



SCRUTINY MANAGEMENT COMMISSION 27 JANUARY 2009

Report of the Chair of Commission

Detailed Revenue Budget Proposals 2009/10-2011/12

RECOMMENDATION

1. That the Commission consider the information contained in Appendix 2 to this report

SUPPORTING INFORMATION

- 2.1 The 'Detailed Budget Proposals' document was issued by the Director of Resources late on 14 January 2009.
- 2.2 Appendix 2 of this report summarises the proposals contained in the document which relate to the portfolio of the Scrutiny Management Commission. Appendix 2 also suggests some aspects of the detailed Budget Proposals that the Commission may wish to explore further.

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Background papers: Appendix 1 – Implications
List of appendices: Appendix 2 – Scrutiny Management Commission – Revenue Budget proposals 2009/10-2011/12.

IMPLICATIONS

Financial

1. None arising from this report.

Legal

2. None arising from this report.

Personnel

3. None arising from this report

Equalities impact

4. None arising from this report

Corporate Objectives

5. This report has the potential to link with all the Council's Corporate Objectives.

Scrutiny Management Commission

Revenue Budget 2009/10-2011/12

At the meeting on 12 January 2009 members were provided with two documents relating to the Council's Budget Proposals for 2009/10. The first of these documents (Document 1) comprised copies of a set of three slides detailing:

1. The Revenue Budget Summary 2009/10-2011/12
2. Two slides outlining the Budget Strategy Key Proposals

The second document (Document 2) summarises the main proposals contained in the Council's three year budget plans for 2009/10 and 2011/12 and highlights areas where:

1. The Council;
 - a) needs to spend more to meet pressures and development needs
 - b) proposes to make savings to enable pressures and development needs to be met and to make efficiency savings required by central government
2. There are links to the Council's Corporate Plan and Priorities.

The 'Detailed Budget Proposals' document which was issued late on the afternoon of Wednesday 14 January expands upon the pressures and savings proposals outlined in the 'Budget Summary'. The pressures and savings that relate to areas/activities contained within the portfolio of the Scrutiny Management Commission have been extracted from the Detailed Budget document and are set out in the following tables. In the following section the opportunity has been taken to indicate particular aspects of the Detailed Budget proposals that the Commission may wish to explore further at its Budget Scrutiny meeting.

Scrutiny Management Commission

Table 1

Corporate Policy and Economic Development Portfolio				
PORTFOLIO AND PRESSURES DETAIL		Pressures	Pressures	Pressures
		£000		
Regeneration and Community Department		2009/10	2010/11	2011/12
1	Budget not covered by working neighbourhood fund following replacement of NRF	506	295	
2	Friar Gate Studios – shortfalls against target tenant income 45	45		
3	Derby City Partnership funding shortfall against proposed programme		176	80
4	Community Safety Partnership funding shortfall against proposed programme	501	523	466
Corporate & Adult Services – Corporate Services				
5	Your Derby ‘ due to potential withdrawal of funding from CSP and increased production costs	26		
Corporate Budgets and Cross Departmental Contingencies				
6	Treasury Management – Public Realm prudential borrowing costs	475	2000	1525
7	Treasury Management base budget review	626	481	734
8	Revenue funding of capital scheme	1525		-1525
9	Inflation/pay award contingency	449	480	
10	Loss of Neighbourhood Renewal funding supporting services	250	500	
11	Overall Balancing use of reserves		582	387
12	Other contingency items	22	24	
13	External Audit fees increase	12	12	
14	Treasury Management – corporate programme planned prudential borrowing costs		180	
15	Support services pressure (Derby Homes)	107		
16	Devolved Budgets to Neighbourhood Boards following successful pilot in 08/09	170		
17	Corporate Management Team – to meet permanent funding gap due to there being no turnover	41		
18	Forecasted additional pension scheme contributions at next actuarial revaluation			750
19	Employers NI increase			500
Total Pressure		4755	5253	2917

Table 2

	Corporate Policy and Economic Development Portfolio	Savings	Savings	Savings
	PORTFOLIO AND SAVINGS DETAIL	Proposals	Proposals	Proposals
		£000		
		2009/10	2010/11	2011/12
	Regeneration and Community Department			
1	Regeneration restructure	-52		
2	Economic Development Unit - proportional savings in partner contribution budgets, promotions and project budget savings	-49		
3	City Centre Management - Reduction in contribution	-5		
4	Derby City Partnership grant reduction	-3		
5	Neighbourhood working budget indicative planned savings	-16		
6	External funding unit supplies and services	-7		
7	Saving on previous early retirement costs	-30		
8	Community Safety Partnership indicative planned efficiency savings	-14		
9	City Development & Tourism - reduce contributions to economic partnerships	-110	-30	
10	City Development & Tourism - Adjustment in opening times for Tourist Information Centre	-33		
11	City Development & Tourism - saving from winding up of Derby and Derbyshire Economic Partnership	-29		
12	City Development & Tourism - reduce staffing to Public Realm team	-39	-12	
13	Derby City Partnership Centre & Community Safety Partnership contribution levels reconsidered as share of 10/11 efficiencies		-37	
14	Community Safety Partnership contribution to Neighbourhood Action Team pressure to Partnerships		-419	
15	Forecasted 08/09 underspend on CSP	-188	188	
16	Partner contributions to CSP	-23	23	
	Corporate & Adult Services - Corporate Services			
17	Reduction in consultation budget - deletion of employee conference and reduction in Pointer			

	Panel budget	-18		
18	Vacant Posts Management across Property, Democratic and Legal services		-301	
	Corporate & Adult Services - Housing General Fund			
19	Treasury Management - income relating to Derby Homes cash balances (offset by Management Fee	-57		
	Corporate Budgets and Cross Departmental Contingencies			
20	Cessation of employee leased cars	-80		
21	Removal of general contingency budgets	-12	-13	
22	Savings from HR terms and conditions review		-807	
23	Corporate management reduction in subscription costs to local authority associations	-20		
24	Forecasted savings from HR project review		-250	
25	Overall Balancing use of reserves	-471		
26	Previously held corporate contingency now available			-206
	Total savings	-1256	-1658	-206

Table 3

	Direct and Internal Services Portfolio			
	PORTFOLIO AND PRESSURES DETAIL	Pressures	Pressures	Pressures
		£000		
		2009/10	2010/11	2011/12
	Environmental Services Department			
1	Reduction in revenue grant from Heritage Lottery Fund for Arboretum Park		70	
2	Continuation of Neighbourhood Environmental Action Teams including City Centre	76	419	
3	Rent increase on depot at Stores Road	35		
	Resources Department			
4	Loss of Time Limited Funding / Neighbourhood Renewal Fund	9	16	

5	New performance management computer system procurement	30		
6	Accountancy - income target no longer achievable due to loss of external income	25	19	6
	Corporate & Adult Services - Corporate Services			
7	Increased funding to support Property Maintenance Team	500	500	
8	Market Hall and Eagle Centre Market increased number of empty units	120		
9	Miscellaneous Estates - loss of rents due to empty units and specifically the Local Transport Plan	77		
10	Theatre Walk - reduction in rental income due to reduction in demand for units	48		
11	Beaufort Street - reduction in rental income due to reduction in demand for units	13		
12	Council House - General Assistants sickness cover	10		
13	Council House - increased cleaning and window cleaning costs	10		
14	Kings Chambers - reduction in rental income due to reduction in demand for units	8		
15	Direct Employment of Leisure Centre Maintenance staff - reduced level of savings achieved in 2008/09	5		
16	Conduct of Elections - staff costs (Agency & Derby Direct) as a result of postal voting		30	
17	Register of Electors Postage costs	14		
18	Management & Admin - Information and Communication Technology desktop charges	10		
	Total Pressures	990	1054	6

Table 4

	Direct and Internal Services Portfolio	Savings	Savings	Savings
	PORTFOLIO AND SAVINGS DETAIL	Proposals	Proposals	Proposals
		£000		
		2009/10	2010/11	2011/12
	Environmental Services Department			
1	Increase burial charges above inflation	-10	-10	
2	Reduce facilities and subsidies on parks activities	-5	-20	
3	Previously incurred early retirement costs of former employees now fully repaid	-17		
4	Bereavement Services - additional £10 increase above planned increases	-35		

5	Review of school meal preparation procedures		-343	-300
6	Propose to move from two depots to one		-100	
	Resources Department			
7	Potential savings from respecification and re-tender of IT contract, subject to outcome of contract/Review of mobile phone costs through review of providers and existing packages/Payback from investment in technology - Council wide			
		-161		
8	Review of management levels across the department	-131		
9	Review of Debt Recovery administration and mangement project	-20		
10	Financial Services - savings from minor restructure and work rationalisation	-17		
11	Reduce Consultation & Performance Planning budget	-14		
12	Accountancy Support and Performance posts supporting the Local Area Agreement (LAA) - seek funding from the LAA	-9	-6	
13	Personnel - Reduction of professional staff - dependent upon turnover & retirement	-35		
14	Financial Management and Transactional Service Reviews (Oracle)		-199	
	Corporate & Adult Services - Corporate Services			
15	Property Services - direct employment of leisure centre maintenance staff	-10		
16	Estates - assumed share of car park for Council House refurbishment	-5	-10	
	Estates - Council House General Assistants - deletion of one post and reduced sickness cover	-5		
17		-5		
18	Cattle Market - increase in car parking fees	-5		
19	Savings on IT costs through new PC provision policy, savings on printer consumables & in house provision of websites	-2		
20	St Peters House - re apportioning of costs to occupiers	-20		
21	Rents base budget review in Miscellaneous Estates	-60		
22	Cattle Market - Increased Commission	-75		
23	Head of Service restructure & Constitutional and electoral efficiencies	-35		
24	Savings on Electoral canvass	-15		
25	Increased income through extension of the printer rationalisation project	-10		

	Corporate Budgets and Cross Departmental Contingencies			
26	Mayoral services reduction of budgets	-6		
27	Electoral services - indicative planned saving from move to four yearly cycle of elections (not now achievable until 2011/12 at earliest) - one off saving in 2009/10 only due to no city council elections that year	-60	60	
28	Members Allowances - review of allowances taking place so assume one year only	-40	40	
	Total savings	-802	-588	-300

2. Issues for possible exploration by the Commission

Corporate Policy and Economic Development Portfolio

1. Please explain how it is intended to address the shortfall in the 'Neighbourhood Working Fund'? (Table 1, Line 1)
2. What is being done to improve tenant incomes from Friargate Studios? (Table 1, Line 2)
3. Please explain the relationship between the CSP funding shortfall of £501k (Table 1 Line 4) and the savings relation to the CSP shown in Table 2, Lines 8, 14, 15 and 16?
4. To what do the Public Realm prudential borrowing costs in shown in Table 1, Line 6 relate?
5. How will the Treasury Management base Budget review shown in Table 1, Line 7 incur the indicated pressures?
6. To what capital projects does the Revenue funding of £1525 shown in Table 1, Line 8 apply?
7. How will the loss of the £250k and £500k Neighbourhood Renewal funding shown in Table 1, Line 10 be addressed?
8. What is the Support services pressure (Derby Homes) shown in Table 1 Line 15? How does this relate to the saving shown in Table 2, Line 19?
9. What are the likely impacts on the economic development/wellbeing of the City of the savings in respect of City Development and Tourism shown in Lines 8, 9, 10, 11 and 12 of Table 2?
10. What will the £471k of reserves shown in Table 2, Line 25 be used for.
11. Why do the CPED budget proposals contain no reference to energy saving or to initiatives to reduce the use of energy.

Direct and Internal Services Portfolio

1. Where will the funding for the NEAT teams (Table 3, Line 2) come from?
2. Who is the rent increase on the Stores Road depot paid to? (Table 3, Line 3) Has there been no increase in rent for the London Road depot
3. What will the increased Property Maintenance Team funding be used for? (Table 3, Line 7). To what extent will this funding resolve the maintenance issues with Council buildings? How will this pressure be affected by the delayed refurbishment of the Council House?
4. What steps are being taken to improve take up of empty Market Units and to address the reduction in demand for other units (Table 3 Lines 8, 9, 10, 11 and 14). To what extent is the downturn in the economy expected to affect the pressures shown in these lines?
5. What consultation will be carried out on the proposal to increase burial charges (Table 4, Line 1) and on the cost of Bereavement Services (Table 4, Line 4). By what amount is it proposed to increase the charges?
6. What facilities and subsidies on parks activities will be reduced? (Table 4, Line 2).
7. How will a review of school meal preparation (Table 4, Line 5) save £343k in 2010/11 and £300k in 2011/12? If such large savings are there to be achieved, why is the review not being brought forward to 2009/10?
8. What is involved in the respecification and review of IT contracts (Table 4, Line 7). What will be the cost of the investment required to achieve the indicated savings and where is this shown in the budget?
9. What will be involved in the review of management levels across the Resources department? (Table 4, Line 8)
10. The reduction of professional personnel staff (Table 4, Line 13) is shown as dependent upon turnover and retirement. Is the projected £35k saving guaranteed or will it only be achieved if staff decide to leave or retire?
11. How will the projected £60k saving from the Rents base budget review (Table 4, Line 21) be achieved given the reduction in demand for units indicated by Lines 8, 9, 10, 11 and 14 of Table 3?
12. By what amount will Cattle Market Commissions be increased to achieve the projected £75k saving indicated in Table 4, Line 22? Have possible impacts of the increase in Commission on the use of the Cattle Market been fully explored and if so what was the outcome?
13. Why do the DIS budget proposals contain no reference to energy saving or to initiatives to reduce the use of energy.

DRR 16 January 2009.