
REPORT TO: Organisation Improvement & Environment Scrutiny Commission

DATE: 21 January 2008

DEPARTMENT: Community Services

REPORTING OFFICER: Head of Parks & Open Spaces
(Patrick Kilburn)

SUBJECT: DRAFT GENERAL FUND REVENUE BUDGET
2008/09 – BEREAVEMENT & MARKETS

WARDS AFFECTED: All

FORWARD PLAN REF: N/A

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to consider budget details as they relate to services and functions in Bereavement and Markets, which fall under the terms of reference of the Cabinet Member (Public Protection & Rural Affairs).
- 1.2 The Director of Resources has been consulted during the preparation of this report.

2.0 RECOMMENDATIONS

- 2.1 The latest financial position shown in the Revised Estimates for 2007/2008, as detailed in Appendix A, is noted.
- 2.2 The Draft General Fund Revenue Estimates for 2008/2009 as detailed in Appendix A are recommended to the Cabinet and the cost savings in the budget are noted.
- 2.3 That the Cabinet Member (Public Protection & Rural Affairs) notes the projections for 2009/10 and 2010/2011.

3.0 RECOMMENDED REASON FOR DECISIONS

3.1 To assist in monitoring the current year's financial position and, in setting the overall Council Draft General Fund Revenue Estimates for 2008/09, make recommendations to Cabinet.

4.0 **ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR REJECTION**

4.1 Not to approve the budget estimates and make no recommendations to Cabinet – rejected as not in accordance with the Council's medium term financial strategy or the legal framework which governs Local Authority accounting.

5.0 **THE REPORT**

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 Director of Community Services.

Appendix A – contains the draft summary budget and details of the variances between the Original Estimate 2007/08 and the Revised Estimate 2007/08 and Original Estimate 2008/09, for this service.

Appendix B – contains a summary position of all reserves relating to Bereavement and Markets.

5.1 Comments On Detailed Estimates From Director of Community Services And Business Unit/Cost Centre Managers

Bereavement Services and Markets falls under the portfolio of Public Protection & Rural Affairs but, for the purposes of budgeting forms part of the bottom-line Cultural Services budget at Revised Estimate stage (2007/08). The bottom-line budget at revised estimate has met its target when allowance is made for items outside of its control. For Original Estimate 2008/09 it is not part of a bottom-line budget. This means that it is financially managed in the same way as most other Council services, subject to corporate budget and business unit management principles.

5.2 Key changes in the revised estimate 2007/08 for Bereavement Services and Markets

The key variances between Original Estimate and Revised Estimate 2007/08 are highlighted in page 2 of Appendix A.

5.2.1 The following variances have no overall net effect on the budget:

- Employee cost for the flu pandemic (**+£2,000**) are funded from reserves (**-£2,000**).
- Memorial safety work (**+£102,000**) is again funded by reserves.
- The reduction in the Ripon Farmer's Market contractor payment (**£6,000**) has been off-set by reduced income (**-£6,000**).

This leaves the following variances which explain the **+£32,000** increase in net expenditure from Original Estimate to Revised Estimate 2007/08.

5.2.2 Controllable Expenditure

- There is a **£7,000** increase in utility costs as a result of the new Mercury Abatement Project and increased charges which are being queried.

5.2.3 Additional Expenditure

There have been increased costs relating to Business Support recharge (**+£11,000**), Building Management (**+£9,000**) and capital charges (**+£2,000**).

- Building Management costs have increased (**+£9,000**) as a consequence of the mercury abatement project.
- Business Support costs have increased (**+£11,000**) due to the way in which IS&T recharge their costs.
- Capital charges have increased by **+£2,000**.

Other small variances: **+£3,000**

5.3 Key Changes in the Original Estimates for Bereavement Services and Markets

The key variances between Original Estimate 2007/08 and Original Estimate 2008/09 are highlighted in page 3 of Appendix A. Subject to service considerations and market forces, fees and charges have been increased by a minimum of 4% in accordance with the guidelines in the Medium-Term Financial Strategy.

5.3.1 The following variances have no overall effect on the budget:

- Overtime relating to the flu pandemic (**+£2,000**) has been funded by reserves (**-£2,000**).
- The reduction in income in relation to Ripon Farmer's Market (**+£6,000**) is off-set by reduced costs (**-£6,000**).
- The Central Transport recharges have been moved from controllable expenditure (**-£27,000**) to additional expenditure (**+£27,000**) as a result in accounting process.
- Cremation income has been increased by 15% (**-£79,000**) to fund the payback of the Mercury Abatement Scheme (**+£54,000**) and repairs to footpaths (**+£7,000**) with the balance going into reserves (**+£18,000**).

This leaves the following variances, which explain the **+£41,000** increase in net expenditure from Original Estimate 2007/08 to Original Estimate 2008/09:

5.3.2 Controllable Expenditure

- There is an increase in salaries of **£20,000**, due to the 2.5% pay award (**£11,000**) and the transfer of part of a post from Parks (**£9,000**) to reflect new management arrangements.
- Market refuse collection costs have increased by **£9,000**. This reflects a more realistic budget following an appraisal having run the service for 8 months.
- There are savings of **£5,000** in contractor payments as a result of a more efficient management arrangements.
- Utilities costs have increased in the year (**£3,000**) along with NNDR (**£2,000**).
- Cost savings on dealing with waste from Markets (**£18,000**) has helped meet the Division's cash efficiency target with **£2,000** going to reserves.

5.3.3 Income

Income has been increased by 4% in line with Council policy and accounts for (**£50,000**).

5.3.4 Additional Expenditure

- There have been increased charges from Building Management (**£53,000**), the Business Support Recharge (**£15,000**) and Central Transport charges (**£7,000**).
- Capital charges have decreased by (**£2,000**).
- Building Management costs have increased by **£53,000** to cover work to re-align the cremators and replace the hearth, painting of the cemetery gates and increased operational costs for the mercury abatement project.
- The increase in the Business Support recharge (**£15,000**) represents increased recharges from other Departments, together with the national pay award for Business Support staff.
- Costs from Central Transport have increased by **£7,000** due to the transfer of vehicles between Bereavement and Parks.
- Capital charges have decreased by **£2,000**.

Other small variances: **£5,000**

5.4 Cash Efficiencies

The 1% cash efficiency saving target of **£16,000** has been met and incorporated into the base budget for 2008/09. This has been achieved by changing the way we deal with the waste generated by Markets and recycling more of the waste material.

5.5 Growth

No growth is proposed.

5.6 Use of Reserves

Appendix B illustrates the proposed use of Business Unit Reserves. This was reported to Cabinet in September. Such expenditure is subject to Business Unit rules regarding the level of authority required, and is therefore not being reviewed in this budget.

The earmarked reserves covered in this report comprise:

- Resource Reallocation
- Memorial Safety

6.0 FINANCIAL RISK MANAGEMENT

6.1 A key aspect of the Council's approach to budgeting is a risk management assessment, which is carried out throughout the budget process.

6.2 In the case of expenditure, there is little risk to most of the General Fund Estimates and the budget can be fairly accurately predicted – for example employee costs and most other running costs.

6.3 The Council is much more dependent on income from sales, fees and charges than most other authorities. In Bereavement and Markets the relatively high levels of income result in greater risk to the overall budget process. Income is carefully and prudently assessed for budget purposes by relevant managers on the basis of contracted or confidently expected income. Regular monitoring meetings are held and any remedial action taken where necessary.

6.4 A key element of the risk assessment process is the review of all budgets, especially those reflecting material risk, by the Director of Resources and the Head of Financial Management in conjunction with Directors, which takes part routinely as part of the Budget preparation process.

7.0 PROJECTIONS FOR 2008/09 AND 2009/10

7.1 We are now required, under the Government's new Prudential Code (and also for the Comprehensive Performance Assessment) to produce projections for the next three 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.

8.0 CONCLUSION

8.1 Estimates are in accordance with the Council's Medium-Term Financial Strategy to assist in setting the overall Council Draft General Fund Revenue Estimates for 2008/2009.

Background Papers:

1. *Estimate working papers held with the Department of Resources.*
2. *Working papers held within the Department of Community Services.*

OFFICER CONTACT: Please contact Patrick Kilburn, Head of Parks & Open Spaces, if you require any further information on the contents of this report. The officer can be contacted at the Department of Community Services, Brandreth House, St. Luke's Avenue, Harrogate, HG1 2AA, by telephone on 01423-556704 or by e-mail – patrick.kilburn@harrogate.gov.uk

SUSTAINABILITY ASSESSMENT/CRIME AND DISORDER

		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		✓	

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