

ITEM 6

Response of Council Cabinet to the recommendations of the Overview and Scrutiny Commission on the 2008/9-2010/11 proposed Revenue and Capital Budget

Appendix 6 – Recommendations of the Community Commission

Recommendations on the Draft Revenue and Capital Budget 2008-2011 by the Community Commission

Recommendation 1

The Commission recommends that the Council Cabinet provides additional resources, beyond replacing the NRF funding stream, for the neighbourhood working agenda and considers providing each ward, at minimum level a dedicated part-time neighbourhood manager to manage and actions issues raised at the Neighbourhood Forums and Boards.

CABINET RESPONSE

Agreed - subject to available funding. Options are being explored.

Reason

Derby is seen as a national leader in Neighbourhood Working and the Commission was disappointed to note that this important service area is not being supported with additional resources. The Council agreed to the new way of working and has developed strong relationships with local residents and partner organisations but lack of additional resources would seriously limit future progress and credibility to process. The Council can only continue to be visionary if it bends its funding streams to support this new way of community engagement and partnership working.

Recommendation 2

The Commission wishes to see a production theatre performing in the city and therefore welcomes the inclusion £400k in this year's draft budget. The Commission also wishes to support amateur theatre and recommends ring fencing a portion of the budget to support amateur theatre groups, this amount is seen as £50k of the £400k budget allocation. There are various options of supporting the groups and the Commission recommends the Cabinet works with amateur groups to determine how they could best utilise the resources to enable them to continue to flourish in the city.

CABINET RESPONSE

Agreed to the principle of the Commission's recommendations, however, the City Council and Arts Council aim to ensure a much further

involvement of amateur theatre groups in a new operating model for theatre in Derby rather than simply ring-fencing an element of grant for their specific use.

Reason

There is a debate to be had on how the £400k could be best used for supporting producing theatre in the city since the recently elected new management Board at Derby Playhouse announced that they no longer wish to receive funding from the City Council but would still need the £750,000 grant from the Arts Council. However, the Commission was informed by the Head of Arts and Events that the funding from the Arts Council is provided to the Playhouse on the condition that it receives financial support from the City Council.

Recommendation 3

The Council Cabinet is recommended to carry out an options appraisal as soon as practical on the ending of the additional ALMO's subsidy of more than £2.5m per year in 2011/2012 and initiates the consultation process with the key stakeholders as so that informed choices can be made on the future rent levels and the best strategy for the avoidance of the negative housing subsidy. There is an announcement from Government that maybe helpful in this respect due on the 8th February.

CABINET RESPONSE

The Housing Revenue Account - HRA - Strategic Working Party considered this issue in January 2008, and rejected the idea of having an options appraisal at this point – particularly a full one consulting tenants. It would be inappropriate at this point in time as the government has just announced a major review of the HRA subsidy system to report next year. This could well lead to significant changes to the rules on which the subsidy system is based. As a result, the fundamental assumptions that surround the options appraisal are unclear and could change significantly, making an options appraisal undertaken at this point of little use to the Council in considering its future options next year. With the Council already committed to Derby Homes through a management fee until at least 2012 in order to secure the additional funding referred to by the Commission, there would be no advantage to a review in advance of the publication of the government's review of subsidy next year.

Reason

It is important that early options appraisal is carried out to determine the level of resources available following the end of the £2.5m per annum subsidy and how best they can be utilised. Starting the process early would enable meaningful consultation to be conducted with the relevant stakeholders, including tenants and enable the Council to set a strategic policy on rent levels with sufficient surplus for stock maintenance at its current level of

repair.

Recommendation 4

The Community Commission was asked to give its views on the level of rent increase to harmonise council rent with the RSLs. The Commission recommends the rents are increased by 8.2% to bring the convergence in line by 2012 as required by the Government.

CABINET RESPONSE

Agreed

Reason

Local authorities are required to harmonise council rents and bring them inline with those charged by RSLs by 2012. The Commission was presented with three options on possible rent increases:

- a) increase rents by 12 %
- b) increase rents by 8.2% to bring them in line by 2012
- c) increase rents by 7.4% to bring them in line by 2016

The Commission feels that 12% increase would be excessive and could become a significant burden on those not housing benefits whilst delaying the convergence to a later date could put significant pressure on the HRA. Also the difference between 8.2% and 7.4% would be minimal for the tenant, around 35p per week but could provide substantial resources across the 14,000 housing stock and enable the convergence to be achieved by the timescales set by the Government.

Recommendation 5

The Commission recommends that of the £6m Estates Pride Programme still unspent, £4m could be spent over the next two years to carry out capital improvement on local estates whilst the remainder £2m is used to support neighbourhood working over the next ten years, funding conditions permitting.

CABINET RESPONSE

Agree. These proposals are consistent with tenants' feedback and the HRA business plan The intention is to continue funding neighbourhood working projects at a cost of around £0.6m a year including all current neighbourhood support plus the youth inclusion project run by Enthusiasm.

Reason

£15m Estates Pride Programme was provided for improvements to estates and to provide facilities for the benefit of tenants. Of this £9m has so far been spent some of which is used to support the Neighbourhood Working agenda. The Commission feels the Neighbourhood Agenda is an important new way of

working with local partners and for the benefit for local community including council tenants. Using Estate Pride resources to support Neighbourhood Working would extend the benefit over the next years, providing this was did not contravene funding criteria.