

ITEM 8b



DERBY CITY COUNCIL

SCRUTINY MANAGEMENT COMMISSION 30 JANUARY 2007

Report of the Director of Corporate and Adult Social Services

Revenue Budget 2007/08 – 2009/10 – consultation on proposals

RECOMMENDATION

1. That the Commission should consider the proposals relating to its portfolio area that are contained in the Revenue Budget Consultation Document and should offer its response to Council Cabinet under the headings listed in 2.3 of this report.

SUPPORTING INFORMATION

- 2.1 The detailed Revenue Budget Consultation Document that was issued to members on 9 January 2007 sets out the proposals for the 2007/08 - 2009/10 Budget.
- 2.2 The Consultation Document states that if Council Tax is increased at 5% the resources that are forecast to be available to the Council will be £162.956m. On this basis and taking into account the proposals contained in the Consultation Document, the projected net shortfall for 2007/08 is £1.749m.
- 2.3 The Consultation Document (paragraph 11) asks for:
 - Feedback on the proposed savings of £5.091m
 - Views on the development proposals which total £6.095m
 - Whether the additional pressures identified by departments should be supported and funded, or whether to seek additional savings from those services
 - The level at which Council Tax for 2007/08 should be set – the Budget Consultation document is based on a modelled increase in Council Tax of 5%.
- 2.4 The budget information that relates to the Scrutiny Management Commission's portfolio is primarily contained in Sections 3B and 3C of the Consultation Document. A summary of those proposals is set out in Appendix 2 of this report.

- 2.5 It is suggested that having considered the proposals relating to its portfolio area, the Commission should offer its response to Council Cabinet under the headings listed in 2.3 above.
- 2.6 The relevant Chief Officers and Cabinet members will attend the Commission's meeting on 30 January to answer members' questions on the budget proposals.

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Background papers: Appendix 1 – Implications
List of appendices: Appendix 2 – Budget proposals summary document

Appendix 1

IMPLICATIONS

Financial

1. None arising from this report.

Legal

2. None arising from this report.

Personnel

3. None arising from this report.

Equalities impact

4. None arising from this report.

Corporate Objectives, Values and Priorities

5. This report has the potential to link with all the Council's Corporate Objectives,

Scrutiny Management Commission Summary of Revenue Budget Proposals

The Draft Revenue Budget Proposals relating to the Scrutiny Management Commission's portfolio are contained in the following sections of the Consultation Document:

1. Section 3B – Corporate Policy Portfolio (pages 21-36)
2. Section 3C - Personnel, Performance Management and Economic Development Portfolio (pages 36-52)

Consultation Process Objectives (p3)

Services were asked to look at how they could make 10% savings over the next three years, 3.5% of this in 2007/08.

The aim of the budget consultation process is to test both professional and public opinion on the options to present a balanced budget which offer £1.75m less than the identified requirement. The following information is sought:

- Feedback on the proposed savings of £5.091m
- Views on the development proposals which total £6.095m
- Whether the additional pressures identified by departments should be supported and funded, or whether to seek additional savings from those services
- The level at which Council Tax for 2007/08 should be set – the Budget Consultation document is based on a modelled increase in Council Tax of 5%.

New Corporate Priorities

In parallel to the budget consultation process Council Cabinet has been consulting on the new corporate priorities. These are still evolving but at this stage would appear to be:

- Making us proud of our neighbourhoods
- Creating a 21st century city centre
- Leading Derby towards a better environment
- Supporting everyone in learning and achieving
- Helping us all to be healthy and active
- Giving you excellent services and value for money

Section 3B - Corporate Policy Cabinet Portfolio

The budgets covered by the Corporate Policy Cabinet Portfolio are listed on page 21 of the Consultation Document and the summary position of the proposed budget changes for the portfolio are shown in the tables on page 22.

The tables show that for the Corporate Policy Cabinet portfolio the savings target for 2007/08 was £800k and that savings of £788k have been identified leaving a shortfall against the target of £12k.

The make up of the proposed savings are set out on pages 26-29 and in the tables on pages 32-35 and for 2007/08 comprise:

Table 1 – Proposed savings 2007/08

Budget Area	2007/08
Corporate Budgets	
Savings on the Treasury Management budget (p26)	£458k
Removal of the Corporate Contingency budget (p26)	£27k
Deletion of External Audit fees (p27)	£30k
Transport Act 1985 Pension Liability (p27)	£9k
Emergency Planning savings (p27)	£18k
Reduction of Mayoral expenses (p27 and table on p35)	£3k
Total	£545k
Resources and Housing Budgets	
Corporate Finance Savings (p27)	£41k
Financial Services Savings from restructures and work rationalisation (p28 & p32))	£49k
Reduced Consultation and Performance Plan budget (p32)	£29k
Customer Services Savings and recharge to Derby Homes (p29)	£40k
Total	£159
Corporate and Adult Social Services Budgets	
Management and Administration savings - review of Secretarial Services (p30)	£17k
Carry forward of underspend (p33)	£17k
Reduction of the Communication and Consultation budget (p29)	£22k
Register Office savings (p30)	£5k
Constitutional services (p30)	£20k
Total	£81k
Derby City Partnership savings (p30)	£3k
Total of Proposed Savings	£788

The tables on page 22 also show a total for 'other pressures' of £240k. This is made up of the £140k reduction in income from Land Charges and the £100k associated with Legal Services. It is proposed that these pressures can be partially offset by one-off the use of £100k of Corporate reserves leaving a shortfall of £140k for 2007/08.

Corporate approved developments and pressures amount to £1.35m – this is made up from:

- £1.0m - job evaluation,
- £0.25m – removal of reliance on trading services surplus
- £0.10m – charge for Corporate assessment.

According to the Budget Consultation Document the shortfall for 2007/08 for this portfolio is therefore £152k (£140k + £12k)

Section 3C - Personnel, Performance Management and Economic Development Cabinet Portfolio

The budgets covered by the Personnel, Performance Management and Economic Development Cabinet Portfolio are listed on page 36 of the Consultation Document and the summary position of the proposed budget changes for the portfolio are shown in the tables on pages 36 and 37.

The tables show that the savings target for 2007/08 was £301k and the savings proposed for 2007/08 were £265k giving a shortfall of £36k (p36).

The make up of the proposed savings are set out on pages 41-43, 46-48 and in the tables on pages 49 and 52. For 2007/08 the savings for Corporate and Adult Social Services comprise:

Table 2 – Proposed savings 2007/08

Budget Area	2007/08
Members Services restructure	£18k
Savings on IT costs	£6k
Estates admin	£9k
Charge Pride Park Project Manager to 50% capital	£20k
Estates rent increases above inflation	£15k
Markets increase street trading charges	£4k
Repairs and Maintenance work – change procedures for water hygiene (p41)	£20k
Personnel – deletion of post and reduction of hours (p42)	£40k
Replace Welfare Service with EAP (p42)	£28k
Personnel – redesignation of Section Head (p42)	£3k
Reduced Committee teas	£10k
Freeze vacant valuation post	£30k
Markets – reduce supplies and services budget	£20k
Non-compliance with Energy Performance of Building Directive	£20k
Reduction in planned maintenance	£40k
Cease security provision Council House Reception (42)	£14k
Total	£257k

A further £8k saving is proposed by City Development and Tourism (p52).

Details of the proposed savings by the Regeneration and Community Department under this Cabinet portfolio are set out on pages 46-48 of the Consultation Document and cover the proportional savings in partner budgets identified in the first table on page 52. These savings affect:

- Three Thinking (p46)
- Derby Cityscape (p47)
- Promotions (p47)
- Derby Marketing (p47)
- Rosehill Business Centre (p47)
- Tourism (p48)

The tables on pages 37 and 49-52 show a total for 'other pressures' of £528k. For Corporate and Adult Social Services the 'other pressures' are listed on pages 43 & 44 and in the tables on pages 50 and 51 and include:

- Repairs and maintenance (p43) – the report states that the current revenue budget is insufficient to deal with repairs/maintenance of a revenue nature and there is a consequent increased likelihood of building closures and/or health and safety events. There will also be considerable costs involved in carrying out fire risk assessments
- Building cleaning (p43) – the budget does not meet the current cost of the service by £85k
- Members Allowances (p43) – there is an estimated ongoing pressure on the payment of Members allowances of £45k
- Property Services (p43) – there are potential pressures of £204k
- Eagle Centre Market (p43) – potentially a loss of income of £35k
- Markets (p44) – potential pressure of £35k
- Estates(p44) – potential pressure of £25k
- Loss of external income from outside bodies of £29k
- Personnel and Equalities – potential pressure of £61k over a three year period

Other pressures of £6k were identified for this Cabinet portfolio for the Regeneration and Community Department (p52).

The Consultation Document proposes that these pressures can be partially offset by total additional savings of £172k and a one off use of reserves of £61k leaving a shortfall of £295k in 2007/08 (table page 37).

The total additional savings of £172k comprise:

Table 3 – additional savings

Corporate and Adult Social Services	Amount
Cattle Market increased use (p50)	£15k
Rent review for building users (p50)	£122
Excess savings (p50)	£29
Regeneration and Community	
(p52)	£6k
Total	£172k

Corporate approved developments and pressures amount to £110k. This is made up from Bus Station Closure loss of income £10k (p49) and Derby Marketing commitment in indicative budget (p52).

The tables on page 22 show that based on the information contained in the Consultation Document the shortfall in 2007/08 will be £152k for this Cabinet portfolio.