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PUBLIC

To: Members of Improvement and Scrutiny Committee - Resources

Wednesday, 6 December 2023

Dear Councillor,

Please attend a meeting of the **Improvement and Scrutiny Committee - Resources** to be held at **2.00 pm** on **Thursday, 14 December 2023** in Committee Room 1, County Hall, Matlock, DE4 3AG, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink that reads 'Helen E. Barrington'.

Helen Barrington
Director of Legal and Democratic Services

AGENDA

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence
To receive apologies for absence (if any)
2. Declarations of Interest
To receive declarations of interest (if any)
3. Minutes

To confirm the non-exempt minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 28 September 2023.

4. Public Questions (30 minute maximum in total) (Pages 1 - 2)

(Questions may be submitted to be answered by the Scrutiny Committee, or Council officers who are attending the meeting as witnesses, on any item that is within the scope of the Committee. Please see the procedure for the submission of questions at the end of this agenda)

5. Production of the 2024/25 Budget

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MINUTES of a meeting of **IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES** held on Thursday, 28 September 2023 at Council Chamber, County Hall, Matlock, DE4 3AG.

PRESENT

Councillor S Swann (in the Chair)

Councillors R Ashton, J Barron, J Dixon, M Foster, A Hayes, D Muller and D Murphy.

Officers in Attendance : John Cowings, Wes Downes, Sarah Eaton, Sally Pearson & Jen Skila

6/23 DECLARATIONS OF INTEREST

There were no declarations of Interest.

7/23 MINUTES

RESOLVED that the minutes of the meeting of the Improvement & Scrutiny Committee – Resources held on 11 May 2023 be confirmed as a correct record and signed by the Chairman.

8/23 PUBLIC QUESTIONS (30 MINUTE MAXIMUM IN TOTAL)

Question from D Ingham:

A strategy priority is to create a diverse workforce. A strategy review aim is to better engage senior leaders on EDI development. In relation to Elected Members part of this important work will clearly flow from the motion raised by Councillor Ramsey.

In relation to officers I note statistics regarding the Councils workforce composition of grade 14 posts and above, but it doesn't detail by all protected groups. A composition of 1665 new starters is provided, but provides no details of total applications/ unsuccessful applications received from protected groups.

Although the Councils published pay data for those earning over £50000 as at 01-04-23 (under the Transparency Code) reports 228 employees, within the Pre-Audit Statement of Accounts for 2022/23 presented to Audit Committee 306 employees were reported.

Using the lower static figure of 228 and lowest salary range, there has been an investment of at least £11.5 million (not including on-costs) in senior officer leaders. Given the vacancy freeze what's the current number of these senior leaders and if known what's their percentage composition from each protected group e.g. BME or disabled who in turn can positively help shape the EDI refresh through the proposed engagement strategy?

Response :

The current number of leaders with a full-time equivalent salary over £50,000 is 288. Employees are encouraged to state their gender, ethnicity, disability, sexual orientation, age and religion, but this is not a mandatory request. Of the above leadership population, the following demographics that can be provided are as follows:

- 64% female
- 2.1% black and minority ethnic
- 3.5% disabled
- 2.3% lesbian, gay or bisexual
- 44% of Christian faith
- 1% of other religious faiths.

Supplementary Question

It states within 2.14 of the EDI report - consider what constitutes feasible action in relation to the make-up of the workforce, given the current challenges within the job market and the rate of change which can be achieved, even with positive action initiatives in place

Given the vacancy freeze protected groups will find it harder to secure a Council appointment, the largest employer in Derbyshire and as suggested existing employees will continue to leave.

I wonder what type of metric analysis has been undertaken - for example on:-

The points raised within my original question regarding measurement of unsuccessful applications

Composition splits between BME groups e.g Asian or Black and geographic, job and grade disbursement.

Welcome, retention and recommend a friend payments. For example if a disabled employee recommends a disabled friend to apply what's the probability of appointment compared to non-disabled.

So if any such types of analysis has been done can it be shared today when the EDI report is discussed, or if not can it be fed into the EDI strategy refresh before significant decisions are made regarding what constitutes feasible action/acceptability levels concerning the diversity of the Councils workforce going forwards?

Response:

We are continually looking at all matters relating to the workforce and this will be considered in the refresh of the strategy moving forward.

9/23 EQUALITY, DIVERSITY & INCLUSION STRATEGY - ANNUAL PERFORMANCE REPORT AND REFRESH OF THE STRATEGY

Sarah Eaton, Assistant Director, Strategy & Policy, and Sally Pearson, Head of Learning and Development, attended the meeting and provided members with a presentation to compliment the report on the Equality, Diversity and Inclusion Strategy Progress for 2022/23, which had been circulated in advance of the meeting and to present and outline proposals and timescales for the refresh of the Council's Equality, Diversity and Inclusion Strategy.

The Council's current Equality Diversity and Inclusion Strategy was previously discussed by Resources Committee on 3 March 2022 prior to adoption by Cabinet on 10 March 2022. At its meeting on 3 March 2022, it was agreed that an annual progress report would be brought back to the Committee for discussion and consideration.

The Council's EDI Strategy 2022-2025, set out the Council's vision and values for equality, diversity and inclusion identifying five key priorities to focus future effort across the authority:

- Create a diverse and confident workforce
- Ensure fair access to employment, skills, and business support
- Engaged communities able to influence decisions
- Healthy and supported people
- Safe and inclusive places for everyone

The Strategy contains a Delivery Plan consisting of a number of one, two and three-year deliverables and a number of success measures to monitor progress. A workstream for each of the five key priorities was established and identified Lead Officers meet regularly.

As set out in the Strategy, progress against the measures and deliverables in the EDI Strategy is considered on a six-monthly basis by the EDI Board and Corporate Management Team. The report provided an end of year update on progress made during the implementation of the Strategy in its first year. The focus of the current update was on the additional activity undertaken between April 2022 – March 2023 against the identified actions contained in the Strategy for completion by end of year.

Generally, as outlined in the annual report attached at Appendix 2 to the report for consideration, positive progress has been made against deliverables identified for completion during year one against all five priorities.

Despite good progress there had been a number of challenges across a number of workstreams as follows:

- Number of deliverables relating to health inequalities unrealistic in light of other health and social care challenges arising from pandemic
- Need to encourage inclusion of activity in respect of Childrens Service and Adult Care deliverables outlined in other strategies
- Priorities for employment and skills difficult to deliver due to disparate nature of work across organisation
- Disability Employment Strategy, which forms key part of workstream, delayed

A timetable had been developed for refreshing the EDI Strategy to ensure improved synergy with Council Plan objectives and to respond to the changes affecting the Council and its communities, with the aim of completing and adopting a new strategy by May 2024. It was proposed that the new Strategy will then run until the end of March 2027 with an annual review taking place each year to reflect key developments.

The review of the Strategy will commence in September 2023 with the aim to:

- Redefine the organisation's vision and priorities in relation to EDI, both internally and externally, and when considering the organisation's statutory obligations and organisation culture.
- Include an updated context following the release of the Census 2021 providing a more recent and detailed picture of diversity across the Derbyshire population
- Review the workstreams approach and ascertain whether they remain relevant, along with the "deliverables" or individual actions outlined for the remaining two years
- Aligned to the above, clarify which elements of employment and skills related activity should be prioritised for inclusion in the EDI Strategy
- Capture key developments in Adult Social Care, Childrens Services, Modern Ways of Working and the introduction of the Council's new

transformation approach

- Consider what constitutes feasible action in relation to the make-up of the workforce, given the current challenges within the job market and the rate of change which can be achieved, even with positive action initiatives in place
- Reflect upon, and support, activities which will support people struggling with the Cost-of-Living pressures
- Highlight any challenges with regard to resources and/or the -delivery of the approach across the authority
- Better engage senior leaders and Elected Members from all parties on EDI developments and the ongoing development of the strategy over the coming period
- Engage service departments more effectively in the ongoing delivery of the strategy.

Details were given of how the engagement process would take place with leaders and departments and internal and external consultation was also planned so that a final draft could be presented for consideration by Cabinet in May 2024.

Members made a number of observations and asked questions which were duly noted or answered by officers and would be included as part of the refresh moving forward

RESOLVED to note the report and the annual EDI progress report attached at Appendix 2.

SARAH EATON

The Chair informed members that Sarah Eaton would be leaving the Authority shortly and on behalf of the Committee wished to place on record his thanks and appreciation for all her hard work and commitment over the years and wished her all the best for the future.

Procedure for Public Questions at Improvement and Scrutiny Committee meetings

Members of the public who are on the Derbyshire County Council register of electors, or are Derbyshire County Council tax payers or non-domestic tax payers, may ask questions of the Improvement and Scrutiny Committees, or witnesses who are attending the meeting of the Committee. The maximum period of time for questions by the public at a Committee meeting shall be 30 minutes in total.

Order of Questions

Questions will be asked in the order they were received in accordance with the Notice of Questions requirements, except that the Chairman may group together similar questions.

Notice of Questions

A question may only be asked if notice has been given by delivering it in writing or by email to the Director of Legal Services no later than 12noon three working days before the Committee meeting (i.e. 12 noon on a Wednesday when the Committee meets on the following Monday). The notice must give the name and address of the questioner and the name of the person to whom the question is to be put.

Questions may be emailed to democratic.services@derbyshire.gov.uk

Number of Questions

At any one meeting no person may submit more than one question, and no more than one such question may be asked on behalf of one organisation about a single topic.

Scope of Questions

The Director of Legal Services may reject a question if it:

- Exceeds 200 words in length;
- is not about a matter for which the Committee has a responsibility, or does not affect Derbyshire;
- is defamatory, frivolous or offensive;
- is substantially the same as a question which has been put at a meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

Submitting Questions at the Meeting

Questions received by the deadline (see **Notice of Question** section above) will be shared with the respondent with the request for a written response to be provided by 5pm on the last working day before the meeting (i.e. 5pm on Friday before the meeting on Monday). A schedule of questions and responses will be produced and made available 30 minutes prior to the meeting (from Democratic Services Officers in the meeting room).

It will not be necessary for the questions and responses to be read out at the meeting, however, the Chairman will refer to the questions and responses and invite each questioner to put forward a supplementary question.

Supplementary Question

Anyone who has put a question to the meeting may also put one supplementary question without notice to the person who has replied to his/her original question. A supplementary question must arise directly out of the original question or the reply. The Chairman may reject a supplementary question on any of the grounds detailed in the **Scope of Questions** section above.

Written Answers

The time allocated for questions by the public at each meeting will be 30 minutes. This period may be extended at the discretion of the Chairman. Any questions not answered at the end of the time allocated for questions by the public will be answered in writing. Any question that cannot be dealt with during public question time because of the non-attendance of the person to whom it was to be put, will be dealt with by a written answer.

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

IMPROVEMENT AND SCRUTINY COMMITTEE - RESOURCES

14 December 2023

Report of the Director of Finance & ICT

PRODUCTION OF 2024-25 BUDGET

1 Purpose of the Report

- 1.1 To consult Members of the Improvement and Scrutiny Committee – Resources as part 2024-25 Revenue and Capital budget process and provide Members with details of the process followed to prepare the budget(s) and the proposed consultation approach to be adopted.
- 1.2 In addition, the paper provides an initial summary of the Chancellor's Autumn Statement in so far as it is expected to impact upon the Council's financial position.

2 Information and Analysis

Background

- 2.1 The budget for 2023-24 was set against a period of economic uncertainty, high inflation and the continuing growth of demand for Council services particularly in respect of Social Care.
- 2.2 During 2023-24 the Council's revenue position has remained challenging with the latest revenue monitoring report at Quarter 2 forecasts a £32.947mm overspend.
- 2.3 In September 2023, in recognition of the Council's revenue forecast, the Council announced a series of financial controls including vacancy management and tight control over non-essential spend to improve the projected outturn position. These controls remain in place.
- 2.4 The key cost pressures and outlook influencing the revenue budget position are summarised at sections 2.12 to 2.17 of this report.
- 2.5 The key announcements in the recent Autumn Statement, relevant to Local Government, are also set out in paragraphs 3.1 to 3.8 below. More

details and Council-specific information are unlikely to be available until the Provisional Local Government Finance Settlement is announced, which is expected around late December 2023.











- 2.6 The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution. The report to Cabinet on the 21 September 2023 detailed a timetable for the Council's 2024-25 budget preparation.

Forecast Revenue 2023-24 Summary

- 2.7 The overall Council forecast overspend for full year 2023/24 is £32.947m. This is an improvement of £13.429m on the forecast reported at Quarter 1 (£46.376m).
- 2.8 The reduction in the forecast overspend since Quarter 1 is shown in Table 1. The reduction is due to a combination of additional resources and reductions to expenditure. Cost control measures, including a vacancy freeze, were implemented from September but demand and cost pressures remain high in Adult and Children's Social Care.
- 2.9 The Q2 monitoring report was considered by Cabinet on 23 November 2023 and Full Council on 29 November 2023.

Table 1: Projected Outturn change Q1 to Q2

	Q1 Projected Outturn	Q2 Projected Outturn	Q1 to Q2 Movement (Favourable)/ Adverse	Budget Performance ✔Improvement ❑Deterioration
	£m	£m	£m	
Adult Care	7.226	5.721	(1.505)	✔
Children's Services and Safeguarding and Education	13.137	17.901	4.764	❑
Clean Growth and Regeneration	(0.298)	(0.274)	0.024	❑
Corporate Services and Budget	4.237	0.942	(3.295)	✔

				Public
Health and Communities (exc. Public Health)	(0.613)	(0.288)	0.325	
Highways Assets and Transport	9.354	7.327	(2.027)	
Infrastructure and Environment	1.424	(0.206)	(1.630)	
Strategic Leadership, Culture, Tourism and Climate Change	0.391	0.232	(0.159)	
Total Portfolio Outturn	34.858	31.355	(3.503)	
Risk Management	7.845	(1.619)	(9.464)	
Debt Charges	9.323	9.928	0.605	
Interest and Dividend Income	(5.733)	(8.242)	(2.509)	
Corporate Adjustments	0.083	1.525	1.442	
Total	46.376	32.947	(13.429)	

Forecast Capital 2023-24 summary

2.10 The 2023-24 capital programme is £313.436m, approved adjustments to this figure have increased this to £316.881m.

The main reason for this increase is additional funding sources, including an additional grant of £4.213m for Pothole works. This is offset by some minor reductions in other funding.

The budget for schemes being monitored this year (which includes schemes from prior year programmes) total £719.283m, of these, £663.611m are currently open schemes. There is a forecast underspend of £13.638m over the life of these projects.

- 2.11 The Quarter 2 capital monitoring report was considered at Cabinet on the 7 December 2023.

2024-25 Cost Pressures and budget outlook

- 2.12 Significant cost pressures face the Council over the short to medium term. Inflation, whilst falling from peak levels seen last year remains significantly above the Bank of England's target level of 2%.
- 2.13 Pay pressure is expected to remain high reflecting inflationary pressures impacting on the cost of living.
- 2.14 The ongoing pressure related to the costs for the provision of social care packages for both adults and children is expected to remain for 2024-25 as a consequence of ongoing demographic shifts and inflationary linked cost rises.
- 2.15 Budget pressure is expected in relation to children's home to school transport services and SEND demand.
- 2.16 Contract price inflation will place pressure on the Place budget, notably in respect of bus services and waste disposal.
- 2.17 Changes to interest rates are expected to have both a positive and negative impact on the Council's financial outlook. Increased interest rates charged on borrowing will lead to cost pressure in revenue to fund the capital programme. However, this pressure can be expected to be offset to an extent by increased returns on the Council's cash and near cash investments.

Budget preparation

- 2.18 The preparation the budget has engaged all departments of the Council.
- 2.19 All departments were requested to identify cost pressures deriving from current or expected activity levels and cost saving or efficiency opportunities.
- 2.20 The derived budgetary position of base spend plus cost pressures less cost savings was subject to scrutiny via the Managing Director and the Section 151 Officer challenge sessions with relevant Executive Directors.

- 2.21 Further challenge sessions were held between the Executive Directors and the Leader and Deputy Leader of the Council to explore opportunities for cost reductions / mitigations and understand the pressures identified.
- 2.22 A full review of all Council reserves will be undertaken in Quarter 3 to inform the budgetary position in advance of the budget being considered by the County Council in February 2023.

Proposed Governance process

- 2.23 To set a balanced budget for 2024-25 it is critical that the savings proposals and efficiency improvement measures are agreed and implemented.
- 2.24 Given the importance of the measures to be implemented a programme management approach will be adopted with an appropriate governance framework to provide increased assurance over delivery.
- 2.25 Savings and efficiency measures will be categorized as low, medium or high risk and appropriate governance and process applied according to the category applied.
- 2.26 The programme management approach will bring together all proposals to ensure that Council resources are directed appropriately and to minimize the risk of conflicts between individual elements of the overall programme.
- 2.27 It is proposed that a Budget Savings Board is established, chaired by the Director of Finance and ICT and coordinated by the portfolio management office, reporting to the Portfolio Direction Group on the delivery of savings alongside monthly financial monitoring.

Consultation process

- 2.28 The production of the Council's budget is undertaken in accordance with the requirements of the Council's Constitution. A key element of the Council's budget setting process is consultation with stakeholders. For the preparation of the Council's budget for 2024-25 the following consultation activities are being undertaken:
- The annual online "Your Council, Your Voice Survey", which will be available in hard copy on request. The consultation will run for six weeks during from 6 November 2023 to 17 December 2023. The survey will build on previous surveys which have been undertaken over the last three

years, combining both budget and residents' consultation and enabling the tracking of residents' perception on a range of key issues.

- Statutory consultation with business ratepayers, corresponding with representatives of the East Midlands Chamber of Commerce, the Confederation of British Industry (CBI) East Midlands and the Nottinghamshire and Derbyshire Federation of Small Businesses (FSB) on the Council's budget proposals. The Council will write to the above consultees in January in accordance with established practice.
- Consultation with the trade unions at a Corporate Joint Committee.

2.29 Specific savings proposals are currently being considered with a view to presenting these at the Cabinet meeting on the 11 January 2024 in relation to the content of the 2024/25 budget. All savings proposals will follow the necessary consultation before any service changes are made along with any Equality Impact Assessments.

2.30 The budget will be considered by the Improvement and Scrutiny Committee – resources at its meeting on 22 January 2024. This will enable scrutiny to take place and provide feedback to Cabinet on the budget proposals.

2.31 Cabinet will take account of the results of the consultations above and the outcomes from the budget scrutiny when drawing up firm proposals to the Council.

3. Autumn Statement 2023

3.1 On 22 November the Chancellor announced the details of the Autumn Statement 2023. The Statement was accompanied by the Office of Budgetary Responsibility's Economic and Fiscal Outlook in the usual way.

3.2 The Chancellors statement contained few new measures that will have direct impact on the Council's financial planning for 2024/25.

3.3 There was no additional funding for Local Government announced, other than from increases in Council Tax that was announced as part of the local government finance settlement in December 2022.

3.4 The Small Business Rates multiplier will be frozen whilst the standard multiplier will increase with inflation, with Local Authorities compensated for the loss of income.

- 3.5 The Office of Budgetary Responsibility now forecasts that inflation will fall more gradually over the next few years. The Bank of England expects that inflation will return to circa 2% by the end of 2025.
- 3.6 On 17 November further funding for Highways and pothole funding for 2023/24 was announced, it is expected that allocations for 2024/25 will be “cash flat” to the amended 2023/24 allocations.
- 3.7 Local Government Department Expenditure Limit (LG-DEL) is intended to rise to £17 billion in 2024/25, 11% higher than forecasted a year ago, however this includes additional business rate relief and under indexing compensation (see 3.4).
- 3.8 Increase in National Living Wage (9.8%) will impact upon sectors of the Council’s costs, particularly for Social Care.

4. Summary

- 4.1 The ongoing inflationary and demand cost pressures means the Council continues to experience a challenging financial environment against which it must set its budget for 2024/25.
- 4.2 There are no new substantive measures announced in the Autumn Statement that materially ease the financial pressures expected next year.
- 4.3 To achieve Budget next year the Council will need to deliver significant cost savings and efficiency improvements, implementation of which are likely to lead to changes to service delivery.
- 4.4 Cabinet is undertaking a series of consultation exercises to inform its decision making over the most appropriate course of action to balance financial pressures against the demands for service delivery.
- 4.5 Following Cabinets consideration a detailed consultation will be issued on savings options and other material aspects of the budget.
- 4.6 A review of earmarked reserves is underway. This review seeks to identify balances that may be surrendered and released to bolster reserve levels which may be required to support revenue spending if sufficient cost saving or efficiency measures are not implemented.

5. Recommendations

That Members:

- 5.1 Note the Revenue Budget Forecast Outturn for 2023-24, as at Quarter 2 (30 September 2023).
- 5.2 Note that the Council faces a significant financial challenge to produce a balanced Revenue Budget for 2024-25 based on currently known information.
- 5.3 Note that cost savings and efficiency options are being developed.
- 5.4 Note the intention to consult on savings and efficiency options and other material aspects of the budget to inform decisions required to deliver a balanced budget.
- 5.5 Note the key announcements in the Autumn Statement 2023 relevant to Local Government.

MARK KENYON
Director of Finance & ICT