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<b>REPORT TO:</b>	Cabinet Member (Environment) Organisation Improvement and Environment Overview and Scrutiny Commission
<b>DATE:</b>	19 December 2008 19 January 2009
<b>DEPARTMENT:</b>	Community Services
<b>REPORTING OFFICER:</b>	Business Support Manager (Michelle Ingham)
<b>SUBJECT:</b>	<b>DRAFT GENERAL FUND REVENUE BUDGET 2009/10 – DCS BUSINESS SUPPORT BUSINESS UNIT</b>
<b>WARDS AFFECTED:</b>	All
<b>FORWARD PLAN REF:</b>	N/A

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**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 the DCS Business Support Business Unit, which fall under the Terms of Reference of the Cabinet Member (Environment).
- 1.2 The Director of Resources has been consulted during the preparation of this report.

**2.0 RECOMMENDATIONS**

- 2.1 That the latest financial position shown in the Revised Estimates for 2008/09, as detailed in Appendix A, is noted.
- 2.2 That the Draft General Fund Revenue Estimates for 2009/10, as detailed in Appendix A, are recommended to Cabinet.

**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 2009/10 and to make recommendations to Cabinet in January 2009.

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

- 4.1 Not to approve the budget estimates and to make no recommendations to the Cabinet meeting in January 2009 – 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 2008/09 and the Revised Estimate 2008/09 and Original Estimate 2009/10, for this business unit.

- 5.1 Key changes in the Revised Estimate 2008/09 for DCS Business Support

The key variances between Original Estimate and Revised Estimate 2008/09 are highlighted on page 2 of Appendix A.

The following variances explain the **-£53,000** decrease in recharges to services at Revised Estimate 2008/09.

##### **5.1.1 Controllable Expenditure:**

The increased cost of +£23k for the graduate trainees will be met from the reserves of the six Business Units within the Department.

There is a temporary full-time post currently working on the Integrated Housing Management System (IHMS) Project. The cost of this post (+£19k) is being recharged in full to the Housing Revenue Account.

The cost of single status within DCS Business Support is +£17k.

There have been savings due to vacancies (-£23k) and a saving of -£5k due to the vacancy provision rate increasing from 1 to 1.5%.

##### **5.1.2 External Income:**

£9k of income has been received from the Golden Triangle Project following a recharge made to them for staff time.

##### **5.1.3 Additional Expenditure:**

The computer SLA has decreased by -£77k and there is a net increase in

support charges of +£2k.

## 5.2 **Key changes in the Original Estimate 2009/10 for DCS Business Support**

The key variances between original estimate 2008/09 and original estimate 2009/10 are highlighted in page 3 of Appendix A. Business Support does not levy any external charges and therefore is not subject to a fees & charges report.

The following variances explain the **+£113,000** increase in recharges to services at Original Estimate 2009/10.

### 5.2.1 **Controllable Expenditure:**

The cost of single status for the Business Unit is +£18k and the pay award has increased costs by +£24k.

Salaries have decreased by -£12k due to a post no longer being on a protected salary. The cost of increments is +£8k and superannuation costs have increased by £7k. The vacancy provision has increased by -£5k due to the increase in rate from 1 to 1.5%.

A total of -£11k of savings have been made in order to meet the cash efficiency savings target for the Business Unit, including -£3k savings on each of postage and photocopiers.

### 5.2.2 **Additional Expenditure:**

The computer SLA (+£15k) and insurance charges (+£12k) have increased. The Admin Buildings charge has decreased (-£20k) as the charge for Brandreth House is now charged directly to Parks. All other support charges have increased, with the total increase being +£80k.

Other small variances -£3k.

## 6.0 **CASH EFFICIENCY SAVINGS**

6.1 A 3% cash efficiency saving, totalling £11k, has been incorporated into the original estimate for 2009/10. The savings have been made in the following areas:

Reduced expenditure on temporary staff - £1,500

Reduced expenditure on equipment - £1,280

Reduced expenditure on stationery - £1,800

Reduced expenditure on photocopiers - £3,200

Reduced expenditure on postage - £3,240

## 7.0 **DISCRETIONARY GROWTH**

No growth is proposed.

## **8.0 USE OF RESERVES**

- 8.1 In line with CIPFA guidance, reserves are reviewed as part of both the final accounts and budget processes.
- 8.2 The current Statement of Recommended Practice requires that the purpose and usage of earmarked reserves be clearly identified.
- 8.3 The use of Business Unit Reserves in the current and future years has been reported to Council 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 report.
- 8.4 The DCS Business Support Business Unit has no earmarked reserves.

## **9.0 FINANCIAL RISK MANAGEMENT**

- 9.1 A key aspect of the Council's approach to budgeting is a risk management assessment, which is carried out throughout the budget process.
- 9.2 In the case of expenditure, there is relatively little risk to most of the General Fund Estimates and the budget can be fairly accurately predicted - for example, in the cases of employee costs and most running costs.
- 9.3 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.

## **10.0 SCRUTINY**

- 10.1 The 2009/10 DCS Business Support Budget will be scrutinised by the Organisation, Improvement & Environment Overview & Scrutiny Commission on 19 January 2009.

## **11.0 CONCLUSION**

- 11.1 Estimates have been produced in accordance with the Council's medium term financial strategy to assist in the setting of the overall Council Draft General Fund Revenue Estimates for 2009/10.

### **Background Papers:**

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

**OFFICER CONTACT:** Please contact Michelle Ingham, Business Support Manager, if you require any further information on the contents of this report. The officer can be contacted at the Department of Community Services, Springfield House, Kings Road, Harrogate, HG1 5NX, by telephone on 01423-556884 or by e-mail – [maxine.smith@harrogate.gov.uk](mailto:maxine.smith@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