

DERBYSHIRE COUNTY COUNCIL

CABINET

22 October 2013

Report of the Director of Finance

**THE DERBYSHIRE CHALLENGE FUND
(STRATEGIC POLICY AND BUDGET)**

1 Purpose of the Report

To establish the Derbyshire Challenge Fund.

2 Information and Analysis

The Revised Budget report approved by Cabinet on the 1 October 2013, and endorsed by Council on 2 October 2013 detailed the financial situation the Council faces over the next five years, with an indicated savings requirement of £157 million. The report also detailed initial measures being taken to address the shortfall and ensure that the Council maintains a balanced budget.

The scale of the savings required are of such significance that the Council will need to consider fundamental changes in service delivery to ensure the savings are achieved. It is acknowledged that funding may be required to pump prime such organisational change.

It is proposed that a fund will be established to ensure that there are sufficient one-off funds available to pump prime changes that deliver significant savings and to assist in the process to keep track of the savings achieved towards the overall target of £157 million. This will be the Derbyshire Challenge Fund.

The Derbyshire Challenge Fund - Invest to Save

This aspect of the Fund will be established, and built up, by making one-off contributions, such as year-end underspends. As this will comprise one-off funding only, which can only be utilised once, careful control will be needed to ensure that the funds are allocated effectively. This requirement needs to be balanced against the expediency required to make savings. It is proposed that Strategic Directors demonstrate,

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via a business case, to Cabinet or Cabinet Member (Strategic Policy and Budget), the need to access this one-off funding to facilitate organisational change.

The financial challenge ahead of the Council is significant and it is essential that the monitoring of savings is undertaken. There are two benefits to maintaining this at Council level as it allows the overall achievements, in financial terms, to be monitored; it will facilitate the sharing of good practice across the Council; and it will allow stakeholders to understand the contribution they have made to the achievement of the total required.

“Tell Mags” Campaign

In his communication to staff on 8 September 2013, the Chief Executive introduced an initiative to provide staff from across the Council with a single point of contact to share their ideas on how the Council can make savings. Employees from throughout the organisation can “Tell Mags” any thoughts or suggestions on ways in which the Council can make budget savings, deliver efficiencies or streamline process to work smarter whether in their area of work or elsewhere in the Council. This is a confidential process that gives employees a mechanism to share their ideas. From these suggestions, it is anticipated that with some one-off pump priming support to investigate and develop and implement change, significant budget savings could be achieved. The Derbyshire Challenge Fund would provide an invest to save opportunity as well as demonstrating to staff that, where possible, their suggestion are valued and progressed to help deliver savings to meet the Council’s target.

The Derbyshire Challenge Fund - Achievement of Savings

Initial contributions to the Invest to Save part of the Fund include:

	£m
Invest to Save One-off	0.425
Members Allowances Budget	0.007
Young Achievers/Excellence in the Community Budget	0.030
Civic Duties Base Budget	0.045
Civic Cars Base Budget	0.035
Smarter Purchasing (each of the next four years)	<u>2.000</u>
	<u><u>£2.542</u></u>

Further savings, which will help achieve part of the £157m cuts target, were highlighted in the Revised Budget Report 2013-14.

3 Considerations

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In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

4 Key Decision

No.

5 Call in

Is it required that call-in be waived in respect of the decisions proposed in the report? No.

6 Background Papers

Council Revised Budget Report, 2 October 2013
Five Year Financial Forecast
Papers held in Technical Section, Corporate Finance, Room 208,
County Hall.

7 OFFICER'S RECOMMENDATIONS

That Cabinet approves:

The establishment of the Derbyshire Challenge Fund to:

- (a) Create a reserve for the pump priming of initiatives designed to generate further savings
- (b) Help to monitor the Council's achievement towards the overall savings target of £157m.

PETER HANDFORD

Director of Finance

10 October 2013