



## **Revenue Budget Strategy 2008/9 – 2010/11**

### **SUMMARY**

- 1.1 In line with our Corporate Plan priorities that were agreed at 3 July Cabinet, I am determined to ensure the Council continues to deliver high quality services and value for money.
- 1.2 However, the financial situation facing the Council from 2008/09 is a particularly challenging one, in that we are awaiting the outcome of the Government's Comprehensive Spending Review – CSR - 2007 of public services which will not be available until the autumn of 2007. At this stage we are therefore uncertain of how much Revenue Support Grant we will be receiving for the three year period 2008/09 to 2010/11, which means our outline budget strategy has therefore had to be based more so on forecasts than in previous years.
- 1.3 There are also a number of major financial pressures emerging over those already planned for including:
- increasing demands for home care services for the elderly as the ageing population in the city continues to grow
  - pension fund contributions are likely to increase from 2008/09
  - uncertainties over the costs of our major joint waste disposal project with Derbyshire County Council
  - job evaluation costs could be higher than anticipated in the worst case scenario.

Also, there are still uncertainties about the continuation of Neighbourhood Renewal Funding beyond 2007/08. We received £4.3m in 2007/08 which we are putting to very good use in the Council's priority neighbourhood areas and without similar levels of funding going forward, we will face significant financial pressures.

- 1.4 Although our external resources available in 2008/09 are uncertain, we are committed to maintaining a low council tax for our council taxpayers and budget decisions going forward as more funding information becomes available will be taken from this starting point.
- 1.5 In line with our current budget that was agreed by Council in March 2007, that identified 10% savings over the three year period to 2009/10 together with prudent forecasting of income and expenditure from 2008/09 as set out in the attached report by the Acting Corporate Director of Resources, we have a forecasted balanced budget position up to 2009/10 and a budget deficit at this stage for 2010/11 of £3.148m. Should this funding deficit materialise, we will need to make further efficiency savings of 2% in this year in order to balance the budget.

- 1.6 Running in parallel to these forecasts, I have authorised chief officers to focus on making efficiency savings in 'back office' administration processes in order to make best use of recent major financial investments in computer systems. I have also asked for a corporate programme of further potential efficiency savings from topic reviews that will be drawn up in Summer 2007 and monitored through the Building on Excellence Efficiency Board.
- 1.7 Subject to any issues raised at the meeting, I therefore support the following recommendations.

<b>RECOMMENDATION</b>
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- 2.1 To note the estimated financial position facing the Council from 2008/9 onwards and the forecasts it is based on.
- 2.2 To approve the strategy to be followed for the 2008/9 to 2010/11 initial budget planning process.



## **Revenue Budget Strategy 2008/9 – 2010/11**

### **SUPPORTING INFORMATION**

#### **1 Indicative budget plans for 2008/9 to 2010/11**

- 1.1 When approving the 2007/8 budget and council tax increase in February 2007 an indicative budget was also set for 2008/9 and 2009/10 which provided a balanced budget before any further investment in the Public Realm programme.
- 1.2 On this basis Cabinet agreed that services would plan to these budget totals for 2008/9 and 2009/10 and they would only be changed to reflect updated inflation and demographic impacts as part of the formal 2008/9 – 2010/11 budget process. This also required services to plan and implement savings proposals included in the indicative budgets at the earliest opportunity.
- 1.3 The position at February 2007 was that the inclusion of a further £20m annual investment in Public Realm in 2008/9 and 2009/10 created a gap of £2m in 2008/9 reducing to £1.7m in 2009/10 based on resource estimates at the time. It was agreed that there would be a shift of emphasis on savings going forward where the focus would be on making efficiency savings in the 'back office' and administration of service provision and thereby capitalising on major investment in computer systems.
- 1.4 Cabinet also agreed on 3 July 2007 to confirm the Council's Corporate Plan priorities for 2007-10 as the basis for corporate and financial planning in 2008-11. This will allow an integrated process and timetable for the development of Corporate Plan priorities, service business plan priorities and budgets for 2008/09 to 2010/11.

#### **2 Forecast resources**

- 2.1 The government's central grant system determines most of the non schools funding received by Councils, and from 2008/09 is now to be set on a three year basis, allowing Councils to plan with greater certainty than in the past. Unfortunately, the Comprehensive Spending Review, CSR, for 2007 has been postponed to the autumn, and funding for the next three year period 2008/11 is therefore very uncertain at this stage. The government have not made clear pronouncements about the future of local authority grants, but have indicated that they will expect Local Authorities to produce 3% cashable efficiencies each year. The prospects for significant increases in grants are therefore limited and our position will therefore need to be reviewed once the CSR has been completed and the grant positions set out in December this year.

- 2.2 Derby does suffer currently from the current system of scaling back grant increases above a 'floor' set by the government, and by 'damping' of changes to Social Services funding. The grant formula for 2007/08 indicates that Derby should be entitled to £3.4m further grant if there were no need for a floor, but this funding has been contributed to maintaining funding levels for other Local Authorities across the country, mainly in the South East who would lose out financially if the 'floor' system were to be removed.
- 2.3 Additionally, the last review of Social Services funding indicated that the need was for relatively more spending outside the South East, and government grant was adjusted but the amounts actually granted were damped to stabilise the funding of those Councils who were losing out under the new formula grant calculations – particularly in the South East. This amounted to a further reduction in grant for Derby of £3.7m a year. Our £3.7m of funding is in effect being diverted to protect services and Council tax levels elsewhere. Unfortunately, and despite lobbying by this Council and others including SIGOMA, it appears very unlikely that these issues will be specifically addressed by the current review of funding for local government.
- 2.4 The one area where grant could be materially improved by around £1m a year to our benefit before scaling is 'resource equalisation'. Councils like Derby have lower tax bases and higher needs than many more affluent areas, and the government has periodically attempted to restore a balance to the overall formula through resource equalisation. An increase in the level of this would help our position however the government have exemplified both increases and reductions in equalisation levels so any forecast of which way they go, if any, is uncertain
- 2.5 At this point, therefore, the resources forecast is difficult to assess, as the overall total for local government is under review, as is the distribution between Councils and the rules for any floors and scaling arrangements. But, in order to make some attempt at planning for the next three years, it is necessary to make an overall assumption about the outcome of these processes nonetheless. The forecast grant has been based on the outcome for Derby of an increase in cash grant for local government excluding schools – after the 3% efficiency saving – of 2.5%, with a floor of 2%. Working this calculation through translates into an increase for Derby of around 2.67% for 2008/09 and around 2.5% thereafter. The forecast is set out in Table 1:

<b>Table 1</b>	Actual 2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
<b>Grant</b>	<b>92.353</b>	<b>94.819</b>	<b>97.189</b>	<b>99.619</b>
Increase £m		+2.466	+2.370	+2.430
Increase %		2.67%	2.5%	2.5%

This central estimate will obviously be kept under review as the CSR progresses. It is possible that the result could be materially better or worse than this forecast, which is particularly volatile this year because of the reasons set out above. The forecast for 2008/09 is £155k a year better than assumed in February 2007 when setting the budget.

- 2.5 In terms of Council Tax levels and income, budget planning has taken place to date on the basis of an annual increase of 5% in order to support the major Public Realm investment programme planned over the next few years. This gives the following projected totals, set out in Table 2:

<b>Table 2</b>	Actual 2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Council Tax	70.562	74.274	78.180	82.293
Grant	92.353	94.819	97.189	99.619
Collection Fund	0.084	0	0	0
<b>Resources</b>	<b>162.999</b>	<b>169.092</b>	<b>175.370</b>	<b>181.912</b>
Increase £m		6.094	6.277	6.542
Increase %		3.7%	3.7%	3.7%

This indicates that, if the grant forecast is correct that the maximum additional resources that the Council can apply – even at a 5% Council tax level – will be around 3.7% a year to the current budget.

### 3 The Council's latest financial position

- 3.1 The Council's existing published budget in February 2007 is set out below in Table 3:

<b>Table 3</b>	Actual 2007/08 £m	Estimated 2008/09 £m	Estimated 2009/10 £m	Estimated 2010/11 £m
<b>Budget</b>				
Published Budget	161.299	168.957	174.883	182.389
Public Realm (additional each year)	1.7	2	2	2
<b>% increase to budget including PR</b>	162.999	170.957 <b>4.9</b>	176.883 <b>3.5</b>	184.389 <b>4.2</b>

- 3.2 The 2007/08 to 2009/10 figures are as published in the Council's budget setting for 2007/08, and incorporated reductions in real terms to budgets of 10% over the three years 2007/08 to 2009/10 inclusive. For the position set out in this report to be fulfilled, those budget reductions set out over all three years will have to be delivered. Any shortfall would add to the overall budget pressure on the Council.
- 3.3 The 2010/11 figures are based on an increase of 3% cash for most budgets, and are speculative at this stage in advance of cashlimit and detailed budget calculations.
- 3.4 A direct comparison of estimated resources with estimated budget requirements on this basis gives an initial budget deficit indicated in Table 4:

<b>Table 4</b>	Actual 2007/08	Estimated 2008/09	Estimated 2009/10	Estimated 2010/11
	£m	£m	£m	£m
<b>Resources</b>	162.999	169.092	175.370	181.912
<b>Budget</b>	162.999	170.957	176.883	184.389
<b>Budget deficit</b>	<b>0</b>	<b>1.865</b>	<b>1.513</b>	<b>2.478</b>

This forecast is marginally, but not materially, better than the position forecast in February 2007, which indicated a deficit of £2.02m for 08/09 and £1.67m for 09/10.

- 3.5 A review of the Council's corporate contingency budgets has been undertaken to update the position over the next few years. It is anticipated that the Treasury Management budget can be further reduced in the short term on the assumption that the accommodation project will not result in spending until 2010 which may change and need to be brought forward if the Accommodation Strategy review is able to produce a viable business case that the Council agrees. Based on no capital expenditure until 2010 enables a short term financial benefit as a result of interest on the capital receipts intended for use on that project. The corporate contingency budget review also assumes that we can spread the cost of Equal Pay capitalisation over 20 years, as indicated by a recent consultation paper from CLG, rather than the 7 years previously budgeted.
- 3.6 Further outcomes of the review are mainly concerned with holding a corporate provision towards the cost of the pay award, an increase to the employer's local government pension contribution rate following the actuarial revaluation and job evaluation. Any significant pay settlement increase above the budgeted levels of 3% would create further financial difficulties. It should be noted that there would remain no provision for any general budget contingency, other than towards the cross-cutting budget risk areas above, nor for any new service budget pressures.
- 3.7 The updated gap after the review of contingencies is shown in Table 5 below:

<b>Table 5</b>	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
Estimated Corporate Contingency review	-0.400	-0.376	-0.727	0.348
<b>Updated forecast gap</b>	<b>-0.399</b>	<b>1.489</b>	<b>0.786</b>	<b>2.826</b>

- 3.8 The Council also faces a number of unavoidable pressures over the next few years, including an increase in landfill tax from next year much greater than previously planned, the running costs of Springwood Library and a likely increase in pension contributions from 2008/09, which will be known by November 2007. Landfill tax increases can be met in the short term by the funds already earmarked for the delivery of additional waste disposal facilities currently being procured with the County Council, but this funding will be required in full by 2010/11 when it is anticipated that the facility will open. Table 6 sets out the unavoidable pressures that we already know about so will increase the funding deficit:

<b>Table 6</b>	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
Estimated: LGPS - increased contributions from 08/09		1.000	1.030	1.061
Landfill Tax increases		0.400	0.800	1.200
Reprofiling of Waste Disposal pressure		-0.400	-0.800	
Springwood Library running costs		0.058	0.059	0.061
<b>Existing Pressures</b>	<b>0.000</b>	<b>1.058</b>	<b>1.089</b>	<b>2.322</b>
<b>Updated forecast gap including pressures</b>	<b>-0.399</b>	<b>2.547</b>	<b>1.875</b>	<b>5.148</b>

#### 4 Delivering a balanced budget

- 4.1 The Council is required to approve a balanced 2008/9 revenue budget at Council on 3 March 2008, and through a medium term budget plan demonstrate the affordability of its revenue budget for 2009/10 and 2010/11 after taking into account its plans for capital expenditure.
- 4.2 Existing indicative plans for future capital expenditure, including the Corporate programme funded from prudential borrowing, have been re-examined for affordability within the overall revenue resources here. The budget includes the public realm investment at an additional cost of £2m a year. This had been expected to generate investment of £20m a year based on interest rates of around 5%. Unfortunately, increased interest rates over the past few months have reduced the capacity of £2m a year of revenue funding now to around £19m a year. It is important to also note that there are likely to be additional government restrictions on prudential borrowing from next year, which are currently being consulted upon which may result in a requirement for future years' programmes to be more closely aligned to anticipated useful life of the asset being purchased with the investment. The effect of this may result in us being able to increase investment in long term assets such as land and buildings but reduce the ability to invest in short term assets such as additional maintenance. We will learn more about this as government policy develops.
- 4.3 At the current time, £2m a year additional funding remains in the revenue budget for this purpose, and the exact amount of future funding able to be supported will need to be reviewed once the rules are known more clearly. The existing programme for 2007/08 is underway, but is experiencing some slippage, partly as a result of capacity issues within the Council to progress so many capital projects at the same time. As a result, it would appear likely that the full investment programme may take longer to achieve than originally anticipated. At this stage, it is therefore proposed that the majority of the funding deficit indicated in Table 6 is met by accepting that there is likely to be a delay in the actual delivery of the five year public realm

programme. This would save £2m a year by accounting for this slippage in 2008/09 and would reduce the budget deficit to nil until 2010/11 as shown in Table 7 below. Should actual resources for 2008/09 be an improvement on what is forecast in this report, then our earmarked revenue funding to fund the prudential borrowing of up to the above £2m, would be reinstated for 2008/09 and review each year of the programme.

<b>Table 7</b>	2007/08	2008/09	2009/10	2010/11
	£m	£m	£m	£m
<b>Funding gap including pressures</b>	<b>-0.399</b>	<b>2.547</b>	<b>1.875</b>	<b>5.148</b>
Deferral of Public Realm for 0809 only		-2.0	-2.0	-2.0
<b>Gap (surplus)</b>	<b>-0.399</b>	<b>0.547</b>	<b>-0.125</b>	<b>3.148</b>
Use of reserves	0.399	-0.547	0.125	
<b>Planned position</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.148</b>

The use of reserves required over the next three years would be £23k, but the longer term deficit for 2010/11 is notable at over £3m or around 2% of the budget excluding schools.

- 4.4 There is also a need for Departments to review their budgets to confirm the savings target proposals and other pressures and savings built into the indicative budgets for 2008/9 and 2009/10, together with the full-year effects of 2007/8 savings are being delivered and sustainable. The policy implications of full implementation needs also to be addressed. Any variations will require remedial budget action, including the identification of further departmental savings proposals if required, to ensure that detailed budget plans can be delivered within the indicative cashlimits. The indicative savings target proposals and other pressures and savings requiring review are attached at Appendices 2 and 3.
- 4.5 We also need to consider the implications if the Council had to implement 2% further efficiencies or other savings options in 2010/11 in the event that the Council's financial position is as predicted above. Clearly with a lot of uncertainty about the overall financial position – in particular on resources available – final decisions about further budget savings will be taken later in 2007. As things stand, if Departments confirm their ability to make the savings already set out in the existing three year financial plan, further budget savings may not be necessary until 2010/11. This would of course require identification and approval of further savings proposals before 2010/11 to allow implementation from 2010/11. This approach to delivering three year balanced budget plans is also dependent on the Revenue Support Grant Settlement being as forecasted above.

## 5 The budget planning process

- 5.1 Departments are aware of their responsibility to manage budgets within approved budget totals, including the delivery of savings included in approved budgets, together with close monitoring and immediate action for any emerging budget pressure on risk budgets.



- 5.2 Any on-going budget pressures emerging from the 2006/7 outturn or the 2007/8 early monitoring will need to be addressed by departments as part of the detailed budget planning, on the basis that there will be no additional corporate allocation for emerging pressures. It should also be noted that any new service pressures identified and built into detailed budget planning will necessitate corresponding additional departmental savings proposals to balance.
- 5.3 Departments should therefore continue to plan within the indicative departmental cashlimits for 2008/9 and 2009/10 as set out in the 2007/8 budget process, when working up detailed budgets for 2008/9 and 2009/10. Departmental cashlimits for 2010/11 will be issued to work within for 2010/11 detailed budget planning, set at this stage by applying a 3% overall inflation uplift to 2009/10 indicative cashlimits. The only exception to this is the corporate addition to the Environmental Services department budget for Springwood Leisure centre library running costs to be added from 2008/9.
- 5.4 There will be no change to the indicative inflation uplift percentages already allowed or for demographic changes for 2008/9 and 2009/10. A budget contingency provision will continue to be held corporately towards the cost of a pay award settlement should this be above 2.5%, an increase to the employers local government pension contribution rate following the actuarial revaluation and the costs attributable to job evaluation. A set of standard inflation uplift percentages will be issued for detailed budget planning for 2010/11 and the outcome reviewed against the provisional 3% uplift.
- 5.5 Departments will also need to develop exit strategies where one-off, or time limited funds, are currently being used to support on-going services and expenditure, to avoid on-going budget pressures. Exit strategies will also need to include the departmental funding of any employee severance costs. This is specifically required for the following areas ...
- External funding due to cease between 2008 and 2011 with no confirmed replacement or continuation at this stage, identifying in the process the policy and service implications. This review will also need to include Partnership budgets supported by external funding. The position with regard to Neighbourhood Renewal Funding will also need to be reviewed once further information becomes available.
  - Local Public Service Agreements – LPSA1 and LPSA2 continuation of schemes after 31 March 2008, when corporate and pump priming funding will cease.
  - Reliance on service reserves to fund service developments and improvement plans, which have an on-going budget implication.
- 5.6 As part of the budget process this year departments will be asked to develop a number of planned outcome targets/benchmarking comparisons across a selective group of key service areas, where reliable and meaningful information is available. This will be used to explain what the budget inputs planned for those service areas are expected to deliver, to inform budget consultation and budget prioritisation, and to demonstrate value for money. This exercise will link into participative budgeting and on-going performance management.

- 5.7 As mentioned at paragraph 1.4 above, Cabinet has approved the retention of the existing Corporate Plan priorities for 2008/9 and 2009/10, to be used for budget planning purposes. Cabinet also approved the preparation of the 2010/11 budget on the basis of these existing priorities also. Therefore, no new budget pressures should necessarily emerge from corporate priorities. An integrated corporate and financial planning timetable is being used for the development of the Corporate Plan, service plans and budgets for 2008/9 to 2010/11, as approved by Cabinet on 3 July 2007.
- 5.8 The timetable is attached at Appendix 4. It now includes a Budget Strategy update report to Cabinet in December 2007 following the provisional announcement on the CSR and provisional Revenue Support Grant Settlement together with a review of indicative budgets by departments. The scale of additional savings required to be identified for implementation from 2010/11 will then be confirmed and the timetable for working up, consulting on and approving proposals agreed. At this stage consideration will need to be given to the savings target which should reasonably be met from back-office and administrative efficiencies and the likely need for other savings options to be explored.
- 5.9 A review will take place on previous consultation methods, and a report brought back to Cabinet on the proposed integrated consultation process for budgets and corporate priorities. This will include the participative budget consultation with Neighbourhoods. The consultation is planned to commence in December 2007, a month earlier than in previous years.
- 5.10 A Capital Strategy will be reported to September 2007 Cabinet, taking into account the updated proposals included here to support capital investment from the revenue budget using prudential borrowing.

## **6 Partnership budgets/Local Area Agreement/Neighbourhoods.**

There are significant changes to take place from Spring/Summer 2008 with the structure and financial arrangements within the Local Area Agreement – LAA - that will place more emphasis on partnership priorities and outputs.

We will therefore need to align the LAA priorities with the Council's priorities and then fully integrate these combined priorities into the Council's budget setting process. We will therefore be working closely with our partners in the coming months.

## **7 Corporate Reserves update**

- 7.1 Appendix 5 provides an updated position on corporate reserves showing the balance at 31 March 2007 and approved commitments against them. The general reserve continues to be held at 2% of the Budget Requirement, in line with recommended best practice. The level of uncommitted corporate reserves, however, continues to fall and should not be called upon to fund on-going revenue budget pressures.
- 7.2 At this stage no addition to corporate reserves has been made for LPSA2 reward funding. It is likely that we will get some reward funding, 50% of which is revenue, but we will not know for certain until 31 March 2008. At that time consideration will need to be given, in conjunction with partners, to the use of any reward funding. This will confirm if any reward funding is to be used to provide on-going funding for

successful schemes which have met the LPSA targets, however, until then on-going funding cannot be assumed for LPSA2 schemes and exit strategies should be developed for 2008/9.

<b>For more information contact:</b>	Carolyn Wright 01332 255349 e-mail Carolyn.wright@derby.gov.uk
<b>Background papers:</b>	None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – 2008/9 and 2009/10 target savings Appendix 3 – 2008/9 and 2009/10 other savings and pressures Appendix 4 – Timetable Appendix 5 – Corporate Reserves - to follow

<b>IMPLICATIONS</b>
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**Financial**

1. As detailed in the report.

**Legal**

2. The Council is required to set balanced revenue and capital budgets for 2008/9 by March 2008. Under the Prudential Code established by the Local Government Act 2003, it is also required to demonstrate the affordability of its revenue budget for the two subsequent financial years, after taking into account its plans for capital expenditure.

**Personnel**

3. No new implications assumed at this stage.

**Equalities impact**

4. None.

**Corporate priorities**

5. As set out in the report.

## Schedule of approved savings against savings target

ENFORCEMENT SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
Reduce number of posts within Environmental Health, Trading Standards and Consumer Advice	(80)	(80)	(80)
<b>Total Savings</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>

  

CORPORATE POLICY SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>RESOURCES</u>			
Corporate Finance efficiencies from new Financial Management system and other minor restructure savings	(41)	(35)	(41)
Financial Services minor restructures	(23)	(5)	
Financial Services work rationalisation	(26)	(29)	(17)
Reduce consultation & performance plan budget	(14)	(12)	(14)
Change in recharge to Derby Homes	(20)		
Return of pump priming fund repayments		(40)	
<u>Corporate Adult Services</u>			
Excess savings transferred from Social Cohesion & Housing Strategy portfolio	(20)		
Review of secretarial services	(18)		
Constitutional Services rationalisation of work	(20)		
Electoral services - move to four yearly cycle of elections			(60)
Underspend 2006/7 carry forward request nb. One off			
Registration service - cut redecoration budget	(5)		
Reduction in consultation budget	(22)	(22)	(18)
<u>REGENERATION &amp; COMMUNITY - DERBY CITY PARTNERSHIP SERVICE UNIT</u>			
Derby City Partnership grant	(3)	(3)	(3)
<u>CORPORATE BUDGETS</u>			
Treasury Management budget savings/use of reserves	(458)	(458)	(393)
Reduction in External Audit Fees	(30)		
Transport Act	(9)		
Corporate Contingency Fund	(27)		
Emergency Planning	(18)		
Mayoral services reduction of budgets	(3)		(6)
Mayoral Services delete vacant post	(19)		
<b>Total Savings</b>	<b>(776)</b>	<b>(604)</b>	<b>(552)</b>

  

PPM & ED SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>Corporate Adult Services</u>			
Members Services - restructure & partner with business support unit secretarial unit			
Savings on IT costs through new PC provision policy, savings on printer consumables & in house provision of websites	(6)	(1)	(2)
Estates - re-organise admin section to save 0.5 secretarial post	(9)		
Charge Pride Park Project manager 50% to capital	(20)		
Estates - apply general rent increases above inflation	(15)	(15)	(15)
Markets - increase street trading charge	(4)		
Repairs & Maintenance Work - change procedures for water hygiene	(20)		
Deletion of post & reduction in staff hours - already in place	(40)		
Welfare service - move to Employee Assistance Programme	(28)		
Implementation of advertising changes - means deletion of admin post		(20)	
Reduction of professional staff - dependent upon turnover & retirement		(27)	(35)
Redesignation of Section Head	(3)		
Reduce Committee teas by careful ordering & menu restrictions	(10)		
Estates- Restructure Lease to facilitate development of land			(70)
Valuation - freeze vacant post	(30)		
Markets - reduce supplies & services budget	(20)		
R & M - Omit cyclical painting		(50)	
R & M Omit compliance with Energy Performance of Building Directive	(20)		
R & M - general reduction in planned maintenance	(40)	(127)	(79)
Accommodation - Council House Reception - Omit security provision	(14)		
less transfer to Leisure and Direct Services Portfolio	11		
less additional savings used to fund pressures below	29		
<u>REGENERATION &amp; COMMUNITY</u>			
Economic Development Unit - proportional savings in partner contribution budgets (68k), promotions and project budget savings (23k)	(21)	(21)	(49)
Other Efficiencies	27	(5)	(14)
<b>Total Savings</b>	<b>(233)</b>	<b>(266)</b>	<b>(264)</b>

Planning and Transportation SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>REGNERATION &amp; COMMUNITY</u>			
Divisional Restructuring	(114)	(57)	(59)
New Development Charges	(50)	(40)	(40)
Parking Service Charges	(65)	(40)	(35)
Other Efficiencies	(114)	(127)	(174)
<b>Total Savings</b>	<b>(343)</b>	<b>(264)</b>	<b>(308)</b>

Children and Young People - non school SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
Charge Building Schools for future project manager to scheme			(65)
Management efficiencies arising from rolling out of locality structures	(35)	(35)	
Early Years & Childcare - reduce spending on projects, consumables and grants to play groups	(9)		
Education Welfare Service - change to term time working for two members of staff	(26)		
Recategorise Education Psychology Service to Schools Budget			(291)
Care Management & Purchasing - general transport savings	(20)	(20)	
Redesignation of a unit	(933)	(667)	
Education Psychologists - deletion of a 0.6 fte	(35)		
Home to School Transport - introduce means testing for transport to faith schools		(106)	(66)
Charge related staffing in finance and asset management to the capital programme	(30)		
ICT Increase prices of sold service packages to schools above inflation	(6)	(4)	(3)
VER/Redundancy costs - ensure costs are charged to schools budgets	(17)	(17)	(16)
<b>Total Savings</b>	<b>(1,111)</b>	<b>(849)</b>	<b>(441)</b>

L & DS SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>Environmental Services</u>			
Restructure of Waste staffing following merging of Client & Contractor operations	(100)		
Reduce facilities and subsidies on parks activities		(60)	(60)
Part of an administration post deleted from Sport & Leisure	(11)		
Closure of Lancaster Sports Centre	(65)		
Additional contribution from expansion of Springwood Leisure Centre gym		(89)	
Pricing review of Sport & Leisure activities			(50)
Relocation of Moorways Stadium			(135)
Contributions from Trading Account Operations			
Management restructure following move from Commercial Services to Environmental Services	(40)		
Review of kerbside recycling methods		(50)	(50)
Efficiency review of Street Scene (including NEAT)		(35)	(35)
Reduce costs in Building Section following reduction in Derby Pride works			(150)
Review viability of joiners shop operation at London Road depot		(100)	
Full recharge to schools for Catering	(40)	(40)	
Targeted savings in Local Environment Trading Account operations	(100)	(105)	
Review loss making cleaning & caretaking sites			(20)
<u>Corporate Adult Services</u>			
Festivities	(11)		
<u>Regeneration and Community</u>			
Other Efficiencies	(87)	(130)	(87)
Libraries - reduction in management and operations	(126)		
Library savings yet to be identified			(40)
<b>Total Savings</b>	<b>(580)</b>	<b>(609)</b>	<b>(627)</b>

ADULT SERVICES SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>Corporate Adult Services</u>			
Increase care management staffing vacancy factor by 1% to 5%	(67)		
Reduction in RAS costs arising from Council 24-hour contact centre		(73)	
Change skill mix of Care Managers & Community Care Workers	(62)	(26)	
Increase residential care staffing vacancy factor by 1% to 5%	(7)		
Recharge for cost of hospital-based services	(200)		
Hire out vehicles in evenings and at weekends		(117)	
Introduce home care package cost-sharing with service users	(180)		
Increase in day centre charges	(45)	(45)	(35)
Increase in meals on wheels charges	(40)		
Increase non-residential care staffing vacancy factor by 1% to 5%	(12)		
Increase in funding from Supporting People	(250)		
Reduce high cost placements	(300)		
Introduce charging for blue badge scheme			
3.5% reduction in support services budgets	(145)	(145)	(125)
Outsource home care	(200)	(400)	(400)
Transfer of long-term OP residential & nursing budgets	(581)	(81)	
Eligibility criteria		(500)	(1,000)
Voluntary sector inflation	(38)		
Outsource shopping		(100)	
Less savings to fund additional pressures	637	(13)	60
Less savings target proposals met from Neighbourhood, Social Cohesion and Housing Strategy portfolio	(10)		
<u>Children and Young People - Youth Service</u>			
Reduction in repairs and maintenance budgets	(5)		
Deletion of matched funding for a project ending in 2006/07	(3)		
Deletion of a Youth Worker post	(33)		
Reduction in Development funds	(5)		
Reduction in building operating costs	(3)		
Reduction in advertising budgets	(2)		
<b>Total Savings</b>	<b>(1,551)</b>	<b>(1,500)</b>	<b>(1,500)</b>

Neighbourhood, Social Cohesion and Housing Strategy SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>Regeneration and Community</u>			
External funding unit supplies and services	(6)	(7)	(7)
Area and Neighbourhood working budget		(16)	(16)
<u>Resources</u>			
Withdrawal of outreach service at Derby Homes - Save 3 FTE's	(65)		
Intergration of Free School Meals into Benefits Processing	(37)		
On-Line desktop links between Benefits Processing & DWP	(17)		
Reduce the numbers of fraud investigators			(27)
<u>Corporate Adult Services</u>			
Care Link - Additional income generation/New Equipment	(138)	20	
Homeless Hostel - Additional income generation	(10)		
Private Sector Housing - Charges for enforcement notices	(20)		
Transfer to Adult Social Services targets	10		
Derby Advice - Deletion of Employment Rights Post		(20)	
less transfer to Corporate Policy Portfolio	20		
<b>Total Savings</b>	<b>(263)</b>	<b>(23)</b>	<b>(50)</b>

Community Safety and E-Government SAVINGS SUMMARY	TOTAL		
	2007/08 £'000	2008/09 £'000	2009/10 £'000
<u>Resources department</u>			
Standardisation of desktop to enable remote maintenance & support	(86)		
Potential savings from respecification and re-tender of IT contract, subject to outcome of contract /Review of mobile phone costs through review of providers & existing packages/Payback from investment in technology - council wide			(161)
<u>Regeneration and Community</u>			
Other efficiencies		(14)	(14)
<b>Total Savings</b>	<b>(86)</b>	<b>(14)</b>	<b>(175)</b>

<b>TOTAL SAVINGS AGAINST SAVINGS TARGET</b>	<b>-5,023</b>	<b>-4,209</b>	<b>-3,997</b>
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Other approved budget pressures and savings	2007/8 £000	2008/9 £000	2009/10 £000	Portfolio
<b>Resources</b>				
CPA resources	25	-25		CP
less funded from reserves	-25	25		
<b>Net Total Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Corporate budgets - audit fees</b>				
CPA Inspection	100	-100		CP
less funded from reserves	-17	17		
<b>Net Total Resources - Corporate budgets</b>	<b>83</b>	<b>-83</b>	<b>0</b>	
<b>Corporate Adult Services - non Adult Social Care</b>				
<b>Pressures</b>				
Land Charges changes in national charging regime	140	0	0	CP
Potential one-off costs following review of Welfare Services	61	-61	0	PPM&ED
bus station closure	10	0	-10	PPM&ED
NNDR Increases, Roman, & Celtic House & St Peters	68	0	0	PPM&ED
Rent / Service Charges - Celtic House	21	0	0	PPM&ED
Rent / Service Charge - St Peters House	115	0	0	PPM&ED
Eagle centre Markets rents - increased level of voids	20	0	0	PPM&ED
Building Cleaning, contract price increase	85	0	0	PPM&ED
Markets - marketing campaign to address void situation (one-off)	30	-30	0	PPM&ED
Markets Strategy Study (one-off)	5	-5	0	PPM&ED
Miscellaneous estates - under recovery of rents - contingency for voids	25	0	0	PPM&ED
Members Allowance - Corporate budget	48	0	0	PPM&ED
	628	-96	-10	
<b>Other savings</b>				
One-off costs funded from corporate reserves	-61	61	0	PPM&ED
Cattle Market increased use	-15	0	0	PPM&ED
Rent reviews for building users	-122	0	0	PPM&ED
	-198	61	0	
less use of reserves	-45	35	10	
<b>Total Net Pressure Corporate Adult Services - non Adult Social Care</b>	<b>385</b>	<b>0</b>	<b>0</b>	
<b>Coporate Adult Services - Adult Social Care</b>				AS
Home care budget pressure	1,099	(154)		
FYE of new Physical Disabilities placements in 2006/07	102			
Independent Sector Physical Disabilities domiciliary care	65	(20)		
Physical Disabilities Direct Payments	259	(60)		
Supporting People - loss of grant	50			
FYE of new Mental Health placements in 2006/07	36			
Section 117 Mental Health	180	46		
<b>Total other pressures</b>	<b>1,791</b>	<b>(188)</b>	<b>0</b>	
<b>Less savings identified in savings schedule</b>	<b>(637)</b>	<b>13</b>	<b>(60)</b>	
less use of reserves	-162	162		
<b>Total Net Pressure - Adult Social Care</b>	<b>992</b>	<b>(13)</b>	<b>(60)</b>	
<b>Regeneration &amp; Community Department</b>				
<b>Performance and Resources</b>				P&T
<b>Pressures</b>				
Increments	0	4	3	
Ordnance Survey	8	0	0	
Ongoing department wide 2006/9 budget planning efficiencies not yet identified	46	0	0	
	54	4	3	
<b>Other savings</b>				
Uncommitted balance of Community Policy Management budget	-40			
<b>Net pressure</b>	<b>14</b>	<b>4</b>	<b>3</b>	
<b>Regeneration Division</b>				P&T
<b>Existing and ongoing pressures</b>				
Increments	0	28	20	
Plans & Policies - Other misc income 5k pressure Housing/5k pressure EMRA	10			
<b>New emerging committed pressures</b>				
Development control - Planning fees current income 20k below target	20			
DC action plan exit strategy required for ongoing costs (estimate)			113	
	30	28	133	
<b>Other savings</b>				
Combination of staff restructure and use of further Planning Grant	-37			
Increase in development control fees above inflation - estimated national increase			-113	
<b>Net Pressures</b>	<b>-7</b>	<b>28</b>	<b>20</b>	



<b>Highways and Transport Division</b>				P&T
Existing and Ongoing				
Increments	0	30	21	
Highways Design - increase in flood events and flood awareness leading to increased pressure on existing resources	30			
CCTV shortfall in existing contributions	50			
Car Park income - current estimated shortfall reflected in 06/07 monitoring	0			
<b>New emerging committed</b>				
Budget disaggregation (in lieu of staff moves to E services)	46	4	4	
RTI system	32	15	15	
Loss of income from Highway Properties		30		
Traffic & Transportation - CCTV Contract renewal	45			
DC action plan exit strategy required for ongoing costs			25	
highways contract inflation above standard( 07/8 allowed as standard)	0	132	132	
revenue support inflation above standard ( 07/8 allowed)	0	11	11	
other non standard inflation	0	13	13	
<b>Total Pressures Identified</b>	<b>203</b>	<b>235</b>	<b>221</b>	
<b>Other savings</b>				
CCTV - reduce CCTV to reflect available budget	-95			
Increase in car park charges to meet existing income targets	0			
Increase on pay and display	-25			
Pride Park increased charges	-15			
S74 income	-30			
Additional Data Collection and Transport Model Charges	-10			
Capital recharge	-60			
Increase in development control fees above inflation - estimated national increase - to meet Highways elements of DC action plan exit strategy			-25	
	<b>-235</b>	<b>0</b>	<b>-25</b>	
<b>Net Pressures</b>	<b>-32</b>	<b>235</b>	<b>196</b>	
<b>Culture</b>				L&DS
Pressures				
Existing and Ongoing				
Increments	33	35	23	
Waste Management at Darley park/Bonfire/Fireworks	5			
non standard inflation - artisites fees/assembly rooms cleaning contract	0	8	8	
non standard inflation library fines increase	0	6	6	
<b>New emerging committed</b>				
Derwent library to replace NRF funding	0	25	25	
Springwood library running costs	0	72		
<b>Total pressures</b>	<b>38</b>	<b>146</b>	<b>62</b>	
<b>Neighbourhood pilots</b>	<b>50</b>	<b>-50</b>		
<b>less funded from reserves</b>	<b>-50</b>	<b>50</b>		
<b>Total Regeneration and Community department</b>	<b>13</b>	<b>413</b>	<b>281</b>	

<b>Children and Young People's department - Non schools budgets</b>				CYP
<b>Learning Division</b>				
Pressures				
Health Promoting Schools / Teenage Pregnancy	30	0	0	
Other savings				
curriculum advice	-55			
Deletion of post - Head of Inclusion	-60			
Support for Secondary School Improvement - delete vacant posts	-20			
Primary SIP Grant		-22	-16	
14-19 Flexible Funding Grant	-25			
Delete annual contribution to Lea Green	-15			
Delete annual contribution to Sci Tech	-5			
Delete annual contribution to Derby City of Learning	-12			
Delete annual contribution to the Education Business Partnership	-10			
<b>Net savings towards pressures in other units</b>	<b>-172</b>	<b>-22</b>	<b>-16</b>	
<b>Performance and Commissioning</b>				
Pressures				
Performance and Commissioning an additional 0.5 post to provide additional capacity	25	0	0	
<b>Locality</b>				
Pressures				
Neighbourhood Nurseries - subsidy for six months	170	-170	0	
Savings				
Educn welfare service delete 0.5fte	-20			
<b>Net pressures</b>	<b>150</b>	<b>-170</b>	<b>0</b>	
<b>Specialist services</b>				
Pressures				
Social care management - 06/07 savings not achieved	29	0	0	
Maintain grants budgets at current levels	8			
Agency placements - higher costs and numbers	635	141	165	
2 new posts at Chesapeake	45	0	0	
	717	141	165	
Other savings				
convert independent fostering allowances to adoptions	-30	-30	-40	
Residence order change of criteria	-8	-8	-8	
Agency placements efficiencies	-125	-112		
increased use of grants	-273	0	0	
	-436	-150	-48	
<b>Net pressures</b>	<b>281</b>	<b>-9</b>	<b>117</b>	
<b>Strategic Support</b>				
Pressures				
VER costs - 06/07 savings not achieved	59	0	0	
ICS efficiencies not achieved	27			
provide detail	0	0	0	
	86	0	0	
Gershon savings				
Training administration costs - efficiencies in services	-40	0	0	
Finance - absorb the work of one Sure Start Officer	-25	0	0	
Other savings				
Finance - increase prices of sold service packages to schools above inflation and increase term time working arrangements	-28	-5	-3	
Silverhill legal costs drop out	-30			
Personnel - increase prices of sold service packages to schools above inflation and increase term time working arrangements	-11	-6	-4	
Awards - phasing out of function		0	-18	
	-134	-11	-25	
<b>Net savings</b>	<b>-48</b>	<b>-11</b>	<b>-25</b>	
Add Other Changes				
contribution to MAPPA	3			
CPA resources	75	-75		
less funded from reserves	-75	75		
<b>TOTAL Net Pressures Children and Young People's department</b>	<b>239</b>	<b>-212</b>	<b>76</b>	
<b>Environmental Services department</b>				L&DS
rethink rubbish	146	0		
less use of reserves	-146	0		
<b>Total Environmental Services department</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>NET TOTAL</b>	<b>1,712</b>	<b>105</b>	<b>297</b>	

**Corporate and Financial Planning Timetable 2008/9 – 2010/11**

<b>Date</b>	<b>Activity</b>
31 July 2007	Revenue I Budget Strategy approved by Cabinet.
July – August 2007	Review of Budget consultation approach used for 2007/08 – ‘Lets talk budget’. Departmental management teams consult on improvement priorities for their services.
End of August 2007	Budget and service planning guidance issued.
4 September 2007	Budget consultation process approved by Cabinet.
September 2007 and onwards	Early preparation of Corporate Plan and Budget for 2008-11 based on agreed Priorities and Budget strategy. Development of service business plans and detailed budget proposals.
18 December 2007	Updated Revenue Budget Strategy approved by Cabinet.
December – January 2008	Consultation on Budget and Priorities.
19 February 2008	Council Cabinet considers final draft Corporate Plan, 2008/9 Revenue Budget and Council Tax, and revenue budget plans for 2009/10 and 2010/11 recommended to 3 March Council for approval.
3 March 2008	Council adopts Corporate Plan and Budget.
April 2008	Publishing of service business plans and detailed budgets.