



Cabinet Member for Corporate Policy

Revenue Budget Strategy and Monitoring

SUMMARY

- 1.1 This report sets out the Council's latest spending position for 2005/6 and the progress made to date in formulating the budget for 2006/7.
- 1.2 The Cabinet is continuing in its determination to keep council tax increases at moderate levels, to fund the abolition of home care charges and to redirect our priorities into local areas and priority neighbourhoods.
- 1.3 To achieve this, positive action is being taken by Cabinet members working closely with their chief officers to identify savings. This report includes:
 - early identification of £863k of savings within 2005/6 budgets while still aiming to achieve a balanced year end position
 - early decisions on some specific 2006/7 savings to allow implementation to commence prior to the start of the next financial year, totalling £1.213m
 - updated details of the Council's wider budget position and of ongoing work with chief officers to create a balanced position to be consulted on in January.
- 1.4 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATIONS

- 2.1 To recommend to Council the approval of the changes to 2005/6 budgets set out in Section 3 of the report and **Appendix 2**.
- 2.2 To note the latest monitoring position in respect of the amended General Fund 2005/6 budgets and the Housing Revenue Account.
- 2.3 To recommend to Council the approval of measures to achieve savings in 2006/7 budgets as set out in Section 5 of the report and **Appendix 4**.



Revenue Budget Strategy and Monitoring

SUPPORTING INFORMATION

1. Introduction

1.1 Cabinet on 27 September approved an updated approach to planning the three year General Fund revenue budget for the period 2006/7 to 2008/9. It identified a need to address the significant gaps in the Council's budget position for the period, and to bring back further interim reports before the full budget proposals are published for formal consultation in January 2006. Consequently, this report sets out ...

- An update on the corporate financial situation, prior to the main government settlement announcements, including the results of normal periodic budget monitoring for 2005/6.
- Proposals to revise previously approved 2005/6 budgets to create some immediate savings.
- Some initial proposals for ongoing budget changes to enable delivery of ongoing budget savings in 2006/7 as early in the financial year as possible, so as to secure a full year effect, and/or to follow reflect the ongoing effects of 2005/6 budget proposals.

1.2 This early list represents only some of the savings that will clearly be necessary if the approved budget strategy is to be delivered. Work is ongoing to increase the number of savings identified towards delivery of the target budget. These will be reported as part of the budget consultation exercise in January as is normally done.

1.3 The monitoring position of the Housing Revenue Account in 2005/6 is also reported on as part of this report, together with an update on the outlook for 2006/7

2. 2006/7 and 2007/8 – Update on Overall Financial Position

2.1 The budget strategy approved on 27 September forecast that the budget would be in excess of available resources by £2.5m in 2006/7 and by £4.5m in 2007/8, if the planning assumption in March 2005 of a 5% council tax were to be delivered. That is slightly in excess of the shortfalls of £2.3m and £4.0m that were identified in the March 2005 indicative budgets for 2006/7 and 2007/8 respectively. To deliver a 2.5% council tax increase in 2006/7 only, the budget shortfall was projected at £4.2m in 2006/7 and £6.2m in 2007/8.

- 2.2 The budget planning process agreed on 27 September put in place a process to seek out significant savings across all budget heads, to be achieved through efficiency measures if possible. This consisted of a general line-by-line budget review, and a range of other actions as set out in that report. The processes are now well underway and the Council will consult on the full proposals in January 2006. Some early decisions are sought in this report, as set out below.
- 2.3 Given the extent to which budgets are being scrutinised, there is little meaningful distinction between the base budget reviews and wider budget scrutiny. Consequently, the outcome of base budget reviews will not now be reported on to a different timescale to the consultation budget generally. The findings of base budget reviews will however be made clear in the consultation budget documents, with appropriate explanations for the extent of changes, including cases where the budget is unchanged.
- 2.4 The Government is currently expected to announce its plans for the 2006/7 and 2007/8 local government finance settlements in the week beginning 5 December. The Council has already assumed that its share of the national 'cake' will increase upon the conclusion of the national reviews. This announcement on resources is critical to the Council's budget strategy, and is exceptionally difficult to predict, for the reasons explained in the 27 September report. As the announcement is so close, it is inappropriate to update estimates of the budget shortfall. A formal report on the draft settlement and its implications will be presented to Cabinet on 20 December. Members will also be asked to agree firm cash limits against which budgets for each service will be finalised, given that resources available will by then be known.
- 2.5 It is at this stage possible to conclude already that the difficulty of the task facing the Council has intensified since reported upon in September, and there is no reason to question the budget strategy embarked upon, or the need for early action to contain the situation as set out in the sections below. This is because of several developments since September that will be reflected in the consultative budget, including the following ...
- The September report warned that, in addition to the pressures allowed for, 'experience in previous budget rounds has been that new pressures can emerge as the budget process takes its course'. That warning has been borne out in detailed budget planning, and some departments are having difficulty in identifying savings of sufficient scale to contain emerging pressures, with particular difficulties in Social Services. The LGA has separately identified around £2.2bn of national pressures on local government in 2006/7, with particular emphasis on Social Services within this total.
 - Some new corporate budget pressures have emerged, namely that:
 - the shortfall in the Local Authority Business Grant Incentive funding of £250k, identified in 2005/6 budget monitoring, is now expected to continue into 2006/7 and 2007/8
 - due to exceptional inflation on utilities, fuel and transport costs, previous provisions for inflation have been exceeded in detailed planning and will need to be reflected in the departmental cash limits
 - lower volumes of activity are placing the corporate contribution from the trading surplus on Commercial Services activities at some risk.

The Treasury Management budget cannot be relied on to deliver extra savings to offset these pressures. This is because the budget is already being relied upon to deliver savings as part of the targets set across all departments, and the income base budget had also been revised upwards by £250k within the revised 2006/7 projections reported on in September.

- It is clear that there are some risks in the assumptions made in March 2005 regarding the continuance of various Social Services specific grants into 2006/7, and the Government will need to announce extra resources in the December settlement if those assumptions are to be satisfied.
 - The deferment of council tax revaluation and reform until beyond this parliament rules out the prospect of the associated shift in funding towards Derby from 2007/8. Although the current forecasts took no account of revaluation, the Government decision has ruled out any prospect of a change to relax the existing planning assumptions from 2007/8 in relation to council tax constraints.
- 2.6 Nonetheless, although work is in progress, it is expected that all departments will be able to deliver a budget to the targets set in September, with the exception of Social Services which is proving more challenging, particularly in terms of learning disabilities and children's services budgets. It is therefore particularly important that early approval to the first phase of the efficiency savings available for Social Services is given.
- 2.7 The Council will also be providing indicative budgets for 2007/8 and 2008/9 as part of the budget consultation. The forthcoming settlement announcement will, for the first time, announce provisional settlement grant allocations for 2007/8 as well as 2006/7, as part of a move towards three year grant settlements. Specific grant allocations for 2007/8 should also be announced. This will allow a much firmer resource basis for planning 2007/8 budgets than has been provided for hitherto, and will aid forward budget planning. There will however be little detail on Government plans for funding in 2008/9 as the current Comprehensive Spending Review has 2007/8 as its final year.
- 2.8 The remainder of this report sets out some initial proposals to achieve savings to assist this strategy. These are the first specific savings proposals that have been brought forward to deal with the forward budget situation, since the significant gaps in the indicative 2006/7 and 2007/8 budgets were identified in March 2005.
- 3. Proposals for Savings – 2005/6 Budgets**
- 3.1 As part of the budget strategy approved on 27 September, departments were asked to review all 2005/6 budgets and to identify immediate savings equivalent to 1% over a full year.
- 3.2 That exercise has now been completed and approval is sought to changes to approved 2005/6 budgets that are set out in **Appendix 2**.
- 3.3 The proposals put forward are intended to be those that minimise the impact on priority services.

- 3.4 Taken as a whole, the savings amount to £863k in total against the approved 2005/6 revenue budget. Of this, £267k is resulting from the application of service reserves to reduce expenditure, as a change in planned uses. The remaining £596k represents a direct reduction in core service and corporate budgets. The budget changes by department are set out in Table 1.

Table 1: Net Reductions Proposed in 2005/6 Approved Revenue Budgets

	Saving in Core Budget £000	Saving from Application of Service Reserves £000	Total Saving £000
Commercial Services	31	0	31
Policy	56	0	56
Corporate Services	0	96	96
Finance	73	0	73
Development and Cultural Services	126	151	277
Education	102	40	142
Social Services	0	0	0
Corporate Budgets			
- Treasury Management	122	0	122
- Other Corporate Budgets	66	0	66
Total Saving	576	287	863

- 3.5 In the case of Social Services, there is no net budget reduction proposed. This is because the department is already under pressure even to contain spending to the currently planned level in 2005/6, and plans to contain spending beyond this would be unachievable. Containment of this pressure in the current 2005/6 Social Services budget depends on the early delivery of some of the changes that impact on 2006/7 budgets and which are set out for approval in Section 5.

4. Monitoring Against Revised 2005/6 Budgets

- 4.1 Cabinet on 6 September received the early 2005/6 monitoring report, projecting net revenue overspending in the year of £531k in total, including the cost of ending home care charges. Of this, £300k represented projected overspending against corporate resources, and £231k of pressures were impacting on the remaining departmental approved budgets.
- 4.2 The reductions in core budgets of £596k for which approval is now sought will make the achievement of the revised budget targets more challenging.
- 4.3 The latest monitoring has been conducted against these revised budgets. It now projects a net overspending of £83k against corporate funding, and an overspending of £798k on the remaining departmental budgets, giving a revised overall projected overspending of £881k. The current variances are set out in detail in **Appendix 3** and summarised in Table 2 below.

Table 2: 2005/6 Projected Revenue Budget Variances

	Variance as reported 6 Sept £000	Current projected variance Against revised budgets £000
Variances in Departmental Budgets		
Commercial services		
- Trading services	-78	-78
- Other	+43	+59
Policy – excluding Supporting People	0	+75
Corporate Services	-70	0
Finance	-15	0
Development and Cultural Services	+140	+136
Education excluding Individual School	-253	+65
Budgets		
Social Services – excluding Home Care charges pressure	+464	+541
Total - Departments	+231	+798
Variances in Budgets Funded Corporately		
Corporate Budgets	-916	-1,147
Policy – Supporting People	+520	+534
Social Services – Home Care	+696	+696
Total – Corporate Variances	+300	+83
Net 2005/6 Variance	+531	+881

4.4 The main changes to the position, additional to the factors reported to Cabinet on 6 September, are as follows ...

- **Corporate Budgets – Census.** The Council had originally planned on the basis that it would receive a retrospective £2.3m increase in its 2004/5 revenue support grant following the correction of the census errors. This estimate was increased to £2.6m in the 6 September monitoring. On 2 November the Government published its actual proposals, showing a £2.741m refund of grant to Derby. It also separately announced proposals to amend the 2005/6 settlement further, but as any 2005/6 settlement amendments may not be received until 2007/8 they are not allowed for in this monitoring.
- **Corporate Budgets – Treasury Management.** The level of cash balances has been maintained at relatively high levels in October and November, generating additional investment income. Consequently it is considered that the projected outturn can still be maintained at £750k above budget, in spite of an increase in this income budget of £122k as part of the 2005/6 savings identified in **Appendix 2**.

- **Social Services** – Actions being taken to control the budget were explained in the 6 September report. The position has worsened slightly to reflect an increase in children in care up to the end of August. However, whilst not complete, the most recent month's monitoring is indicating a more favourable position than that shown here.
- **Education – Sports Centres.** The projected deficit is attributable to a shortfall against income targets particularly at Moorways Sports Complex, increases in the cost of gas and electricity, overspending on salaries and pressures from performing rights payments. Income levels have declined further since budgets were realigned to meet problems in earlier years' budgets. The problem of the recurrent trend is being addressed as part of the Best Value Improvement Plan for the service.
- **Education – Independent Special School Fees.** This budget was reduced by £98,000 following measures to reduce the reliance on out of authority placements. Despite these preventative measures fee increases for pupils placed out of authority were significantly higher than inflation. Costs would have been met by year 11 pupils leaving but a successful case was put forward for a number of these pupils to be retained in post 16 provision which the fixed income from the LSC does not meet the costs of these placements. The pressure is not expected to recur significantly in 2006/7 as pupils leave placements.
- **Development and Cultural Services.** The improved position against the restated budget reflects mainly a reduction in the contract contingency for waste management.

4.5 The position on corporate budgets also reflects the following treatments ...

- One-off costs associated with the restructuring of Council departments, announced earlier in November, will be contained by underspending available from the Local Government Reorganisation and Voluntary Early Retirement budgets, and are not therefore reported.
- A £800k provision for the costs associated with job evaluation is included in the 2005/6 budget. £265k of this is to be allocated to fund the costs of implementing the job evaluation project, subject to the approval sought within the Finance and Contract Procedures report on this Cabinet agenda. The remaining balance at year end will be set aside in an earmarked reserve as a provision against retrospective future costs. No net savings are therefore reported on this budget.

4.6 At this stage, it is considered that departmental budgets for 2005/6 are still broadly achievable provided that Chief Officers work towards achieving a balanced position by the end of the year. Further authorisation for permanent virements to departmental budget totals is not being sought. If the budget is delivered to these revised targets, an overall reserve of £863k will be available in 2006/7. Some of these savings will continue into 2006/7, and where so this is explained in Section 5 below.

- 4.7 It is not, at this stage, proposed to commit to any particular use of this anticipated reserve. If confirmed, it will be available to reduce the immediate scale of further reductions that will be necessary in the 2006/7 budget, particularly where delays in their introduction beyond April or one-off costs could limit the first year impact of those savings. It may also be capable of being applied to support new one-off spending priorities. The future treatment will be clarified as part of the consultation budget proposals released in January.

5. Initial Proposals for Savings from 2006/7

- 5.1 The specific savings in 2006/7 for which an early commitment is sought in this report are summarised in Table 3 below:

Table 3: Summary of Initial Budget Reductions 2006/7

	Saving in 2006/7 £000
Social Services - Childrens	262
Social Services – Adults	767
Policy – Learning to Work	54
Ongoing Effect of 1% 2005/6 Savings	148
Total	1,213

- 5.2 **Appendix 4** provides a detailed breakdown of the proposals in relation to Social Services. Within the total budget reductions of £1.011m in Social Services, £461k represents a commitment to permanently delete budgets that had previously been frozen to reduce the scale of the Department's overspending. An early permanent commitment will assist the Department to plan for the consequences of these measures. The remaining measures are a combination of low-priority service reductions (£133k) and efficiency savings (£417k). An early decision is needed if full year savings are to be achieved from April, and to enable those affected to plan on this basis.
- 5.3 Learning to Work is a non-core activity within Personnel which historically has failed to meet its financial targets. Unless action is taken, the financial situation will worsen significantly in 2006/7. The proposal is to close Learning to Work and this requires early approval to allow time for consultation and for notice to be given to key customers. It will also allow for a period to explore whether other providers may be interested in taking over aspects of Learning to Work.
- 5.4 **Appendix 2** makes it clear which of the 1% 2005/6 savings will have ongoing effects into 2006/7 and beyond. By committing to these savings in 2005/6, the Council needs to recognise that it is making permanent budget savings. These measures will be treated as contributing to savings targets as part of the measures to deliver departmental cash limits. The incidence of the £148k total saving can be summarised as follows:
- Policy Directorate £21k
 - Finance Directorate £86k
 - D&CS £41k

6. 2006/7 and 2007/8 – Partnership Resources

- 6.1 A parallel evaluation of budget priorities is taking place in respect of the corporate resources now managed within the framework of Local Area Agreements by Derby City Partnership, coordinated with the Council's own budget processes. This includes a significant increase in resources available to the Neighbourhood Renewal Fund and the Neighbourhood Element of the Safer and Stronger Communities Fund announced by the ODPM in July.
- 6.2 The allocation is being planned on the basis that it continues the level of support currently provided to services delivered by the Council at broadly similar levels as in 2005/6, subject to a reassessment of priorities. The additional resources are being targeted at assisting with delivery of the neighbourhood agenda in priority neighbourhoods, reflecting the shared priorities of the Council and Derby City Partnership.

7. Housing Revenue Account

- 7.1 The financial position of the HRA remains strong in the short term. Monitoring of the position in 2005/06 shows a projected underspending of £673k. £175k of this is expected to continue into 2006/7.
- 7.2 **Appendix 5** provides details of the variations in HRA spending in 2005/6. The causes include a reduction in the estimated scale of right to buy sales from 250 to 150 in 2005/06. This has a net benefit to the HRA as rent income is higher, but housing subsidy is not adjusted in year for such trends, and the management fee to Derby Homes is similarly unaffected. There is little long term revenue saving although a larger stock will ease pressure on Derby Homes to contain costs. The loss of capital receipts will be significant in terms of the separate impact on the capital programme, but is likely to be offset in 2005/6 by the impact of other non-housing corporate capital receipts at a scale above planned levels. This will be reflected in capital programme monitoring reports.
- 7.3 The Draft Determination of housing subsidy for next year was announced on 7 November. The Government has changed its previous approach to the setting of guideline rents and rent conveyance and the implications of their need to be assessed further. The Council's HRA strategy is currently to build up balances in order to manage for the eventual loss of additional ALMO support in 2011/12 of over £2.5m a year, as well as to enable delivery of the Estates Pride programme of environmental improvements, currently being worked up in consultation with Derby Homes and tenants.
- 7.4 The HRA Business Plan for 2006/7 will be approved to a similar timescale as the general fund budget. Consultation will take place in January prior to approval by Cabinet in early or late February and Council approval in March.

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Background papers: None

List of appendices:

- Appendix 1 – Implications
- Appendix 2 - 2005/6 1% Saving Proposals
- Appendix 3 – Revenue Budget 2005/6 – Projected Year End Variances
- Appendix 4 – Savings in Social Services Budgets Planned for 2006/7
- Appendix 5 – Housing Revenue Account

IMPLICATIONS

Financial

1. As set out in this report.

Legal

2. The Council is required to set balanced revenue and capital budgets for 2006/7 by March 2005. 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 consideration its plans for capital expenditure.

Personnel

3. Many of the savings proposals set out in this report are being achieved within staffing budgets. The appendices allow these specific proposals to be identified. Implementation of all such proposals will be conditional upon adherence to the Council's agreed procedures relevant to establishment changes.

Equalities impact

4. No direct impact.

Corporate objectives and priorities for change

5. Proposals in the report remain consistent with both current and proposed objectives and priorities.

2005/06 1% SAVINGS PROPOSALS

COMMERCIAL SERVICES DEPARTMENT		TARGET £000's		31
Budget line	Description of Saving	(a)	(b)	(c)
		Ongoing		One-off 2005/6
		part year 2005/6		full year 2006/7
		£000's	£000's	£000's
Grounds Maintenance	One off rebate on 2005/06 contract rates	0	0	31

2005/06 1% SAVINGS PROPOSALS

CHIEF EXECUTIVES DEPARTMENT - POLICY DIRECTORATE		TARGET £000's		56	
Budget line	Description of Saving	(a)	(b)	(c)	(a + c)
		Ongoing		One-off 2005/6	Total 2005/6 only
		part year 2005/6	full year 2006/7		
		£000's	£000's	£000's	£000's
Directorate Management	Hold vacant the full time SO1 Community Cohesion Adviser post	0	0	6	6
Personnel and Equalities					
Kedleston Road Personnel	Delete Youth Trainee post Non filling of vacant posts/ maternity cover	3 10	3 4	0 0	3 10
Community Policy					
Corporate Communications External Funding Unit	Reduction in cost of producing Spring edition of the phone book Non filling of vacant post	0 0	0 0	10 13	10 13
Housing					
Housing Options (Private)	Increased recovery of Housing Benefit for Bed& Breakfast	14	14	0	14
Policy Total		27	21	29	56

2005/06 1% SAVINGS PROPOSALS

CHIEF EXECUTIVE'S DEPARTMENT - CORPORATE SERVICES DIRECTORATE		TARGET £000's		96
Budget line	Description of Saving	(a)	(b)	(c)
		Ongoing		One-off 2005/6
		part year 2005/6	full year 2006/7	£000's
		£000's	£000's	£000's
Democratic Services				
Elections Administration	Delete approved carry forward funding anticipated increased costs of elections			13
Land Charges	Delete approved carry forward funding service developments to achieve ISO status			7
Property Services				
Property Maintenance	Delete approved carry forward funding property maintenance pressures			7
Environmental Health and Trading Standards				
Environmental Health and Trading Standards	Delete approved carry forward funding for CRM project officer			30
Management and Administration				30
Various	Delete approved carry forwards from 2002/03 earmarked for future schemes			39
Corporate Services Total		0	0	96
				96

2005/06 1% SAVINGS PROPOSALS

CHIEF EXECUTIVE'S DEPARTMENT - FINANCE DIRECTORATE		TARGET £000's		73
Budget line	Description of Saving	(a)	(b)	(c)
		Ongoing		One-off 2005/6
		part year 2005/6	full year 2006/7	Total 2005/6 only
		£000's	£000's	£000's
Finance Management	Delete Risk Management Pump Priming budget	15	20	0
Corporate Finance				15
Accountancy and Technical Finance	Surrender Treasury / Systems review reserve - £50k to be re-approved for new financial system	0	0	6.8
Internal Audit	Reduce training budgets	0	15	0
Financial Services				0
Tax		0	0	0
Management Support		0	0	0
Employee Payments	Savings in postages budgets	2	4	0
Business Systems	Minor savings across supplies and services budgets	1.5	1.5	0
External Payments	Reduction in furniture and equipment budgets	2.5	6.8	0
ICT and Performance				2.5
Strategic Planning and Performance	Hold vacant Head of Service post - 5 months	0	0	20.5
Computer Services	Hold vacant scale 3 admin support officer - 3 months	0	0	4.4
Revenues and Benefits				4.4
Income and Post Room	Delete 0.5fte scale 3 cashier / clerk post	4	8	0
Council Tax Billing	Reduce costs of Post Office receipts	5	5	0
Systems and Performance	Delete 0.5fte SO1 post - desktop support to Finance	6	11	0
Corporate Customer Management	Delete 1fte s3/4 Customer Services post - reducing outreach service in Derby Homes offices	6	15	0
Finance Total		42	86.3	31.7
				73.7

2005/06 1% SAVINGS PROPOSALS

CORPORATE BUDGETS		TARGET £000's		66
Budget line	Description of Saving	(a)	(b)	(c)
Ongoing				
		part year 2005/6	full year 2006/7	One-off 2005/6
		£000's	£000's	£000's
Corporate contingency budget	This has not been fully committed in 2005/06 and can release a saving	0	0	66
TREASURY MANAGEMENT BUDGET		TARGET £000's		122
Budget line	Description of Saving	(a)	(b)	(c)
Ongoing				
		part year 2005/6	full year 2006/7	One-off 2005/6
		£000's	£000's	£000's
Treasury management	Based on latest forecast outturn 2005/6 this saving can be released	0	0	122
Total 2005/6 only				122

2005/06 1% SAVINGS PROPOSALS

DEVELOPMENT AND CULTURAL SERVICES DEPARTMENT		TARGET £000's		277	
Budget line	Description of Saving	(a)	(b)	(c)	(a + c)
	Ongoing	part year 2005/6 £000's	full year 2006/7 £000's	One-off 2005/6 £000's	Total 2005/6 only £000's
Libraries					
Libraries Administration					
Central and Branch Libraries	Freeze 0.5 FTE vacant post of Community Librarian: African and Caribbean Community for 12 months (Scale 4/5, SCP 20). Freeze 1.0 FTE vacant post of Local Studies Librarian for nine months (Scale 4/5, SCP 22). Reduce savings by 10% to allow for essential relief.			33	33
Arts Development	Suspension of post of Arts Officer currently vacant	0	0	6	6
Museums & Art Gallery	Continued good performance in the Museum shop and increases in fees for the use of Museum materials for broadcasting and commercial purposes will yield £6k	0	0	6	6
Economic Development Unit	Vacant post, whilst postholder is seconded to EFMU until 31.3.06.	0	0	6	6
Business Support Unit	Reduction in departmental training	0	0	10	10
Former Leisure Department Residual Costs	Use of residual budget, delay Business Support restructuring	0	0	7	7
Planning					
Building Consultancy	Savings on photocopier charges & stationery	2	2	0	2
Development Control	Savings on printing budget	1	2	0	1
Plans and Policies	travel allowances & increase developer charges for s106 service by a third	6	8	0	6

Appendix 2

2005/06 1% SAVINGS PROPOSALS

Waste Management						
Conveniences	Conveniences premises cost saving		13	13		13
Traffic	Project Engineer frozen post		0	0	20	20
Highways	Public liability saving		6	6		6
Engineering and Design Services	Reduce Small Schemes Budget		10	10	0	10
Balance from service reserves					151	151
Development and Cultural Services Total			38	41	239	277

2005/06 1% SAVINGS PROPOSALS

EDUCATION		TARGET £000's		142	
Budget line	Description of Saving	(a)	(b)	(c)	(a + c)
		Ongoing		One-off 2005/6	Total 2005/6 only
		part year 2005/6	full year 2006/7		
		£000's	£000's	£000's	£000's
Childrens and Education Services					
Early years and childcare	Staffing charged to external funding to maximise grant	0	0	65	65
Management team and support	Charge proportions of salaries to Extended Schools funding	0	0	37	37
<i>Use of 2004/05 underspends</i>					
Adult Learning	Not connecting service to Wide Area Network (use of 2004/05 underspend)	0	0	20	20
Marketing and communications	Not connecting schools to Council intranet	0	0	6	6
Personnel	Add £16000 instead of £20000 to learning and development budgets	0	0	4	4
ICT/IMS	Not funding improvements to interactive whiteboards installation; could be funded from capital programme	0	0	10	10
Education Total		0	0	142	142
TOTAL SAVINGS		107	148.3	756.7	863.7

Revenue Budget 2005/6 – Projected Year End Variances
Analysis by Department

Budget Variance	Variance reported 6 September 2005 £000	Current Projected Variance £000	Explanation
Commercial Services			
Trading Services	-78	-78	Mainly building. After planned return of £422k to General Fund
Other services bereavement service	+43	+59	Increased medical referral fees and utilities reduction in cremations and lower price increases, after taking into account approval to fund £50k from corporate budgets if overspent at year-end.
Total Commercial Services	-35	-19	
Policy Directorate			
Supporting People	+520	+534	2005/6 pressures – as reported previously to Cabinet. To be funded from corporate underspends as approved 6 September 2005 Ongoing strategic reviews to reduce contract values.
Housing Services	0	(8)	Additional Car Park income
Management	0	(22)	Additional Care Line income
Private Sector Renewal	0	30	Budgeted ODPM income of £60k for landlord training not materialised. £30k additional external funding income for Homezone
Derby Advice/Strategy development	0	30	Net staffing overspend including lack of turnover
Learning to Work	0	30	Income lower than anticipated and reduction in number of youth trainees
Personnel	0	15	Overspend due to salaries including lack of turnover and recruitment costs for the Assistant Director post.
Total Policy Directorate	+520	+609	
<i>of which</i>			
<i>Department variance</i>	0	+75	
<i>Corporate variance</i>	+520	+534	

**Revenue Budget 2005/6 – Projected Year End Variances
Analysis by Department**

Budget Variance	Variance reported 6 September 2005 £000	Current Projected Variance £000	Explanation
Corporate Services Directorate			
Markets and Estates	-70	-87	Additional income forecast
Elections administration	0	-27	General savings as no elections being held
Overview and Scrutiny	0	-20	Savings on research budget expected
Procurement and reprographics	0	27	Pressure on income levels
Registry office	0	-23	Overachievement of income targets
Accommodation	0	48	Overspend relates to staff sickness cover and backdated electricity bill to Oct 04.
Design and Property maintenance	0	96	Current projected overspend on repair and maintenance to deal with urgent work
Environmental Health and Trading standards	0	-14	Underspends across department relating to staffing vacancies
Other net variances		4	
Total Corporate Services Directorate	-70	0	
Finance Directorate			
Benefits administration and investigation	-15	0	Any potential year end variances have been allocated to meet the 1% savings target
Total Finance Directorate	-15	0	

**Revenue Budget 2005/6 – Projected Year End Variances
Analysis by Department**

Budget Variance	Variance reported 6 September 2005 £000	Current Projected Variance £000	Explanation
Corporate Budgets			
Treasury Management	-750	-750	Due to higher than average balances largely due to the timing of borrowing decisions in early 2005/6 creating additional net investment income
Insurance	-100	-100	Savings on premiums and provisions
LABG1 Grant	+250	+250	Unlikely to be received in 2005/6
Backdated 2004/5 Census	-300	-441	Due to an increase in the 2004/5 Census adjustment expected in 2005/6
Elections	0	-106	Saving from no elections during 2005/6, partly offset by Other net variances
Other	-16	0	
Total Corporate Budgets	-916	-1147	
Development and Cultural Services			
Waste Strategy	+200	+54	Reduction in contingency for waste, less CA site waste growth and cost of fridge take back scheme
Development Control	-60	-1	Reduced planning improvement activity to meet reduced forecast achievement of planning income and overspend on Ecofest.
Highways design	0	-40	One-off savings from vacancies
Highways traffic and transportation fees	0	+71	Underachievement of fees income
Libraries	0	-30	Mainly overachievement of DVD loans and sales
CCTV	0	+50	Underachievement of income from Castleward
Other	0	+32	Minor net variances across other areas.
Total Development and Cultural Services	+140	+136	

**Revenue Budget 2005/6 – Projected Year End Variances
Analysis by Department**

Budget Variance	Variance reported 6 September 2005 £000	Current Projected Variance £000	Explanation
Education excluding individual schools budgets			
Early Years and Childcare (Schools Budget)	-180	-65	Savings on core budgets due to an underutilisation of grants received. Costs charged to underspending grants and funding switched in year to ensure grants are maximised.
School Improvement/ Independent Special School fees	0	+250	Expenditure on new high cost placements. Alternative solutions considered for future.
School Improvement (LEA Budget)	-70	-122	Staff vacancies, some appointments now made.
School Inclusion	-80	0	
Standards Funds (Schools Budget)	-42	0	
ICT	0	-70	Additional income received
Home to school transport	0	-80	Based on contracts in place in September
Other	0	-60	Other net variances across department
Sport and Leisure Sports Centres	+119	+212	Increase in energy charges in sports centres, shortfall in income at Moorways, staffing overspends at Springwood and performing rights payments
Total Education	-253	+65	

**Revenue Budget 2005/6 – Projected Year End Variances
Analysis by Department**

Budget Variance	Variance at 6 September 2005 £'000	Current Projected Variance £'000	Explanation
Social Services			
Children and families	+464	+718	Projected overspend arising from additional agency residential and IFA placements for the rest of the financial year (following overall increase in numbers of Children Looked After). This is offset by an increase in the estimated underspend on family support employee costs.
Older People		-319	Underspend on meals on wheels and laundry contracts plus use of £200k one-off additional specific grant funding to offset overspending service areas.
Physical or Sensory Disability		55	Overspend arising from high costs specialist agency placements.
Learning Disabilities		-204	Underspend on nursing and residential agency placements.
Mental Health Needs		262	Overspend on nursing and residential agency placements arising from increase in numbers of service users and cost of specialist placements.
Other services areas		29	
Home care charges cost pressure	+696	+696	To be funded from corporate underspends as approved 6 September 2005.
Total Social Services	+1160	+931	
<i>of which</i>			
<i>Departmental variance</i>	+464	+541	
<i>Corporate variance</i>	+696	+696	
Total all budgets	+531	+595	

Savings in Social Services Budgets Planned for 2006/7

Description	2006/7 £000	Supporting Details
1. Confirm as Permanent Current Budget Treatment Childrens Services <ul style="list-style-type: none">• Reduce family support workers posts• Children and domestic violence refuges Adult Services <ul style="list-style-type: none">• Extra Care• Asian Day Care• Hadhari	140 21 168 74 58	Posts are currently held as vacant to reduce the departmental overspending Budget currently frozen to reduce the departmental overspending
Total – Permanent Savings Confirmed	461	
2. Services to End Adult Services <ul style="list-style-type: none">• Close Tomlinson Court• Close Whitecross• Remove operations centre post at DRI	61 60 12	Current provision can meet only moderate needs. Service should be redeveloped to meet higher level of needs, but budget will not permit this. New Vitalise service at Skylarks in Nottingham is an appropriate alternative One Community Care worker. Seek to find a different way to support this accute hospital efficiency project.
Total – Service Reductions	133	

3. Efficiency Savings		
Childrens Services		
• Increase approved adopters	60	Approval and recruitment of additional adopters to reduce agency use and placements and use of other local authorities
• Gain efficiencies in IFA's	23	Attempt to renegotiate contract terms based on volumes linked to improved payment terms for the providers
Adult Services		
• Reduce meals on wheels / laundry service	175	Renegotiate contracts to provide service to people with substantial and critical needs only. Budget currently frozen to reduce departments overspends.
• Reduce Physical disability telephone budget	20	Demand for the service has reduced in recent years. Budget currently froze to reduce departmental overspend.
• Home care efficiencies	98	Reduction in travel time, reduction in sickness absence, reduction in contract under hours and introduction of electronic timesheets
• Reduce shopping service	25	Provide service only to people with substantial and critical needs
• Convert 3 care managers posts to term time	16	Reduces care management cover but allows more flexible working for staff.
Total – Efficiency Savings	417	

Appendix 5

Projected Housing Revenue Account Budget Variances – 2005/6

	Current Projected Variance £000		Explanation
Rent Income	-352	One off	Fall in RTBs 2004/05 and 2005/06
Contribution to repairs account	86	One off	Fall in RTBs 2004/05 and 2005/06
Derby Homes Supervision & Management - leases	-242	One off	Secondary lease not required to be paid.
Derby Homes Supervision & Management – pensions	-191	Ongoing	Adjustment to pension requirement by County Council
Derby Homes Supervision & Management - other	10	One off	Higher Inspection costs than anticipated
Other	16	Ongoing	Other minor variances
Total HRA	-673		