

EXTRAORDINARY MEETING OF THE COUNCIL

8 FEBRUARY 2006

AGENDA ITEM 7 – DRAFT REVENUE BUDGET 2006/2007

Schedule of Minutes Relating to the Revenue Budget

COUNCIL RESOURCES COMMISSION – 9 JANUARY 2006

68/05 - DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 – MINUTE

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to the Commission's questions regarding the Draft General Revenue Budget for 2006/07. Commission Members were referred to the report which the Head of Financial Management had submitted in connection with the Draft General Revenue Budget for 2006/07. The report set out the budget strategy adopted for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year. Members of the Commission would be invited to query those aspects of the report which fell within the remit of the Council Resources Overview and Scrutiny Commission and, at their meeting to be held on 17 January 2006, make recommendations to Council accordingly.

Members discussed the following budget areas: -

Corporate Policy and Improvement Business Unit
Financial Management Business Unit
Revenues and Benefits Business Unit

Property Management Business Unit

Business Support (Department of Resources)
Legal & Democratic Services Business Unit
Human Resources Budget

Information Technology and Development

(5.32pm – 7.20pm)

PART 2 – REVIEW

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to the Commission's questions regarding the Draft General Revenue Budget for 2006/07. Commission Members were referred to the report which the

Head of Financial Management had submitted in connection with the Draft General Revenue Budget for 2006/07. The report set out the budget strategy adopted for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year. Members of the Commission would be invited to query those aspects of the report which fell within the remit of the Council Resources Overview and Scrutiny Commission and, at their meeting to be held on 17 January 2006 make recommendations to Council accordingly.

The Cabinet Member for Finance and Resources was invited to introduce the budget.

The Cabinet Member for Finance and Resources advised that notification of the yet provisional revenue support grant (RSG) settlement had been received late in 2005, and had created additional difficulties when constructing the budget for 2006/07. The budget to be recommended to the Council would be a balanced budget, with no contribution from the working balance, and with a total spend of £22m which will provisionally result in a Council Tax increase of 4.5% with no cuts in service.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 at £2,000,082 was at the lower end of the target of £2m to £2.75m as set out in the medium term financial strategy, this balance was £167,000 more than anticipated in the original estimate for 2005/06 and reflected good progress towards the strategy targets. The Council's provisional revenue support grant for 2006 at £10.09m represented an increase of £649,000 (6.9%) on the 2005/06 adjusted figure and paragraph 8.3 of the report detailed the principal reasons for the increase in grant, which did not, however, include any additional funding in respect of waste management burdens. Notwithstanding the above average increase for 2006/07, Harrogate's grant remained the second lowest per capita in North Yorkshire and 13% below the Shire district average. The grant settlement was part of a two-year package and in respect of the financial year for 2007/08, the provisional revenue support grant was £10.589m which represented an increase of £510,000 or 5.1% on the figure for 2006/07. The Cabinet Member suggested that the increase could reflect the Government's recognition for spending pressures placed on local government by central government initiatives. There was, however, still the need for local authorities to lobby government for full funding of future government initiatives, for 2007/08 and beyond. The Cabinet Member also referred to the practice referred to as a "floor damping block" which had brought about a reduction in grant received by the Council amounting to £380,000 for 2006/07 as a result of the Government's action to ensure that all authorities of the same type received a minimum grant increase, and whilst the reduction for 2007/08 was at £185,000 substantially lower, the loss in respect of both years represented a significant amount when viewed by the Cabinet in the context of Council Tax increases. The Cabinet Member then drew Members' attention to the issue of Single Status for which the first draft budget included the contribution to the reserve of £318,000 arising from gross savings from the corporate restructure. It was suggested that the contribution of the Single Status reserve should be £300,000 in line with the previous commitment and with the remainder of those savings of £18,000 going to the working balance. The Cabinet Member then confirmed that the budget for 2006/07 also included provision of £245,000 to continue the phased approach addressing the shortfall on the Council's share of the North Yorkshire fund.

In addressing efficiency savings, the Cabinet Member advised that he had determined for budget purposes the target should be increased from 2.5% to 3.5% of which 2% should be cash savings with 1.5% being non-cash savings. Schedules of such savings were included in the written report, and confirmed that the Harrogate International Centre had also been included in the budget process in terms of cash savings. The Cabinet Member also referred to the emergence of a late growth item within the budget as a result of the receipt of the Government's published proposals in relation to the new Electoral Administration Bill, and whilst it would be difficult to respond to the Department of Constitutional Affairs in estimating additional spending as a result of the Bill for that purpose, it had been suggested that £7,500 could be made available as a "first call" for this purpose.

The Cabinet Member advised that the Christmas and New Year period had brought about a 30% rise in parking revenue income over the Christmas period, and a 9% rise between Christmas and New Year. The Cabinet Member advised that Officers would continue to monitor this upturn in revenue.

Corporate Policy and Improvement Business Unit

The Cabinet Member for Finance and Resources then invited the Executive Director, (Corporate Policy and Improvement) to introduce the proposed budget for that budget area. The Executive Director tabled a brief summary of the approach taken to the budget and referred to the difficulties in constructing a budget for this department which had been formed from an amalgam of other departments and the lack of any comparative figures from previous years. It was noted that the majority cost for this department were employee costs, and the department received no income from external sources. The Executive Director then referred to the detailed budget proposals, possible variations in terms of the budget mirroring the re-apportionment of budgets and other work to be undertaken following the corporate restructure which would have an impact on the budget. The Executive Director then referred to two growth items, namely Emergency Planning and the Corporate Improvement Fund and concluded by referring to efficiency savings, the risk assessment and other issues affecting the budget for that department.

The Chair then invited Members' questions in relation to the Director's presentation. Councillor Broadbank queried the benefits to the Council and the Taxpayer from the establishment of the Corporate Improvement Fund and queried the basis upon which this budget had been set up. The Executive Director advised that the budget had been agreed as a one-off for 2005/06 to progress a number of improvement issues following the corporate restructuring. The Director added that it was in the Council's interest to pursue "freedoms" which could only be achieved by those authorities who had been rated as "excellent" in CPA reviews. In addition, the more compliance authorities could demonstrate in relation to Government initiatives, the easier the CPA inspection process would become, and less pressure placed on authorities allowed them to commit time and resources therefore to other locally emanating projects.

There were no further questions in relation to this particular budget.

Financial Management Business Unit

The Head of Financial Management referred to the Cabinet Member's earlier reference to pension costs and advised that there were no growth items for this particular budget. The Head of Financial Management then referred to the efficiency savings which were set out at Appendix 2 of the Cabinet Member report, and advised of the cash and non-cash savings achieved, and although cash savings had not reached their £10,000, non-cash savings had exceeded their target by almost £20,000. It was noted that there were no fees and charges for this particular budget, and the risks in relation to financial management the potential rise or fall in interest rates over the next 18 months to 2 years were set out within the report. It was noted that, potential increases to insurance premiums were managed through a proactive approach to risk management, however, it was acknowledged that there were elements over which the authority had little or no control.

The Chair invited Members' questions in relation to this budget area. Councillor Broadbank queried the savings made to the authority as a result of the corporate restructure, and the re-apportionment of those savings as a result. Councillor Broadbank also queried the impact of a 1% change or variance in interest rates, and whilst the Director of Resources advised that it was difficult to provide Councillor Broadbank with an immediate response in this regard, a written response would be made available. Whilst the authority assumed a 4¼% rate of interest, it would be necessary to examine the Council's loans to look at the individual terms and conditions thereof. The Director of Resources did, at a later point in the meeting, refer to Councillor Broadbank's query in relation to the impact of interest rates on the Council's loans and lending, and in terms of the £35,000,000 Council lending a 1% fall in interest rates would represent £350,000. It was considered that the likelihood of rates falling was very slim and there were a good deal of loans at fixed and variable rates. Councillor Theakston queried the kind of organisations which the Council lent money to and the Director responded in that regard.

Councillor Hinchcliffe queried the Council's ability to negotiate insurance premiums and the benefits or otherwise of pooling risks with other organisations.

The Head of Financial Management advised that this was a difficult exercise to undertake, and whilst some authorities had examined means of pooling risks, they had not proven themselves to be particularly successful.

There were no further questions in relation to this budget.

Revenues and Benefits Business Unit

The Director of Resources referred to the proposed budget for the Revenues and Benefits Business Unit, and advised that there were no growth items for this budget. Any potential increase in costs would be funded within budget parameters, however, were mainly a result of the legal cost of pursuit of bankruptcy and other debts. The Director also referred to the level of cash and non-cash savings achieved by the

business unit, and efficiency savings. It was noted that elements of the efficiency savings achieved centred around the increased availability of staff over the telephone, and the action taken to circulate less paperwork to customers by post.

The main risk to this business unit seemed to be staff costs as a result of staff turnover and recruitment, together with the potential for a loss of subsidy as a result of the authority infringing the various revenue and benefit regulations set down in statute. Whilst there were contingencies for protection against variations in subsidy, every effort was made within the business unit to keep errors and/or infringements to a minimum. The Chair invited Members' questions in relation to the Director's presentation.

Councillor Theakston queried the level of benefit subsidy given to the Council and the way in which that subsidy could be decreased as a result of an infringement. It was noted that on an annual basis, the District Auditor examined the way in which the authority applied Revenues and Benefit rules and was currently disputing around £20,000 out of a total of £20m. It was considered that a 1% error was acceptable, and beyond that level, subsidy could decrease, presenting an undesirable expense to the authority. That was considered to be a risk when considered alongside the level of staff turnover within this area of the authority, and the need to train staff to ensure that this percentage of error did not increase. There were no further questions in relation to this budget.

Property Management Business Unit

The Head of Property Management referred to the outline budget approach for 2006/07, the variations to the budget, the increase in utility costs and a growth item within the budget in relation to subsidence problems at Victoria Park House, the costs of which were estimated at around £100,000. The Head of Property Management then referred to efficiency savings achieved in terms of cash and non-cash and referred to the fees and charges applied to market stall rents which had this year been held to ameliorate the apparent decrease in stallholder numbers. The Head of Property Management advised that the risk assessment on an extensive budget such as this were wide-ranging.

The Chair then invited Members' questions on this particular area of the budget. Councillor Theakston queried the issue of subsidence at Victoria Park House and whether the Council should be insured for such risks. Officers responding saying they had also raised the same concerns, but on examination of the situation it was noted that such risks were not normally insured, and the claims history and the additional premiums involved could not justify taking out such cover. Councillor Andrew Jones queried what steps the Council could take to save energy, bearing in mind the increase in utility costs referred to by the Head of Property Management. The Cabinet Member (Finance and Resources) referred to work to be undertaken in this area, and his involvement. The Cabinet Member also referred to the apparent monopoly held by one company in relation to the production of black plastic sacks which had presented the authority with an increase in costs and potentially further increases. It was, however, acknowledged, that in terms of national performance indicators, Council performance in terms of fuel efficiency was encouraging.

The Head of Property Management was then invited to refer to budget issues in relation to public toilets and, in terms of efficiency savings, whilst no specific closure been identified in relation to that part of the property management budget, a proposed saving of £16,000 had been proposed. Although the facilities to be considered for closure had not been specifically identified, they would be reported to Members in due course, and would represent high cost, low use facilities which in the authority's view would not warrant continued maintenance and upkeep. It was also acknowledged that new facilities were to be brought online which could also provide an alternative to any closed toilets. There were no further questions in relation to this budget.

Business Support (Department of Resources)

The Head of Financial Management referred to this budget and advised that it contained no growth items. The Head of Financial Management advised that there would be a transfer of business support staff to the new Customer Services Section in April 2006 and referred to the cash and efficiency savings set out at Section 5 of the report. There was little risk to this budget, on the basis that the majority of the budget were a result of employee costs. There were no further questions in relation to this budget.

Legal & Democratic Services Business Unit

The Head of Legal and Democratic Services referred to the key issues affecting this particular budget, and referred specifically to the revenue income achieved by the Land Charges section and external threats to that income. The Head of Legal and Democratic Services also referred to the substantial increase in workload, arising in recent years, for the Electoral Registration Section and the new member of staff positioned within that Section to assist in this area of work. The Head of Legal and Democratic Services also referred to the Government's new Electoral Administration Bill and the proposals recently published. It was understood that the additional allocations for elections had been in the region of £36,000. However, an estimate of the actual cost was considered to be unquantifiable, due to the lack of detail available from the Government in relation to the content of the Bill. Whilst a growth bid could be put against this sum, the actual cost of any "new burdens" would have to be monitored and, therefore, it had been suggested that £7,500 be made available as a "first call" for this purpose. The Head of Legal and Democratic Services explained that due to these uncertainties, some first year funding would in any case need to be met from the Council's election reserve.

The Resources Commission were invited to consider whether a growth item of this nature could be supported, and whilst Members considered how to fund this increase, it was suggested and **agreed** that it was wise to establish provision in the 2006/07 budget, which could be funded from cash and efficiency savings in other areas.

The Chair invited the Corporate Projects Officer (CPO) (Paula Newson-Smith) to refer to those elements of the Legal and Democratic Services budget affecting the

Customer Services Unit and whilst the net increase amounted to £732,950 the Customer Services Unit (CSU) was being set up from within existing resources, drawing together a number of existing budgets. The CPO also pointed out that as the Customer Service represented a major change to the way the Council does business, it was inherently risky. However, a comprehensive risk register had been drawn up and risks were being controlled as well as possible. The only growth item was the Mashamshire Community Office of £5,000. There were no further questions in relation to this budget.

Human Resources Budget

The Director of Resources referred to this particular budget area and advised that the costs were derived primarily from staffing, and advised of a temporary new post for which funding had already been established. The consultant working with the Council in terms of the Single Status Project had been funded from a draw down in reserves. There were no fees or charges included in this budget, and there were no risks to the budget itself. There were no further questions in relation to this budget.

Information Technology and Development

The Head of IT&D referred to this particular budget area referring to the increase in recharges to departments and decrease in recharges to the Council centrally. The level of staff turnover was considerable in this service area and the Head of IT&D referred to the apparent transfer to the reserve account of £80,000 in respect of the CRM (Customer Relationship Management Systems) and related technology. Efficiency savings of £40,000 had been achieved, with a cash saving of £1,000 which, whilst this saving was not considered to be large, this was currently a period of investment in information technology and development, and the Head of IT&D referred to a reduction in projected growth from £100,000 to £50,000.

In terms of risk, the Council received grants from the Government in respect of the IEG (Implementing Electronic Government) project, and had received to date £900,000 which, if the Government considered the Council was not meeting its targets could be taken back. The most recent IEG statement had been made to the Government over the Christmas period, and it was acknowledged that one or two fundamental systems were now in need of replacement.

The Chair invited Members' questions in relation to this area of the budget. The Chair queried the likelihood of reclamation by the Government of IEG grants, and it was noted that whilst the authority had not met all of its targets in relation to IEG it was considered unlikely that the Government would choose to reclaim funds made available to the Council on the basis that the Council was making good progress in this area. There were no further questions in relation to this budget.

Councillor Theakston congratulated the Cabinet Member and his team on what was considered to be a tight and robust budget.

Councillor Broadbank thanked the Cabinet Member and the Director of Resources for the health briefings made available to him in advance of the budget process.

(5.32pm – 7.20pm)

COMMUNITY SERVICES COMMISSION – 11 JANUARY 2006

59/05 - DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 – MINUTE

The Chair introduced the Cabinet Member for Finance and Resources, who had attended the meeting to provide an introduction to the Draft General Fund Revenue Budget 2006/07. The Cabinet Member referred to the report by the Head of Financial Management, submitted in connection with the draft budget which set out the budget strategy for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year, and sought the recommendation of a draft budget to go forward to scrutiny, and ultimately the approval of the Extraordinary meeting of the Council to be held on 8 February 2006.

The Chair invited Members' questions in relation to the Cabinet Member presentation. Members queried the following areas of the budget: -

Recycling and Government targets for 2006/07

The availability of comparative data relating to the revenue support grant

The level of pension deficit

Concessionary fares.

The Chair thanked Councillor Skidmore for his presentation and attendance. The Chair then introduced the Cabinet Member for Housing, Councillor Jean Butterfield, who had attended the meeting to provide Members with a presentation in relation to the Housing element of the Draft General Fund Revenue Budget and to respond to Members' questions in relation thereto. The presentation covered the following topics: -

- What are the Housing Services?
- What are the key priorities?
- The budget strategy and approach;
- Major variations;
- Growth items;
- Efficiency savings;
- Fees and charges;
- Risk assessment.

The Chair then invited Members' questions in relation to the Cabinet Member's presentation and the issues raised in relation to the presentation are set out in Part 2 of this Minute.

The Chair then summarised the discussions held in relation to this budget area, and it was generally acknowledged that the Commission agreed with the outline budget approach and accepted the budget variations, growth items, efficiency savings both

cash and non-cash, levels of fees and charges and the risk assessment although Councillor Wilson expressed concern that, in terms of risk assessments, it should be made clear that the assessment was not considered to be an exhaustive list and should be headed up as such. No alternative approach to the Housing budget had been suggested by any Member of the Commission. However, Councillor Willis advised that he would be submitting his own comments in relation to this budget for consideration and was advised that the most appropriate Forum was the Council Resources Commission meeting on the 17th January 2006.

PART 2 - REVIEW

The Chair introduced the Cabinet Member for Finance and Resources, who had attended the meeting to provide an introduction to the Draft General Fund Revenue Budget 2006/07. The Cabinet Member referred to the report by the Head of Financial Management, submitted in connection with the draft budget which set out the budget strategy for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year, and sought the recommendation of a draft budget to go forward to scrutiny, and ultimately the approval of the Extraordinary meeting of the Council to be held on 8 February 2006.

The Cabinet Member for Finance and Resources, in introducing the budget, advised that notification of the as yet provisional revenue support grant settlement had been received very late in 2005, which had created additional difficulties in constructing the budget for 2006/07. The budget to be recommended to the Council would be a balanced budget with no contribution from the working balance and with a total spend of £22m, which would provisionally result in a Council Tax increase of 4.5% and no cuts in services.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 at £2,000,082 was at the lower end of the target of £2m to £2.75m as set out in the medium term financial strategy, this balance was £167,000 more than anticipated in the original estimate for 2005/06 and reflected good progress towards the strategy targets. The Council's provisional revenue support grant for 2006 at £10.079m represented an increase of £649,000 (6.9%) on the 2005/06 adjusted figure and paragraph 8.3 of the report detailed the principal reasons for the increase in grant, which did not, however, include any additional funding in respect of waste management burdens. Notwithstanding the above average increase for 2006/07, Harrogate's grant remained the second lowest per capita in North Yorkshire and 13% below the Shire District average. The grant settlement was part of a 2-year package and, in respect of the financial year 2007/08, the provisional revenue support grant was £10.589m, which represented an increase of £510,000 or 5.1% on the figure for 2006/07. The Cabinet Member suggested that the increase could reflect the Government's recognition of the spending pressures placed on local Government by central Government initiatives. There was, however, still the need for local authorities to lobby Government for full funding of future Government initiatives, for 2007/08 and beyond. In response to a question from the Leader, the Head of Financial Management explained the reduction in grant received by the Council amounting to £380,000 for 2006/07 for the

“floor damping block” to ensure that all authorities of the same type received a minimum grant increase and whilst the reduction for 2007/08 was, at £185,000 substantially lower, the loss in respect of both years represented a significant amount when viewed by the Cabinet in the context of Council Tax increases.

The Cabinet Member confirmed that the budget for 2006/07 included provision of £245,000 to continue the phased approach addressing the shortfall on the Council’s share of the North Yorkshire Pension Fund.

The Cabinet Member expressed support for the revenue growth items considered by the Corporate Management Team and recommended for inclusion in the draft budget for 2006/07, as detailed in Section 12.3 of the report.

In referring to Section 13 of the report which set out options to achieve a balanced budget, the Cabinet Member drew attention to the issue of single status for which the first draft budget included a contribution to the reserve of £318,000 arising from the gross savings from the corporate restructure. It was suggested that the contribution of the single status reserve should be £300,000 in line with the previous commitment and with the remainder of those savings of £18,000 going to the working balance. The draft budget also included increased costs totalling £750,000 for the new concessionary travel scheme. The additional grant received from the Government in respect of concessionary travel was estimated at £640,000 a funding gap of £110,000. Included within the budget were contingency sums totalling £120,000 and whilst it was considered imprudent to delete the contingency sums entirely, the Director of Development Services had accepted that it should be possible to reduce the contingency figure to £40,000 on the basis that the Director of Resources had advised that operator claims for additional costs would be referred to the Government.

In addressing efficiency savings, the Cabinet Member advised that he had determined that for budget purposes, the target should be increased from 2.5% to 3.5% of which 2% should be cash savings with 1.5% being non-cash savings. Schedules of such savings were included in the written report. In then referring Cabinet to Appendix 6C and that part of the summary detailing possible further budgets savings for 2006/2007, the Cabinet Member called for a further report to be made to Cabinet in connection with item E1, Christmas Lighting and recommended the acceptance of E5, Closure of Public Conveniences with a saving of £16,000 per annum and F1 a saving of £3,000 in respect of holiday tourism marketing. He also advised that he intended to rationalise the charges for maintenance of the Mayoral Parlours for Harrogate, Knaresborough and Ripon which would be financed from savings made on floral decorations for the Harrogate Mayor’s Parlour, the Great Yorkshire Show and the Annual Meeting. A further £2,000 saving was recommended from the Mayoralty hospitality budget, most likely to be achieved by reducing the cost of the reception following the annual meeting of the Council. In referring to the summary of proposals to achieve a balanced budget shown in Table 7 paragraph 13.8 the Cabinet Member advised that whilst the figure would remain as a balancing figure, it was hoped that the transfer to capital of further vehicle purchases would not be required with this sum being ultimately met from the forthcoming Revenue budget. The Cabinet Member concluded by referring to the on-going resource

reallocation exercise for Leisure Services, a report in respect of which was due before Cabinet in March 2006.

The Chair invited Members' questions in relation to the Cabinet Member presentation. Councillor Goss queried concerns expressed regarding the lack of money available in the budget for recycling. The Cabinet Member confirmed that the authority was able to meet Government targets for 2006/07; however, it would have to review its financial position for 2007/08. Councillor Houlton queried the availability of comparative data from the Government or the Council relating to the current method of calculation of revenue support grant in comparison with the previous system. The Cabinet Member advised that, should the Council receive such information from the Government, then it would be passed on accordingly. Councillor Willis queried the level of pension deficit, currently resting at £41m and the time that it would take the authority to recoup that level of deficit. It was noted that Harrogate Borough Council was one of the few authorities who had begun to pay back their pension deficit, however, it was also examining other pension funds, including the West Yorkshire Pension Fund on the basis of the disappointing performance of the North Yorkshire fund. In relation to a question regarding concessionary fares Members of the Commission acknowledged the rise in fuel and utility services.

The Chair thanked Councillor Skidmore for his presentation and attendance. The Chair then introduced the Cabinet Member for Housing, Councillor Jean Butterfield, who had attended the meeting to provide Members with a presentation in relation to the Housing element of the Draft General Fund Revenue Budget and the Housing Revenue Account and to respond to Members' questions in relation thereto. The presentation covered the following topics:-

- What are the Housing Services?
- What are the key priorities?
- The budget strategy and approach;
- Major variations;
- Growth items;
- Efficiency savings;
- Fees and charges;
- Risk assessment.

The Chair then invited Members' questions in relation to the Cabinet Member's presentation.

Councillor Houlton queried the methods used to calculate rent increases for Council tenants and the involvement of the Government in relation to the level of increase proposed. The Cabinet Member for Housing and Head of Housing advised that there had been a change in the formula used to calculate rent increases and, indeed, local authority rents were now rising toward levels charged by Housing Associations. Whilst Local Authority rents levels were generally less than Housing Association levels and the private sector, the gap was closing.

Councillor Willis queried the 63% drop in homeless acceptances and congratulated Officers for their efforts in achieving that figure. Councillor Willis referred to the level of private sector disrepair and its impact on the District's Housing Stock. Councillor

Chapman queried the levels of fees and charges levied by the Council and, in response, Councillor Butterfield advised that the Council was actually charging less than it was allowed to, and that those individuals in employment were subsidised to a lesser extent than the unemployed in relation to receipt of Housing Benefit. The Commission then discussed the recovery of Bed and Breakfast fees through Housing Benefit which would allow the Council to recover more of its costs and reduce the cost of Bed and Breakfast to the Council Taxpayer.

The Commission **agreed** the approach that the Council should recover more of its costs towards Bed and Breakfast fees through Housing Benefit.

Councillor Fawcett queried the "Lifeline" initiative, and the criteria for receiving such assistance. It was noted that it was not just Council tenants who could receive assistance through this system, however there were certain criteria that should be met.

The Commission **agreed** the £250k in the Housing Revenue Account as a growth item for the purchase of a new computer system.

Councillor Goss queried the current length of stay in Bed and Breakfast accommodation for homeless families and individuals, and it was confirmed that the length of stay had now been reduced to just 2-3 weeks, following which those families or individuals moved into other temporary accommodation prior to permanent rehousing. In response to Members' questions, the Cabinet Member for Housing advised of changes to the way in which the Council repaid housing debt. Recent Government changes meant that the Council now paid the interest only on that debt, instead of the principal itself. Members expressed concern that this could be seen as a false economy, however, since the Government had instigated such a practice, it was acknowledged that Council Officers would continue to monitor the situation. The Chair queried the reduction in costs for managing properties, and it was noted that increases were now in line with the rate of inflation and, whilst Harrogate Council performance was better than other authorities, its costs had increased in recent years, however, the authority had reviewed housing management costs in 2005/05 and had been able to redirect resources into new areas such as Housing Options Service which provided improved affordable housing advice services. Councillor Willis queried the level of outstanding HRA debt and it was agreed that a response to Members of the Commission would be made available after the meeting.

The Chair then summarised the discussions held in relation to this budget area, and it was generally acknowledged that the Commission agreed with the outline budget approach and accepted the budget variations, growth items, efficiency savings both cash and non-cash, levels of fees and charges and the risk assessment although Councillor Wilson expressed concern that, in terms of risk assessments, it should be made clear that the assessment was not considered to be an exhaustive list and should be headed up as such. No alternative approach to the Housing budget had been suggested by any Member of the Commission. However, Councillor Willis advised that he would be submitting his own comments in relation to this budget for consideration and was advised that the most appropriate Forum was the Council Resources Commission meeting on the 17th January 2006.

(5.39 pm – 7.12 pm)

Community Safety Budget

The Chair introduced the Leader of the Council, Dr Mike Gardner and the Head of Public Protection, Nicky Garside, who had attended the meeting to respond to Members' questions in relation to this particular budget area. The Leader of the Council introduced the budget by referring to a number of principles underpinning this particular budget area. Dr Gardner advised that Community Safety was largely Government-funded though North Yorkshire County Council, the Police Authority and Harrogate Borough Council also made contributions. Community Safety encompassed two key areas of work relating to Safer Communities (and partnership work in relation thereto) and CCTV coverage for Harrogate District and Craven. Dr Gardner referred to a number of aspects of Safer Communities work in relation to active partnerships, pinpointing and targeting problem areas of crime and public involvement and advised that when comparing estimates from last year to this year, little change was apparent. Dr Gardner then referred to a current recruitment issue which had inadvertently led to a salary saving. The vacancy had led to a delay in progress relating to certain CCTV initiatives. The Leader referred to efficiency savings achieved within this budget, and confirmed that there were no growth items of this budget area. In response to Members' questions, Councillor Gardner referred to CCTV coverage for the Harrogate District, its use in gathering evidence of crime and the use of parking charges to fund aspects of CCTV. In terms of risks, it was acknowledged that a large amount of Safer Communities work was funded by Government grant and, further, the emergence of Local Area Agreements might threaten existing funding streams and therefore the ability of the partnership to continue to undertake its work. Councillor Dr Gardner then invited Members' questions in relation to this particular budget area.

Councillor Hault queried the current level of charging for the service provided by Harrogate Safer Communities to Craven District Council and whether it was sufficient to meet the Council's costs. The Head of Public Protection advised that this would be reviewed over the next 12 months and referred to the cost of SIA (Security Industry Association) licences which were now needed which would have to be passed on to recipients of the CCTV Service. Councillor Dr Gardner also referred to the CCTV business development plan, and the review which would take place in forthcoming months. In response to questions, it was confirmed that the business development plan would consider how to develop the service and in particular if the service could be utilised by other organisations possibly in the private sector. The Commission supported this. In conclusion, the Commission were supportive of this particular budget, that the costs associated with the service provided by Harrogate Safer Communities to Craven District Council be reviewed carefully and, in the event of any required increase, the reason for the current levels of costs and required increases be communicated to Craven District Council accordingly and that the business development plan be progressed with the aim of providing a service to other organisations if possible.

(7.12 pm – 7.40 pm)

COMMUNITY SERVICES COMMISSION – 16 JANUARY 2006

67/05 - DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 – MINUTE

Further to Minute 59/05, the Chair welcomed the Cabinet Member for Finance and Resources, Councillor Alan Skidmore and Cabinet Member (Culture), Councillor Pat Jones who had attended the meeting to respond to Members' questions in relation to the Draft General Fund Revenue Budget for 2006/07.

Prior to the formal consideration of the Draft General Fund Revenue Budget, the Chair reminded Members that at the last meeting of the Commission it had been agreed that the Cabinet Member for Finance and Resources would provide some background information regarding the situation facing Harrogate Theatre, and how this issue in any way affected the Commission's approach to the budget process. The Cabinet Member advised that the Theatre Board Management Team had been asked by the Arts Council to provide information about the Theatre's financial dealings to the Arts Council by the end of January 2006. This information would be used to assess the Theatre's current financial position and activity over the last year.

The Chair then invited the Cabinet member for Culture to provide Members of the Commission with a presentation in relation to this particular budget area. Councillor Jones referred to the Budget Strategy and Approach, percentage of savings kept within the Culture Portfolio, the absence of cuts and increases in service, the increases in the cost of grounds maintenance staff and the current "Review of Resource Re-allocation" for the Leisure budget. The Cabinet Member also referred to major variations to the budget for this year, in terms of superannuation, pay awards, utilities bills, Jacob Smith Park in Knaresborough and Mercury Abatement payments. The Cabinet Member then referred to the two growth items in this budget area, the on-line sports booking system totalling £15,000 and the appointment of a Tree Inspector amounting to £11,920. Fees and charges had been kept to the general 5% increase, except for cremations which had been increased to deal with the issue of Mercury Abatement, and the recent adoption of Aldborough Cemetery. The Cabinet Member also referred to an increase in swimming coaching fees, which would be addressed later in the meeting. It was noted that nursery fees would be increased by 7.6% to cover the Council's contribution to the nursery's operational costs and in conclusion, the Cabinet Member invited Members' questions in relation to this budget area.

It was **agreed** that in relation to the Theatre the Council should, in view of the size of its financial commitment to the Theatre, be party to the outcome of discussions in relation to the Theatre's trading position, and it was agreed that the Cabinet Member (Finance and Resources) would communicate that view to Cabinet.

The Cabinet Member for Finance and Resources advised that in relation to Tree Management the issue would be considered at the next Leader meeting. It was

agreed that this issue perhaps warranted a degree of leadership and responsibility on the part of the County Council and that the Council should be coordinating an approach with North Yorkshire or taking their lead from them. It was also **agreed** that Members of the Commission would be contacted with the outcome of the Leader meeting in this regard.

PART 2 – REVIEW

Further to Minute 59/05, the Chair welcomed the Cabinet Member for Finance and Resources, Councillor Alan Skidmore and Cabinet Member (Culture), Councillor Pat Jones who had attended the meeting to respond to Members' questions in relation to the Draft General Fund Revenue Budget for 2006/07.

Prior to the formal consideration of the Draft General Fund Revenue Budget, the Chair reminded Members that at the last meeting of the Commission it had been agreed that the Cabinet Member for Finance and Resources would provide some background information regarding the situation facing Harrogate Theatre, and how this issue in any way affected the Commission's approach to the budget process. The Cabinet Member advised that the Theatre Board Management Team had been asked by the Arts Council to provide information about the Theatre's financial dealings to the Arts Council by the end of January 2006. This information would be used to assess the Theatre's current financial position and activity over the last year.

The Cabinet Member advised that Harrogate Borough Council would stand by its funding commitment for 2006/07 and indeed at the present time, the normal Theatre grant would feature in the base budget for 2007/08, as would the Building Management service costs. The Cabinet Member reiterated once again that Harrogate Borough Council was not a major player in this situation, and was not, therefore, privy to the discussions taking place between the Theatre Board and the Arts Council. Councillor Alton queried the current Council representation on the Theatre Board, and in response to Members' questions, it was noted that Harrogate Borough Council did appoint representatives to the Theatre Board. It was queried whether, in light of the questions put by the Council to the Theatre Board and the lack of any response, grant funding should be withheld until satisfactory answers had been received, however, it was acknowledged that the situation warranted further investigation. Members of the Commission did express concern with regard to the need for the Council to see value for money, and whilst Members expressed concern that a recent presentation by the Theatre Board to the Commission had not highlighted any financial issues or concerns, it was considered prudent for the Commission to wait until further information was available. It was agreed that the Council should, in view of the size of its financial commitment to the Theatre, be party to the outcome of discussions in relation to the Theatre's trading position, and it was agreed that the Cabinet Member (Finance and Resources) would communicate that view to Cabinet.

The Chair then invited the Cabinet member for Culture to provide Members of the Commission with a presentation in relation to this particular budget area. Councillor Jones referred to the Budget Strategy and Approach, percentage of savings kept within the Culture Portfolio, the absence of cuts and increases in service, the increases in the cost of grounds maintenance staff and the current "Review of

Resource Re-allocation” for the Leisure budget. The Cabinet Member also referred to major variations to the budget for this year, in terms of superannuation, pay awards, utilities bills, Jacob Smith Park in Knaresborough and Mercury Abatement payments. The Cabinet Member then referred to the two growth items in this budget area, the on-line sports booking system totalling £15,000 and the appointment of a Tree Inspector amounting to £11,920. Fees and charges had been kept to the general 5% increase, except for cremations which had been increased to deal with the issue of Mercury Abatement, and the recent adoption of Aldborough Cemetery. The Cabinet Member also referred to an increase in swimming coaching fees, which would be addressed later in the meeting. It was noted that nursery fees would be increased by 7.6% to cover the Council’s contribution to the nursery’s operational costs and in conclusion, the Cabinet Member invited Members’ questions in relation to this budget area.

Councillor Wilson referred to the increase in utilities costs compared to 2004/05 and how it was proposed that increase be met. The Director of Community Services referred to an increase of around £200,000 which had been addressed from an allowance granted to the Department outside the bottom line budget. Councillor Simister referred to the current catering contract at Knaresborough Pool, and in response, the Head of Leisure, Museums and Arts advised that the contract for catering at Knaresborough Pool had been tendered but had unfortunately not generated sufficient interest. This operation was still being conducted in-house which explained the variance in the budget figures featuring an expenditure and income. It was anticipated that the service would make a loss of around £4,000. Other increases had also been absorbed within the bottom line budget, but these new initiatives were largely self-funding. Councillor Simister also referred to the increase in charges for the Turkish Baths and it was noted that this increase had been introduced on the basis of over-subscription to the service rather than an under-use.

Councillor Fawcett queried the increase in grounds maintenance costs and the Head of Parks and Open Spaces advised that the cost for agency staff in this area had increased and, as a result it was anticipated that the frequency of grass cutting around the district would be delayed by one day or two upon the usual timescale.

The Chair referred to the running costs appropriated to the Turkish Baths, Brimhams Fitness Suite (Ripon Leisure Centre) and Council’s Workplace Nursery and queried whether those services made a profit or loss year on year. The Commission was advised that these services actually made a loss when taking into account the support costs and building management costs attached to these activities. The Chair queried whether fees and charges could be levied at a level; where those additional costs could be taken into account, so that all costs pertaining to the running of the service were covered. In response, the Commission was advised that this method of accounting featured throughout all Council services, and indeed if costs rose to take into account those overheads, it was likely that fees would increase to a level that would price the Council out of the market. The Commission queried whether it was possible to charge a market rate in recognition of these additional costs, but reapportion them so that those services expected to make a profit could do just that, and those buildings such as Crescent Gardens whose

mainly support services were not expected to make a profit would take on the majority of those overheads.

The Commission then addressed the issue of risk management, and it was concluded that single status should feature as a risk on the basis of possible increases to salaries. Those increases could conceivably have a knock-on effect on the cost to the customer, which could eventually deter potential customers. The Cabinet Member for Finance and Resources referred to other Government organisations which subsidised public services, and likened this practice to the position facing local Government. The Commission asked that those figures be available for consideration when the Commission received the report regarding "Resource Reallocation". The Chair emphasised the need to be clear about subsidies, so that they could be taken into account during that process. The Cabinet Member for Finance and Resources also advised that the Council had made budget provision for the single status process, which would not impact upon any fees or charges.

Councillor Wilson referred to paragraph 5 of the report in relation to an asset replacement provision of £30,000 made at the Hydro to fund future gym equipment upgrades which, it had been decided, would be funded from increased membership income following the anticipated refurbishment. Councillor Wilson queried the validity of using an anticipated increase in membership in this way, and the Head of Leisure, Museums and Arts advised that feedback from customers had informed the Council that one of the reasons why membership levels had fallen was in fact the age of the equipment and therefore the increase in membership was anticipated confidently. The Head of Museums, Leisure and Arts also advised that market analysis had been undertaken, and the current pricing policy for Brimhams had been revamped, and in the last two weeks 150 new members had joined the fitness suite, bringing the number of Members from 800 to 950. The optimum level for membership at Brimhams was 1,150, which would attract a revenue income considered sufficient to underpin the operation of the Hydro. It was also noted that the advertising campaign to increase membership levels at Brimhams had yet to begin. The Head of Leisure, Museums and Arts also referred to issues relating to Nidderdale Pool and actions to drive membership upward during the forthcoming year.

The Head of Parks and Open Spaces referred to the issue of Mercury Abatement and the need to meet Government targets in relation thereto. It was noted that a nationally discussed idea to share capacity between authorities would assist in meeting those targets, however, there were very real ethical, moral and legal concerns which would require a view before such an approach could be pursued further.

Councillor Simister expressed concern with regard to the increase in swimming charges and asked Officers to explain the reasons why these charges had been increased. It was noted that the Council had faced a problem relating to the poaching of its instructors by other organisations who would attract Council-trained staff with higher wages. The Council had already received recognition in establishing excellent practice in this service area and therefore to maintain this level of service and avoid losing customers by having to employ untrained staff to cover services, an interim pay award had been agreed for swimming coaches from £10 per hour to £12

per hour. This increase had been met by increasing charges for the swimming development scheme. This pay award was pending review which would be completed later in the year. Councillor Simister responded, and reiterated his view that an 11% increase was too high, however, it was noted that the 83% subscription rate had now risen to 95% or thereabouts. There were still concerns amongst Commission Members that no discounts were available for this service and that low income families may be forced to think twice in relation to the cost of the scheme. In conclusion, it was noted and agreed by the Commission that the 95% take-up rate indicated that customers were still willing to pay for the swimming development scheme. There was no further discussion on this matter.

Members expressed concern with regard to the growth item relating to the appointment of a Tree Inspector, and whilst there was some discussion in relation to the possible perception of this appointment as an increase in service, it was considered valid because it addressed an area of risk for the Council. It was noted that the Inspector would examine trees in the highways agency area and that Government advice suggested that authorities put arrangements in place to inspect trees to mitigate against any claims against local authorities for public injuries as a result. The Head of Parks and Open Spaces referred to a recent case in Birmingham where a tree had fallen and killed a member of the public. The Commission expressed concern in relation to this particular growth item on the basis that no further funding had been made available by North Yorkshire County Council to inspect trees and therefore the Council had been forced to use the existing highways agency budget for this particular activity.

In response, the Head of Parks and Open Spaces and Head of Leisure, Museums and Arts reiterated Officers' concerns that this was a very real area of risk for the authority, and it was Officer's view that Harrogate Borough Council should address this issue. In terms of future costs to the authority, it was considered that Officers could manage the service in such a way as to keep those costs to a minimum. In this regard, it was suggested that perhaps North Yorkshire County Council should be invited to comment upon the reason why this matter had not attracted further budget contribution. The Cabinet Member for Finance and Resources advised that the issue would be considered at the next Leader meeting. It was **agreed** that this issue perhaps warranted a degree of leadership and responsibility on the part of the County Council and that the Council should be coordinating an approach with North Yorkshire or taking their lead from them. It was also **agreed** that Members of the Commission would be contacted with the outcome of the Leader meeting in this regard.

Councillor Hault then queried the reduction in marketing budget and efficiency savings achieved as a result. The Chair then permitted Councillor Broadbank to table questions relating to the operation of Nidderdale Pool and the realignment of budget headings with the experience of one year's operation, together with the mechanical and electrical contingencies within the building management budget for Starbeck Baths. There were no further questions on this budget area.

(5.32 pm – 7.00 pm)

ENVIRONMENT COMMISSION – 12 JANUARY 2006

84/05 – DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 MINUTE

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to the Commission's questions regarding the Draft General Revenue Budget for 2006/07. Members were referred to the report which the Head of Financial Management had submitted in connection with the Draft General Revenue Budget for 2006/07. The report set out the budget strategy adopted for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year.

The Commission considered and **agreed** the following budget areas:

- Environment Services and Public Protection
- Transport
- Planning
- Economic Development
- Holiday Tourism
- Harrogate International Centre

Details of these budget areas and the discussion that took place can be found under part two of these minutes.

PART 2 - REVIEW

The Cabinet Member for Finance and Resources was invited to introduce the budget.

The Cabinet Member for Finance and Resources advised that notification of the yet provisional revenue support grant (RSG) settlement had been received late in 2005, and had created additional difficulties when constructing the budget for 2006/07. The budget to be recommended to the Council would be a balanced budget, with no contribution from the working balance, and with a total spend of £22m which will provisionally result in a Council Tax increase of 4.5% with no cuts in service.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 of £2,000,082 was at the lower end of the target of £2m to £2.75m as set out in the medium term financial strategy, this balance was £167,000 more than anticipated in the original estimate for 2005/06 and reflected good progress towards the strategy targets. The Council's provisional revenue support grant for 2006 at £10.09m represented an increase of £649,000 (6.9%) on the 2005/06 adjusted figure and paragraph 8.3 of the report detailed the principal reasons for the increase in grant, which did not, however, include any additional funding in respect of waste management burdens. Notwithstanding the above average increase for 2006/07, Harrogate's grant remained the second lowest per capita in North Yorkshire and 13% below the Shire district average. The grant

settlement was part of a two year package and in respect of the financial year for 2007/08, the provisional revenue support grant was £10.589m which represented an increase of £510,000 or 5.1% on the figure for 2006/07. The Cabinet Member suggested that the increase could reflect the Government's recognition for spending pressures placed on local government by central government initiatives. There was, however, still the need for local authorities to lobby government for full funding of future government initiatives, for 2007/08 and beyond. The Cabinet Member also referred to the practice referred to as a "floor damping block" which had brought about a reduction in grant received by the Council amounting to £380,000 for 2006/07 as a result of the Government's action to ensure that all authorities of the same type received a minimum grant increase, and whilst the reduction for 2007/08 was at £185,000 substantially lower, the loss in respect of both years represented a significant amount when viewed by the Cabinet in the context of Council Tax increases. The Cabinet Member then drew Members' attention to the issue of Single Status for which the first draft budget included the contribution to the reserve of £318,000 arising from gross savings from the corporate restructure. It was suggested that the contribution of the Single Status reserve should be £300,000 in line with the previous commitment and with the remainder of those savings of £18,000 going to the working balance. The Cabinet Member then confirmed that the budget for 2006/07 also included provision of £245,000 to continue the phased approach addressing the shortfall on the Council's share of the North Yorkshire fund.

In addressing efficiency savings, the Cabinet Member advised that he had determined for budget purposes the target should be increased from 2.5% to 3.5% of which 2% should be cash savings with 1.5% being non-cash savings. Schedules of such savings were included in the written report, and he confirmed that the Harrogate International Centre had also been included in the budget process in terms of cash savings. The Cabinet Member also referred to the emergence of a late growth item within the budget as a result of the receipt of the Government's published proposals in relation to the new Electoral Administration Bill, and whilst it would be difficult to respond to the Department of Constitutional Affairs in estimating additional spending as a result of the Bill for that purpose, it had been suggested that £7,500 could be made available as a "first call" for this purpose.

The Cabinet Member advised that the Christmas and New Year period had brought about a 30% rise in parking revenue income over the Christmas period, and a 9% rise between Christmas and New Year. The Cabinet Member advised that Officers would continue to monitor this upturn in revenue.

The Cabinet Member also advised that government had announced that they would not be introducing any new recycling targets for 2006/07. In light of this there would be no additional money made available in the recycling budget. He added that, should there be any underspends at the end of the year, then recycling would be the first priority.

Environment Services and Public Protection: The Cabinet Member (Environmental Health), Head of the Environment and the Head of Public Protection presented the budgets and answered Members' questions. The Cabinet Member tabled a briefing note which 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. In relation to key variations the Cabinet Member reported that, in relation to the environmental services budget, these related to an increase in the cost of bin liners and vehicle purchases and, in relation to the Public Protection budget, a reduction in temporary staff budgets and decreased income from licensing. The Cabinet Member reported of one growth item in respect of the Public Protection budget in connection with the cost of dealing with stray dogs from the police, which was £6,500. In relation to efficiency savings it was noted that £59,000 cash savings had been identified from the Environmental Services budget and a £3,400 cash saving from the Public Protection budget. In terms of risks these related to oil prices affecting fuel and bin liner costs, a decrease in income from trading services and income from licensing fees. Referring to the briefing note in relation to the public toilets budget, the Cabinet Member advised that the Executive had recommended that a £16,000 saving be achieved by reducing the budget for public toilets, resulting in a closure of a number of toilets. The Cabinet Member added that he did not know, at this present time, which toilets were to be considered for closure as the issue was currently under review, and he was not accepting the proposed budget reduction.

The Chair then invited Members' questions. Councillor R Marsh queried the increased cost of purchasing black liners and whether the department had sourced other suppliers. The Cabinet Member commented that the service was currently being reviewed with the possibility of using wheeled bins also being explored. The Head of Environment commented that Yorkshire Purchasing Organisation (YPO) were used to purchase the black liners on the Council's behalf. Councillor Pat Marsh queried the movement in the appropriation from reserves as detailed in Appendix A of the Environmental Services budget report. The Head of the Environment agreed to provide Councillor Pat Marsh with a written response. Referring to the Public Protection budget, Councillor R Marsh queried the reduction in the temporary staff budget. The Head of Public Protection commented that this was as a result of temporary licensing and environmental protection staff that had been previously employed and were now no longer required.

The Business Support draft revenue budget was also submitted.

The Commission accepted the budgets and the Chair thanked the Cabinet Member and the officer for their report.

Transport: The Cabinet Member (Transport) and the Head of Transport were then invited to present their budget. The Cabinet Member tabled a briefing note which outlined the approach taken to the budget, the key issues affecting the budget, the proposed efficiency savings and the main risks to the budget. He referred specifically to an anticipated increase in net expenditure of £817,000 in the 2006/07 draft budget. The main reason for this was the introduction of the 'free fare' concessionary fares scheme on 1 April 2006. He reported that other increases had resulted from the reapportionment of central overheads following the corporate restructure. It was noted that there were no growth items in this budget and that fees and charges would be reviewed later in the year in accordance with the Medium Term Financial Strategy. The Cabinet Member advised that £5250 cash savings had been identified together with non-cash savings of £32,000. In relation to risk

assessment the Cabinet Member commented that the main risk to the budget was that parking income levels would not be at the anticipated levels. There was also the risk that the costs of the concessionary fares would increase beyond current estimates, since it was a demand led service in its first year of operation.

Questions were then invited. Councillor Smith queried the efficiency saving of £32,000 which was a result of the reduced highway maintenance budget from NYCC and commented that the condition of roads in the District was not satisfactory and would worsen and, as such, was a reduction in the budget and not an efficiency saving. The Head of Transport noted his concerns and added that, although there was a reduction in the budget imposed by NYCC, the £32,000 had been identified as a non-cash saving. The Department would be introducing a more efficient highway inspection programme to address the issue.

Councillor R Marsh expressed concern over the amount of money being utilised from the on-street parking budget which was not being utilised for the benefit of residents. The Cabinet Member responded by saying that part of the money was being contributed towards the introduction of the 'free fare' concessionary fares scheme, which would be of a benefit to residents throughout the District.

The Commission accepted the budget and the Chair thanked the Cabinet Member and the officer for their report.

Planning: The Cabinet Member (Planning) and the Head of Planning Services were invited to present their budget. The Cabinet Member tabled a briefing note which referred to the outline budget approach for 2006/07, the variations to the budget, the proposed efficiency savings, the increase in fees and charges relating to building control fees, the main risks to the budget and advised that there were no growth items in the budget. He highlighted that the key objectives of the forthcoming year were to perform at or above BV109 speed of decision target; customer satisfaction levels at 75 % by March 2007 and to complete the Local Development Framework by meeting milestones in current Local Development Scheme. In respect of efficiency savings it was noted that a £3,080 cash and a £151,350 non-cash saving had been identified.

Questions were then invited. Councillor Pat Marsh sought clarification upon the planning delivery grant and the allocations to the authority. The Cabinet Member referred Members to a briefing note in relation the planning delivery grant which set out the forecast for the forthcoming years. It was noted that, for the first phase of 2006/07 planning delivery grant allocation, the Council had been awarded £45,000 for the development control element. The awards for progress with e-planning and the Local Development Framework would be announced in March. Referring to the increase in Building Control fees and charges, Councillor Robin Adderley queried whether the Council had any competitors in providing the service. The Cabinet Member commented that the Building Control Section currently held a 94% market share and it was not expected that an 8% increase in fees would lower this. The main competitor was the National House Builders. Councillor Mrs Atkinson sought clarification upon whether there would be an increase in planning fees. The Cabinet

Member informed Members that these fees were statutory and were set by government and for 2006/07 there was no expected increase.

The Business Support draft revenue budget was also submitted. The Business Support Manager was in attendance but there were no questions raised by Members.

The Commission accepted the budgets and the Chair thanked the Cabinet Member and the officer for their report.

Economic Development: The Leader and the Head of Economic Development were invited to present their budget. The Leader tabled a briefing note which referred to the strategy and approach to the budget, the key variations, the proposed efficiency savings and the main risks to the budget. He added that there were no new growth items for this budget. The most significant changes in the budget were in relation to the effect of the salary award and also to the loss of Single Regeneration Budget (SRB) grant for a Partnership Development Officer Post. The Leader referred to the efficiency savings, as set out in section 7 of the report, and it was noted that cash savings of £8,000 and non-cash savings of £35,000 had been identified. In relation to fees and charges, the Leader advised that charges at Conyngham Hall had increased by 3% in line with corporate targets. The main risk to the budget was that income did not materialise due to a downturn in the economy.

Questions were then invited. Councillor Pat Marsh queried the efficiency savings in relation to the 'on-location' publication. The Leader commented that 'on-location' would move from a quarterly to a bi-monthly publication and would be combined with a publication ran by the Harrogate Advertiser.

The Commission accepted the budget and the Chair thanked the Leader and Head of Economic Development for their report.

Holiday Tourism Marketing: The Leader and the Director of Harrogate International Centre (HIC) were invited to present their budget. The original estimates 2006/07 for the net budget on holiday tourism were £479,390. The Director highlighted the main approach to the budget and outlined the main aim had been to maximise the number of enquiries received and the number of visitors to the District. It was noted that there were no growth items in the budget. In relation to efficiency savings, the Director reported that a £3,000 saving had been identified by not producing the Great Days Out Guide. The Commission were informed that the HIC Board, at its meeting of 6 January 2006, had considered the issue and had accepted that this would not be included in the 2006/07 budget, but that it should be revisited in future years. The Director added that the main sponsor of the Great Day Out Guide had decided not to continue with the same level of sponsorship. This meant reproducing the guide would cost more net. The main risk to the budget related to a loss of income received through advertisers. The Commission supported the decision of the Board to accept the omission of the Great Days Out guide in 2006/07 but that it should be revisited in future years.

Questions were then invited. Members expressed their concern over the proposal not to produce the guide as it was felt that this would have a detrimental effect on the local tourism industry. The guide was well received by conference visitors and was the only marketing activity specifically designed for the day visitor. The Director noted the concerns and commented that some visitors would be affected but, with an increasing use of e-advertising to delegates and other visitor guides published by the Section, this should be minimal. He also advised that HIC were encountering market difficulties in sustaining advertising revenue given the increase in the range of media now available to advertisers. One Member queried the forthcoming reorganisation of the delivery structure for holiday tourism marketing and the effect this would have on the District. The Director advised that arrangements had not yet been finalised but the Council endorsed, in principle, the proposal to be a partner in a Destination Management Organisation (DMO) with Craven, Richmondshire, and the Yorkshire Dales National Park to market Harrogate and the Dales as an entity. A business plan on this would be submitted to the Leader and Cabinet in the near future. In this respect the Leader indicated that the whole marketing approach in tourism would be kept under close review by the HIC Board.

The Commission accepted the budget and the Chair thanked the Leader and Director for the report.

Harrogate International Centre: The Leader and the Director of Harrogate International Centre (HIC) presented the budget and answered Members' questions. The Director outlined the strategy and approach to the budget and stated that the main aim was to maximise income consistent with the Council's stated policy on maximising economic impact. The Director advised that the original estimates budget for business tourism envisaged a net operating surplus of £1,185,823 after HIC's contribution to the general rate fund. All of this surplus was committed to a growing reinvestment requirement on the HIC complex, and the Director pointed out to the Commission that the Gershon efficiency savings methodology was now beginning to have an adverse impact on the ability to operate the business efficiently. It was noted that there were no growth items in relation to the budget. The Director referred Members to section 2.3 to the report which detailed efficiency savings and the Commission noted these.

The Commission accepted the budget and the Chair thanked the Leader and the Director for their report.

(5.32 pm – 7.50 pm)

COUNCIL RESOURCES COMMISSION – 17 JANUARY 2006

77/05 - DRAFT GENERAL FUND REVENUE BUDGET 2006/07:

PART 1 – MINUTE

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to Members' questions in relation to the Draft General Fund Revenue Budget for 2006/07 and recent meetings of the Council's Scrutiny Commissions, which had considered elements of the budget which fell within their own remits. The Scrutiny Officer circulated a summary of the views expressed by each of the Council's Scrutiny Commissions in relation to the budget. The Chair of the Commission invited Members' comments in relation to the issues set out in the Scrutiny Officer's summary.

It was **agreed** that the summary be noted and that these comments be passed onto Cabinet for consideration at their meeting to be held on 1 February 2006.

(5.46 pm – 6.09 pm)

PART 2 - REVIEW

The Chair welcomed the Cabinet Member for Finance and Resources (Councillor Alan Skidmore), together with his Officer team who had attended the meeting to respond to Members' questions in relation to the Draft General Fund Revenue Budget for 2006/07 and recent meetings of the Council's Scrutiny Commissions, which had considered elements of the budget which fell within their own remits.

The Scrutiny Officer circulated a summary of the views expressed by each of the Council's Scrutiny Commissions referring to the outline budget approach, actual budget/budget variations, growth items, efficiency savings (cash and non-cash), fees and charges, risk assessment and any other issues arising in relation to the various budget areas within each Scrutiny Commission's remit.

The Cabinet Member for Finance and Resources referred to the meeting of the Community Services Commission held on 16 January 2006, which considered, amongst other issues, a request for a growth item in relation to the appointment of a Tree Inspector and the concern expressed by the Commission for the need to establish North Yorkshire County Council's approach to this particular concern. The Cabinet Member reiterated the Commission's view that North Yorkshire County Council should take the lead in relation to this particular issue. This matter was to be considered by the Leader at his meeting to be held on Wednesday 18 January 2006, where a view would be taken in advance of the next Cabinet meeting, and that was noted.

The Chair of the Commission invited Members' comments in relation to the issues set out in the Scrutiny Officer's summary. It was noted that a evaluation of the new process would be undertaken and that all portfolio holders and Scrutiny Members be thanked for their hard work in the preparation and consideration of the 2006/07 General Fund Revenue Budget.

It was **agreed** that the summary be noted and that these comments be passed onto Cabinet for consideration at their meeting to be held on 1 February 2006.

The Director of Resources referred to the meeting of the Community Services Commission held on 16 January 2006, in particular the issue of the appointment of a Tree Inspector, which was considered a high priority and, indeed, it was noted that if this matter had not gone forward as a growth item, the Department of Community Services would have been expected to fund this appointment from any savings identified elsewhere within the Department. The Director advised Members that in his view, this matter was a legitimate growth item.

The Director of Resources also referred to the Community Services Commission reference to the practice of apportioning running costs to services such as the Turkish Baths, the Council's workplace nursery and the Brimhams Fitness Suite at Ripon Leisure Centre. The Director of Resources highlighted the reasons why overheads and central running costs were apportioned to each of these service areas in this way. The Community Services Commission had expressed concern in relation to the effect of these running costs on service budgets, and queried whether it was possible to apportion them in a different way to allow the services to show a profit year on year. The Council Resources Commission noted the Director's response.

(5.46 pm – 6.09 pm)

CABINET – 4 JANUARY 2006

(a) 117/05 - **DRAFT GENERAL FUND REVENUE BUDGET 2006/07:** The Head of Financial Management submitted a written report in connection with the draft General Fund Revenue Budget for 2006/07. The report set out the budget strategy adopted for 2006/07 and later years, together with the policy context and parameters affecting the budget for the forthcoming year and sought the recommendation of a draft budget to go forward for scrutiny and, ultimately, the approval of the Extraordinary meeting of the Council to be held on 8 February 2006.

The Cabinet Member for Finance and Resources, in introducing the budget, advised that notification of the as yet provisional revenue support grant settlement had been received very late in 2005, which had created additional difficulties in constructing the budget for 2006/07. The budget to be recommended to the Council would be a balanced budget with no contribution from the working balance and with a total spend of £22m, which would provisionally result in a Council Tax increase of 4.5% and no cuts in services.

In respect of the current year's budget, the Cabinet Member explained that whilst the estimated working balance as at 31 March 2006 at £2,000,082 was at the lower end of the target of £2m to £2.75m as set out in the medium term financial strategy, this balance was £167,000 more than anticipated in the original estimate for 2005/06 and reflected good progress towards the strategy targets. The Council's provisional revenue support grant for 2006 at £10.079m represented an increase of £649,000 (6.9%) on the 2005/06 adjusted figure and paragraph 8.3 of the report detailed the principal reasons for the increase in grant, which did not, however, include any additional funding in respect of waste management burdens. Notwithstanding the above average increase for 2006/07, Harrogate's grant remained the second lowest per capita in North Yorkshire and 13% below the Shire District average. The grant settlement was part of a 2 year package and, in respect of the financial year 2007/08, the provisional revenue support grant was £10.589m, which represented an increase of £510,000 or 5.1% on the figure for 2006/07. The Cabinet Member suggested that the increase could reflect the Government's recognition of the spending pressures placed on local Government by central Government initiatives. There was, however, still the need for local authorities to lobby Government for full funding of future Government initiatives, for 2007/08 and beyond. In response to a question from the Leader, the Head of Financial Management explained the reduction in grant received by the Council amounting to £380,000 for 2006/07 for the "floor damping block" to ensure that all authorities of the same type received a minimum grant increase and whilst the reduction for 2007/08 was, at £185,000 substantially lower, the loss in respect of both years represented a significant amount when viewed by the Cabinet in the context of Council Tax increases.

The Cabinet Member confirmed that the budget for 2006/07 included provision of £245,000 to continue the phased approach addressing the shortfall on the Council's share of the North Yorkshire Pension Fund.

The Cabinet Member expressed support for the revenue growth items considered by the Corporate Management Team and recommended for inclusion in the draft budget for 2006/07, as detailed in Section 12.3 of the report.

In referring to Section 13 of the report which set out options to achieve a balanced budget, the Cabinet Member drew attention to the issue of single status for which the first draft budget included a contribution to the reserve of £318,000 arising from the gross savings from the corporate restructure. It was suggested that the contribution of the single status reserve should be £300,000 in line with the previous commitment and with the remainder of those savings of £18,000 going to the working balance. The draft budget also included increased costs totalling £750,000 for the new concessionary travel scheme. The additional grant received from the Government in respect of concessionary travel was estimated at £640,000 a funding gap of £110,000. Included within the budget were contingency sums totalling £120,000 and whilst it was considered imprudent to delete the contingency sums entirely, the Director of Development Services had accepted that it should be possible to reduce the contingency figure to £40,000 on the basis that the Director of Resources had advised that operator claims for additional costs would be referred to the Government.

In addressing efficiency savings, the Cabinet Member advised that he had determined that for budget purposes, the target should be increased from 2.5% to 3.5% of which 2% should be cash savings with 1.5% being non-cash savings. Schedules of such savings were included in the written report. In then referring Cabinet to Appendix 6C and that part of the summary detailing possible further budgets savings for 2006/2007, the Cabinet Member called for a further report to be made to Cabinet in connection with item E1, Christmas Lighting and recommended the acceptance of E5, Closure of Public Conveniences with a saving of £16,000 per annum and F1 a saving of £3,000 in respect of holiday tourism marketing. He also advised that he intended to rationalise the charges for maintenance of the Mayoral Parlours for Harrogate, Knaresborough and Ripon which would be financed from savings made on floral decorations for the Harrogate Mayor's Parlour, the Great Yorkshire Show and the Annual Meeting. A further £2,000 saving was recommended from the Mayoralty hospitality budget, most likely to be achieved by reducing the cost of the reception following the annual meeting of the Council. In referring to the summary of proposals to achieve a balanced budget shown in Table 7 paragraph 13.8 the Cabinet Member advised that whilst the figure would remain as a balancing figure, it was hoped that the transfer to capital of further vehicle purchases would not be required with this sum being ultimately met from the forthcoming Revenue budget. The Cabinet Member concluded by referring to the on-going resource reallocation exercise for Leisure Services, a report in respect of which was due before Cabinet in March 2006.

In supporting the Cabinet Member, the Leader of the Council advised that the proposed budget would now be the subject of scrutiny during the current Committee cycle and, in particular, drew attention to the impact on the budget of the cost of fuel/refuse sacks which could have future implications on the method of refuse collection and which the relevant Commission may wish to consider at an appropriate point.

Cabinet wished to place on record its appreciation for the work undertaken by the relevant Officers in producing the draft revenue budget both for the General Fund and, in addition, the Harrogate International Centre and Housing Revenue Account the latter as considered under Minutes 118/05 and 119/05 below.

RECOMMENDED (UNANIMOUSLY):

That (1) the revised estimate for 2005/06, recommended by individual Portfolio Holders be approved;

(2) the fees and charges detailed in Appendix 3 be approved;

(3) a total net budget for 2006/07 of £22m with an equivalent provisional Council Tax increase of 4.5% be approved and subjected to Scrutiny;

(4) the budget recommended to Council is a balanced budget with no contribution from the working balance;

(5) the following list of growth items be approved;

Access to Services (A1) - £50,000
Electoral Services staffing (A2) - £13,760
Emergency Planning (A4) - £3,000
Tree Risk Management Strategy (A5) - £11,920
Dog Wardens Service (A8) - £6,500
Access to Services – Mashamshire Community Office (B1) - £5,000

Total £90,180

The following list of growth items be approved and funded from corporate underspends in 2005/06;

Corporate Improvement Fund - £30,000
On-line Booking - £15,000

Subject to the Council's overall capital resource position, the following item of capital growth be included in the capital programme for 2006/07.

Victoria Park House – subsidence - £88,000

(6) the following options to balance the budget be agreed;

LABGI - £200,000
Concessionary Travel – reduced contingency sums - £80,000
Additional car parking income - £60,000
Single status reserve – reduced contribution - £18,000
Vehicle purchases – defer restoration of capital funding to revenue - £58,000
Public Conveniences - £16,000
Holiday tourism marketing - £3,000
Mayoralty reduced hospitality - £2,000
Further vehicle purchases transferred to capital (balancing figure) - £5,190

Total £442,190

(7) the statutory requirements and financial risks in relation to the budget as set out in Section 15 are acknowledged and noted;

(8) the budget projections for 2007/08 and 2008/09 as set out in Section 16 are noted;

(9) the efficiency savings as set out in Appendix 6 be noted and used as the basis for producing the Council's Gershon Efficiency Statement and the further savings as detailed below approved.

E1 – Christmas Lighting - £29,470 – further report to Cabinet on 1 February 2006.

E5 – Public Conveniences - £16,000

F1 – Holiday Tourism Marketing - £3,000.

(10) the proposed savings in respect of floral decorations £5,110 (to be retained within the budget for reallocation) and mayoral hospitality, £2,000 be approved; and

(11) the position on stakeholder consultation as set out in Section 18 of the report be noted.

(5.33 pm – 6.06 pm)

(b) 118/05 - **HIC REVENUE ESTIMATES 2006/07:** The Director, Harrogate International Centre, submitted a written report in connection with the revised estimates for 2005/06 and original estimates for 2006/07 for the business and holiday tourism operations, managed by the Harrogate International Centre. The Director also circulated supplementary information, which explained the slight downward movement in the net operating surplus for the business tourism account, the principal reasons being the cyclical nature of events taking place within the complex, the increase in certain costs, and the impact of Gershon efficiency. Having regard to the fact that the HIC derived the overwhelming proportion of its business tourism income from commercial activities, nearly all being in a competitive market place, the Director also circulated risk assessments in respect of income and expenditure for the account.

RECOMMENDED (UNANIMOUSLY):

That the revised estimates for 2005/06 and original estimates for 2006/07 for the HIC's business and holiday tourism operations be approved, subject to any amendments recommended by the HIC Board at its budget meeting on 6 January 2006.

(6.07 pm – 6.10 pm)

(c) 119/05 - **DRAFT HOUSING REVENUE MANAGEMENT ACCOUNT BUDGET 2006/07:** The Head of Housing submitted a written report in connection with the approval of the draft Housing Revenue Account budget of 2006/07. In preparing the report, an average rent increase of 4% had been included for 2006/07, the suggested level of increase being in line with Government guidance on rent restructuring. In that regard, Cabinet were advised that the increase in rental income would be met by an equivalent reduction in the level of housing subsidy received by the Council and there would, as a consequence, be no net additional gain to the Council, rather a saving to the Government. Subject to approval of the estimates, the working balance on the account as at 31 March 2007 was estimated to be £3,926,000. Though significant, this balance would be the subject of continued erosion over the next decade, as a consequence of Government rent restructuring and subsidy withdrawal. Section 9 of the report detailed the financial risk assessment which had been undertaken in respect of the account and recognised by Cabinet as a key aspect of the Council's approach to budgeting.

RECOMMENDED (UNANIMOUSLY):

That

- (1) the revised estimates for 2005/06 as set out in Appendix A be noted;
- (2) the 2006/07 housing revenue account estimates set out in Appendix A be approved;
- (3) a rent increase be introduced from the first rental period of 2006/07 that equates to an estimated increase in the average rent across the Council stock of 4%; and
- (4) the projections for 2007/08 and 2008/09 as set out in Appendix A be noted.

(6.10 pm)