

Working for you

REPORT TO: Organisation Improvement & Environment Overview and Scrutiny Commission

DATE: 16 January 2008

DEPARTMENT: Development Services

REPORTING OFFICER: Head of Property and Economic Development
(Mrs K Daly – Economic Development Officer)

SUBJECT: **Draft Revenue Budget 2008/09 - Economic Development Unit**

WARD/S AFFECTED: All

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

1.1 This report sets out the details of the financial information for the Economic Development Unit as follows:

- Revised estimate 2007/08
- Original estimate 2008/09
- Use of reserves
- Details of efficiency savings

2.0 RECOMMENDATIONS

2.1 The Portfolio Holder is requested to:

- (i) Note the Revised Estimates for 2007/08.
- (ii) Recommend the Original Estimates 2008/09 for the Economic Development Unit to Cabinet.

- (iii) Note the efficiency savings to be made in the Economic Development Unit.

3.0 RECOMMENDED REASON/S FOR DECISION/S

- 3.1 The proposed revised estimates for 2007/08 and the original estimates for 2008/09 will if approved, underpin the delivery of the Economic Development Unit Business Plan.

4.0 ALTERNATIVE OPTION/S CONSIDERED AND RECOMMENDED FOR REJECTION

- 4.1 No alternative options were considered.

5.0 THE REPORT

- 5.1 The information contained in this report is as follows: -

- Main report: which includes specific information and comments on the main features of the detailed budget from the Economic Development Officer
- Appendix A: contains the draft summary budget page for the Economic Development Service
- Appendix B: contains the major variances for revised estimates 2007/08
- Appendix C: contains the major variances between original estimates 2007/08 and 2008/09.

- 5.2 The report covers the 6 cost centres administered by the Economic Development Unit.

- Staff and related budgets of the Economic Development Unit.
- Staff and related budgets of the Regeneration Support Team
- Expenditure and income related to the Ripon Single Regeneration Budget Programme.

- Income and Expenditure at Conyngham Hall (2 cost centres - Main buildings and Innovation Centre).
- Income and expenditure from the Council's industrial workspace portfolio at Ripon, Knaresborough and Pateley Bridge.

6.0 EXPLANATION OF THE MAJOR VARIANCES

6.1 Revised Estimate for 2007/08

- 6.1.1 The revised estimates for the Economic Development Service show a net decrease in expenditure of £29,050 (see Appendix B). The revised estimates also show a variance of £652k in the contribution to reserves, which is being made possible by the receipt of a government grant under the Local Authority Business Growth Incentive (LABGI) scheme.

6.2 Original Estimates 2008/09 Budget

- 6.2.1 The Original Estimates for 2008/09 show a budget decrease of £360 on the Original Estimate for the current year (2007/08). Full details appear in Appendix C to this report. The main variations are explained below:
- Item of unavoidable growth relating to Leeds City Region: Legal agreement in place to support City Region Secretariat to the tune of c. £15,000 in 2008/09
 - Item of self funded growth relating to continued support to Nidderdale Plus: Objective 2 funding ceases in 2007/08 as does the employment of 2 members of staff. The expectation is that Nidderdale Plus will re-employ the staff directly and contract with HBC for the provision of services including a Pateley Bridge Community Office and development support to organisations in the West of the District. The budget proposals are self funding in that the increased payments to Nidderdale Plus (£13,000) and the reduction in European grant (£14,000) are offset by the deletion of 1.5 posts from the staff structure (£27,700).
 - Provision for a new post within the EDU Staff Structure: The intention is to create a new 'Economic Development Officer' post to manage the day-to-day operations of the Economic Development Unit. The proposal is part of a more wide-ranging restructure of the merged Property and Economic Development Division and is being funded from savings elsewhere within the Development Services budget.
 - Increase to Regeneration Initiatives budget (for one year only): Yorkshire Forward grant towards the SRIP Officer post (Rebecca Micallef) ceases in 2008/09. However the grant payment profile for this post is back-end loaded which means that Yorkshire Forward grant in 2008/09 will more than meet the salary costs incurred. This

cannot be offered up as a saving because it is for one year only and cannot be sustained, it is therefore proposed that the surplus be used to increase the Initiatives budget for 2008/09.

- Variance of £197,000 in LABGI Grant Income from 2007/08 OE to 2008/09 OE: This variance occurs because 2007/08 was the final year of the 3-year LABGI programme and therefore no payment is scheduled for 2008/09.

7.0 USE OF RESERVES

7.1 In line with CIPFA guidance, reserves are reviewed as part of both final accounts and the budget process.

7.2 The use of the Economic Development Unit reserves in the current and future years were reported to Council in September 2007 and are subject to Business Unit rules regarding the level of authority.

7.3 There are two earmarked reserves which relate to the Economic Development budget:

- LABGI Grant Reserve: The earmarked reserve stands at £200,000, all of which is committed to match funding Yorkshire Forward grant on projects in Knaresborough and Boroughbridge.
- Knaresborough Regeneration Partnership: £6,924 was carried forward as earmarked reserves in respect of Renaissance Knaresborough where funds were unable to be spent in-year due to scheme slippage. It is proposed that this balance now be transferred to Renaissance Knaresborough's own account.

8.0 DETAILS OF EFFICIENCY SAVINGS

8.1 The Economic Development Unit has put forward a total of £15350 efficiency savings.

Cash efficiencies have been identified from:

- £9750 from a minor staffing restructure
- £1500 from decreased postage requirements

Additional income (above the 4% growth target) has also been put forward of £4100 from Conyngham Hall.

9.0 FEES & CHARGES

9.1 The EDU Conyngham Hall Room & Services charges were approved as part of a separate report to the Cabinet member on the 21st November 2007. The overall increases were in line with Council policy of a 4% increase.

10.0 FINANCIAL RISK MANAGEMENT

- 10.1 The budgets within the Economic Development Unit are managed through the financial processing and monitoring systems in place in the Department of Development Services. Monitoring statements are prepared and considered in detail with budget holders and reported to the Departmental Resources Monitoring meeting on an exceptions basis.
- 10.2 A key aspect of the Council's approach to budgeting is a risk management assessment, which is carried out throughout the budget process.
- 10.3 The main risk to the Economic Development Service is that income does not materialise as forecast. Whilst net expenditure is relatively modest, a key feature of the EDU budget is the recovery of significant amounts of gross expenditure via grants, rental and service income. The main threat to this income is in the Council's inability to provide the promised level of service to tenants, other customers and grant awarding bodies.

11.0 SCRUTINY

- 11.1 This report will be considered by the Organisation, Improvement and Environment Scrutiny Commission on 16th January 2008.

12.0 CONCLUSION/S

- 12.1 The draft original estimates for 2008/09 for the Economic Development Unit have been prepared having regard to the guidelines issued by the Director of Resources.

Background Papers -

OFFICER CONTACT: Please contact Mrs K Daly, Economic Development Officer if you require any further information on the contents of this report. The officer can be contacted at Department of Development Services, Knapping Mount, West Grove Road, Harrogate by telephone on 01423 556054 or by Email – kathryn.daly@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.