 related to £9K cash and £15.5K non-cash and that fees and charges for Crescent Gardens room hire had increased by 3.9% in accordance with Corporate requirements. He referred to one growth item for the reintroduction of the Ward Member budget scheme but stated that CMT had recommended deferral of this item and, therefore, was not recommended as a potential growth item. In relation to the risks to the budget, the Cabinet Member advised that these were the non-achievement of income targets on Land Charges and the impact of the Electoral Administration Act.

Questions were then sought. One Member queried the current arrangements for the Mayor's Chauffeur and Mace Bearer and whether a saving had been made. The Head of Legal and Democratic Services commented that a new Mayor's Chauffeur had recently been appointed, in light of a current and a future retirement in that position, and that the other post would constitute a Mayor's Chauffeur/Town Hall Keeper and a saving

was anticipated. However, the amount of that saving was currently unknown due to overtime payable. In response to a question regarding the Ward Member budget scheme it was noted that CMT had considered the issue but it was of their opinion that there were other current priorities for the money to be allocated to. Regarding the impact of the Electoral Administration Act, it was acknowledged that it would be necessary for the Council to contact all postal voters to capture their signatures and the date of birth to help combat electoral fraud which would obviously incur additional costs. Funding for this would be through Election Reserves and the Government had also indicated that local authorities would receive some money towards the costs.

The Commission accepted the budget.

(Three Members voted for the motion and there were three abstentions)

**Human Resources:** The Cabinet Member (Finance and Resources) was then invited to present the budget. He outlined the approach taken to the budget, the key issues and the key variations of the budget, the proposed efficiency savings and the main risks to the budget and advised that one growth item had been put forward in relation to the appointment of modern apprentices but that this had not been recommended to go forward. The budget proposal for 2007/08 was £0.61m which represented a 4% increase from 2006/07. The major variances from 2006/07 were increases in pay awards and superannuation of £18K, a Single Status temporary post costing £10K and a contribution towards the Unison Branch Secretary of £8K. In relation to efficiency savings it was noted that £1.2K cash and £2K non cash had been identified and there were no risks of note to the budget as it was a largely staff based budget.

The Commission unanimously accepted the budget.

(5.33 pm - 7.15 pm)