



**COUNCIL CABINET**  
**21 February 2006**

Report of the Scrutiny Management Commission

## **Draft Revenue Budget 2005/06–2007/08: Recommendations of the Overview and Scrutiny Commissions**

### **RECOMMENDATION**

1. That Council Cabinet considers the recommendations made by the Overview and Scrutiny Commissions in respect of the draft Revenue Budget 2006/07-2008/09.

### **SUPPORTING INFORMATION**

#### **Background**

- 2.1 At its meeting on 24 January 2006 the Scrutiny Management Commission (SMC) considered those aspects of the draft Revenue Budget 2006/07-2008/09 that fell within the remit of the Commission.
- 2.2 The SMC also considered the reports on the draft Revenue Budget 2006/07-2008/09 that had been made to it by the Community Regeneration, Culture and Prosperity, Education, Planning and Environment and Social Care and Health Commissions.
- 2.3 Councillor Dave Roberts, the Deputy Leader of the Council, Ray Cowlshaw, the Chief Executive, Michael Foote, the Corporate Director, Corporate and Adult Social Services and Deputy Chief Executive, and Paul Dransfield, the Director of Resources attended the Commission meeting and responded to Commission members' questions about the draft Revenue Budget.

#### **Issue(s)**

- 2.4 SMC members were of the opinion that the Overview and Scrutiny research budget should not be reduced by £24k as is proposed in the draft Revenue Budget 2006/07-2008/09. Members considered that reducing the research budget would send the wrong signal about Overview and Scrutiny to the other parts of the Council.
- 2.5 The Scrutiny Management Commission considered the recommendations made in respect of the draft Revenue Budget 2006/07-2008/09 by the other five Overview and Scrutiny Commissions.

2.6 The Scrutiny Management Commission thanked the both the officers who had prepared the budget documents and the Council Cabinet members who had attended the meetings with the Commissions at which the draft Revenue budget was discussed.

### **Recommendations of the Commission**

2.7 Council Cabinet is recommended to consider the recommendations on the draft Revenue Budget 2006/07-2008/09 that have been made by the:

- Community Regeneration Commission
- Culture and Prosperity Commission
- Education Commission
- Planning and Environment Commission
- Scrutiny Management Commission
- Social Care and Health Commission

These recommendations are set out in Appendix 2 of this report.

### **Reasons for Commission's Recommendations**

2.8 The reasons for the Overview and Scrutiny Commissions' recommendations are as stated in Appendix 2 of this report.

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<b>Background papers:</b>	Background papers - None
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Recommendations of the Overview and Scrutiny Commissions

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

1. The financial implications of the Commissions' recommendations will be as detailed in the draft Revenue Budget 2006/07-2008/09.

**Legal**

2. None arising from this report.

**Personnel**

3. Adoption of some of the Commissions' recommendations may have personnel implications but these have not been quantified.

**Equalities impact**

4. The Revenue Budget will have implications for all Derby people.

**Corporate objectives and priorities for change**

5. The Council's Revenue Budget relates to all the Corporate Objectives and Priorities for Change.

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## Appendix 2

### **Recommendations made to Council Cabinet on the draft Revenue Budget 2006/07-2008/09 by the Overview and Scrutiny Commissions.**

#### **1. Recommendations of the Community Regeneration Commission on the draft Revenue Budget 2006/07-2008/09**

**Recommendation 1:** To note that the Commission considered the revenue budget and decided to make no specific recommendations, however some members had expressed concerns.

**Reasons for recommendation 1:** The Commission conducted a thorough interview with Cllr Bayliss and appropriate officers lasting over one hour. This covered the range of the Commission's portfolio and questions were posed, and responded to, on most aspects of proposed budget changes between 2005/06 and 06/07 (and subsequent years). When the Commission later deliberated on the budget proposals it became clear that any motion making specific comments would lead to a vote splitting the Commission along party lines. There was however a consensus regarding Recommendations 2 and 3.

**Recommendation 2:** Cabinet subsequently inform the Commission about the replacement for the Derwent Neighbourhood Environmental Action Team, when the proposals are worked up but preferably before implementation, and how this might be rolled out to other parts of the City.

**Reasons for recommendation 2:** The Derwent 'NEAT' project funding expires in March 2006. The indicative budget for 2006/07, as approved at this time last year, had anticipated this being 'mainstreamed' from April 2006 and showed the figure £128k to enable that to happen. That sum is removed in this year's draft budget, meaning that the service will cease in its current form. Cllr Bayliss confirmed the intention (page 102 refers) of "developing and introducing new models for 'NEAT' within priority neighbourhoods". He had commented that the current 'rolls-royce' level of service could not be afforded. The Commission therefore wish to track how the replacement service is developed, funded and rolled out. The Commission's continued interest stems from its review *Social Inclusion and the Physical Environment*.

**Recommendation 3:** After it has become clear whether/how much of the Public Priorities Fund can be released, Cabinet give the Commission the opportunity to make suggestions about uses for the Fund in 2006/07.

**Reasons for recommendation 3:** paragraph 27 in the Overview (page 9) says the use of the Public Priorities Fund "will be determined in the final stages of the budget process" so only then can the available sum and any criteria be known. The Commission's members have tentative views about

good uses for the Fund. When the amount/criteria are known the Commission wishes to have a window of opportunity to influence the spending decisions. The next scheduled meeting will be 21 March but, if necessary, an earlier meeting could be held.

## **2. Recommendations of the Culture and Prosperity Commission on the draft Revenue Budget 2006/07-2008/09**

### **Recommendation 1**

The Culture and Prosperity Commission urges Council Cabinet to review the spending cuts in the Museums Service that are proposed in the draft Revenue Budget.

#### **Reasons for the recommendation**

The proposed cuts would send the wrong signals about the Council's commitment to providing a high quality Museum Service in Derby. The cuts might also result in a loss of external funding and affect the Council's CPA future rating.

Pickford's House is a popular attraction. There were 21,000 visitors in the past year and 19,000 of them were individual visitors, not organised groups. Instead of effectively closing Pickford's House to the general public and restricting access to the other museums, the Council should properly explore the ways of more actively promoting visits to its Museums and of generating additional income from the visitors.

The closure of visitor attractions in the City is contrary to the Council's stated intention to promote and market Derby. The suggested spending cuts in the Museums Service will not facilitate the work of Derby Marketing, which the budget proposes should be supported to the extent of £100k in 2006/07 and £200k in 2007/08.

### **Recommendation 2**

The Commission is in agreement with the budget proposal to hold arts grants at their cash level for 2005/06.

#### **Reasons for the recommendation**

The Commission recognises that this is a necessity arising from the current budget situation.

### **Recommendation 3**

The Commission supports the proposal to allocate £100k to Derby Marketing in 2006/07 and £200k in 2007/08.

### **Reasons for the recommendation**

The Commission recognises the need to market and promote Derby and considers that this can best be done through an organisation such as Derby Marketing.

### **Recommendation 4**

The Commission recommends that some of the income resulting from the increased sales and revised pricing at the Assembly Rooms should be ring-fenced and itemised in subsequent budgets.

### **Reasons for the recommendation**

To enable some of the increased income generated to be used as appropriate by the Assembly Rooms.

## **3. Recommendations of the Education Commission on the draft Revenue Budget 2006/07-2008/09**

### **Recommendation**

The Education Commission had concerns in a number of areas of the Education Budget, particularly relating to Adult Learning, the Gatsby Project and for English Speakers of Other Languages and recommended that there should be no cuts in the education budget.

### **Reasons for the recommendation**

1. The Adult Learning Services plays an important role in providing accredited and non-accredited learning services to adults in the city. A substantial element of the budget for adult learning is provided by the Learning and Skills Council (LSC) with the remainder of the course costs covered by fees. The LSC also funds non-accredited learning courses with some contribution from the City Council where appropriate and remainder of the costs met from fees from the learners. Members were referring to some recent concerns that the LSC is looking to reduce its funding for non-accredited learning and a cut in the Adult Learning Services would have an adverse impact on adult learning. This could result in a reduction in the number and types courses and higher fees for the learners. Members were concerned that non accredited learning makes an important contribution to the quality of life for some of the vulnerable people in our society such as older people who often take up these types of learning provision.
2. The Gatsby Project has had a major impact in improving the education of children looked after by the City Council. Funding for the project from the Gatsby Foundation is coming to an end and members noted that the increased funding ceases in two years time. Members were concerned that if sufficient funds were not found to continue this

excellent project by some means, possibly making it mainstream, it could have a detrimental affect on the future education of children looked after.

3. Members were informed that there will be reductions in the Ethnic Minority Achievement Grant; and that the Grant will be directed prescriptively, in ways that partly do not accord with Derby LEA's identified priorities. The affected schools are currently being consulted. Members were concerned that the reduction in grant and prescribed use will impact children who have English as a second language and particularly, children in areas of social deprivation. Members noted that it was not possible to provide the Commission with a list of which schools would gain and which would lose as the formula for distributing the grant had not yet been decided.
4. Members welcomed comments from Councillor Dave Roberts who apparently stated at the last Area Panel Four meeting that there will be no cuts in education budgets.

#### **4. Recommendations of the Planning and Environment Commission on the draft Revenue Budget 2006/07-2008/09**

##### **Recommendation 1**

The Planning and Environment Commission recommends:

- a) That cremation fees are increased by £25 in addition to the 2.25% above inflation increase that is proposed in paragraph 3.5.1 of the draft Revenue Budget document.
- b) That the income derived from the £25 increase in cremation fees is ring-fenced and used to off-set the cost of the mercury abatement equipment that the Council is required to install at the crematorium

##### **Reasons for the Recommendation**

The Planning and Environment Commission is concerned that the draft Revenue budget document makes no mention of the actions that the Council will need to take to address the DEFRA requirement that by 31 December 2012, 50% of all cremations at existing crematoria are subject to mercury abatement.

In the report (November 2005) on its review of the ways in which the City Council might comply with the DEFRA requirement to control mercury emissions from Crematoria, the Commission, the Commission recommended:

*'That cremation charges are increased by say £25/cremation from 2006, and that the money raised is ring-fenced so that it can be used in the future to off-set the cost of the works that will be needed at the Crematorium'.*

The Commission considers that the Council's Revenue Budget report should take account of this recommendation.

## **Recommendation 2**

The Planning and Environment Commission recommends that the report on the Council's use of energy, which was requested by the Council Cabinet member for Environment and Direct Services following her meeting on 6 December 2005 with the Planning and Environment Commission, is completed in time for its conclusions to be considered as part of the Council's 2006/07 Revenue Budget process.

## **Reasons for the Recommendation**

The review that the Planning and Environment Commission is carrying out into the Council's use of energy has highlighted the high current and future costs of energy and the implications that this will have for the Council. The review has also identified actions that the Council might take to reduce its energy costs. It is understood that the report requested by the Council Cabinet member will further examine this issue. The Commission considers that any cost saving measures identified in the report should be considered as part of the Council's 2006/07 Revenue Budget process.

## **5. Recommendations of the Scrutiny Management Commission on the draft Revenue Budget 2006/07-2008/09**

### **Recommendation 1**

The Scrutiny Management Commission recommends that the Overview and Scrutiny research budget is not reduced by £24k as is proposed in the draft Revenue Budget 2006/07-2008/09.

### **Reasons for the recommendation**

Reducing the Overview and Scrutiny research budget would send the wrong signal about Overview and Scrutiny to the other parts of the Council.

### **Recommendation 2**

The Scrutiny Management Commission recommends that Council Cabinet considers the recommendations made about the draft Revenue Budget 2006/07-2008/09 by the Overview and Scrutiny Commissions.

### **Reasons for the recommendations**

For the reasons given in the reports of the Overview and Scrutiny Commissions.



### **Recommendation 3**

That Council Cabinet note the thanks offered by the Scrutiny Management Commission to the officers involved in the preparation of the budget documents.

### **Recommendation 4**

That Council Cabinet are informed that the Scrutiny Management Commission consider the presence of Council Cabinet members at the recent round of budget meetings to have been important to the budget process and that they also note that the presence of the Cabinet members was appreciated by members of the Scrutiny Management Commission.

## **6. Recommendations of the Social Care and Health Commission on the draft Revenue Budget 2006/07-2008/09**

The Social Care and Health Commission considered the draft budget report at its 16 January meeting.

### **Recommendation**

1. The Commission recommended that the Council Cabinet review its proposal to impose a capital limit in relation to the “self funders” as the Commission doesn’t believe this is a fair method for setting home care charges.
2. The Commission supported the proposed budget in relation to Children Services and asked the Council Cabinet to continue with its aspirations to increase fostering allowance and bring them in line with comparator authorities.

### **Reasons for Recommendation**

1. The proposal to set a capital limit on home care charges at £21500, above which the users are expected to pay the charge for the service, was discussed at length by the Commission. Members had mixed views on this issue. Some members felt that this was a reasonable limit whilst others wished to see the limit abolished altogether as it affected a relatively small number of users. Members also felt that the limit penalised people with savings above the limit and provided a disincentive to others to save in the future. Members queried the assertion that there will be no costs under the new system as there are costs attached to the means testing of benefits and collection of the charges albeit smaller than the current costs. The capital limit is also seen to be unfair on some users who may have to pay higher charges due to their high level needs and any savings would quickly disappear.

2. The Council has a statutory duty to provide services to children that come into its care, which could be due to a variety of reasons and therefore could have a significant impact on the budget Children. This can create volatility in children services budgets. Members therefore supported the budget. However, the cost of looking after children through in-house foster care is considerably lower than placing them with independent fostering agencies. Members noted that the Derby has increased its fostering allowance to bring it closer to the comparator authority averages and asked the Council Cabinet to continue with the aspirations to improve financial support to foster carers further. Members were also disappointed at the loss of funding to the Gatsby Project but understood the financial pressures and were reassured to some extent by the statement by the Cabinet Member to pursue other options to try and keep some external funding.