

ITEM 6



SCRUTINY MANAGEMENT COMMISSION 31 January 2005

Report of the Director of Corporate Services

The Council's 2005/06 – 2007/08 Draft Revenue Budget

RECOMMENDATION

- 1.1 That the members consider those aspects of the Council's draft 2005/06 – 2007/08 Revenue Budget that fall within the remit of the Commission.
- 1.2 That where appropriate the Commission offers recommendations:
 - a) On proposals contained in the draft budget that fall within the remit of the Commission, and;
 - b) On what the Commission considers to be the best ways of using the £700,000 of unallocated public priority spending.
- 1.3 That members identify any aspects of the budget which they would like to track and scrutinise at subsequent meetings by the use of Performance Eye.

SUPPORTING INFORMATION

- 2.1 The Council's draft Revenue Budget was issued to Overview and Scrutiny Commission members at the briefing meeting on 11 January 2005.
- 2.2 All the Commissions will have an opportunity for detailed consideration of the draft Revenue Budget at their business meetings in January 2005.
- 2.3 From reading the draft budget document, members will be aware that decisions have yet to be taken about the ways in which a sum totalling £700,000 will be allocated for spending on public priorities.
- 2.4 It is suggested that where appropriate that each of the Commissions makes recommendations on:
 - a) Proposals contained in the draft budget that fall within the remit of the Commission, and;
 - b) What the Commission considers to be the best ways of using the £700,000 of unallocated public priority spending.

- 2.5 The Performance Eye performance monitoring facility gives the Overview and Scrutiny Commissions the means of monitoring the effects and outcomes of the funding for Council services agreed through the budget process. It is suggested that each Commission could identify particular service areas within its remit and could at subsequent meetings use Performance Eye to track progress, and examine performance and the outcome of the budget allocation within those areas.
- 2.6 A summary of the information from the draft Revenue Budget that relates to the Scrutiny Management Commission is contained within Appendix 2 of this report.
- 2.7 A list of the areas falling within the Commission's portfolio is contained in Appendix 3 of this report.

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Background papers:	Appendix 1 – Implications
List of appendices:	Appendix 2 – Summary of the Budget Proposals relating to the Scrutiny Management Commission
	Appendix 3 – Scrutiny Management Commission portfolio

Appendix 1

IMPLICATIONS

Financial

1. None arising from directly this report.

Legal

2. None arising from this report.

Personnel

- 3 None arising from this report.

Equalities impact

4. Recommendations concerning the Council's Revenue budget have the potential to be of benefit to 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.

Summary of the Budget Proposals relating to the Scrutiny Management Commission

1. Policy Directorate – Personnel and Equalities Division

Service Planning issues

Over the next few years some of the key planning issues affecting the main Policy Directorate are:

- Meeting the Challenge of Building on Excellence
- NJC Pay Review and single status
- Workforce planning
- Achieving Level 3 of the Equality Standard

Revenue Budget Proposals

Key Issues

The major personnel project is the NJC pay review and single status. The target date for implementation is April 2006.

Key stages are:

- Completing internal moderation and external validation of the benchmark jobs
- Designing and costing a pay structure
- Agreeing how to allocate the remaining 1000 jobs to the structure
- Negotiating on pay related conditions
- Completing harmonisation of conditions of service
- Implementing the new structure

This is a priority issue for all Council Departments and a budget pressure for future years.

Service efficiencies

Service efficiencies that have been identified include:

- Reducing supplies and services budgets
- Reviewing vacant posts

Growth pressures to be met within the cash limit include:

- Pension increase in pension scheme contributions
- Increment payments

It is proposed to continue the post of attendance management consultant for one further year at a cost of £40,000. This will be funded from the available balance of an earmarked reserve for the set-up costs of the new occupational health service.

2. Corporate Services Directorate

Three Divisions of the Corporate Services Directorate carry out activities that fall within the remit of the Scrutiny Management Commission. These are:

- Democratic Services
- Legal
- Property Services

Table 1 on page 40 shows the 2004/05 budget figures for these Divisions.

Corporate Services also manage a number of 'corporate' budgets outside the cash limit system. These include:

- Registration and Conduct of Elections
- Mayoral Expenses
- Members Allowances

Service Planning Issues

The significant developments and challenges facing Corporate Services over the next three years include:

- Responding to a repairs and maintenance backlog of £100m for Council properties and trying to make sure the situation does not deteriorate in the present financial position.
- Developing and pursuing the Council's accommodation strategy
- Developing the Council's decision making processes in line with e-government aspirations
- Ensuring that the Councils reception and telecommunications facilities meet customer requirements and expectations
- Meeting Building on Excellence procurement requirements

Key Issues (page 42)

Corporate Services has attempted to maintain current service costs in order to try and contain the major pressures facing the Directorate in the next three years. This has affected the ability to improve current services.

The main emphasis of the budget process has been to address the increased pressures of running the Council's administrative buildings. There are also significant pressures relating to the repair and maintenance of buildings.

Table 2 on page 42 shows the build-up of budget proposals for the next three years.

Base budget review savings

The conclusion of the estates review is that the base budget for 2005/06 is understated by £102,000 because the Village school site is no longer in use and additional rental has been generated from the estates rent review.

Service Efficiencies

- The Overview and Scrutiny supplies budget to be reduced by £20,000 - based on previous year trends and future analysis of use

Growth Proposals to be met within cash limit (page 44)

- Corporate accommodation pressures total £85,000 and cover increased costs of running administrative buildings on behalf of the Council
- Loss of rental and departure charge at the Bus Station of £56,000
- Incremental pressure across the Directorate of £43,000

Further growth proposals

It has not been possible to fund further growth proposals for the Directorate. The growth areas that have been identified and that cannot be funded include:

- Additional legal fees currently costing £36,000 – this will result in a reduction in the number of cases being dealt with by external solicitors unless Departments agree to contribute to these costs
- The PC replacement programme for the Directorate - £90,000.

3. Finance Directorate

All the Divisions of the Finance Directorate carry out activities that fall within the remit of the Scrutiny Management Commission. They are:

- Corporate Finance
- Revenues, but not Benefits
- Financial Services
- ICT and Performance

The Finance Directorate also manages a number of large 'corporate' budgets that fall outside the cash limit system.

Table 1 on Page 46 shows the 2004/05 budgets for these divisions

Service Planning Issues

The requirements placed on the service are relatively stable at present. Over the next three years the key planning issues affecting the Finance Directorate:

- Meeting aspirations for e-government
- Improvements to the revenues and benefits service
- Meeting the challenge of Building on Excellence
- Further responding to the drive for efficiency and low Council taxes
- The need to replace the Council's financial system and the expiry of the existing revenues and benefits system contract.

Key Issues (page 47)

- The need to re-examine financial processes to ensure they are carried out as effectively as possible.
- Investment in the infrastructure to support e-government
- The need for investment to improve customer service – for instance by extending opening hours

Base Budget review savings (page 49)

The areas selected for base budget reviews were:

- Revenues and Benefits
- e-Derby

The reviews concluded:

- For Revenues and Benefits the Council can reasonably project a permanent ongoing saving of around £100,000 as a result of the new pension credit and tax credit subsidy. There is also a one-off gain in 2004/05 of about £100,000 due to successful bidding for grants.

After the base budget review had been completed it was found that the income budget for the administration subsidy grant for Council Tax had been over budgeted for by £61,000. This has been deducted from the ongoing saving of £100,000 leaving an ongoing saving of £39,000.

- It is not proposed to reduce the budget of £500,000 per year for e-Derby and Building on Excellence.

Service Efficiencies (page 50)

- An on-going efficiency of £121,000 has been identified.
- Reducing sickness absence in Revenues and Benefits is projected to save £20,000. £21,000 is to be generated from other savings.
- It is proposed to increase courts costs from £30 to £40 per summons. This will generate £80,000
- Savings of £53,000 and £35,000 are projected for 2006/07 and 2007/08 respectively.

Growth proposals to be met within cash limit

- There is an overall increase of £160,000 for growth purposes
- £70,000 increase in Local Govt Pension Scheme contributions
- Incremental pressure of £10,000
- £80,000 pressure due to under achievement of Council Tax court cost income

Further growth proposals (page 50)

These proposals are not at this stage included in the budget or recommended or approved by Cabinet:

- Replacement of Financial Information System
- Replacement of Revenues and Benefits system
- E-government agenda – however a contribution to the e-government agenda will be made from savings on the spend-to-save e-Derby projects
- Customer service strategy

4. Other Budgets (page 51)

Services provided that fall within the remit of Scrutiny Management Commission are:

- Registration and Conduct of Elections
- Members Allowances and Mayoral Expenses
- Coroners Court
- Corporate Management and Chief Executive
- Concessionary Fares
- Emergency Planning

Table 1 on page 52 shows the 2004/05 budget for these services.

The proposed changes within cash limit include (page 53):

- Reduction in the base budget of £313,000 – see 2.1.1
- Increase in the base of £170,000 for additional civil defence funding

Service efficiencies (page 54)

- Benefit payments savings of £195,000
- Car leasing savings of £33,000
- Reduced uplift required for concessionary fares £34,000

Growth proposals to be met within cash limit

- Increased insurance premiums £165,000
- Increased contribution to Crime and Disorder Partnership £100,000
- Provision for et reduction in Chief Executive's support service recharges £150,000
- Miscellaneous - £2,000

Details of the Revenue Budget for 2004/05 and the proposals for 2005/06, 2006/07 and 2007/08 are shown in the tables 61 to 76.

Appendix 6b on page 81 gives details of the budget for Estates. Appendix 7a on page 83 provides further information on Revenues and Benefits Grants and External Funding. Appendix 7b on page 85 gives information on the e-Derby strategy. Appendix 8 on page 88 gives details of the Treasury Management Net Investment Income.

Appendix 3

Scrutiny Management Commission Portfolio

Corporate Council policies and strategies
 Corporate Legal, Administrative,
 Estates/Property Services and Repair and Maintenance
 Chief Executive's
 Policy, European, Best Value and Communications functions
 Corporate Finance and Financial Services including Taxation
 External Affairs –
 European, National, Regional and Local Democratic Representation
 Mayoral Office/Electoral Issues/Registrars
 Concessionary Fares
 Best Value Performance Plan and Derby Pointer
 Members Services/Allowances
 Corporate Personnel, Recruitment and Training functions and issues
 Employment training
 Health and Safety
 Corporate Equality Functions and Issues
 E-Government, IT services/development and telecommunications
 Repair and Maintenance Programmes
 Design Services
 Emergency Planning

DRR 19 January 2005.