



DERBY CITY COUNCIL

SCRUTINY MANAGEMENT COMMISSION 2 FEBRUARY 2010

Report of the Corporate Director of Corporate and Adult Services

Scrutiny Management Commission-related Budget Proposals

RECOMMENDATION

- 1.1 To consider and make any recommendations on Revenue Budget Proposals 2010/11 – 2012/13 for the elements of the Budget that relate to the Commission's Portfolio

SUPPORTING INFORMATION

Corporate Budget Strategy - budget pressures and savings

- 2.1 The introductory pages (pages 2-6) in the revenue Budget Proposals 2010/11 – 2012/13 set out the key issues that will affect the Council as a whole.
- 2.2 The introduction sets out a strategic direction, anticipated funding levels and forecast savings.
- 2.3 The Budget Strategy was agreed at full Council in September 2009 and the Commission received an initial briefing on 26 October 2009. The formal budget consultation began with the all-member presentations on 9 and 15 December 2010.

Elements of the Budget that relate to the Commission's Portfolio

- 2.4 Each section shows on separate pages the actual proposal for 2010-11 then the indicative proposals for 2011-12 and for 2012-13. The right hand column of the 'landscaped' pages shows which is the relevant overview and scrutiny commission. Those relating to the Scrutiny Management Commission are indicated by 'SM'. Pressures of £50k or more are explained at the end of each section.
- 2.5 The issues relating to the Scrutiny Management Commission are set out at Appendix 2 - that appendix needs to be read in conjunction with the Budget Book 'Revenue Budget Proposals 2010/11 – 2012/13 which was distributed to Members in December.
- 2.6 Any recommendations arising from this scrutiny exercise will be formally submitted to Council Cabinet on 16 February. They will be

provided earlier to the Corporate Director - Resources and to the Cabinet Members to enable the Commission to beneficially influence the final budget as proposed by Cabinet to full Council on 1 March.

- 2.7 The finalised recommendations of the other commissions are being reported directly to the Council Cabinet but are also being presented to the SMC primarily for information.

For more information contact:	Rob Davison 01332 255596 e-mail rob.davison@derby.gov.uk
Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 - Issues

Appendix 1

IMPLICATIONS

Financial

1. The purpose of the main proposals.

Legal

2. None arising from this report.

Personnel

3. None arising from this report.

Equalities impact

4. Effective scrutiny will benefit all Derby people.

Corporate Priorities

5. The revenue budget is the financial plan to deliver all of the Council's priorities – see pages 257 and 258. Those priorities are being revised to more closely align with the Sustainable Community Strategy, SCS. Page 254 shows the early SCS priorities.

Appendix 2

This appendix needs to be read in conjunction with the Budget Book 'Revenue Budget Proposals 2010/11 – 2012/13' which was distributed to Members in December.

A. GENERAL REVENUE ISSUES

- i) Section 1 of the Budget Book (pages 2-6) is an Introduction and Overview of the revenue Budget Proposals 2010/11 – 2012/13 and sets out the key issues that affect the Council as a whole.
- ii) The scene setting explains the Council's funding which was identified in September 2009 as £0.69m in 2010/11, rising to £7m in 2011/12 and then £8m for 2012/13. Para 2 b, on page 2, states that the strategic approach to close budget gaps includes 'thorough scrutiny'. Section 3 then sets out developments since September 2009.
- iii) The first point of particular relevance to this Commission is para 3 d (on page 3) which states that £12.71m of savings over three years will be achieved through DECATS projects plus a further £2m from re-organisation of 2nd and 3rd tier management.
- iv) Paragraph 3 e, City wide Leisure Strategy, falls within the remit of the Community Commission but SMC members may be interested in the corporate dimension of funding through prudential borrowing.
- v) Paragraph 3 g proposes a £400k top up to maintain the Council's general reserves, while 3h identifies a one-off £1m saving (in 2011/12) from Treasury Management. From year 3 (2012/13) the accommodation strategy is expected to yield £600k savings in rents and leases.
- vi) Paragraph 3 k bullet points various 'Star Chamber' outcomes, amongst which is a recession-driven £363k pressure from void properties and market stalls.
- vii) Paragraph 4 a on the Travel Plan has been effectively superseded by the Council resolution on 20 January.
- viii) Paragraphs 4 b to d show three pressures connected to the 'One Derby, One Council' programme
- ix) Paragraph 5 (on page 6) states that a balanced budget position is shown for each of the 3 years, with the caveat that £1.94m needs to be achieved from a series of base budget reviews starting in January 2010.
- x) Appendix A, pages 7 to 11, to offers an update on the Area Based Grant. This was previously badged as the Local Area Agreement Single Pot. Now decoupled from the LAA, the Area Based Grant is a

collection of grants previously allocated to organisations in local areas to fund particular pieces of work. This revenue funding is now going direct to local authorities which are free to use this non-ring fenced funding as they see fit to support the delivery of local, regional and national priorities in their areas. Derby's indicative figure for 2010/11 sees a reduction from £14.6m (2009/10) to £13m. More than two thirds of the £1,425,537 reduction is accounted for by the loss of £1m approximately in Neighbourhood Renewal Fund and Working Neighbourhood Fund transitional monies.

B. SCRUTINY MANAGEMENT COMMISSION-RELATED ISSUES

1) Section 3c covers Legal, Democratic and Property Services – pages 62 to 132. The right hand column of the 'landscaped' pages shows which is the relevant overview and scrutiny commission is. Those relating to the Scrutiny Management Commission are indicated by 'SM':

- **Main changes 2010/2011 to 2012/13 regarding Legal, Democratic and Property Services**

2.) To summarise the 'SM' issues for **2010/2011**, starting on page 62:

- Within Democratic Services additional savings are shown for Constitutional Services (£87k), Elections (£11k – though also showing a £30k pressure related to postal voting), Land Charges (£42k) and Overview and Scrutiny (£86k). (see B x below)
- Democratic Services also indicates a quarter of a million pressure for management and administration but off set by a corresponding indicative saving, to achieve efficiency targets (see page 65 and 68-69 and B iv blow).
- A £50k pressure in Legal is largely off set by additional savings of £40k)
- As mentioned under general issues, the recession has caused pressures on Estates (£165k) and Markets (£255k) with a further £25k as a one off promotion budget
- Land charges further shows an additional pressure of £88k as the recession has reduced achievable income.
- A half million indicative pressure is shown under for repair and maintenance works, to reduce the backlog.

3) Looking further into the future few changes are now planned for **2011/12** (page 63) or **2012/13** (page 64).

- **Detail**

4) Democratic Services shows a quarter of a million pressure for management and administration but off set by a corresponding indicative saving. The explanation on page 68 is that this is needed

meet unachieved efficiency targets. The controllable base is £622k for both 2009/10 and 2010/11 therefore the £251k saving is 28%.

5) Pages 70/71 and 72/73 expand on the reduced income received from commercial property rents and market traders due to the economic down turn. For property a further reduction of £30k is also factored in for 2011/12

6) A further adverse impact of the recession is on Land Charges income (Page 74 refers). The £88k pressure is partly ameliorated by reduced employee costs and other savings, leaving a net pressure of £43k. Increasing fees to customers is discounted as it would result in loss of market share to search companies.

7) Page 78 proposes a £36k reduction in (non-staff) expenditure on consultation.

8) Page 80 explains that Legal are largely avoiding a £50k budget pressure by deleting on (vacant) post reducing the hours some other staff.

9) Page 82 makes the case for employing an extra valuer (£40k including on costs).

10) Pages 86 and 87 cover the combined total of £173k from Constitutional Services (£87k) and Overview and Scrutiny (£86k). Agenda item 16 of this meeting links to this, as the O&S-related elements are only deliverable on the basis of having fewer commissions.

11) Page 88 shows Property Services offering various steps to achieve a further £50k contribution to savings.

- **Main changes 2010/2011 to 2012/13 regarding Resources**

12) Section 3d covers Resources – pages 90 to 107. To summarise the Scrutiny Management, 'SM', issues for **2010/2011**, starting on page 91

- Customer services show additional pressures of £80k for Derby Direct and £70k for Council Tax billing
- £300k is to be derived from savings in Personnel and Equalities
- Resources Department Management indicates additional pressures of £261k with partly balancing indicative savings of £199k

13) Turning to subsequent years the sole change for 2011/12 and 2012/13, shown on page 92, is £50k additional savings for IT services which page 95 says will be achieved from the web maintenance budget

- **Detail**

14) Resources Department Management the additional pressure of £261k includes unachieved savings in 2009/10 and the larger element (£199k) is to be found through a review of management structures – equating to a 37% real term reduction.

15) The £300k savings in Personnel and Equalities is to be derived (see page 94) from centralisation and efficiency.

16) Members may wish to explore the options on page 97-99 regarding the Inspections Service. Although the target saving is £22k, a range of possible options for the 10-strong visitor scheme has been under consideration.

17) The £80k for Derby Direct is explained on page 100 as necessary to address structural under funding.

18) The £70k for Council Tax billing are three linked strands of rising but unrecovered court costs for Council Tax arrears.

19) Page 106 lists several further strands to contribute £62k efficiencies by Resources.

- **Main changes 2010/2011 to 2012/13 regarding Corporate Budgets**

20) Section 3e covers Corporate Budgets – pages 108 to 132. To summarise the 'SM', issues for **2010/2011**, starting on page 109:

- £226k additional pressures are shown within Corporate and Adult Services, the largest of which are the Coroner's Service and Registration of Electors...
- Partly off set by £152k (£60k from elections, £40k from Members' Allowances and £39k from the Osnabruck Twinning
- £1.569m pressures in Treasury management ameliorated by £373k indicative savings
- Corporate Bad Debts provision is to be eliminated – presently over quarter of a million
- Over £3m of cross-department contingencies are shown as indicative pressure at the end of page 109, with public realm and waste adding to over £2m of that total
- Transforming Derby is expected to produce a (reduced) net return of £300+k

21) Subsequent years show pension fund, NI contributions and public realm contingencies as indicative pressures for **2011/12** (page 111) and for **2012/13** Treasury Management £1m change – a clarification has been asked about this.

- **Detail**

22) The £100k for Coroner's Service is an obligatory recharge from the County Council (page 115)

23) Page 117 explains that £76k is needed for electoral registration – this will not be needed if the Ministry of Justice fund the new statutory obligations.

24) Pages 119 – 120 reluctantly propose ending the Derby-based Osnabruck Envoy and supporting twinning grants as a £39k contribution to balancing the budget...

25) ...with a further £13k from Mayoral Support (page 121)

26) Page 123 makes provision for the £50k pressure on the safety-net Discretionary Housing Benefit scheme. The predictable recession-driven expenditure increase has not been matched by increased funding from Whitehall.

27) Page 112 states the £1.5+ Treasury Management pressure in 2010/11 is a combination of additional corporate borrowing and the Public Realm programme but there is no pressure from expanding on this.

28) The re-insertion of £807k for one year to meet the Personnel Committee's decision on the Travel Plan has been largely overtaken by the recent Council resolution.

29) The lower-than-budgeted-for pay awards in 2009 have allowed a permanent reduction in the salary base-budget of £1,144m

30) The first net yields from the Transforming Derby programme had been factored into the 2010/11 budget but have now been revised down from £884k to £318k, showing the budget pressure of £566k

- **Environmental Services Budgets 2010/2011 to 2012/13**

31) Management, Finance and Administration fall under the SMC. In 2010/11 additional pressures will raise this budget by £187k to £691k. The increase of a quarter is consequential on the transfer of Building Services to Derby Homes.

- **Main changes 2010/2011 to 2012/13 regarding Regeneration and Community and connected budgets**

32) Section 3h covers the Regeneration and Community Department, plus Partnerships and the corporate concessionary fares budget – pages 214 to 258. To summarise the 'SM', issues for **2010/2011**, starting on page 214:

- A saving of £42k will be found from economic development

- Pressures of £176k in Derby City Partnership are to be offset by £181k savings – subject to review, details are not included.
- £295k is to be found for pressures in budgets for Area and Neighbourhood working (see B36).
- The Community Safety Partnership shows pressures of nearly £¾ m which is more than a third of the 2009/10 budget. However, indicative and additional savings reduce that by over £1/2m to £226k. (see B35)

33) The subsequent years show (all 2011/12) pressures of £75k for city centre management and savings of £150 in economic development; further pressures of £466k in the CSP are again largely off set by further savings.

- **Detail**

34) Page 249 explains that £75k is needed to improve the appeal of the City Centre to encourage footfall and trade – the main issue is that the University are ceasing their £50k contribution to the Big Screen.

35) Page 253 deals with the CSP budget. Little is included about the reduction from gross pressures of £734k to £226k, achieved through budget reviews. The £226k figure comprises £74k for the Family Justice Centre, £11k for the multi-agency gangs team, £74k for crime prevention and £67k for infrastructure and support.

36) On page 220 is a summary explanation that the £295k for Area/Neighbourhood is to replace NRF funding.